

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take you are recommended to seek your own financial advice immediately from an independent financial adviser who specialises in advising on shares or other securities and who is authorised under the Financial Services and Markets Act 2000 (as amended) (“FSMA”) or, if you are not resident in the UK, from another appropriately authorised independent financial adviser in your own jurisdiction.**

This document comprises a prospectus (the “**Prospectus**”) for the purpose of Article 3 of the European Union Regulation (EU) 2017/1129, as amended (the “**Prospectus Regulation**”) relating to AVI Japan Opportunity Trust plc (the “**Company**”) in connection with an initial placing, offer for subscription and intermediaries offer for a target issue of up to 30 million Ordinary Shares (the “**Initial Issue**”) and a placing programme of up to 85 million Ordinary Shares and/or C Shares (less the number of Ordinary Shares issued under the Initial Issue) (the “**Placing Programme**”), prepared in accordance with the prospectus regulation rules of the Financial Conduct Authority (the “**FCA**”) made pursuant to section 73A of FSMA (the “**Prospectus Regulation Rules**”) and approved by the FCA as competent authority under the Prospectus Regulation.

This Prospectus has been approved by the FCA, as competent authority under the Prospectus Regulation. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or as an endorsement of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Ordinary Shares and/or C Shares.

Applications will be made to the FCA and the London Stock Exchange for all of the Ordinary Shares of the Company to be issued pursuant to the Initial Issue and for all the Ordinary Shares and/or C Shares to be issued pursuant to the Placing Programme to be admitted to the premium segment of the Official List and to trading on the premium segment of the London Stock Exchange’s main market. It is expected that any Admissions pursuant to the Initial Issue of Ordinary Shares will become effective and that dealings for normal settlement in such Ordinary Shares will commence at 8.00 a.m. on 2 April 2020. It is expected that any Admissions pursuant to issues of Ordinary Shares and/or C Shares pursuant to the Placing Programme will become effective and that dealings for normal settlement in such Ordinary Shares and/or C Shares will commence between 8 April 2020 and 2 March 2021. All dealings in Ordinary Shares and/or C Shares will be at the sole risk of the parties concerned. The Ordinary Shares and/or C Shares will not be dealt in on any other recognised investment exchange and no other such applications have been made or are currently expected.

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## **AVI JAPAN OPPORTUNITY TRUST PLC**

*(Incorporated in England and Wales with company no.11487703 and registered as an investment company under section 833 of the Companies Act 2006)*

**Initial Placing, Offer for Subscription and Intermediaries Offer for a target issue of up to 30 million Ordinary Shares**

**Placing Programme of up to 85 million Ordinary Shares and/or C Shares (less the number of Ordinary Shares issued under the Initial Issue)**

*Investment Manager*

### **Asset Value Investors Limited**

*Sponsor, Broker and Placing Agent*

### **Nplus1 Singer Advisory LLP**

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The Company and each of the Directors, whose names appear on page 27 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

**Prospective investors should read this Prospectus and, in particular, the section headed “Risk Factors” of this Prospectus.**

Nplus1 Singer Advisory LLP (“**N+1 Singer**”), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and for no-one else and will not regard any other person (whether or not a recipient of the Prospectus) as its client and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in relation to the Initial Issue or the Placing Programme and any Admission and the other arrangements referred to in the Prospectus.

Apart from the responsibilities and liabilities, if any, which may be imposed on N+1 Singer by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, N+1 Singer does not make any representation, express or implied, in relation to, nor accepts any responsibility whatsoever for, the contents of the Prospectus or for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, the C Shares, the Initial Issue, the Placing Programme or any Admission. N+1 Singer (together with its affiliates) accordingly, to the fullest extent permissible by law, disclaims all and any responsibility or liability (save for any statutory liability) whether arising in tort, contract or otherwise which it might otherwise have in respect of the Prospectus or any other statement.

Prospective investors should rely only on the information contained in the Prospectus. No person has been authorised to give any information or make any representations other than those contained in the Prospectus and, if given or made, such information or representations must not be relied upon as having been so authorised by the Company, the Investment Manager or N+1 Singer or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the Prospectus Regulation Rules, the Listing Rules, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules, neither the delivery of the Prospectus nor any subscription for or purchase of Ordinary Shares made pursuant to the Initial Issue, nor any subscription for or purchase of Ordinary Shares and/or C Shares made pursuant to the Placing Programme shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of the Prospectus.

The Prospectus does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Ordinary Shares and/or C Shares in any jurisdiction where such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the Investment Manager or N+1 Singer. Neither the Ordinary Shares nor the C Shares have been, and will be, registered under the securities laws, or with any securities regulatory authority of, any member state of the EEA other than the United Kingdom, or any province or territory of any Restricted Jurisdiction. Subject to certain exceptions, the Ordinary Shares and/or C Shares may not, directly or indirectly, be offered, sold, taken up or delivered in, into or from any member state of the EEA other than the United Kingdom, any Restricted Jurisdiction or to or for the account or benefit of any national, resident or citizen or any person resident in any member state of the EEA other than the United Kingdom, or any Restricted Jurisdiction. The Prospectus does not constitute an offer to sell or a solicitation of an offer to purchase or subscribe for Ordinary Shares and/or C Shares in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company. The distribution of the Prospectus in other jurisdictions may be restricted by law and therefore persons into whose possession the Prospectus comes should inform themselves of and observe any restrictions.

Neither the Ordinary Shares nor the C Shares have been or will be registered under the United States Securities Act of 1933 (as amended) (the "**US Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold in, into or within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act ("**Regulation S**")). The Ordinary Shares and/or C Shares are being offered or sold outside the United States to persons who are not US Persons in reliance on Regulation S. In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940, (as amended) (the "**US Investment Company Act**") and the recipient of this document will not be entitled to the benefits of that Act. This document must not be distributed into the United States or to US Persons. Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved of these securities or determined if this document is truthful or complete. Any representation to the contrary is a US criminal offence.

Copies of this Prospectus (along with any future supplementary prospectus issued by the Company) will be available on the Company's website at <http://www.ajot.co.uk> and at the National Storage Mechanism of the FCA at [www.morningstar.co.uk/uk/nsm](http://www.morningstar.co.uk/uk/nsm).

3 March 2020

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## SUMMARY

### **1. Introduction and warnings**

#### **a. Name and ISIN of securities**

Ticker for the Ordinary Shares: AJOT

International Securities Identification Number (“**ISIN**”) of the Ordinary Shares: GB00BD6H5D36

Ticker for the C Shares: AJOC

ISIN of the C Shares: GB00BL71ND60

#### **b. Identity and contact details of the issuer**

Name: AVI Japan Opportunity Trust plc (the “**Company**”) (incorporated in England and Wales with registered number 11487703)

Registered Office: Beaufort House, 51 New North Road, Exeter, Devon EX4 4EP, United Kingdom

Tel: +44 (0)20 7659 4800

Legal Entity Identifier (“**LEI**”): 894500IJ5QQD7FPT3J73

#### **c. Identity and contact details of the competent authority**

Name: Financial Conduct Authority (the “**FCA**”)

Address: 12 Endeavour Square, London, E20 1JN, United Kingdom. Tel: +44 (0) 20 7066 1000

#### **d. Date of approval of the prospectus**

3 March 2020

#### **e. Warnings**

This summary should be read as an introduction to the Prospectus. Any decision to invest in the Shares should be based on a consideration of the Prospectus as a whole by the prospective investor. The investor could lose all or part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the 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 where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Shares.

### **2. Key information on the issuer**

#### **a. Who is the issuer of the securities?**

##### **i. Domicile and legal form, LEI, applicable legislation and country of incorporation**

The Company is a public limited company, registered and incorporated in England and Wales under the Companies Act 2006 (the “**Act**”) on 27 July 2018 with registered number 11487703. The Company’s LEI is 894500IJ5QQD7FPT3J73. The Company is registered as an investment company under section 833 of the Act and carries on its activities as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010.

##### **ii. Principal activities**

The principal activity of the Company is to invest in accordance with the Company’s investment policy with a view to achieving its investment objective.

##### **iii. 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.

iv. **Major Shareholders**

So far as is known to the Company, and which is notifiable under the Disclosure Guidance and Transparency Rules, as at the Latest Practicable Date, the following persons held, directly or indirectly, 3 per cent. or more of the issued Ordinary Shares or the Company's voting rights:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of voting rights</i>
Finda Oy	30,000,000	26.11%
City of London Investment Management Company Limited	13,781,042	11.99%
Investec Wealth & Investment Limited	4,320,570	3.76%

As at the Latest Practicable Date (being 28 February 2020), the Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company. All Shareholders have the same voting rights in respect of shares of the same class in the share capital of the Company.

v. **Directors**

Norman Crighton (Chairman), Ekaterina (known as Katya) Thomson, Yoshi Nishio and Margaret Stephens.

vi. **Statutory auditors**

BDO LLP of 55 Baker Street, London W1U 7EU, United Kingdom.

b. **What is the key financial information regarding the issuer?**

**Table 1: Additional information relevant to closed end funds**

<i>Share Class</i>	<i>Total Net Asset Value*</i>	<i>No. of shares*</i>	<i>Net Asset Value per share*</i>	<i>Historical performance of the Company*</i>
Ordinary	£111,000,000	114,889,742	96.71p (including current financial year revenue items)	Since First Admission, the Company has delivered Net Asset Value and share price total returns of -1.32 per cent. and -4.00 per cent., respectively and the Ordinary Shares have traded at an average premium to Net Asset Value per Ordinary Share of 3.60 per cent.

\* As at 28 February 2020, being the Latest Practicable Date before the publication of this Prospectus.

**Table 2: Income statement for closed end funds**  
**Audited Statement of Comprehensive Income**

	<i>From 27 July 2018 to 31 December 2019 (£'000)</i>
Gains on investments held at fair value	14,905
Exchange losses on currency balances	(791)
Investment income	2,345
<b>Total income</b>	<b>16,459</b>
Investment management fees	(1,060)
Operating expenses (including irrevocable VAT)	(738)
<b>Profit before finance costs and tax</b>	<b>14,661</b>
Finance costs	(86)
Exchange gains on revolving credit facility revaluation	62
<b>Profit before taxation</b>	<b>14,637</b>
Taxation	(230)
<b>Profit for the period</b>	<b>14,407</b>
<b>Earnings per Ordinary Share</b>	<b>16.03 pence</b>

**Table 3: Balance sheet for closed end funds**  
**Audited Statement of Financial Position**

As at  
31 December 2019  
(£'000)

<b>Non-current assets:</b>	
Investments held at fair value through profit or loss	125,531
<b>Current assets</b>	
Cash and cash equivalents	17,995
Other receivables	296
<b>Total assets</b>	<b>143,822</b>
<b>Current liabilities</b>	
Revolving credit facility	(15,965)
Other payables	(247)
<b>Total liabilities</b>	<b>(16,212)</b>
<b>Net assets</b>	<b>127,610</b>
Net asset value per Ordinary Share – basic	112.00 pence

**c. What are the key risks that are specific to the issuer?**

- Should there be insufficient suitable investment opportunities or should suitable investment opportunities be less available, the Company's investment approach may not produce attractive returns to the Company and its Shareholders.
- 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.
- 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 Shares.
- Changes in Japanese and other governments' policies towards regulation of the companies or securities in which the Company invests and their industries may have a material adverse effect on the value of the Company's investments in those companies.
- The past performance of other funds or investments managed or advised by the Investment Manager is not and cannot be relied upon as an indicator of the future performance of 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.
- A failure by the Company to maintain HMRC approval as an investment trust, including as a result of a change in tax law or practice, could result in the Company not being able to benefit from the current exemption for investment trusts from UK tax on chargeable gains and could affect the Company's ability to provide returns to Shareholders.
- The Company may use borrowings and other gearing to seek to enhance investment returns, which exposes the Company to risks associated with borrowings and gearing.
- Any change in the law and regulation affecting the Company may have a material adverse effect on the ability of the Company to carry on its investment activities and successfully pursue its investment policy and on the value of the Company and the Shares.

**3. Key information on the securities**

**a. What are the main features of the securities?**

**i. Type, class and ISIN of the securities being admitted to trading on a regulated market**

The securities that may be issued under the Initial Issue are ordinary shares of £0.01 each in the capital of the Company ("**Ordinary Shares**").

The securities that may be issued under the Placing Programme are Ordinary Shares and/or C shares £0.10 each in the capital of the Company ("**C Shares**").

The ISIN of the Ordinary Shares is GB00BD6H5D36. The ISIN of the C Shares is GB00BL71ND60.

**ii. Currency, denomination, par value, number of securities issued and term of the securities**

The Ordinary Shares are denominated in pounds sterling and have nominal value £0.01 each. The C Shares are denominated in pounds sterling and have nominal value £0.10 each.

The issue price of the Ordinary Shares which may be issued under the Initial Issue (the "**Initial Issue Price**") is not known at the date of this document, but will be based on the prevailing Net Asset Value

(cum-income), in pounds sterling, per Ordinary Share as at close of business on the date on which the Initial Placing closes, plus a premium of approximately 2 per cent. (but not more than 5 per cent.) of the above-mentioned Net Asset Value (cum-income) per Ordinary Share to cover the expenses of the Initial Issue. The number of Ordinary Shares actually issued under the Initial Issue will depend on investor demand under the Initial Issue. Such number will be notified by the Company via a Regulatory Information Service prior to Initial Admission.

The issue price of the Ordinary Shares which may be issued under the Placing Programme is not known at the date of this Prospectus, but will be not less than the prevailing Net Asset Value (cum-income), in pounds sterling, per Ordinary Share at the time of issue plus a premium (not expected to exceed 2 per cent. (and in any event not more than 5 per cent.) of the prevailing Net Asset Value (cum-income)) to cover the expenses of such issue. The issue price of the C Shares which may be issued under the Placing Programme is £1 per C Share.

The Placing Programme is for the issue of up to 85 million Ordinary Shares and/or C Shares (less the number of Ordinary Shares issued under the Initial Issue). The Initial Issue is for a target issue of up to 30 million Ordinary Shares.

The Ordinary Shares have no fixed term. The C Shares shall be sub-divided and converted into new Ordinary Shares and deferred shares on the “**Calculation Date**”, being the earliest of the close of business on: (i) the date to be determined by the Directors occurring not more than 5 Business Days after the day on which the Investment Manager shall have given notice to the Directors that at least 90 per cent. of the new proceeds (or such other percentage as the Directors and Investment Manager may agree) shall have been invested; or (ii) the date falling 12 calendar months after the allotment of the relevant C Shares of if such a date is not a Business Day, the next following Business Day; or (iii) the day on which the Directors resolve that force majeure circumstances have arisen or are imminent.

iii. ***Rights attached to the securities***

The holders of Ordinary Shares and C Shares shall only be entitled to receive, and to participate in, any dividends declared in relation to the relevant class of shares that they hold.

On a winding-up or return of capital by the Company, if there are any C Shares in issue, the net assets of the Company attributable to the C Shares shall be divided *pro rata* among the holders of the C Shares. For so long as C Shares are in issue, the assets attributable to the C Shares shall at all times be separately identified and shall have allocated to them such proportion of the expenses or liabilities of the Company as the Directors fairly consider to be attributable to any C Shares in issue.

The holders of Ordinary Shares shall be entitled to all of the Company's net assets after taking into account any net assets attributable to any C Shares (if any) in issue.

The Ordinary Shares and the C Shares shall carry the right to receive notice of, attend and vote at general meetings of the Company.

The consent of either the holders of Ordinary Shares or the holders of C Shares will be required for the variation of any rights attached to the relevant class of shares.

iv. ***Relative seniority of the securities in the event of insolvency***

On a winding-up or return of capital by the Company, if there are any C Shares in issue, the net assets of the Company attributable to the C Shares shall be divided *pro rata* among the holders of the C Shares. For so long as C Shares are in issue, the assets attributable to the C Shares shall at all times be separately identified and shall have allocated to them such proportion of the expenses or liabilities of the Company as the Directors fairly consider to be attributable to any C Shares in issue. There are no C Shares in issue as at the date of this Prospectus.

v. ***Restrictions on free transferability of the securities***

There are no restrictions on the free transferability of the Ordinary Shares or C Shares, subject to compliance with applicable securities laws and the restrictions on transfer contained in the Company's Articles.

Under the Articles, the Directors may refuse to register the transfer of a Share in certificated form which is not fully paid, or a Share in uncertificated form where it is entitled to refuse to register the transfer under the CREST Regulations, provided that such refusal does not prevent dealings in the shares from taking place on an open and proper basis.

The Directors may also refuse to register a transfer of a share in certificated form unless the instrument of transfer:

- (i) is lodged, duly stamped, at the registered office of the Company or such other place as the Directors may appoint and is accompanied by the certificate for the share to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (ii) is in respect of only one class of share; and
- (iii) is not in favour of more than four transferees.

There are also certain limited circumstances in which the Board may, under the Articles and subject to certain conditions, compulsorily require the transfer of Shares.

vi. **Dividend policy**

The Company does 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 Company's portfolio of investments. Accordingly, the Company is expected to pay an annual dividend but this may vary each year.

b. **Where will the securities be traded?**

Applications will be made to the FCA for:

- (i) all the Ordinary Shares to be issued pursuant to the Initial Issue;
- (ii) all the Ordinary Shares and/or C Shares to be issued pursuant to the Placing Programme; and
- (iii) all the Ordinary Shares arising on conversion of any C Shares issued pursuant to the Placing Programme, to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Shares to be admitted to trading on the premium segment of the London Stock Exchange's main market.

c. **What are the key risks that are specific to the securities?**

- If the Directors decide to issue further Ordinary Shares and/or C Shares on a non-pre-emptive basis the proportions of the voting rights held by holders of Ordinary Shares on Initial Admission (assuming that such Shareholders do not participate in any Subsequent Placings under the Placing Programme) will be diluted on the issue of such shares as each Ordinary Share and each C Share carries the right to one vote. The voting rights may be diluted further on the conversion of any C Shares depending on the applicable conversion ratio.
- The market price of the Ordinary Shares may fluctuate significantly and independently 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 Shares, dividend yields, prevailing interest rates, market conditions and general investor sentiment. Accordingly, the market price of an Ordinary Share or C Share may not fully reflect its underlying Net Asset Value.
- The Company is a closed-ended company and, as such, Shareholders will have no right to have their Shares redeemed or repurchased by the Company at any time. Shareholders wishing to realise their investment in the Company may be required to dispose of their Shares on the market but and there may not be a liquid market in the Ordinary Shares or C Shares.

**4. Key information on the admission to trading on a regulated market**

a. **Under which conditions and timetable can I invest in this security?**

i. **General terms and conditions**

The Company is seeking authority to issue up to 30 million Ordinary Shares pursuant to the Initial Issue and up to 85 million Ordinary Shares and/or C Shares (less the number of Ordinary Shares issued under the Initial Issue) pursuant to the Placing Programme.

The Initial Issue opens on 3 March 2020 and closes on 26 March 2020 (but with Initial Placing closing at 5.00 p.m. on 24 March 2020). The Placing Programme opens on 3 April 2020 and closes on 2 March 2021 (or, if earlier, such date on which all of the Ordinary Shares and/or C Shares available for issue under the Placing Programme have been issued). The Placing Programme may be implemented by a series of Placings.

The Initial Issue is conditional, *inter alia*, on: (i) the passing of the Initial Issue Resolutions; (ii) the Share Issuance Agreement becoming wholly unconditional in respect of the Initial Issue (save as to Initial Admission) and not having been terminated in accordance with its terms prior to Initial Admission; and (iii) Initial Admission occurring by 8.00 a.m. on 2 April 2020 (or such later date, not being later than 16 April 2020, as the Company and N+1 Singer may agree). If the Initial Issue does not proceed, application monies received will be returned to applicants without interest within 14 days at the applicants' risk.

Each allotment and issue of Ordinary Shares and/or C Shares under the Placing Programme following the Initial Issue, is conditional, *inter alia*, on: (i) the Placing Programme Price being determined by the Directors; (ii) Admission of the Ordinary Shares and/or C Shares being issued pursuant to such issue occurring not later than 8.00 a.m. on such dates as may be agreed between the Company and N+1 Singer; (iii) the Share Issuance Agreement becoming otherwise unconditional in respect of the relevant Subsequent Placing and not having been terminated on or before the date of any such Admission; (iv) a valid supplementary prospectus being published by the Company if such is required by the Prospectus Regulation; and (v) the Company having sufficient Shareholder authorities in place to issue such Shares, and in the case of any proposed allotment and issue of C Shares, the passing of the Articles Amendment Vote. In circumstances where these conditions are not fully met, the relevant placing of Shares pursuant to the Placing Programme will not take place.

The issue price of the Ordinary Shares which may be issued under the Initial Issue will be the Initial Issue Price (as referred to in box 3.a.ii above). The issue price of the Ordinary Shares which may be issued under the Placing Programme will be not less than the prevailing Net Asset Value (cum-income), in pounds sterling, per Ordinary Share at the time of issue plus a premium (not expected to exceed 2 per cent. (and in any event not more than 5 per cent.) of the prevailing Net Asset Value (cum-income)) to cover the expenses of such issue. The issue price of the C Shares which may be issued under the Placing Programme is £1 per C Share.

ii. **Expected Timetable**

Publication of the Prospectus	3 March 2020
Publication of results of Initial Issue and Initial Issue Price	27 March 2020
Earliest date for new Ordinary Shares to be issued under the Initial Issue	2 April 2020
Publication of issue price (of Ordinary Shares) in respect of each Subsequent Placing	as soon as practicable following the closing of a Subsequent Placing
Admission and crediting of CREST accounts in respect of each Subsequent Placing	as soon as practicable following the allotment of Shares pursuant to a Subsequent Placing
Definitive share certificates in respect of the Shares issued pursuant to each Subsequent Placing despatched by post	approximately one week following the Admission of any Shares pursuant to a Subsequent Placing
Placing Programme closes and last date for new Shares to be issued pursuant to the Placing Programme	2 March 2021*

\*or, if earlier, such date on which all of the Shares available for issue under the Placing Programme have been issued.

iii. **Details of admission to trading on a regulated market**

The Company's Ordinary Shares are listed on the premium segment of the Official List of the FCA and are traded on the premium segment of the London Stock Exchange's main market. Applications will be made to the FCA for (i) all of the Ordinary Shares to be issued pursuant to the Initial Issue, (ii) all the Ordinary Shares and/or C Shares to be issued pursuant to the Placing Programme and (iii) all the Ordinary Shares arising on conversion of any C Shares issued pursuant to the Placing Programme to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Shares to be admitted to trading on the premium segment of the London Stock Exchange's main market.

iv. **Plan for distribution**

The number of Shares available under the Placing Programme is intended to provide flexibility and should not be taken as an indication of the number of Shares that will be issued. Any issues of Shares will be notified by the Company through a Regulatory Information Service and the Company's website, prior to each Admission.

v. **Amount and percentage of immediate dilution resulting from the issue**

If 30 million Ordinary Shares are issued pursuant to the Initial Issue (being the maximum number of Ordinary Shares that the Directors are seeking authority for issuance under the Initial Issue), on the basis that there are 114,889,742 Ordinary Shares in issue at the date of this Prospectus, there would be a dilution of approximately 20.7 per cent. in Shareholders' voting control of the Company as at the date of this Prospectus (assuming that such Shareholders do not participate in the Initial Issue). However, it is not anticipated that there will be any dilution in the Net Asset Value per Ordinary Share as a result of the Initial Issue.

If 85 million Ordinary Shares and/or C Shares are issued pursuant to the Placing Programme (being the maximum number of Shares that the Directors are seeking authority for issuance under the Placing Programme), on the basis that there are 114,889,742 Ordinary Shares in issue at the date of this Prospectus, there would be a dilution of approximately 42.5 per cent. in Shareholders' voting control of the Company as at the date of this Prospectus (assuming that such Shareholders do not participate in any Subsequent Placings under the Placing Programme). However, it is not anticipated that there will be any dilution in the Net Asset Value per Ordinary Share as a result of any Subsequent Placing.

The number of Ordinary Shares into which each C Share issued under the Placing Programme converts will be determined by the relative Net Asset Value per C Share and Net Asset Value per Ordinary Share at the Calculation Date. As a result of conversion, the percentage of the total number of issued Ordinary Shares held by each existing hold of Ordinary Shares will be reduced to the extent that Shareholders do not acquire a sufficient number of C Shares under the relevant Subsequent Placing. However, conversion will be Net Asset Value-neutral to the holders of Ordinary Shares.

vi. **Estimate of the total expenses of the issue**

The costs and expenses of the Initial Issue are not expected to exceed approximately 2 per cent. of the gross proceeds of the Initial Issue. It is expected that the costs and expenses of the Initial Issue will be covered by issuing the Ordinary Shares under the Initial Issue at a premium of approximately 2 per cent. (but not more than 5 per cent.) of the prevailing (cum-income) Net Asset Value per Ordinary Share at close of business on the date on which the Initial Placing closes. The net proceeds of the Initial Issue are dependent on the level of subscriptions received and the price at which the Ordinary Shares are to be issued under the Initial Issue.

The net proceeds of the Placing Programme are dependent on the number of Shares issued and the price at which Shares are issued. The total costs of the Subsequent Placings under the Placing Programme are not expected to exceed 2 per cent. of the aggregate gross proceeds of the Subsequent Placings under the Placing Programme (and in any event not more than 5 per cent. of the aggregate gross proceeds of the Subsequent Placings under the Placing Programme). With respect to each Subsequent Placing of Ordinary Shares, the Directors anticipate that these costs will be substantially recouped through the premium to the latest published Net Asset Value per Ordinary Share at which such Ordinary Shares are trading at the relevant time resulting from the relevant issue price. The total costs of each Subsequent Placing of C Shares will be borne out of the gross proceeds of each such Subsequent Placing of C Shares and are not expected to exceed 2 per cent. of the gross proceeds of each such Subsequent Placing of C Shares.

vii. **Estimated expenses charged to the investor**

It is expected that the costs and expenses of the Initial Issue will be covered by issuing the Ordinary Shares under the Initial Issue at a premium of approximately 2 per cent. (but not more than 5 per cent.) of the prevailing (cum-income) Net Asset Value per Ordinary Share at close of business on the date on which the Initial Placing closes. Therefore, new investors (and any existing Shareholders) subscribing for Ordinary Shares under the Initial Issue are expected to bear such costs and expenses.

All expenses incurred by any Intermediary are for its own account. Investors should confirm separately with any Intermediary whether there are any commissions, fees or expenses that will be applied by such Intermediary in connection with any application made through that Intermediary pursuant to the Intermediaries Offer.

The total costs of the Subsequent Placings under the Placing Programme are not expected to exceed 2 per cent. of the aggregate gross proceeds of the Subsequent Placings under the Placing Programme (and in any event not more than 5 per cent. of the aggregate gross proceeds of the Subsequent Placings under the Placing Programme). With respect to each Subsequent Placing of Ordinary Shares, the Directors anticipate that these costs will be substantially recouped through the premium to the latest published Net Asset Value per Ordinary Share at which such Ordinary Shares are trading at the relevant time resulting from the relevant issue price. The total costs of each Subsequent Placing of C Shares will be borne out of the gross proceeds of each such Subsequent Placing of C Shares and are not expected to exceed 2 per cent. of the gross proceeds of each such Subsequent Placing of C Shares.

b. **Why is this prospectus being produced?**

i. **Reasons for the Initial Issue and Placing Programme**

The Initial Issue has been implemented to enable the Company to raise additional capital in the period from 3 March 2020 to 2 April 2020. The Placing Programme has been implemented to enable the Company to raise additional capital in the period from 3 April 2020 to 2 March 2021.

ii. **The use and estimated net amount of the proceeds**

The net proceeds of the Initial Issue are dependent on the level of subscriptions received and the price at which the Ordinary Shares are to be issued under the Initial Issue. The net proceeds of the Placing Programme are dependent on the number of Shares issued and the relevant price at which Shares are to be issued. The net proceeds of the Initial Issue and Placing Programme will be used to fund investments in accordance with the Company's investment objective and policy.

iii. **Underwriting**

Neither the Initial Issue nor the Placing Programme is being underwritten.

iv. **Material conflicts of interest**

As at the date of this Prospectus, there are no interests that are material to the Initial Issue or the Placing Programme and no conflicting interests.

## RISK FACTORS

Investment in the Company should not be regarded as short-term in nature and involves a degree of risk. Accordingly, investors should consider carefully all of the information set out in this Prospectus and the risks attaching to an investment in the Company including, in particular, the risks described below.

The Directors believe that the risks described below are the material risks relating to the Company at the date of this Prospectus. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this Prospectus, may also have an adverse effect on the performance of the Company. Investors should review this Prospectus carefully and in its entirety and consult with their professional advisers before making an application to participate in the Initial Issue and/or Placing Programme.

As required by the Prospectus Regulation, the risk that the Directors consider to be the most material risk in each category, taking into account the negative impact on the Company and the probability of its occurrence, has been set out first. Given the forward-looking nature of the risks, there can be no guarantee that any such risk is, in fact, the most material or the most likely to occur. Investors should, therefore, review and consider each risk.

### **1. RISKS RELATING TO THE COMPANY AND ITS INVESTMENT OBJECTIVE AND POLICY**

#### ***Investment opportunities and achievement of investment objective***

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 there be insufficient suitable investment opportunities or should suitable investment opportunities be less available, the Company's investment approach may not produce attractive returns to the Company and its Shareholders. 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.

Meeting the investment objective is a target but the existence of such an objective should not be considered an assurance or guarantee that it can or will be met.

#### ***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 its future performance.***

The past performance of other funds or investments managed or advised by the Investment Manager is not 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. Furthermore, the performance of the Company depends also to a great extent on the 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 be able to successfully apply its investment processes in a way that is capable of identifying suitable investments for the Company to invest in, or to accurately predict the price movements of securities and other investments selected by it, and there can be no assurance that the Company will be able to invest its assets on attractive terms or generate any investment returns for Shareholders or avoid investment losses.

***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 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 Shares. As a result, the use of borrowings by the Company may increase the volatility of the Net Asset Value 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 a Share). Any reduction in the number of 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 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 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 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 Shares.

### **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. Should Shareholders elect for a full or partial exit (and potentially wind up of the Company), the market prices of investments may differ from their actual realisable value.

### **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 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.

## **2. RISKS RELATING TO THE PORTFOLIO**

### ***Risks associated with investing in a single country***

The Company will invest in equities listed or quoted in Japan. Investing in a single country is 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 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.

### ***Sectoral diversification***

The Company is not subject to restrictions on the amount it may invest in any particular sector. 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 shares in such companies in the secondary market may not reflect the true value of such shares. As the Company is expected to be an investor in such investee companies this may impact the Net Asset Value of the Company.

### ***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 Net Asset Value per Share.

The Company does not currently intend to enter into any arrangements to hedge its underlying currency exposure to investments denominated in Yen, but even if it chooses to do so in the future, there can be no assurance that the Company will be able to successfully hedge against such currency exposure 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.

### ***The Company may invest in other investment funds***

The Company may make investments in other 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.

### ***Delays in investing the net proceeds of the Initial Issue and/or any Subsequent Placing***

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 Initial Issue and/or any Subsequent Placing. If equity prices rise or fall significantly before the net proceeds are fully invested this may have an impact on the Company's growth.

### ***The Company may make use of derivative instruments***

The Company may use derivatives for gearing and efficient portfolio management purposes. 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 dependence on movements in the price of underlying securities and movements in interest rates and 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.

## **3. RISKS RELATING TO THE INVESTMENT MANAGER**

### ***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 Shares.

### ***The departure of some or all 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 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 from the Company's First 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 Shares.

#### **4. RISKS RELATING TO REGULATION AND TAXATION**

##### ***Risks associated with market regulation in Japan or elsewhere affecting companies or securities in which the Company invests and their industries***

Changes in Japanese and other governments' policies towards regulation of the companies or securities in which the Company invests and their industries may have a material adverse effect on the value of the Company's investments in those companies.

##### ***Any failure to maintain investment trust status could affect the Company's ability to provide returns to Shareholders***

It is the intention of the Directors to conduct the affairs of the Company so as to continue to satisfy the conditions for approval as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010. A failure to maintain HMRC approval as an investment trust, including as a result of a change in tax law or practice, could result in the Company not being able to benefit from the current exemption for investment trusts from UK tax on chargeable gains and could affect the Company's ability to provide returns to Shareholders. It is not possible to guarantee that the Company will remain non-close, which is a requirement to obtain and maintain status as an investment trust, as the Shares are freely transferable. The Company, in the unlikely event that it becomes aware that it is a close company, or otherwise fails to meet the criteria for approval as an investment trust company, will, as soon as reasonably practicable, notify Shareholders of this fact.

##### ***Changes in laws or regulations governing the Company's activities may adversely affect the Company's performance***

The Company is subject to laws and regulations enacted by European, national and local governments. In particular, the Company is subject to and is required to comply with certain regulatory requirements that are applicable to listed closed-ended investment companies, including the Listing Rules, the Prospectus Regulation, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation, the AIFMD and the PRIIPs Regulation. In addition, the Company is subject to the continuing obligations imposed by the FCA on all investment companies whose shares are listed on the Official List and is subject to the admission and disclosure standards of the London Stock Exchange. A failure by the Company to comply with those obligations and standards may result in the Shares being suspended from listing.

Any change in the law and regulation affecting the Company may have a material adverse effect on the ability of the Company to carry on its investment activities and successfully pursue its investment policy and on the value of the Company and the Shares. In such event, the investment returns of the Company may be materially adversely affected.

##### ***Accounting standards or practice changes***

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 Shares.

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

Changes in tax legislation or practice, whether in the Japan, UK or elsewhere, could affect the value of investments held by the Company, affect the ability of the Company to provide returns to Shareholders, and affect the tax treatment for Shareholders of their investments in the Company.

Investors should consult their tax advisers with respect to their particular tax situation and the tax effects of an investment in the Company. Statements in this Prospectus concerning the taxation of investors or prospective investors in Shares are based on current tax law and practice, each of which is potentially subject to change. The value of particular tax reliefs, if available, will depend on each individual Shareholder's circumstances. This Prospectus is not a substitute for independent tax advice.

### ***There is uncertainty associated with the UK's exit from the European Union ("Brexit")***

The extent of the impact of Brexit on the Company will depend in part on the nature of the arrangements that are put in place between the UK and the European Union following Brexit and the extent to which the UK continues to apply laws that are based on European Union legislation. The terms of the UK's future relationship with the European Union are currently uncertain. In particular, there is no certainty that the UK Government will be able to negotiate and agree a trade deal with the European Union before the expiry of the transition period provided for under the withdrawal agreement, or at all, or what the terms of any such trade deal would be. Any continued political uncertainty in this respect could adversely affect the UK and worldwide economic and market conditions and could contribute to instability in global financial and foreign exchange markets, including volatility in the value of Sterling. Furthermore, if a trade deal is agreed, it is possible that the terms of such deal could lead to greater restrictions on the free movement of services, goods, people and capital between the UK and the European Union than currently exist and increased regulatory complexities, which could affect economic and market conditions and the value of Sterling. In addition, the macroeconomic effect of Brexit on the value of investments in Japanese securities and, by extension, the value of investments in the Portfolio is unknown. As such, as at the date of this Prospectus, it is not possible to state the impact that Brexit will have on the Company and its investments. It could also potentially make it more difficult for the Company to raise capital in the European Union and/or increase the regulatory compliance burden on the Company. This could restrict the Company's future activities and thereby negatively affect returns to Shareholders.

## **5. RISKS RELATING TO THE ORDINARY SHARES AND C SHARES**

### ***Further issues of Ordinary Shares and/or C Shares***

The Directors are seeking authority to issue up to 85 million Ordinary Shares and/or C Shares in aggregate (less the number of Ordinary Shares issued under the Initial Issue) immediately following Initial Admission pursuant to the Placing Programme without the application of pre-emption rights. If the Directors decide to issue further Ordinary Shares and/or C Shares on a non-pre-emptive basis the proportions of the voting rights held by holders of Ordinary Shares on Initial Admission (assuming that such Shareholders do not participate in any Subsequent Placings under the Placing Programme) will be diluted on the issue of such shares as each Ordinary Share and each C Share carries the right to one vote. The voting rights may be diluted further on the conversion of any C Shares depending on the applicable conversion ratio.

### ***The Ordinary Shares and C Shares may trade at a discount or premium to their Net Asset Value***

The market price of the Ordinary Shares may fluctuate significantly and independently 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 Shares, dividend yields, prevailing interest rates, market conditions and general investor sentiment. Accordingly, the market price of an Ordinary Share or C Share may not fully reflect its underlying Net Asset Value.

In relation to Ordinary Shares: Whilst 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 Net Asset Value per Share through buy backs or issues of Ordinary Shares, 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. Whilst the Board will seek the renewal of such Shareholder authorities annually and at other times should this prove necessary, 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.

Furthermore, the ability of the Company to buy back or issue Ordinary Shares will also be subject to the 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 Net Asset Value per Share.

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

The Company is a closed-ended company and, as such, Shareholders will have no right to have their Shares redeemed or repurchased by the Company at any time.

Shareholders wishing to realise their investment in the Company may be required to dispose of their Shares on the market. Accordingly, the ability of Shareholders to realise any value in respect of their Shares is dependent on, *inter alia*, the existence of a liquid market in the Shares. Although it is anticipated that the Ordinary Shares and C Shares will be admitted to the premium segment of the Official List and to trading on the premium segment of the London Stock Exchange's main market, there may not be a liquid market for the Shares and accordingly Shareholders may find it difficult or be unable to realise their investment at the Net Asset Value per Share or at all. The price at which the 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 Shares will trade at prices close to the price paid by a Shareholder to acquire their Shares or close to the underlying Net Asset Value per Share.

In relation to the Ordinary Shares, while the Directors will retain the right to effect buy backs of Ordinary Shares in the manner described in this Prospectus, 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.

## IMPORTANT INFORMATION

### General

This Prospectus should be read in its entirety, along with any supplementary prospectus issued by the Company, before making any application for Shares. Prospective investors should rely only on the information contained in this Prospectus (together with any supplementary prospectus issued by the Company).

No person has been authorised to issue any advertisement, give any information or make any representations other than as contained in the Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Investment Manager, the Administrator, the Depositary, the Custodian, N+1 Singer or any of their respective affiliates, officers, members, directors, employees or agents. Without prejudice to the Company's obligations under the Prospectus Regulation Rules, the Listing Rules, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules, neither the delivery of the Prospectus nor any subscription for or purchase of Shares made pursuant to the Initial Issue or Placing Programme shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained in the Prospectus is correct as at any time subsequent to, the date of the Prospectus.

Apart from the liabilities and responsibilities (if any) which may be imposed on N+1 Singer by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, N+1 Singer does not make any representation, express or implied, nor accepts any responsibility whatsoever for, the contents of the Prospectus nor for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, the C Shares, any Admission, the Initial Issue or the Placing Programme. N+1 Singer (together with its affiliates) accordingly, to the fullest extent permitted by law, disclaims all and any liability (save for any statutory liability) whether arising in tort, contract or otherwise which it might otherwise have in respect of the Prospectus or any other statement.

All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Company's memorandum of association and the Articles which investors should review. A summary of the Articles is contained in paragraph 3 of Part 10 of this Prospectus under the section headed "*Articles of Association*".

Statements made in this Prospectus are based on the law and practice in force in England and Wales as at the date of this Prospectus and are subject to changes therein.

In connection with the Initial Issue and Placing Programme, N+1 Singer and any of its affiliates, acting as investors for its or their own account(s), may subscribe for or purchase Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in the Shares and other securities of the Company or related investments in connection with the Initial Issue, Placing Programme or otherwise. Accordingly, references in the Prospectus to the Shares being issued, offered, acquired, subscribed or otherwise dealt with, should be read as including any issue or offer to, acquisition of, or subscription or dealing by N+1 Singer and any of its affiliates acting as an investor for its or their own account(s). Neither N+1 Singer nor any of its 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. In addition, N+1 Singer may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements in connection with which N+1 Singer may from time to time acquire, hold or dispose of shareholdings in the Company.

### Intermediaries Offer

The Company consents to the use of this document by Intermediaries in connection with any subsequent resale or final placement of securities by Intermediaries in connection with the Initial Issue only in the United Kingdom, the Channel Islands and the Isle of Man on the following terms. Intermediaries will be appointed after the date of this Prospectus, and a list of the same will appear on the Company's website <https://www.ajot.co.uk> from the date on which they are appointed to participate in connection with any subsequent resale or final placement of securities until the closing of the period for the subsequent resale or final placement of securities by Intermediaries.

The offer period within which any subsequent resale or final placement of securities by Intermediaries can be made and for which consent to use this Prospectus is given commences on 3 March 2020 and closes at 3.00 p.m. on 26 March 2020, unless closed prior to that date (any such prior closure to be announced via a Regulatory Information Service).

**Any Intermediary that uses this document must state on its website that it uses this document in accordance with the Company's consent and the conditions attached thereto. Intermediaries are 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 any Intermediary is to be provided at the time of the offer by the Intermediary.**

The Company accepts responsibility for the content of this Prospectus with respect to any subscriber for Shares pursuant to any subsequent resale or final placement of securities by Intermediaries in connection with the Initial Issue.

Any new information with respect to Intermediaries unknown at the time of approval of this Prospectus will be available on the Company's website <https://www.ajot.co.uk>.

### **Data protection**

The information that a prospective investor in the Company provides in documents in relation to a subscription for Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual ("**personal data**") will be held and processed by the Company (and any third party in the United Kingdom to whom it may delegate certain administrative functions in relation to the Company) in compliance with (a) the relevant data protection legislation and regulatory requirements of the United Kingdom ("**Data Protection Legislation**"); and (b) the Company's privacy notice, a copy of which is available for review on the Company's website <https://www.ajot.co.uk/privacy-policy/> (and if applicable any other third party delegate's privacy notice) ("**Privacy Notice**").

Without limitation to the foregoing, each prospective investor acknowledges that it has been informed that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, the Registrar) and in accordance with the Company's Privacy Notice for the purposes set out therein including:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- carrying out the business of the Company and the administering of interests in the Company; and
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in the UK or elsewhere or any third party functionary or agent appointed by the Company.

For the purposes set out above, it may be necessary for the Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, 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 prospective investors; and
- transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors in the United Kingdom (as applicable).

The foregoing processing of personal data is required in order to perform the contract with the prospective investor to comply with the legal and regulatory obligations of the Company or otherwise is necessary for the legitimate interests of the Company.

If the Company (or any third party, functionary or agent appointed by the Company, which may include, without limitation, the Registrar) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that such transfer is in accordance with Data Protection Legislation.

When the Company, or its permitted third parties, transfers personal information outside the EEA, it will ensure that the transfer is subject to appropriate safeguards in accordance with Data Protection Legislation.

Prospective investors are responsible for informing any third party individual to whom the personal data relates to the disclosure and use of such data in accordance with these provisions.

Individuals have certain rights in relation to their personal data; such rights and the manner in which they can be exercised are set out in the Company's Privacy Notice.

### **Regulatory information**

The contents of the Prospectus are not to be construed as advice relating to legal, financial, taxation, accounting, regulatory, investment decisions or any other matter. Prospective investors must inform themselves as to:

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

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, taxation, accounting, regulatory, investment or any other related matters concerning the Company and an investment therein.

The distribution of this document in jurisdictions other than the United Kingdom, the Channel Islands and the Isle of Man may be restricted by law and persons into whose possession this document comes should inform themselves about and observe any such restrictions. The Shares may not be offered, sold, pledged or otherwise transferred to: (i) any US Person or a person acting for the account of a US Person; or (ii) a Benefit Plan Investor.

This document does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe for any Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; or (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation.

Statements made in this document are based on the law and practice in force in England and Wales as at the date of this document and are subject to changes therein.

The Shares are being offered and issued outside the United States to persons who are not US Persons in reliance on Regulation S. The Shares have not been nor will they 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, into or within the United States or to, or for the account or benefit of, US Persons. In addition, the Company has not registered and will not register under the US Investment Company Act and the recipient of this document will not be entitled to the benefits of that Act. The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the issue of the Shares or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States and the re-offer or resale of any of the Shares in the United States may constitute a violation of US law.

**Each subscriber for Ordinary Shares will be required to certify that, among other things, it is not a US Person (within the meaning of Regulation S), it is not located within the United States and it is not acquiring the Shares for the account or benefit of a US Person.**

### **Notice to prospective investors in the European Economic Area**

In relation to each relevant Member State (other than the UK), no Shares have been offered or will be offered pursuant to the Initial Issue or Placing Programme to the public in that relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that relevant Member State, or, where appropriate, approved in another relevant Member State and notified to the competent authority in that relevant Member State, all in accordance with the Prospectus Regulation, except that offers of Shares to the public may be made at any time under the following exemptions under the Prospectus Regulation:

- (a) to any legal entity which is a “qualified investor” as defined in the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than “qualified investors” as defined in the Prospectus Regulation) in such relevant Member State; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3(1) of the Prospectus Regulation in a relevant Member State (other than the UK) and each person to whom any offer is made under any Placing will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(e) of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of Shares in any relevant Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares.

### **Notice to prospective investors in Guernsey**

Shares may only be offered or sold in or from within the Bailiwick of Guernsey either (i) by persons licensed to do so under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended (the “**POI Law**”); or (ii) to persons licensed under the POI Law or persons licensed under the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, as amended, the Insurance Managers and Intermediaries (Bailiwick of Guernsey) Law, 2002, as amended, or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc., (Bailiwick of Guernsey) Law, 2000, as amended.

### **Notice to prospective investors in Jersey**

Subject to certain exemptions (if applicable), the Company shall not raise money in Jersey by the issue anywhere of Shares, and this Prospectus relating to the Shares shall not be circulated in Jersey, without first obtaining consent from the Jersey Financial Services Commission pursuant to the Control of Borrowing (Jersey) Order 1958, as amended. No such consents have been obtained by the Company. Subject to certain exemptions (if applicable), offers for securities in the Company may only be distributed and promoted in or from within Jersey by persons with appropriate registration under the Financial Services (Jersey) Law 1998, as amended. It must be distinctly understood that the Jersey Financial Services Commission does not accept any responsibility for the financial soundness of or any representations made in connection with the Company.

### **Notice to prospective investors in the Isle of Man**

The Initial Issue is available, and is and may be made, in or from within the Isle of Man and this document is being provided in or from within the Isle of Man only:

- (i) by persons licensed to do so under the Isle of Man Financial Services Act 2008; or
- (ii) in accordance with any relevant exclusion contained within the Isle of Man Regulated Activities Order 2011 (as amended) or exemption contained in the Isle of Man Financial Services (Exemptions) Regulations 2011 (as amended).

The Initial Issue referred to in the Prospectus and the Prospectus is not available in or from within the Isle of Man other than in accordance with paragraphs (i) and (ii) above and must not be relied upon by any person unless made or received in accordance with such paragraphs.

### **Notice to prospective investors in other jurisdictions**

The distribution of this Prospectus in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions.

### **Distribution to retail investors**

The Company intends to conduct its affairs so that its Shares can be recommended by financial advisers to retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investment products. The Shares are expected to be excluded from the FCA's restrictions which apply to non-mainstream pooled investment products because they are shares in an investment trust.

The Company intends to conduct its affairs so that its Shares can be recommended by financial advisers to retail investors in accordance with the rules on the distribution of financial instruments under MiFID II. The Directors consider that the requirements of Article 57 of the MiFID II delegated regulation of 25 April 2016 are met in relation to the Shares and that, accordingly, the Shares should be considered "non-complex" for the purposes of MiFID II.

### **Information to distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**Directive 2014/65/EU**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing Directive 2014/65/EU; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that the Shares to be issued pursuant to the Initial Issue and Placing Programme are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in Directive 2014/65/EU; and (ii) eligible for distribution through all distribution channels as are permitted by Directive 2014/65/EU (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Initial Issue and Placing Programme. Furthermore, it is noted that, notwithstanding the Target Market Assessment, N+1 Singer will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Directive 2014/65/EU; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

### **Forward-looking statements**

This Prospectus contains forward-looking statements including, without limitation, statements containing the words "believes", "estimates", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variation or similar expressions. Such forward-looking statements involve unknown risk, 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 uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. These forward-looking statements speak only as at the date of this Prospectus. Subject to its legal and regulatory obligations, the Company expressly disclaims any obligation to update or revise any forward-looking statement contained herein to reflect changes in expectations with regard thereto or any change in events, conditions, or circumstances on which any statement is based, unless required to do so by law or any appropriate regulatory authority, including FSMA, the Listing Rules, the Prospectus Regulation Rules, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules.

Past performance is not necessarily indicative of future results, and there can be no assurance that the Company or its portfolio will achieve comparable results to those presented herein, that the Company or the Investment Manager will be able to implement their investment strategies or achieve the Company's investment objective or that the returns generated by any investments by the Company will equal or exceed any past returns presented herein.

Nothing in the preceding paragraphs qualifies or should be deemed to qualify the working capital statement in paragraph 11 of Part 10 of this Prospectus.

### **European Union Legislation**

In this Prospectus, there are references to certain European Union legislation, for instance the AIFMD. During such period that European Union law continues to apply to the United Kingdom by virtue of a transitional and implementation period ("**TIP**") entered into by the United Kingdom following its exit from the European Union on 31 January 2020, references to European Union legislation should be construed as references to that legislation as enacted by the European Union. Upon the TIP coming to an end, references to European Union legislation should be construed as references to that legislation as transposed into United Kingdom law by the European Union (Withdrawal) Act 2018 and the European Union (Withdrawal Agreement) Act 2020 (the "**Withdrawal Acts**") and as further amended by secondary legislation made under the Withdrawal Acts.

## EXPECTED TIMETABLE

Publication of this Prospectus	3 March 2020
Latest time and date for receipt of proxy appointments	11.00 a.m. on 24 March 2020
General Meeting	11.00 a.m. on 26 March 2020
Announcement of the results of the General Meeting	26 March 2020

### Initial Issue

Initial Placing, Offer for Subscription and Intermediaries Offer open	3 March 2020
Latest time and date for commitments under the Initial Placing	5.00 p.m. on 24 March 2020
Last time and date for receipt of completed Application Forms in respect of the Offer for Subscription	1.00 p.m. on 26 March 2020
Latest time and date for receipt of completed applications from the Intermediaries in respect of the Intermediaries Offer	3.00 p.m. on 26 March 2020
Publication of results of Initial Issue and Initial Issue Price	27 March 2020
Initial Admission and dealings in Ordinary Shares commence	8.00 a.m. on 2 April 2020
CREST accounts credited with uncertificated Ordinary Shares	2 April 2020
Where applicable, definitive share certificates despatched by post in the week commencing*	13 April 2020

### Placing Programme

Placing Programme opens	3 April 2020
Earliest date for new Shares to be issued under the Placing Programme	8 April 2020
Publication of Placing Programme Price in respect of each Subsequent Placing of Ordinary Shares	as soon as practicable following the closing of a Subsequent Placing
Admission and crediting of CREST accounts in respect of each Issue	as soon as practicable following the allotment of Shares pursuant to a Subsequent Placing
Definitive share certificates in respect of the Shares issued pursuant to each Subsequent Placing despatched by post	approximately one week following the Admission of any Shares pursuant to a Subsequent Placing
Placing Programme closes and last date for new Shares to be issued pursuant to the Placing Programme	2 March 2021**

\* Underlying applicants who apply to Intermediaries for Ordinary Shares under the Intermediaries Offer will not receive share certificates.

\*\* or, if earlier, such date on which all of the Shares available for issue under the Placing Programme have been issued.

All references to times in this document are to London (UK) times.

## OFFER STATISTICS AND DEALING CODES

### Initial Issue

Maximum number of Ordinary Shares which may be issued under the Initial Issue 30 million

Initial Issue Price Such price based on the prevailing Net Asset Value (cum-income), in pounds sterling, per Ordinary Share as at close of business on the date on which the Initial Placing closes, plus a premium of approximately 2 per cent. (but not more than 5 per cent.) of the above-mentioned Net Asset Value (cum-income) per Ordinary Share to cover the expenses of the Initial Issue

Target gross proceeds<sup>1</sup> Approximately £30 million

Estimated net proceeds of the Initial Issue to be received by the Company (assuming gross proceeds of the Initial Issue to be £30 million) Approximately £29.4 million

### Placing Programme

Maximum number of Ordinary Shares and/or C Shares which may be issued under the Placing Programme 85 million (less the number of Ordinary Shares issued under the Initial Issue)

Placing Programme Price in respect of each Subsequent Placing of Ordinary Shares Not less than the prevailing Net Asset Value (cum-income), in pounds sterling, per Ordinary Share at the time of issue plus a premium (not expected to exceed 2 per cent. (and in any event not more than 5 per cent.) of the prevailing Net Asset Value (cum-income)) to cover the expenses of such issue

Placing Programme Price in respect of each Subsequent Placing of C Shares £1.00 per C Share

### Dealing codes

Legal Entity Identifier 894500IJ5QQD7FPT3J73

Ordinary Share ISIN GB00BD6H5D36

Ordinary Share Ticker AJOT

Ordinary Share SEDOL BD6H5D3

C Share ISIN GB00BL71ND60

C Share Ticker AJOC

C Share SEDOL BL71ND6

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<sup>1</sup> Please note that the proceeds of the Initial Issue are dependent on (i) the level of subscriptions received and (ii) the price at which the Ordinary Shares are to be issued under the Initial Issue.

## DIRECTORS, MANAGEMENT AND ADVISERS

<b>Directors</b>	Norman Crighton (Chairman) Ekaterina (known as Katya) Thomson Yoshi Nishio Margaret Stephens <i>all independent, non-executive and of the registered office below</i>
<b>Registered Office</b>	Beaufort House 51 New North Road Exeter Devon EX4 4EP United Kingdom Telephone: +44 (0)20 7659 4800
<b>Investment Manager and AIFM</b>	Asset Value Investors Limited 25 Bury Street London SW1Y 6AL United Kingdom
<b>Sponsor, Broker and Placing Agent</b>	Nplus1 Singer Advisory LLP 1 Bartholomew Lane London EC2N 2AX United Kingdom
<b>Intermediaries Offer Adviser</b>	Kepler Partners LLP 9/10 Savile Row London W1S 3PF United Kingdom
<b>Company Secretary</b>	Link Company Matters Limited Beaufort House 51 New North Road Exeter Devon EX4 4EP United Kingdom
<b>Administrator</b>	Link Alternative Fund Administrators Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom
<b>Registrar</b>	Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom
<b>Receiving Agent</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE United Kingdom

<b>Depository</b>	J.P. Morgan Europe Limited 25 Bank Street Canary Wharf London E14 5JP United Kingdom
<b>Custodian</b>	JPMorgan Chase Bank National Association London Branch 25 Bank Street Canary Wharf London E14 5JP United Kingdom
<b>Legal Adviser to the Company</b>	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH United Kingdom
<b>Legal Adviser to Sponsor, Broker and Placing Agent</b>	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU United Kingdom
<b>Auditors</b>	BDO LLP 55 Baker Street London W1U 7EU United Kingdom
<b>Reporting Accountants</b>	BDO LLP 55 Baker Street London W1U 7EU United Kingdom

## PART 1

### INFORMATION ON THE COMPANY

#### **1. Introduction**

The Company is a closed-ended investment company incorporated on 27 July 2018 in England & Wales with an indefinite life and registered as an investment company under Section 833 of the Act. The Company carries on its activities as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010. The Company's Ordinary Shares are admitted to the premium segment of the Official List of the FCA and are traded on the London Stock Exchange's main market. The Company is an alternative investment fund, or "AIF", for the purposes of the AIFMD.

#### **2. 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.

#### **3. Investment policy**

The Company invests 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.

As at the Latest Practicable Date, the Portfolio has 30 holdings, although it may increase or decrease to a greater or lesser 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 investment policy and the investment restrictions set out herein, the Investment Manager shall inform the Board upon becoming aware of the same and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service and the Directors will announce through a Regulatory Information Service the actions which have been taken to rectify the breach.

### **4. Duration**

The Directors intend to offer Shareholders the opportunity to exit the Company at close to Net Asset Value 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 N+1 Singer 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.

### **5. Portfolio**

As at the Latest Practicable Date, the Portfolio comprised 30 holdings, with an aggregate unaudited value of £126.3 million.

As at the Latest Practicable Date, the Company's top 10 holdings, representing 52.27 per cent. of the value of the total Portfolio were as follows:

<i>Investment</i>	<i>Percentage value of total portfolio</i>
SK KAKEN CO LTD	7.08%
TEIKOKU SEN-I CO LTD	5.88%
FUJITEC CO LTD	5.42%
TOYOTA INDUSTRIES CORP	5.35%
SECOM JOSHINETSU CO LTD	5.21%
TOKYO BROADCASTING SYSTEM	4.77%
KATO SANGYO CO LTD	4.72%
C UYEMURA & CO LTD	4.69%
PASONA GROUP INC	4.58%
KONISHI CO LTD	4.57%
Total	<u>52.27%</u>

As at the Latest Practicable Date, the Portfolio by sector was as follows:

<i>Sector</i>	<i>Percentage of portfolio</i>
Automobiles and Components	13.1%
Capital Goods	26.9%
Commercial and Professional Services	10.1%
Food and Staples Retailing	4.8%
Healthcare Equipment and Services	4.5%
Materials	21.0%
Media and Entertainment	4.8%
Retailing	3.9%
Software and Services	5.3%
Telecommunication Services	3.3%
Transportation	2.2%
	<u>100.00%</u>

As at the Latest Practicable Date, the Portfolio by market capitalisation was as follows:

<i>Market capitalisation<sup>2</sup></i>	<i>Percentage of portfolio</i>
Large Cap	22.3%
Mid Cap	26.2%
Small Cap	35.3%
Cash	16.2%
	<hr/>
	100.00%
	<hr/> <hr/>

There has been no material change in the Company's investments between the Latest Practicable Date and the date of this Prospectus.

## **6. 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.

The Company has not paid any dividends at any time since incorporation. However, please note that the Company declared a final dividend of 0.9 pence per Ordinary Share for the financial period ended 31 December 2019. Subject to the approval of Shareholders at the 2020 AGM, this proposed final dividend will be payable on 30 April 2020 to Shareholders on the register at the close of business on 3 April 2020 and the ex-dividend date will be 2 April 2020.

## **7. Net Asset Value and investment returns**

As at the Latest Practicable Date, the Company had unaudited net assets of approximately £111 million (representing a cum-income Net Asset Value per Ordinary Share of 96.71 pence) and the mid-market price of the Ordinary Shares was 96.00 pence.

Since the First Admission to the Latest Practicable Date, the Company has delivered Net Asset Value and share price total returns of -1.32 per cent. and -4.00 per cent. respectively, and the Ordinary Shares have traded at an average premium to Net Asset Value per Ordinary Share of 3.60 per cent.

## **8. Share rating management**

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 Net Asset Value per Share.

### ***Discount control policy***

Accordingly, in accordance with the Company's discount control policy, if, under normal market conditions, the four-month moving average discount of the Ordinary Shares to Net Asset Value 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 intend to seek authority in accordance with the Act, annually, and at other times should this prove necessary, to allot new Ordinary Shares for cash on a non pre-emptive basis.

The Directors were granted authority to buy back up to 14.99 per cent. of the Ordinary Shares in issue following its First Admission. The Directors are seeking to renew the authority to buy back up to 14.99 per cent. of the Ordinary Shares in issue at the 2020 AGM. Any buy back of Ordinary Shares will be made

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<sup>2</sup> Large cap > £4.4bn; Mid cap = £4.4bn – £1.0bn; Small cap < £1.0bn.

subject to the 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 Listing Rules, 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 general 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.

## 9. C Shares

If there is sufficient demand from potential investors at any time following Initial Admission, the Company may seek to raise further funds through the issue of C Shares under the Placing Programme, as an alternative to the issue of Ordinary Shares. The ability to do so is subject to the passing of certain resolutions as described below in this paragraph, including the passing of the Articles Amendment Vote.

The issue of C Shares is designed to overcome the potential disadvantages for both existing and new investors that could arise out of a conventional fixed price issue of further Ordinary Shares for cash. In particular:

- the C Shares would not convert into Ordinary Shares until at least 90 per cent. of the proceeds of the C Share issue (or such other percentage as the Directors and the Investment Manager may agree) have been invested in accordance with the Company's investment policy (or, if earlier, 12 months after the date of their issue);
- the assets representing the net proceeds of a C Share issue would be accounted for and managed as a distinct pool of assets until their conversion date. By accounting for the net proceeds of a C Share issue separately, Shareholders will not participate in a portfolio containing a substantial amount of uninvested cash before the conversion date;
- the basis on which the C Shares would convert into Ordinary Shares is such that the number of Ordinary Shares to which holders of C Shares would become entitled will reflect the relative net asset values per share of the assets attributable to the C Shares and the Ordinary Shares. As a result, the Net Asset Value per Ordinary Share can be expected to be unchanged by the issue and conversion of any C Shares; and
- the Net Asset Value of the Ordinary Shares would not be diluted by the expenses of the C Share issue, which would be borne by the C Share pool.

At the 2020 AGM, the Directors are seeking authority, by way of the Articles Amendment Vote, to amend and restate the Articles in order to provide for, *inter alia*, the terms and rights of the C Shares, with effect from the passing of the Articles Amendment Vote.

The Directors are also seeking authority at the General Meeting to issue up to 85 million C Shares (less any Ordinary Shares issued under the Placing Programme following Initial Admission) until the annual general meeting of the Company to be held in 2021. The approval of the resolution seeking such authority will be subject to the passing of the Articles Amendment Vote at the 2020 AGM, which will take place on the same day as (but immediately before) the General Meeting.

The Articles shall contain the C Share rights (subject to the passing of the Articles Amendment Vote at the 2020 AGM), full details of which are set out in paragraph 3.18 of Part 10 of this Prospectus.

## **10. 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 Net Asset Value 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.

### ***Suspension of the calculation and publication of the Net Asset Value***

The Directors may temporarily suspend the calculation, and publication, of the 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, or during a period when, in the opinion of the Directors:

- there are political, economic, military or monetary events or any circumstances outside the control, responsibility or power of the Board, and disposal or valuation of investments of the Company or other transactions in the ordinary course of the Company's business is not reasonably practicable without this being materially detrimental to the interests of Shareholders or if, in the opinion of the Board, the Net Asset Value cannot be fairly calculated;
- there is a breakdown of the means of communication normally employed in determining the calculation of the Net Asset Value; or
- it is not reasonably practicable to determine the Net Asset Value on an accurate and timely basis.

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.

## **11. Meetings, reports and accounts**

Monthly factsheets are published on the Company's website (<https://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. Periodic reporting of information relating to liquidity and leverage will be made in the annual report and accounts.

The Company's annual financial statements are and will be prepared in accordance with IFRS as adopted by the European Union, which comprise standards and interpretations approved by the IASB, and as applied in accordance with the provisions of the Act.

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

## **12. The Takeover Code**

The Takeover Code applies to the Company.

Given the existence of the buyback powers described in the paragraphs above, there are certain considerations that Shareholders should be aware of with regard to the Takeover Code.

Under Rule 9 of the Takeover Code, any person who acquires shares which, taken together with shares already held by him or shares held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares. Similarly, when any person or persons acting in concert already hold more than 30 per cent. but not more than 50 per cent. of the voting rights of such company, a general offer will normally be required if any further shares increasing that person's percentage of voting rights are acquired.

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 of the Takeover Code. 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 of the Takeover Code in these circumstances.

However, under note 2 to Rule 37 of the Takeover Code where a Shareholder has acquired shares at a time when he had reason to believe that a purchase by the Company of its own voting shares would take place, then an obligation to make a mandatory bid under Rule 9 of the Takeover Code may arise.

The buyback powers could have implications under Rule 9 of the Takeover Code for Shareholders with significant shareholdings. The buyback powers should enable the Company to anticipate the possibility of such a situation arising. Prior to the Board implementing any share buyback the Board will seek to identify any Shareholders who they are aware may be deemed to be acting in concert under note 1 of Rule 37 of the Takeover Code and will seek an appropriate waiver in accordance with note 3 of Rule 37. However, neither the Company, nor any of the Directors, nor the Investment Manager will incur any liability to any Shareholder(s) if they fail to identify the possibility of a mandatory offer arising or, if having identified such a possibility, they fail to notify the relevant Shareholder(s) or if the relevant Shareholder(s) fail(s) to take appropriate action.

## **13. UK Taxation**

Potential investors are referred to Part 8 of this Prospectus, which contains a general summary of certain UK tax considerations relating to the acquisition, holding and disposal of Shares. That summary, which is based on current UK law and the current published practice of HMRC, does not constitute tax advice. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own professional advisers.

## **14. Disclosure obligations**

The provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules (as amended from time to time) ("**DTR 5**") of the Financial Conduct Authority Handbook apply to the Company on the basis that the Company is an "issuer", as such term is defined in DTR 5. As such, a person is required to notify the Company of the percentage of voting rights it holds as a holder of Shares or holds or is deemed to hold through the direct or indirect holding of financial instruments falling within DTR 5 if, as a result of an acquisition or disposal of Shares (or financial instruments), the percentage of voting rights reaches, exceeds or falls below the relevant percentage thresholds being 3 per cent. and each 1 per cent. threshold thereafter up to 100 per cent.

## **15. Risk factors**

The Company's business is dependent on many factors and potential investors should read the whole of this Prospectus and in particular the section entitled "*Risk Factors*" on pages 11-18.

## PART 2

### INVESTMENT MANAGER, INVESTMENT OPPORTUNITY AND INVESTMENT PROCESS

#### 1. 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 AVI Global Trust plc, 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, Wilfrid Craigie and Cameron Dryburgh.

**Joe Bauernfreund**, *Chief Executive Officer and Chief Investment Officer*, is the portfolio manager of AVI Global Trust plc and AVI Japan Opportunity Trust plc, and has ultimate responsibility for all investment decisions across the Investment Manager's strategies. Before joining the Investment Manager in 2002, Joe worked six years for a real estate investment organisation in London. He has a Masters in Finance from the London Business School.

**Tom Treanor, CFA**, *Head of Research*, joined the Investment Manager in February 2011 and became a director in 2017. He leads closed-end fund research and activism engagement. Tom works closely with the analyst team providing support and guidance on prospective and current investments across the portfolio. Tom spent nine years working for Fundamental Data/Morningstar in various roles involving closed-end fund analysis. He has a degree in Economics from the University of Leicester.

**Daniel Lee, CFA**, *Senior Analyst*, joined the Investment Manager in February 2015. He researches global holding companies and asset-backed special situations. Before joining the Investment Manager, Daniel completed internships at Pamplona Capital Management and Mercer. He graduated with a First Class Honours degree in Physics from the University of Bristol.

**Scott Beveridge, CFA**, *Senior 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.

**Darren Gillen, CFA**, *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 Gillen Markets. 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. Before joining the Investment Manager, Wilfrid completed internships at Sanderson Asset Management, Guinness Asset Management and Oldfield Partners. Wilfrid has a BSc in Social Policy from the London School of Economics and is currently studying for CFA Level II.

**Cameron Dryburgh**, *Analyst*, joined the Investment Manager in May 2019. He researches asset-backed special situations. Before joining the Investment Manager, Cameron worked as an equity analyst at Eikoh Research. He has an MA in Russian from the University of St Andrews, speaks Japanese, and is currently studying for CFA Level II.

## 2. Investment opportunity

The investment opportunity can be summarised under three key areas:

### (A) **Undervalued/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 65 per cent. of TOPIX companies are covered by two or fewer analysts. By comparison, no 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.

83 per cent. of companies in the Company's Portfolio have two or fewer analyst coverage and 66 per cent. 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, 61 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 15 per cent. of companies do.

The Portfolio has net cash covering 46 per cent. of market capitalisation with net financial value ("**NFV**") covering 82 per cent. of market capitalisation.

### (B) **Improving corporate governance 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.
- (iii) ISS, the shareholder adviser 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.
- (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. For instance, over the last five years, the percentage of companies with independent directors accounting for a third or greater of their boards has increased from 12.2 per cent. to 55.7 per cent, the return on equity on the TOPIX ex-financials has increased from 5.8 per cent. to 8.7 per cent., and the median TOPIX dividend pay-out ratio has climbed from 29 per cent. to 39 per cent. over the three years to 2019, with the level of buy backs also increasing (from ¥5bn to ¥11.8bn).

(C) **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 Portfolio having 46 per cent. of their market caps in net cash, they are still generating a free cash flow yield of 26 per cent. on average. Were the excess capital paid to shareholders the Portfolio would yield 26 per cent.

In summary, the Investment Manager believes that there remains 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.

### **3. Investment process**

The Company invests 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 seeks to capitalise on Japanese corporate governance reform and takes an activist approach to its investments, encouraging management and boards to unlock value by improving corporate 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 typically begins in private but may become public if required. While there is 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 is 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 2018 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 takeover 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.

#### **4. 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.

## PART 3

### DIRECTORS, MANAGEMENT AND ADMINISTRATION

#### 1. Directors

The Directors are responsible for the determination of the Company's investment policy and strategy and have overall responsibility for the Company's activities, including the review of investment activity and performance and the control and supervision of the Company's service providers, including the Investment Manager.

All of the Directors are non-executive and are independent of the Investment Manager.

The Directors are as follows:

#### ***Norman Crighton (Chairman)***

Norman is Chairman of the Company. He is also a non-executive chairman of RM Secured Direct Lending plc and Weiss Korea Opportunity Fund. 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. He has nearly 30 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. Norman was previously non-executive director of several other closed-end funds and trading companies. 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 a corporate finance strategy and business development professional with over 25 years of experience with UK and European blue chip companies. Katya is a non-executive director and audit committee chairperson of Miton Global Opportunities plc and Henderson EuroTrust plc, and a non-executive director of The New Carnival Company CIC. She is a member of the Institute of Chartered Accountants in England and Wales.

#### ***Yoshi Nishio***

Yoshi 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 due diligence and structuring services on major merger and acquisition transactions and public private partnerships. Margaret was 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.

#### ***Delegation of authority***

Whilst the Board has delegated certain responsibilities in relation to the operation of the Company to third party providers (such as the Investment Manager, the Administrator and the Registrar), 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.

## **2. Investment Manager**

The Company has entered into an Investment Management Agreement with the Investment Manager, under which the Investment Manager is responsible for the discretionary management of the Company's assets. The Investment Manager has also been appointed as the Company's AIFM for the purposes of the AIFMD.

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 (but paid monthly in arrear), based on the Net Asset Value or market capitalisation of the Company on the last Business Day of the relevant preceding calendar quarter, except in the event where a new admission of Shares or a buy back or redemption of Shares (a "**specified event**") occurs, in which case the management fee relating to the relevant month shall be adjusted so that it shall be based (or partly-based, on a pro-rata basis to reflect the point in time during the relevant month in which a specified event occurs) on the Net Asset Value or market capitalisation of the Company as at the effective/completion date of the most recently specified event.

As mentioned above, the management fee is paid monthly in arrear. Each month, the Investment Manager shall invest 25 per cent. of the management fee it receives in Ordinary Shares. This shall 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 shall 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 6.2 of Part 10 of this Prospectus.

## **3. Administrator**

The Administrator, Link Alternative Fund Administrators Limited, has been appointed to provide general administrative functions to the Company. The Administrator receives an annual fee of £90,000. The Administration Agreement can be terminated by either the Administrator or the Company on 12 months' written notice.

Further details of the terms of the Administration Agreement are set out in paragraph 6.4 of Part 10 of this Prospectus.

## **4. Company Secretary**

The 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. An annual fee of £60,000 plus VAT and disbursements is payable in relation to the services the Company Secretary 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 automatically renewable for successive periods of 12 months.

Further details of the terms of the Company Secretarial Agreement are set out in paragraph 6.5 of Part 10 of this Prospectus.

## **5. Depositary and Custodian**

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 carries out the core duties under Article 21 of the AIFMD which include cash management, safekeeping of assets and general oversight of the Portfolio. The Depositary receives a safekeeping fee and transaction fees which varies 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, JPMorgan Chase Bank, National Association, London Branch. Pursuant to the terms of the Custody Agreement, the Custodian holds, or arranges for sub-custodians to hold, all of the cash, securities and other assets of the Company and it arranges and settles (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 6.3 of Part 10 of this Prospectus.

## **6. Fees and expenses**

### ***Expenses of the Initial Issue and Placing Programme***

The costs and expenses of the Initial Issue are not expected to exceed approximately 2 per cent. of the gross proceeds of the Initial Issue. It is expected that the costs and expenses of the Initial Issue will be covered by issuing the Ordinary Shares under the Initial Issue at a premium of approximately 2 per cent. (but not more than 5 per cent.) of the prevailing (cum-income) Net Asset Value per Ordinary Share at close of business on the date on which the Initial Placing closes.

The total costs of the Subsequent Placings under the Placing Programme are not expected to exceed 2 per cent. of the aggregate gross proceeds of the Subsequent Placings under the Placing Programme (and in any event not more than 5 per cent. of the aggregate gross proceeds of the Subsequent Placings under the Placing Programme). With respect to each Subsequent Placing of Ordinary Shares, the Directors anticipate that these costs will be substantially recouped through the premium to the latest published Net Asset Value per Ordinary Share at which such Ordinary Shares are trading at the relevant time resulting from the relevant issue price. The total costs of each Subsequent Placing of C Shares will be borne out of the gross proceeds of each such Subsequent Placing of C Shares and are not expected to exceed 2 per cent. of the gross proceeds of each such Subsequent Placing of C Shares.

### ***Ongoing 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.

### ***Directors' Fees***

Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. The Articles limit the aggregate amount of fees paid to the Directors in any financial year to £150,000.

Save for the Chairman of the Board, the fee is currently £30,000 per annum for each Director. The Chairman's current fee is £35,000 per annum. In addition, the chairman of the Audit Committee will receive an additional fee of £2,500 per annum. The Directors' fees will be reviewed annually.

### **Other operational expenses**

Other ongoing operational expenses (excluding fees paid to service providers as detailed above) of the Company will be borne by the Company including travel, accommodation, printing, audit, finance costs, due diligence and legal fees. All reasonable out of pocket expenses of the Investment Manager, the Administrator, the Registrar, the Custodian and the Directors relating to the Company will be borne by the Company.

### **7. 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. 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 Company complies with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

#### **The Board**

The AIC Code provides, *inter alia*, that the Board and its committees should have a combination of skills, experience and knowledge and that consideration should be given to the length of service of the Board as a whole and membership regularly refreshed.

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 by the Board during the year is required to retire and seek election by Shareholders at the next annual general meeting following their appointment. At the 2020 AGM (being the first ever annual general meeting of the Company), each of the Directors shall be submitting themselves for re-election. 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.

The Board believes that none of the other 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 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, meets 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, meets 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 shall 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.

## **8. 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 shall 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**

#### **1. Introduction**

In this Prospectus, the Initial Placing, the Offer for Subscription and the Intermediaries Offer are together referred to as the Initial Issue.

The Company is proposing to raise a target of up to approximately £30 million, before expenses, through the Initial Placing, Offer for Subscription and Intermediaries Offer for a target issue of up to 30 million Ordinary Shares.

The price at which Ordinary Shares are to be issued under the Initial Issue is the Initial Issue Price.

As mentioned above, the Company is proposing to raise a target of up to approximately £30 million before expenses. However, the proceeds of the Initial Issue are dependent on (i) the level of subscriptions received and (ii) the price at which the Ordinary Shares are to be issued under the Initial Issue. On the assumption that the gross proceeds of the Initial Issue amount to £30 million, the estimated net proceeds of the Initial Issue to be received by the Company would be approximately £29.4 million.

The actual number of Ordinary Shares to be issued pursuant to the Initial Issue is not known as at the date of this document but will be notified by the Company through a Regulatory Information Service, prior to Initial Admission.

The Initial Issue is not being underwritten.

#### **2. Initial Placing**

N+1 Singer has agreed to use its reasonable endeavours to procure subscribers pursuant to the Initial Placing for the Ordinary Shares on the terms and subject to the conditions set out in the Share Issuance Agreement. Details of the Share Issuance Agreement are set out in paragraph 6.1 of Part 10 of this Prospectus.

The terms and conditions which shall apply to any subscription for Ordinary Shares procured by N+1 Singer are set out in Part 6 of this Prospectus. The Initial Placing will close at 5.00 p.m. on 24 March 2020 (or such later date as the Company and N+1 Singer may agree). If the Initial Placing is extended, the revised timetable will be notified through a Regulatory Information Service.

Each Placee agrees to be bound by the Articles once the Ordinary Shares, which the Placee has agreed to subscribe for pursuant to the Initial Placing, have been acquired by the Placee. The contract to subscribe for the Ordinary Shares under the Initial Placing and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with the laws of England and Wales. For the exclusive benefit of N+1 Singer, the Company, the Investment Manager and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the grounds of venue or on the grounds that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.

Commitments under the Initial Placing, once made, may not be withdrawn without the consent of the Directors.

#### **3. Offer for Subscription**

The Directors are also proposing to offer Ordinary Shares under the Offer for Subscription, subject to the terms and conditions of the Offer for Subscription set out in Part 7 of this Prospectus. These terms and conditions and the Offer for Subscription Application Form attached as Appendix I to this Prospectus should be read carefully before an application is made. The Offer for Subscription will close at 1.00 p.m. on 26 March

2020. If the Offer for Subscription is extended, the revised timetable will be notified through a Regulatory Information Service.

Applications under the Offer for Subscription must be for Ordinary Shares with a minimum subscription amount of £1,000 and thereafter in multiples of £100, although the Board may accept applications below the minimums stated above in their absolute discretion. The Initial Issue Price will be announced through a Regulatory Information Service on the Initial Issue Price Announcement Date. The aggregate subscription price is payable in full on application. Multiple subscriptions under the Offer for Subscription by individual investors will not be accepted.

Completed Application Forms accompanied by either a cheque or banker's draft or appropriate delivery versus payment ("**DVP**") instructions in relation to the Offer for Subscription must be posted to the Receiving Agent at Computershare Investor Services PLC, Corporate Action Projects, Bristol BS99 6AH or delivered by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received by no later than 1.00 p.m. on 26 March 2020. For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 1.00 p.m. on 26 March 2020. Please contact Computershare Investor Services PLC by email at [OFSpaymentqueries@computershare.co.uk](mailto:OFSpaymentqueries@computershare.co.uk) stating: "AVI Japan Opportunity Trust Plc – OFS 2020/AC" and the Receiving Agent will provide applicants with a unique reference number which must be used when sending payment.

Commitments under the Offer for Subscription, once made, may not be withdrawn without the consent of the Directors.

Please also refer to the section below of this Part 4 headed "CREST".

#### **4. Intermediaries Offer**

Investors may also subscribe for Ordinary Shares at the Initial Issue Price pursuant to the Intermediaries Offer. Only the Intermediaries' retail investor clients in the United Kingdom, the Channel Islands and the Isle of Man are eligible to participate in the Intermediaries Offer. Investors may apply to any one of the Intermediaries to be accepted as their client.

No Ordinary Shares allocated under the Intermediaries Offer will be registered in the name of any person whose registered address is outside the United Kingdom, the Channel Islands or the Isle of Man. A minimum application of £1,000 per Underlying Applicant will apply. Allocations to Intermediaries will be determined solely by the Company (following consultation with N+1 Singer).

An application for Ordinary Shares in the Intermediaries Offer means that the Underlying Applicant agrees to acquire the Ordinary Shares applied for at the Initial Issue Price. Each Underlying Applicant must comply with the appropriate money laundering checks required by the relevant Intermediary and all other laws and regulations applicable to their agreement to subscribe for Ordinary Shares. Where an application is not accepted or there are insufficient Ordinary 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 shall be made without interest. The Company, N+1 Singer and the Investment Manager accept no responsibility with respect to the obligation of the Intermediaries to refund monies in such circumstances.

Each Intermediary will on appointment agree to the Intermediaries Terms and Conditions, which regulate, *inter alia*, the conduct of the Intermediaries Offer on market standard terms and provide for the payment of a commission and/or fee (to the extent permissible by the rules of the FCA) to Intermediaries from the Intermediaries Offer Adviser acting on behalf of the Company if such Intermediary elects to receive a commission and/or fee. Pursuant to the Intermediaries Terms and Conditions, in making an application, each Intermediary will also be required to represent and warrant that they are not located in the United States and are not acting on behalf of anyone located in the United States or any US Person.

In addition, the Intermediaries may prepare certain materials for distribution or may otherwise provide information or advice to retail investors in the United Kingdom subject to the terms of 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 any of the Company, the Investment Manager or N+1 Singer. Any liability relating to such documents shall be for the relevant Intermediaries only.

The Intermediaries Terms and Conditions provide for the Intermediaries to have an option (where the payment of such commission and/or fee is not prohibited) to be paid a commission and/or fee by the Intermediaries Offer Adviser (acting on behalf of the Company) where they have elected to receive such commission and/or fee in respect of the Ordinary Shares allocated to and paid for by them pursuant to the Intermediaries Offer.

## **5. Conditions**

The Initial Issue is conditional, *inter alia*, on:

- (i) the passing of the Initial Issue Resolutions;
- (ii) the Share Issuance Agreement becoming wholly unconditional in respect of the Initial Issue (save as to Initial Admission) and not having been terminated in accordance with its terms prior to Initial Admission; and
- (iii) Initial Admission occurring by 8.00 a.m. on 2 April 2020 (or such later date, not being later than 16 April 2020, as the Company and N+1 Singer may agree).

If the Initial Issue does not proceed, application monies received will be returned to applicants without interest within 14 days at the applicants' risk.

## **6. Scaling back**

In the event that commitments received under the Initial Issue exceed the maximum number of Ordinary Shares available, applications under the Initial Placing, Offer for Subscription and the Intermediaries Offer will be scaled back at N+1 Singer's discretion (in consultation with the Company). Monies received in respect of unsuccessful applications (or to the extent scaled back) will be returned without interest at the risk of the applicant to the applicant from whom the money was received.

## **7. Costs of the Initial Issue**

The costs and expenses of the Initial Issue are not expected to exceed approximately 2 per cent. of the gross proceeds of the Initial Issue. It is expected that the costs and expenses of the Initial Issue will be covered by issuing the Ordinary Shares under the Initial Issue at a premium of approximately 2 per cent. (but not more than 5 per cent.) of the prevailing (cum-income) Net Asset Value per Ordinary Share at close of business on the date on which the Initial Placing closes. Therefore, new investors (and any existing Shareholders) subscribing for Ordinary Shares under the Initial Issue are expected to bear such costs and expenses.

All expenses incurred by any Intermediary are for its own account. Investors should confirm separately with any Intermediary whether there are any commissions, fees or expenses that will be applied by such Intermediary in connection with any application made through that Intermediary pursuant to the Intermediaries Offer.

## **8. The Share Issuance Agreement**

The Share Issuance Agreement contains provisions entitling N+1 Singer to terminate the Initial Issue (and the arrangements associated with it) at any time prior to Initial Admission in certain circumstances. If this right is exercised, the Initial Issue and these arrangements will lapse and any monies received in respect of the Initial Issue will be returned to applicants without interest at the applicants' risk. The Share Issuance Agreement provides for N+1 Singer to be paid commission by the Company in respect of certain Ordinary Shares to be allotted pursuant to the Initial Issue. Any Ordinary Shares subscribed for by N+1 Singer may be retained or dealt in by it for its own benefit. Under the Share Issuance Agreement, N+1 Singer is entitled at its discretion and out of its own resources at any time to rebate to some or all investors, or to other parties, part or all of its fees relating to the Initial Issue. N+1 Singer is also entitled under the Share Issuance Agreement to retain agents and may pay commission in respect of the Initial Issue to any or all of those agents out of its own resources.

Further details of the terms of the Share Issuance Agreement are set out in paragraph 6.1 of Part 10 (Additional Information) of this Prospectus.

## **9. Dilution**

If 30 million Ordinary Shares are issued pursuant to the Initial Issue (being the maximum number of Ordinary Shares that the Directors are seeking authority for issuance under the Initial Issue), on the basis that there are 114,889,742 Ordinary Shares in issue at the date of this Prospectus, there would be a dilution of approximately 20.7 per cent. in Shareholders' voting control of the Company as at the date of this Prospectus (assuming that such Shareholders do not participate in the Initial Issue).

However, it is not anticipated that there will be any dilution in the Net Asset Value per Ordinary Share as a result of the Initial Issue.

## **10. General**

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK, the Company and its agents (and their agents) or the Investment Manager may require evidence in connection with any application for Ordinary Shares, including further identification of the applicant(s), before any Ordinary Shares are issued to that applicant.

Any Ordinary Shares issued pursuant to the Initial Issue 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 allotment of the relevant Ordinary Shares).

## **11. Admission, clearing and settlement**

Applications will be made to the FCA for all of the Ordinary Shares to be issued pursuant to the Initial Issue to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Initial Admission will become effective and dealings will commence on 2 April 2020.

Ordinary Shares will be issued in registered form and may be held in either certificated or uncertificated form. In the case of Ordinary Shares to be issued in uncertificated form pursuant to the Initial Issue, these will be transferred to successful applicants through the CREST system.

Where applicable, definitive share certificates in respect of the Ordinary Shares are expected to be despatched by post, at the risk of the recipients, to the relevant holders in the week beginning 13 April 2020. Prior to the despatch of definitive share certificates in respect of any Ordinary Shares which are held in certificated form, transfers of those Ordinary Shares will be certified against the Register. No temporary documents of title will be issued.

The ISIN of the Ordinary Shares is GB00BD6H5D36 and the SEDOL code is BD6H5D3.

The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the Ordinary Shares, nor does it guarantee the price at which a market will be made in the Ordinary Shares. Accordingly, the dealing price of the Ordinary Shares may not necessarily reflect changes in the Net Asset Value per Ordinary Share.

## **12. CREST**

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. Settlement of transactions in the Ordinary Shares following Initial Admission may take place within the CREST system if any Shareholder so wishes.

## **13. Reasons for the Initial Issue and use of proceeds**

The Directors intend to direct the Investment Manager to use the net proceeds of the Initial Issue to fund investments in accordance with the Company's investment objective and policy.

#### **14. Material interests**

As at the date of this Prospectus, there are no interests that are material to the Initial Issue and no conflicting interests.

#### **15. Profile of typical investor**

The Ordinary Shares are designed to be suitable for institutional investors and professionally-advised retail investors and non-advised retail investors with at least basic market knowledge and experience, seeking access to a diversified portfolio of equity investments listed or quoted in Japan.

An investment in the Company is only suitable for persons capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from the investment (which may equal the whole amount invested).

Potential investors should consider with care whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them. Private investors in the UK who are unsure whether to invest should consider consulting a financial adviser authorised under FSMA to assess whether an investment in the Company is suitable.

#### **16. Overseas persons**

Potential investors in any territory other than the United Kingdom should refer to the notices set out in the section entitled "*Important Information*" of this Prospectus.

The Company reserves the right to treat as invalid any agreement to subscribe for Ordinary 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 legislation of any jurisdiction.

## PART 5

### THE PLACING PROGRAMME

#### 1. Details of the Placing Programme

The Directors are seeking authority at the General Meeting to issue up to 85 million Ordinary Shares and/or C Shares (less the number of Ordinary Shares issued under the Initial Issue) pursuant to the Placing Programme, without having to first offer those Ordinary Shares and/or C Shares to existing Shareholders.

The Placing Programme is being implemented to satisfy market demand and to enable the Company to raise additional capital in the period from 3 April 2020 to 2 March 2021.

The Directors intend to direct the Investment Manager to apply the net proceeds of the Placing Programme to fund investments in accordance with the Company's investment objective and policy.

The number of Ordinary Shares and/or C Shares available under the Placing Programme is intended to be flexible and should not be taken as an indication of the number of Shares to be issued. Depending on the materiality of any issue under the Placing Programme, the Company will update Shareholders at the appropriate time. Any issues of such Shares will be notified by the Company through a Regulatory Information Service, prior to each Admission.

The Placing Programme is not being underwritten.

The Placing Programme may have a number of closing dates in order to provide the Company with the ability to issue Ordinary Shares and/or C Shares over the duration of the Placing Programme. Ordinary Shares and/or C Shares may be issued under the Placing Programme from 8.00 a.m. on 8 April 2020 until 8.00 a.m. on 2 March 2021.

Applications will be made to the FCA for all of the Ordinary Shares and/or C Shares to be issued pursuant to the Placing Programme to be admitted to the premium segment of the Official List and to the London Stock Exchange for such Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. The issue of Ordinary Shares and/or C Shares pursuant to the Placing Programme is at the discretion of the Directors.

In the event that there are any significant changes affecting any of the matters described in this document or where any significant new matters have arisen after the publication of this document and prior to any Admission of any Ordinary Shares and/or C Shares issued pursuant to the Placing Programme, the Company will publish a supplementary prospectus. Any supplementary prospectus published will give details of the significant change(s) or the significant new matter(s).

#### 2. Conditions

Each allotment and issue of Ordinary Shares and/or C Shares under the Placing Programme following the Initial Issue, is conditional, *inter alia*, on:

- (i) the Placing Programme Price being determined by the Directors as described below;
- (ii) Admission of the Ordinary Shares and/or C Shares being issued pursuant to such Subsequent Placing occurring not later than 8.00 a.m. on such dates as may be agreed between the Company and N+1 Singer;
- (iii) the Share Issuance Agreement becoming otherwise unconditional in respect of the relevant Subsequent Placing and not having been terminated on or before the date of any such Admission;
- (iv) a valid supplementary prospectus being published by the Company if such is required by the Prospectus Regulation; and
- (v) the Company having sufficient Shareholder authorities in place to issue such Shares, and in the case of any proposed allotment and issue of C Shares, the passing of the Articles Amendment Vote.

In circumstances where these conditions are not fully met, the relevant issue of Ordinary Shares and/or C Shares pursuant to the Placing Programme will not take place.

### **3. Placing Programme Price**

#### **Ordinary Shares**

The Placing Programme Price in respect of any Subsequent Placing of Ordinary Shares will be determined by the Company and will be not less than the prevailing Net Asset Value (cum-income), in pounds sterling, per Ordinary Share at the time of issue plus a premium (not expected to exceed 2 per cent. (and in any event not more than 5 per cent.) of the prevailing Net Asset Value (cum-income)) to cover the expenses of such issue.

The Directors will determine the Placing Programme Price on the basis described above so as to cover the costs and expenses of each issue of Ordinary Shares under the Placing Programme and to thereby avoid any dilution of the Net Asset Value of the existing Ordinary Shares. In determining the Placing Programme Price, the Directors will also take into consideration, *inter alia*, the prevailing market conditions at that time.

The Placing Programme Price will be announced through a Regulatory Information Service as soon as is practicable in conjunction with each Subsequent Placing.

#### **C Shares**

The Placing Programme Price in respect of any Subsequent Placing of C Shares will be £1.00 per C Share.

### **4. Dilution**

If 85 million Ordinary Shares and/or C Shares are issued pursuant to the Placing Programme (being the maximum number of Shares that the Directors are seeking authority for issuance under the Placing Programme), on the basis that there are 114,889,742 Ordinary Shares in issue at the date of this Prospectus, there would be a dilution of approximately 42.5 per cent. in Shareholders' voting control of the Company as at the date of this Prospectus (assuming that such Shareholders do not participate in any Subsequent Placings under the Placing Programme).

However, it is not anticipated that there will be any dilution in the Net Asset Value per Ordinary Share as a result of any Subsequent Placing.

The number of Ordinary Shares into which each C Share issued under the Placing Programme converts will be determined by the relative Net Asset Value per C Share and Net Asset Value per Ordinary Share at the Calculation Date. As a result of conversion, the percentage of the total number of issued Ordinary Shares held by each existing hold of Ordinary Shares will be reduced to the extent that Shareholders do not acquire a sufficient number of C Shares under the relevant Subsequent Placing.

However, conversion will be Net Asset Value-neutral to the holders of Ordinary Shares.

### **5. The Share Issuance Agreement**

N+1 Singer is entitled to terminate the Share Issuance Agreement at any time prior to any Subsequent Admission in certain circumstances. If this right is exercised, the Placing Programme and these arrangements will lapse and, where applicable, any monies received in respect of the Placing Programme will be returned to applicants without interest at the applicants' risk.

The Share Issuance Agreement provides for N+1 Singer to be paid commission by the Company in respect of certain Ordinary Shares and/or C Shares to be allotted pursuant to the Placing Programme. Any Ordinary Shares and/or C Shares subscribed for by N+1 Singer may be retained or dealt in by it for its own benefit.

Under the Share Issuance Agreement, N+1 Singer is entitled at its discretion and out of its own resources at any time to rebate to some or all investors, or to other parties, part or all of its fees relating to the Placing Programme. N+1 Singer is also entitled under the Share Issuance Agreement to retain agents and may pay commission in respect of the Placing Programme to any or all of those agents out of its own resources.

Further details of the terms of the Share Issuance Agreement are set out in paragraph 6.1 of Part 10 of this Prospectus.

## **6. Scaling back**

In the event of oversubscription of a Subsequent Placing of Ordinary Shares and/or C Shares under the Placing Programme, applications will be scaled back at N+1 Singer's discretion (in consultation with the Company).

Monies received in respect of unsuccessful applications (or to the extent scaled back) will be returned without interest at the risk of the applicant to the applicant from whom the money was received.

## **7. Costs of the Placing Programme**

The net proceeds of the Placing Programme are dependent on the number of Shares issued and the price at which Shares are issued.

The total costs of the Subsequent Placings under the Placing Programme are not expected to exceed 2 per cent. of the aggregate gross proceeds of the Subsequent Placings under the Placing Programme (and in any event not more than 5 per cent. of the aggregate gross proceeds of the Subsequent Placings under the Placing Programme). With respect to each Subsequent Placing of Ordinary Shares, the Directors anticipate that these costs will be substantially recouped through the premium to the latest published Net Asset Value per Ordinary Share at which such Ordinary Shares are trading at the relevant time resulting from the relevant issue price. The total costs of each Subsequent Placing of C Shares will be borne out of the gross proceeds of each such Subsequent Placing of C Shares and are not expected to exceed 2 per cent. of the gross proceeds of each such Subsequent Placing of C Shares.

## **8. General**

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK, the Company and its agents (and their agents) or the Investment Manager may require evidence in connection with any application for Ordinary Shares and/or C Shares, including further identification of the applicant(s), before any Ordinary Shares and/or C Shares are issued.

## **9. Clearing and settlement**

Ordinary Shares and/or C Shares will be issued in registered form and may be held in either certificated or uncertificated form. In the case of Ordinary Shares and/or C Shares to be issued in uncertificated form pursuant to the Placing Programme, these will be transferred to successful applicants through the CREST system.

The Company does not guarantee that, at any particular time, market maker(s) will be willing to make a market in the Ordinary Shares and/or C Shares, nor does it guarantee the price at which a market will be made in the Ordinary Shares and/or C Shares. Accordingly, the dealing price of the Ordinary Shares and/or C Shares may not necessarily reflect changes in the underlying Net Asset Value per share.

The ISIN of the Ordinary Shares is GB00BD6H5D36 and the SEDOL code is BD6H5D3.

The ISIN of the C Shares is GB00BL71ND60 and the SEDOL code is BL71ND6.

Any Ordinary Shares issued under the Placing 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 allotment of the relevant Ordinary Shares).

## **10. CREST**

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares and C Shares under the CREST system. Settlement of transactions in the Ordinary Shares and/or C Shares

following the relevant Subsequent Admission may take place within the CREST system if any Shareholder so wishes.

#### **11. Reasons for the Placing Programme and use of proceeds**

The Directors intend to direct the Investment Manager to use the net proceeds of the Placing Programme to fund investments in accordance with the Company's investment objective and policy.

#### **12. Material interests**

As at the date of this Prospectus, there are no interests that are material to the Placing Programme and no conflicting interests.

#### **13. Profile of typical investor**

The Shares are designed to be suitable for institutional investors and professionally-advised retail investors and non-advised retail investors with at least basic market knowledge and experience, seeking access to a diversified portfolio of equity investments listed or quoted in Japan.

An investment in the Company is only suitable for persons capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from the investment (which may equal the whole amount invested).

Potential investors should consider with care whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them. Private investors in the UK who are unsure whether to invest should consider consulting a financial adviser authorised under FSMA to assess whether an investment in the Company is suitable.

#### **14. Overseas persons**

Potential investors in any territory other than the United Kingdom should refer to the notices set out in the section entitled "*Important Information*" of this Prospectus.

The Company reserves the right to treat as invalid any agreement to subscribe for Shares under a Subsequent Placing 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 legislation of any jurisdiction.

## PART 6

### TERMS AND CONDITIONS OF APPLICATION UNDER THE INITIAL PLACING AND ANY SUBSEQUENT PLACING UNDER THE PLACING PROGRAMME

#### 1. Introduction

- 1.1 Each Placee which confirms its agreement to the Company and/or N+1 Singer to subscribe for Ordinary Shares under the Initial Placing and/or to subscribe for Ordinary Shares and/or C Shares under a Subsequent Placing will be bound by these terms and conditions and will be deemed to have accepted them.
- 1.2 The Company and/or N+1 Singer may require any 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 any Placee to execute a separate letter (a "**Placing Letter**"). The terms and conditions of this Part 6 will, where applicable, be deemed to be incorporated into any such Placing Letters.
- 1.3 The commitment to acquire Ordinary Shares and/or C Shares under the Initial Placing and/or a Subsequent Placing may be agreed orally with N+1 Singer as agent for the Company and further evidenced in a contract note ("**Contract Note**") or placing confirmation ("**Placing Confirmation**") or subscription letter.

#### 2. Agreement to subscribe for Ordinary Shares and conditions

- 2.1 A Placee agrees to become a member of the Company and agrees to subscribe for those Ordinary Shares and/or C Shares allocated to it at the Initial Issue Price or the relevant Placing Programme Price, conditional on:
  - 2.1.1 the Share Issuance Agreement becoming unconditional in respect of the relevant placing (save for any condition relating to Admission) and not having been terminated on or before the date of Admission of the relevant Ordinary Shares and/or C Shares being issued;
  - 2.1.2 (in respect of the Initial Placing) Admission of the Ordinary Shares occurring and becoming effective by 8.00 a.m. on or prior to 2 April 2020 (or such later time and/or date as the Company and N+1 Singer may agree and, in any event, no later than 8.00 a.m. on 16 April 2020) and (in respect of a Subsequent Placing) any Admission of Ordinary Shares and/or C Shares occurring not later than 8.00 a.m. on such other dates as may be agreed between the Company and N+1 Singer prior to the closing of each Subsequent Placing;
  - 2.1.3 in the case of any Subsequent Placing, the relevant Placing Programme Price being determined by the Directors;
  - 2.1.4 in the case of any Subsequent Placing, a valid supplementary prospectus being published by the Company if such is required by the Prospectus Regulation;
  - 2.1.5 the Company having sufficient authorities in place to issue such Ordinary Shares and/or C Shares (and in the case of any proposed allotment and issue of C Shares, the passing of the Articles Amendment Vote); and
  - 2.1.6 N+1 Singer confirming to the Placees their allocation of Ordinary Shares and/or C Shares.
- 2.2 To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

#### 3. Payment for Ordinary Shares and/or C Shares

- 3.1 Each Placee must pay the Initial Issue Price or relevant Placing Programme Price for the Ordinary Shares and/or C Shares issued to the Placee, as applicable, in the manner and by the time directed by N+1 Singer. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for Ordinary Shares and/or C Shares may, at the discretion of N+1 Singer, as appropriate,

either be rejected or accepted and, in the latter case, paragraph 3.2 of these terms and conditions shall apply.

- 3.2 Each Placee is deemed to agree that if it does not comply with its obligation to pay the Initial Issue Price or relevant Placing Programme Price for the Ordinary Shares and/or C Shares allocated to it in accordance with paragraph 3.1 of these terms and conditions and N+1 Singer elects to accept that Placee's application, N+1 Singer may sell all or any of the Ordinary Shares and/or C Shares allocated to the Placee on such Placee's behalf and retain from the proceeds, for N+1 Singer's 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 Ordinary Shares and/or C Shares on such Placee's behalf.

#### **4. Representations and warranties**

By agreeing to subscribe for Ordinary Shares and/or C Shares, each Placee which enters into a commitment to subscribe for Ordinary Shares and/or C Shares will (for itself and any person(s) procured by it to subscribe for Ordinary Shares and/or C Shares and any nominee(s) for any such person(s)) be deemed to represent, warrant and acknowledge to each of the Company, the Investment Manager, the Registrar and N+1 Singer that:

- 4.1 in agreeing to subscribe for Ordinary Shares under the Initial Placing and/or Ordinary Shares and/or C Shares under a 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, the Initial Placing and/or a Subsequent Placing including, without limitation, the key information document. It agrees that none of the Company, the Investment Manager, N+1 Singer or the Registrar, nor any of their respective officers, agents or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- 4.2 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Ordinary Shares under the Initial Placing and/or Ordinary Shares and/or C Shares under a 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 territory and that it has not taken any action or omitted to take any action which will result in the Company, the Investment Manager, N+1 Singer or the Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Initial Placing and/or a Subsequent Placing;
- 4.3 it has carefully read and understands this document in its entirety and acknowledges that it is acquiring Ordinary Shares and/or C Shares on the terms and subject to the conditions set out in this Part 6 and the Articles as in force at the date of Admission of the relevant Ordinary Shares and/or C Shares and agrees that in accepting a participation in the Initial Placing and/or any Subsequent Placing it has had access to all information it believes necessary or appropriate in connection with its decision to subscribe for the Ordinary Shares and/or C Shares;
- 4.4 it has not relied on N+1 Singer or any person affiliated with N+1 Singer in connection with any investigation of the accuracy of any information contained in this document;
- 4.5 the content of this document is exclusively the responsibility of the Company and its Directors and neither N+1 Singer nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for any information, representation or statement contained in this document or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the Initial Placing and/or a Subsequent Placing based on any information, representation or statement contained in this document or otherwise;
- 4.6 it acknowledges that no person is authorised in connection with the Initial Placing and/or a Subsequent Placing to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Investment Manager or N+1 Singer;

- 4.7 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services);
- 4.8 it accepts that none of the Ordinary Shares and/or C Shares has been or will be registered under the laws of any Restricted Jurisdiction. Accordingly, the Ordinary Shares and/or C Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Restricted Jurisdiction unless an exemption from any registration requirement is available;
- 4.9 it is entitled to subscribe for the Ordinary Shares and/or C Shares under the laws of all relevant jurisdictions and it has fully observed the laws of all relevant jurisdictions, has the requisite capacity and authority and is entitled to enter into and perform its obligations as a subscriber for Ordinary Shares and/or C Shares and will honour such obligations, and it has obtained all necessary consents and authorities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;
- 4.10 if it is within the United Kingdom, it is a person who falls within Articles 49(2)(a) to (d) or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or it is a person to whom the Ordinary Shares and/or C Shares may otherwise lawfully be offered under such Order and/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 or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, it is a person to whom the Ordinary Shares and/or C Shares may be lawfully offered under that other jurisdiction’s laws and regulations;
- 4.11 if it is a resident in the EEA (other than the United Kingdom): (a) it is a qualified investor within the meaning of Article 2(e) of the Prospectus Regulation; and (b) if that relevant Member State has implemented the AIFMD, that it is a person to whom the Ordinary Shares and/or C Shares may lawfully be marketed under the AIFMD or under the applicable implementing legislation (if any) of that relevant Member State;
- 4.12 in the case of any Ordinary Shares and/or C Shares acquired by a Placee as a financial intermediary within the EEA as that term is used in Article 5(1) of the Prospectus Regulation: (a) the Ordinary Shares and/or C Shares acquired by it in the Initial Placing and/or a Subsequent Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant Member State (other than the United Kingdom) other than qualified investors, as that term is defined in the Prospectus Regulation, or in circumstances in which the prior consent of N+1 Singer has been given to the offer or resale; or (b) where Ordinary Shares and/or C Shares have been acquired by it on behalf of persons in any relevant Member State (other than the United Kingdom) other than qualified investors, the offer of those Ordinary Shares and/or C Shares to it is not treated under the Prospectus Regulation as having been made to such persons;
- 4.13 if it is outside the United Kingdom, neither the Prospectus nor any other offering, marketing or other material in connection with the Initial Placing and/or a Subsequent Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Ordinary Shares and/or C Shares pursuant to the Initial Placing and/or a 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 material could lawfully be provided to it or such person and Ordinary Shares and/or C 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;
- 4.14 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 Ordinary Shares and/or C Shares and it is not acting on a non-discretionary basis for any such person;
- 4.15 if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the United Kingdom) on the date of such Placee’s agreement to subscribe for Ordinary Shares under the Initial Placing and/or Ordinary Shares and/or C Shares under a Subsequent Placing and will not be

any such person on the date any such agreement to subscribe under the Initial Placing or a Subsequent Placing is accepted;

- 4.16 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 any Subsequent Placing and/or the Ordinary Shares and/or the C Shares;
- 4.17 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other offering materials concerning the Initial Placing and/or a Subsequent Placing or the Ordinary Shares and/or the C Shares to any persons within the United States or to any US Persons, nor will it do any of the foregoing;
- 4.18 it acknowledges and agrees to the representations, warranties and agreements as set out under the heading "United States purchase and transfer restrictions" in paragraph 7 below;
- 4.19 it acknowledges that neither N+1 Singer nor any of its affiliates, nor any person acting on its or their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Initial Placing and/or a Subsequent Placing or providing any advice in relation to the Initial Placing and/or a Subsequent Placing and participation in the Initial Placing and/or a Subsequent Placing is on the basis that it is not and will not be a client of N+1 Singer and that N+1 Singer does not have any duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Initial Placing and/or a Subsequent Placing nor in respect of any representations, warranties, undertakings or indemnities otherwise required to be given by it in connection with its application under the Initial Placing and/or a Subsequent Placing;
- 4.20 it acknowledges that where it is subscribing for Ordinary Shares and/or C Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (a) to subscribe for the Ordinary Shares and/or C Shares for each such account; (b) to make on each such account's behalf the representations, warranties and agreements set out in this document; and (c) to receive on behalf of each such account any documentation relating to the Initial Placing and/or a Subsequent Placing in the form provided by the Company and/or N+1 Singer. It agrees that the provisions of this paragraph shall survive any resale of the Ordinary Shares and/or C Shares by or on behalf of any such account;
- 4.21 if it is acting as a "distributor" (for the purposes of the MiFID II Product Governance Requirements):
  - 4.21.1 it acknowledges that the Target Market Assessment undertaken by the Investment Manager and N+1 Singer does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares and/or C Shares and each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and/or C Shares and determining appropriate distribution channels;
  - 4.21.2 notwithstanding any Target Market Assessment undertaken by the Investment Manager and N+1 Singer, it confirms that it has satisfied itself as to the appropriate knowledge, experience, financial situation, risk tolerance and objectives and needs of the investors to whom it plans to distribute the Ordinary Shares and/or C Shares and that it has considered the compatibility of the risk/reward profile of such Ordinary Shares and/or C Shares with the end target market;
  - 4.21.3 it acknowledges that the price of the Ordinary Shares and/or C Shares may decline and investors could lose all or part of their investment; the Ordinary Shares and the C Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares and/or the C Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom; and
  - 4.21.4 it agrees that if so required by N+1 Singer or the Investment Manager, it shall provide aggregate summary information on sales of the Ordinary Shares and/or C Shares as contemplated under rule 3.3.30(R) of the PROD Sourcebook and information on the reviews carried out under rules 3.3.26(R) to 3.3.28(R) of the PROD Sourcebook;

- 4.22 it irrevocably appoints any director of the Company and any director of N+1 Singer 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 Ordinary Shares and/or C Shares for which it has given a commitment under the Initial Placing and/or a Subsequent Placing, in the event of its own failure to do so;
- 4.23 it accepts that if the Initial Placing and/or a Subsequent Placing does not proceed or the conditions to the Share Issuance Agreement are not satisfied or the Ordinary Shares and/or C Shares for which valid applications are received and accepted are not admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities for any reason whatsoever then neither of N+1 Singer nor the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- 4.24 in connection with its participation in the Initial Placing and/or a Subsequent Placing it has observed all relevant legislation and regulations;
- 4.25 it acknowledges that N+1 Singer and the Company are entitled to exercise any of their rights under the Share Issuance Agreement or any other right in their absolute discretion without any liability whatsoever to it;
- 4.26 the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that N+1 Singer and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the Ordinary Shares and/or C Shares are no longer accurate, it shall promptly notify N+1 Singer and the Company;
- 4.27 where it or any person acting on behalf of it is dealing with N+1 Singer, any money held in an account with N+1 Singer on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require N+1 Singer to segregate such money, as that money will be held by N+1 Singer under a banking relationship and not as trustee;
- 4.28 any of its clients, whether or not identified to N+1 Singer, will remain its sole responsibility and will not become clients of N+1 Singer for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 4.29 it accepts that the allocation of Ordinary Shares and/or C Shares shall be determined by the Company in its absolute discretion (in consultation with N+1 Singer and the Investment Manager) and that N+1 Singer (in consultation with the Company and the Investment Manager) may scale down any commitments for this purpose on such basis as it may determine;
- 4.30 time shall be of the essence as regards its obligations to settle payment for the Ordinary Shares and/or C Shares and to comply with its other obligations under the Initial Placing and/or a Subsequent Placing;
- 4.31 its commitment to acquire Ordinary Shares and/or C Shares may be agreed orally with N+1 Singer as agent for the Company and that a Contract Note or Placing Confirmation will be issued by N+1 Singer as soon as possible thereafter. That oral confirmation will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and N+1 Singer to subscribe for the number of Ordinary Shares and/or C Shares allocated to it at the Initial Issue Price or the relevant Placing Programme Price on the terms and conditions set out in this Part 6 and, as applicable, in the Contract Note or Placing Confirmation. Except with the consent of N+1 Singer, such oral commitment will not be capable of variation or revocation after the time at which it is made; and
- 4.32 its allocation of Ordinary Shares and/or C Shares under the Initial Placing and any Subsequent Placing may be evidenced by the Contract Note or Placing Confirmation, as applicable, confirming: (i) the number of Ordinary Shares and/or C Shares that such Placee has agreed to subscribe for; (ii) the aggregate amount that such Placee will be required to pay for such Ordinary Shares and/or C Shares; and (iii) settlement instructions to pay N+1 Singer as agent for the Company. The terms of this Part 6 will be deemed to be incorporated into that Contract Note or Placing Confirmation.

The Company reserves the right to reject all or part of any offer to purchase Ordinary Shares and/or C Shares for any reason. The Company also reserves the right to sell fewer than all of the Ordinary Shares and/or C Shares offered by this Prospectus or to sell to any purchaser less than all of the Ordinary Shares and/or C Shares a purchaser has offered to purchase.

## 5. Money Laundering

Each Placee:

- 5.1 represents and warrants that it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (“**Money Laundering Regulations**”) and any other applicable law concerning the prevention of money laundering and, if it is making payment on behalf of a third party, that: (i) satisfactory evidence has been obtained and recorded by it to verify the identity of the third party; and (ii) arrangements have been entered into with the third party to obtain from the third party copies of any identification and verification data immediately on request as required by the Money Laundering Regulations and, in each case, agrees that pending satisfaction of such obligations, definitive certificates (or allocation under the CREST system) in respect of the Ordinary Shares and/or C Shares comprising the Placee’s allocation may be retained at N+1 Singer’s discretion; and
- 5.2 acknowledges and agrees that: (i) due to anti-money laundering and the countering of terrorist financing requirements, N+1 Singer and/or the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, N+1 Singer and/or the Company may refuse to accept the application and the subscription moneys relating thereto; and (ii) it holds harmless and will indemnify N+1 Singer and the Company 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 or has not been provided on a timely basis.

## 6. Data Protection

- 6.1 Each Placee acknowledges that it has been informed that, pursuant to the General Data Protection Regulation 2016/679 (the “**DP Legislation**”) the Company and/or the Registrar may hold personal data (as defined in the DP Legislation) relating to past and present Shareholders. Personal data may be retained on record for a reasonable period after it is no longer used (subject to any limitations on retention periods set out in applicable law). The Registrar will process such personal data at all times in compliance with DP Legislation and shall only process for the purposes set out below (collectively, the “**Purposes**”), being to:
  - 6.1.1 process its personal data to the extent and in such manner as is necessary for the performance of its obligations under its service contract, including as required by or in connection with its holding of Ordinary Shares and/or C Shares, including processing personal data in connection with credit and money laundering checks on it;
  - 6.1.2 communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares and/or C Shares;
  - 6.1.3 comply with the legal and regulatory obligations of the Company and/or the Registrar; and
  - 6.1.4 process its personal data for the Registrar’s internal administration.
- 6.2 In order to meet the Purposes, it will be necessary for the Company and the Registrar to provide personal data to:
  - 6.2.1 third parties located either within, or outside of the EEA, if necessary for the Registrar to perform its functions, or when it is necessary for its legitimate interests, and in particular in connection with the holding of Ordinary Shares and/or C Shares; or
  - 6.2.2 its affiliates, the Company or the Investment Manager and their respective associates, some of which may be located outside of the EEA.

- 6.3 By becoming registered as a holder of Ordinary Shares and/or C Shares a person becomes a data subject (as defined in the DP Legislation). In providing the Registrar with information, each Placee hereby represents and warrants to the Registrar that it has: (i) notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of any data protection notice which has been provided by the Company and/ or the Registrar; and (ii) where consent is legally required under applicable DP Legislation, it has obtained the consent of any data subject to the Registrar and its associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out above in this paragraph 6).
- 6.4 Each Placee acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the Placee is a natural person he or she has read and understood the terms of the Company's privacy notice which is available for review on the Company's website <https://www.ajot.co.uk/privacy-policy/> ("**Privacy Notice**").
- 6.5 Each Placee acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the Placee is not a natural person it represents and warrants that:
- 6.5.1 it has brought the Company's Privacy Notice to the attention of any underlying data subjects on whose behalf or account the Placee may act or whose personal data will be disclosed to the Company as a result of the Placee agreeing to subscribe for Ordinary Shares and/or C Shares;
- 6.5.2 the Placee has complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company; and
- 6.5.3 it shall immediately on demand, fully indemnify each of the Company and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or the Registrar in connection with any failure by the Placee to comply with the provisions of this paragraph 6.5.

## **7. United States purchase and transfer restrictions**

- 7.1 By participating in the Initial Placing and/or a Subsequent Placing, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for Ordinary Shares and/or C 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, the Registrar and N+1 Singer that:
- 7.1.1 it is authorised to consummate the purchase, taking up or exercise of the Ordinary Shares and/or C Shares;
- 7.1.2 it is not a US Person, is not located within the United States and is not acquiring Shares in the United States, and it acknowledges that the Ordinary Shares and/or C Shares are being offered or sold outside the United States in reliance on Regulation S and it is not acquiring Shares for the account or benefit of any US Person;
- 7.1.3 it acknowledges that the Ordinary Shares and/or C 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 into or within the United States or to, or for the account or benefit of, US Persons absent registration or an exemption from, or in a transaction not subject to, registration under the US Securities Act and in compliance with applicable securities laws of any state or other jurisdiction of the United States and in circumstances that would not require the Company to register under the US Investment Company Act;
- 7.1.4 it acknowledges that the Company has not and will not be registered under the US Investment Company Act and, as such, it will not be afforded the protections provided to investors under the US Investment Company Act, and that the Company has elected to impose the transfer and offering restrictions with respect to persons in the United States and US Persons described herein so that the Company will have no obligation to register as an "investment company"

even if it were otherwise determined to be an “investment company” under the US Investment Company Act;

- 7.1.5 unless the Company expressly consents otherwise in writing, no portion of the assets used to purchase, and no portion of the assets used to hold, the Ordinary Shares and/or C Shares or any beneficial interest therein constitutes or will constitute the assets of: (a) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (b) a “plan” as defined in Section 4975 of the US Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Code; or (c) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the US Code. In addition, if a Placee is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Code, its purchase, holding, and disposition of the Ordinary Shares and/or C Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- 7.1.6 if any Ordinary Shares and/or C Shares are issued to it in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect, unless otherwise determined by the Company in accordance with applicable law:
- “AVI JAPAN OPPORTUNITY TRUST PLC (THE “COMPANY”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “US INVESTMENT COMPANY ACT”). IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “US SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.”**
- 7.1.7 it acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- 7.1.8 it understands that no representation has been made as to the availability of any exemption under the US Securities Act and rules promulgated thereunder for the reoffer, resale, pledge or other transfer of the Ordinary Shares and/or C Shares;
- 7.1.9 it understands and acknowledges that the Company is not obligated to file and has no present intention of filing any registration statement in respect of resales of Ordinary Shares or C Shares in the United States with the SEC or with any state securities administrator;
- 7.1.10 it acknowledges and understands that the Company is required to comply with FATCA and agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA;
- 7.1.11 it is entitled to acquire the Ordinary Shares and/or C 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 Ordinary Shares and/or C 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 Registrar, N+1 Singer 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 a Subsequent Placing or its acceptance of participation in the Initial Placing and/or a Subsequent Placing;
- 7.1.12 it agrees the Company may make a notation on its records or give instructions to the registrar and any transfer agent of the Ordinary Shares and C Shares in order to implement the restrictions on transfer set forth and described herein;
- 7.1.13 it (i) has received and carefully read a copy of this document, (ii) understands and agrees that this document speaks only as of its date and that the information contained herein may not be correct or complete as of any time subsequent to that date and (iii) has held and will hold this document in confidence, it being understood that the document received by it is solely for its use and it has not duplicated, distributed, forwarded, transferred or otherwise transmitted,

and will not duplicate, distribute, forward, transfer or otherwise transmit, this document or any other materials concerning the Ordinary Shares or C Shares (including electronic copies thereof) to any persons within the United States or to any US Persons;

- 7.1.14 it understands the acquisition of the Ordinary Shares and/or C Shares is a speculative investment that involves a degree of risk of loss of its investment therein. It is able to bear the economic risk of the investment in the Ordinary Shares and/or C Shares being made hereby for an indefinite period of time, including the risk of a complete loss of the investment in the Ordinary Shares and/or C Shares;
  - 7.1.15 it has consulted its own tax advisers as to the particular tax considerations applicable to it relating to the purchase, ownership and disposition of the Ordinary Shares and/or C Shares; and
  - 7.1.16 if it is acquiring any Ordinary Shares and/or C 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.
- 7.2 The Company, the Investment Manager, N+1 Singer, 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.
  - 7.3 If any of the representations, warranties, acknowledgments or agreements made by the Placee are no longer accurate or have not been complied with, the Placee will immediately notify the Company and N+1 Singer.
  - 7.4 The Company reserves the right to reject all or part of any offer to purchase Ordinary Shares and/or C Shares for any reason. The Company also reserves the right to sell fewer than all of the Ordinary Shares and/or C Shares offered by this document or to sell to any purchaser less than all of the Ordinary Shares and/or C Shares a purchaser has offered to purchase.

## **8. Supply and disclosure of information**

If N+1 Singer, the Registrar or the Company or any of their agents requests any information about a Placee's agreement to subscribe for Ordinary Shares and/or C Shares under the Initial Placing and/or a Subsequent Placing, such Placee must promptly disclose it to them.

## **9. Non United Kingdom investors**

- 9.1 If the Placee is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the 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 Ordinary Shares and/or C 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 Ordinary Shares and/or C 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.
- 9.2 None of the Ordinary Shares and/or C Shares has been or will be registered under the laws of any Restricted Jurisdiction. Accordingly, the Ordinary Shares and/or C Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Restricted Jurisdiction unless an exemption from any registration requirement is available.

## **10. Miscellaneous**

- 10.1 The rights and remedies of the Company, the Investment Manager, N+1 Singer and the Registrar under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

- 10.2 On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Initial Placing and/or a Subsequent Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.
- 10.3 Each Placee agrees to be bound by the Articles once the Ordinary Shares and/or C Shares, which the Placee has agreed to subscribe for pursuant to the Initial Placing and/or a Subsequent Placing, have been acquired by the Placee. The contract to subscribe for Ordinary Shares and/or C Shares under the Initial Placing and/or a Subsequent Placing and the appointments and authorities mentioned in this document and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Company, the Investment Manager, N+1 Singer and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.
- 10.4 In the case of a joint agreement to subscribe for Ordinary Shares and/or C Shares under the Initial Placing and/or a 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.
- 10.5 N+1 Singer and the Company expressly reserve the right to modify the Initial Placing and/or a Subsequent Placing (including, without limitation, the timetable and settlement) at any time before allocations are determined.
- 10.6 The Initial Placing and/or a Subsequent Placing are subject to the satisfaction of the relevant conditions contained in the Share Issuance Agreement and the Share Issuance Agreement not having been terminated. Further details of the terms of the Share Issuance Agreement are contained in paragraph 6.1 of Part 10 of this Prospectus.

## PART 7

### TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION

#### 1. Introduction

- 1.1 Ordinary Shares are available under the Offer for Subscription at the Initial Issue Price. The Ordinary Shares will, when issued and fully paid, include the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.
- 1.2 Applications to acquire Ordinary Shares must be made on the Offer for Subscription Application Form attached as Appendix I to this document or otherwise published by the Company.
- 1.3 In addition to completing and returning the Application Form to the Receiving Agent, new investors who intend to hold Ordinary Shares in certificated form will also need to complete a Tax Residency Self-Certification Form and return it separately to the Registrar (details provided below). The "Tax Residency Self-Certification Form (Individuals)" can be found at Appendix II of this document and further copies of this form and the relevant form for joint holdings or corporate entity holdings can be requested from the Registrar on 0871 664 0300 (from within the UK) or on +44 (0) 371 664 0300 (from outside the UK). The helpline is open between 8.30 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that the Registrar cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. It is a condition of application that (where applicable) a completed version of that Tax Residency Self-Certification Form is provided separately to the Registrar, to: the CRS-FATCA Team, Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by **1.00 p.m. on 26 March 2020** before any application under the Offer for Subscription can be accepted.

#### 2. Offer for Subscription to acquire shares

- 2.1 By completing and delivering an Application Form, you, as the applicant, and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:
  - 2.1.1 offer to subscribe for such number of Ordinary Shares at the Initial Issue Price as may be purchased by the subscription amount specified in Box 1 on your Application Form, or any smaller amount for which such application is accepted, on the terms, and subject to the conditions, set out in this document, including these terms and conditions of application and the Articles;
  - 2.1.2 agree that, in consideration for the Company agreeing that it will not 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, subject to your statutory right of withdrawal in the event of publication of a supplementary prospectus by the Company, and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to or, in the case of delivery by hand, on receipt by the Receiving Agent of your Application Form;
  - 2.1.3 You understand and acknowledge that the Initial Issue Price is not known at the date of this Prospectus, but will be announced through a Regulatory Information Service on the Initial Issue Price Announcement Date. You undertake to pay the subscription amount specified in Box 1 in full, which is such amount in pounds sterling being the product of (a) the number of Ordinary Shares to be applied for and (b) the Initial Issue Price per Ordinary Share (which will be announced through a Regulatory Information Service on the Initial Issue Price Announcement Date), **by no later than 1.00 p.m. on 26 March 2020**. You warrant that the remittance 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 be entitled to commence dealing in Ordinary Shares applied for in uncertificated form or to enjoy or receive any rights 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 Receiving Agent, the Company and N+1 Singer 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) avoid the agreement to allot the Ordinary Shares and may allot 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 by a cheque drawn on a branch of a UK clearing bank to the bank account name from which they were first received at your risk of any proceeds of the remittance which accompanied your Application Form, without interest);

- 2.1.4 agree that, where on your Application Form a request is made for Ordinary Shares to be deposited into a CREST 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 recognise that the Receiving Agent will so amend the form if there is any delay in satisfying the identity of the applicant or the owner of the CREST account or in receiving your remittance in cleared funds); and (b) the Receiving Agent, the Company or N+1 Singer may authorise your financial adviser or whoever he or she may direct to send a document of title for or credit your CREST account 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 at your risk to your address set out on your Application Form;
- 2.1.5 agree, in respect of applications for Ordinary Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 2.1.4 of this paragraph 2.1 to issue Ordinary Shares in certificated form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled (and any monies returnable to you) may be retained by the Receiving Agent:
- (a) pending clearance of your remittance;
  - (b) pending investigation of any suspected breach of the warranties contained in paragraphs 6.1, 6.2, 6.3, 6.8, 6.13, 6.15 or 6.16 below or any other suspected breach of these terms and conditions of application; or
  - (c) pending any verification of identity which is, or which the Receiving Agent considers may be, required for the purpose of the Money Laundering Regulations and any other regulations applicable thereto, and any interest accruing on such retained monies shall accrue to and for the benefit of the Company;
- 2.1.6 agree, on the request of the Receiving Agent, to disclose promptly in writing to it such information as the Receiving Agent may request in connection with your application and authorise the Receiving Agent to disclose any information relating to your application which it may consider appropriate;
- 2.1.7 agree that if evidence of identity satisfactory to the Receiving Agent is not provided to the Receiving Agent within a reasonable time (in the opinion of the Receiving Agent) following a request therefor, the Receiving Agent or the Company may terminate the agreement with you to allot Ordinary Shares and, in such case, the Ordinary Shares which would otherwise have been allotted to you may be re-allotted or sold to some other party and the lesser of your application monies or such proceeds of 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 payment accompanying the application was first drawn without interest and at your risk;
- 2.1.8 agree that you are not applying on behalf of a person engaged in money laundering;
- 2.1.9 undertake to ensure that, in the case of an Application Form signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) is enclosed with your Application Form together with full identity documents for the person so signing;
- 2.1.10 undertake to pay interest at the rate described in paragraph 3.3 below if the remittance accompanying your Application Form is not honoured on first presentation;
- 2.1.11 authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of Ordinary Shares for which your application is accepted or if you have completed section 2B on your Application Form or, subject to paragraph 2.1.4 above, to deliver

the number of Ordinary Shares for which your application is accepted into CREST, and/or to return any monies returnable by a cheque drawn on a branch of a UK clearing bank to the bank account name from which such monies were first received without interest and at your risk;

- 2.1.12 confirm that you have read and complied with paragraph 7 below;
- 2.1.13 agree that all subscription cheques and payments will be processed through a bank account (the “**Acceptance Account**”) in the name of “CIS PLC re AVI Japan Opportunity Trust Plc – OFS 2020 Acceptance a/c” opened by the Receiving Agent;
- 2.1.14 agree that your Application Form is addressed to the Company and the Receiving Agent; and
- 2.1.15 agree that any application may be rejected in whole or in part at the sole discretion of the Company.

### **3. Acceptance of your offer**

- 3.1 The Receiving Agent may, on behalf of the Company, accept your offer to subscribe (if your application is received (provided that the validly completed Tax Residency Self-Certification Form has been confirmed as received by the Registrar, if required), valid (or treated as valid), processed and not rejected) by notifying the FCA through a Regulatory Information Service of the basis of allocation (in which case the acceptance will be on that basis).
- 3.2 The basis of allocation will be determined by N+1 Singer in consultation with the Company and the Investment Manager. The right is reserved, notwithstanding the basis as so determined, to reject in whole or in part and/or scale back any application. The right is reserved 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. In particular, but without limitation, the Company may accept:
  - 3.2.1 an application made otherwise than by completion of an Application Form where you have agreed with the Company in some other manner to apply in accordance with these terms and conditions of application; and
  - 3.2.2 an application with a minimum subscription amount which is below £1,000 at the Company’s absolute discretion.
- 3.3 The Receiving Agent will present all cheques and bankers’ drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful applicants’ payment. The Receiving Agent may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if the payment accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Receiving Agent to be the interest on the amount of the payment from the date on which all payments in cleared funds are due to be received until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Receiving Agent plus 4 per cent. per annum.
- 3.4 All payments must be in pounds Sterling and cheques or banker’s drafts should be payable to “CIS PLC re AVI Japan Opportunity Trust Plc – OFS 2020 Acceptance a/c”. If you are subscribing for Ordinary Shares and paying by cheque or banker’s draft, such cheque or banker’s draft must be received by the Receiving Agent (Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH) by no later than 1.00 p.m. on 26 March 2020. Cheques or banker’s drafts must be drawn on an account where the applicant has sole or joint-title to the funds and on an account at a branch of a bank or building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which is a member of either of the Committees of Scottish or Belfast clearing houses or which has arranged for its cheques and banker’s drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner. 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 the full name of the building society or bank account holder and have added the building society or bank branch stamp. The name of the building society or bank account holder must be the same as the name of the current shareholder or prospective investor. Please do not send cash. Cheques or banker’s drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of

cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. It is a term of the Offer for Subscription that cheques shall be honoured on first presentation, and the Company may elect in its absolute discretion to treat as invalid acceptances in respect of which cheques are not so honoured.

- 3.5 For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by no later than 1.00 pm. on 26 March 2020. Applicants wishing to make a CHAPS payment should contact Computershare Investor Services PLC stating "AVI Japan Opportunity Trust Plc – OFS 2020" by email at OFSpaymentqueries@computershare.co.uk for full bank details or telephone the shareholder helpline on 0370 702 0000 (from within the UK) or on +44 370 702 0000 (if calling from outside the UK) for further information. Applicants will be provided with a unique reference number which must be used when making the payment.
- 3.6 Should you wish to apply for Ordinary Shares by delivery versus payment method ("**DVP**"), you will need to match your instructions to the Receiving Agent's Participant Account **8RA35** by no later than 1.00 p.m. on 30 March 2020 allowing for the delivery and acceptance of your Ordinary Shares to your CREST account against payment of the Initial Issue Price through the CREST system upon the relevant settlement date, following the CREST matching criteria set out in the Application Form.
- 3.7 By returning your 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 1.00 p.m. on 26 March 2020 against payment of the Initial Issue Price. Failure by you to do so will result in you being charged interest at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in sterling plus 2 per cent. per annum.

#### **4. Conditions**

- 4.1 The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:
- (a) the passing of the Initial Issue Resolutions;
  - (b) Initial Admission occurring by 8.00 a.m. on 2 April 2020 (or such later time or date as the Company and N+1 Singer may agree (not being later than 16 April 2020)); and
  - (c) the Share Issuance Agreement becoming otherwise unconditional in respect of the Initial Issue and not being terminated in accordance with its terms before Initial Admission.
- 4.2 You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

#### **5. Return of Application Monies**

Where application monies have been banked and/or received, if any application is not accepted in whole, 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 by returning your cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto, without interest within 14 days. In the meantime, application monies will be retained by the Receiving Agent in a separate non-interest bearing account.

#### **6. Warranties**

By completing an Application Form, you:

- 6.1 undertake and warrant 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, 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 notary;

- 6.2 warrant, if the laws of any territory or jurisdiction outside the UK are applicable to your application, that 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 territory and that you have not taken any action or omitted to take any action which will result in the Company or the Receiving Agent or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside of the UK in connection with the Offer for Subscription in respect of your application;
- 6.3 confirm that (save for advice received from your financial adviser (if any)) in making an application you are not relying on any information or representations in relation to the Company other than those contained in this document (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;
- 6.4 agree that, having had the opportunity to read this document, you shall be deemed to have had notice of all information and representations contained therein;
- 6.5 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 and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, N+1 Singer, the Investment Manager or the Receiving Agent;
- 6.6 warrant that you are not under the age of 18 on the date of your application;
- 6.7 agree that all documents and monies sent by post to, by or on behalf of the Company or the Receiving Agent, will be sent at your risk and, in the case of documents and returned application cheques and payments 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;
- 6.8 confirm that you have reviewed the restrictions contained in paragraph 8 below and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or complied with the provisions therein;
- 6.9 agree that, in respect of those Ordinary Shares for which your Application Form has been received and processed and not rejected, acceptance of your Application Form shall be constituted by the Company instructing the Registrar to enter your name on the Register;
- 6.10 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 the laws of England and Wales and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company 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;
- 6.11 irrevocably authorise the Company, N+1 Singer or the Receiving Agent or any other 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 into your name and authorise any representatives of the Company and/or N+1 Singer and/or the Receiving Agent to execute any documents required therefor and to enter your name on the Register;
- 6.12 agree to provide the Company with any information which it, N+1 Singer or the Receiving Agent may request in connection with your application or to comply with any other relevant legislation (as the same may be amended from time to time) including without limitation satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations;
- 6.13 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, N+1 Singer, the Investment Manager or the Receiving Agent acting in breach of the regulatory or legal requirements of any territory in connection with the Offer for Subscription or your application;

- 6.14 agree that N+1 Singer 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 customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the Ordinary Shares or concerning the suitability of the Ordinary Shares for you or be responsible to you for the protections afforded to their customers;
- 6.15 warrant that the information contained in the Application Form is true and accurate;
- 6.16 agree that if you request that Ordinary Shares are issued to you on a date other than Initial Admission and such Ordinary Shares are not issued on such date that the Company and its agents and Directors will have no liability to you arising from the issue of such Ordinary Shares on a different date; and
- 6.17 acknowledge that the Company's key information document prepared pursuant to the PRIIPs Regulation can be provided to you in paper or by means of a website, but that where you are applying under the Offer for Subscription directly and not through an adviser or other intermediary, unless requested in writing otherwise, the lodging of an Application Form represents your consent to being provided the key information document via the website at <https://www.ajot.co.uk>, or on such other website as has been notified to you. Where your application is made on an advised basis or through another intermediary, the terms of your engagement should address the means by which the key information document will be provided to you.

## **7. Money Laundering**

- 7.1 You agree that, in order to ensure compliance with the Money Laundering Regulations, the Receiving Agent may at its absolute discretion require verification of identity of you as the applicant lodging an Application Form and further may request from you and you will assist in providing identification of:
- 7.1.1 the owner(s) and/or controller(s) (the "**payor**") of any bank account not in the name of the holder(s) on which is drawn a payment by way of banker's draft or cheque; or
- 7.1.2 where it appears to the Receiving Agent that a holder or the payor is acting on behalf of some other person or persons, such person or persons.
- 7.2 Failure to provide the necessary evidence of identity may result in your application being rejected or delays in the despatch of documents or CREST account being credited.
- 7.3 Without prejudice to the generality of this paragraph 7, verification of the identity of holders and payors will be required if the value of the Ordinary Shares applied for, whether in one or more applications considered to be connected, exceeds €15,000 (approximately £13,000). If, in such circumstances, you use a building society cheque or banker's draft you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the cheque or banker's draft and adds its stamp. If, in such circumstances, the person whose account is being debited is not a holder you will be required to provide for both the holder and payor an original or copy of that person's passport or driving licence certified by a solicitor and an original or certified copy of two of the following documents, no more than 3 months old, a gas, electricity, water or telephone (not mobile) bill, a recent bank statement or a council tax bill, in their name and showing their current address (which originals will be returned by post at the addressee's risk) together with a signed declaration as to the relationship between the payor and you, the applicant.
- 7.4 For the purpose of the UK's Money Laundering Regulations, a person making an application for Ordinary Shares will not be considered as forming a business relationship with either the Company or with the Receiving Agent but will be considered as effecting a one-off transaction with either the Company or with the Receiving Agent.

- 7.5 The person(s) submitting an application for Ordinary Shares will ordinarily be considered to be acting as principal in the transaction unless the Receiving Agent determines otherwise, whereupon you may be required to provide the necessary evidence of identity of the underlying beneficial owner(s).
- 7.6 If the amount being subscribed exceeds €15,000 (approximately £13,000) you should endeavour to have the declaration contained in Box 7 of the Application Form signed by an appropriate firm as described in that box.

## **8. Non United Kingdom investors**

- 8.1 If you receive a copy of the Prospectus 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 UK and wish to make an application for Ordinary Shares under the Offer for Subscription, to satisfy yourself as to full observance of the laws of any relevant territory or jurisdiction 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.
- 8.2 None of the Ordinary Shares has been or will be registered under the laws of any Restricted Jurisdiction or under the US Securities Act or with any securities regulatory authority of any state or other political subdivision of any Restricted Jurisdiction. Accordingly, unless an exemption under such act or laws is applicable, the Ordinary Shares may not be offered, sold or delivered, directly or indirectly, within any Restricted Jurisdiction. If you subscribe for Ordinary Shares you will, unless the Company and the Registrar agree otherwise in writing, be deemed to represent and warrant to the Company that you are not a US Person or a resident of any Restricted Jurisdiction or a corporation, partnership or other entity organised under the laws of any Restricted Jurisdiction and that you are not subscribing for such Ordinary Shares for the account of any US Person or resident of any Restricted Jurisdiction and will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Ordinary Shares in or into any Restricted Jurisdiction or to any US Person or any resident in a Restricted Jurisdiction. No application will be accepted if it shows the applicant or a payor having an address in a Restricted Jurisdiction.

## **9. Data Protection**

- 9.1 Each applicant acknowledges that it has been informed that, pursuant to the General Data Protection Regulation 2016/679 (the “**DP Legislation**”) the Company and/or the Registrar may hold personal data (as defined in the DP Legislation) relating to past and present Shareholders. Personal data may be retained on record for a reasonable period after it is no longer used (subject to any limitations on retention periods set out in applicable law). The Registrar will process such personal data at all times in compliance with DP Legislation and shall only process for the purposes set out below (collectively, the “**Purposes**”), being to:
- 9.1.1 process its personal data to the extent and in such manner as is necessary for the performance of its obligations under its service contract, including as required by or in connection with its holding of Ordinary Shares, including processing personal data in connection with credit and money laundering checks on it;
  - 9.1.2 communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;
  - 9.1.3 comply with the legal and regulatory obligations of the Company and/or the Registrar; and
  - 9.1.4 process its personal data for the Registrar’s internal administration.
- 9.2 In order to meet the Purposes, it will be necessary for the Company and the Registrar to provide personal data to:
- 9.2.1 third parties located either within, or outside of the EEA, if necessary for the Registrar to perform its functions, or when it is necessary for its legitimate interests, and in particular in connection with the holding of Ordinary Shares; or

- 9.2.2 its affiliates, the Company or the Investment Manager and their respective associates, some of which may be located outside of the EEA.
- 9.3 By becoming registered as a holder of Ordinary Shares a person becomes a data subject (as defined in the DP Legislation). In providing the Registrar with information, each applicant hereby represents and warrants to the Registrar that it has: (i) notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of any data protection notice which has been provided by the Company and/or the Registrar; and (ii) where consent is legally required under applicable DP Legislation, it has obtained the consent of any data subject to the Registrar and its associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out above in this paragraph 9).
- 9.4 Each applicant acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the applicant is a natural person he or she has read and understood the terms of the Company's privacy notice which is available for review on the Company's website <https://www.ajot.co.uk/privacy-policy/> ("**Privacy Notice**").
- 9.5 Each applicant acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the applicant is not a natural person it represents and warrants that:
- 9.5.1 it has brought the Company's Privacy Notice to the attention of any underlying data subjects on whose behalf or account the applicant may act or whose personal data will be disclosed to the Company as a result of the applicant agreeing to subscribe for Ordinary Shares;
- 9.5.2 the applicant has complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company; and
- 9.5.3 it shall immediately on demand, fully indemnify each of the Company and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or Registrar in connection with any failure by the applicant to comply with the provisions of this paragraph 9.5.

## 10. United States purchase and transfer restrictions

- 10.1 By participating in the Offer for Subscription, each applicant acknowledges and agrees that it will be further deemed to represent and warrant to each of the Company, the Investment Manager, the Receiving Agent and the Registrar that:
- 10.1.1 it is not a US Person and it is acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S and it is not acquiring the Ordinary Shares for the account or benefit of a US Person;
- 10.1.2 it acknowledges that the Ordinary 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 into or within 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;
- 10.1.3 it acknowledges that the Company has not been and will not be registered under the US Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the US Investment Company Act;
- 10.1.4 unless the Company expressly consents otherwise in writing, no portion of the assets used to purchase, and no portion of the assets used to hold, the Ordinary Shares or any beneficial interest therein constitutes or will constitute the assets of: (a) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (b) a "plan" as defined in Section 4975 of the US Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Code; or (c) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title

I of ERISA or Section 4975 of the US Code. In addition, if an applicant is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Code, its purchase, holding, and disposition of the Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law;

10.1.5 if any Ordinary Shares offered and sold pursuant to Regulation S are issued to it in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect, unless otherwise determined by the Company in accordance with applicable law:

**“AVI JAPAN OPPORTUNITY TRUST PLC (THE “COMPANY”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “US INVESTMENT COMPANY ACT”). IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “US SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.”;**

10.1.6 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;

10.1.7 it is purchasing the Ordinary Shares for its own account for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Ordinary Shares in any manner that would violate the US Securities Act, the US Investment Company Act or any other applicable securities laws;

10.1.8 it acknowledges that the Company reserves the right to make inquiries of any holder of the Ordinary 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 Ordinary Shares or interests in accordance with the Articles;

10.1.9 it acknowledges and understands that the Company is required to comply with FATCA and agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA;

10.1.10 it is entitled to acquire the Ordinary 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 Ordinary Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Investment Manager, or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Offer for Subscription or its acceptance of participation in the Offer for Subscription; and

10.1.11 it has received, carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the Ordinary Shares to within the United States or to any US Persons, nor will it do any of the foregoing.

10.2 The Company, the Investment Manager, 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.

10.3 If any of the representations, warranties, acknowledgments or agreements made by the applicant are no longer accurate or have not been complied with, the applicant will immediately notify the Company.

## **11. Miscellaneous**

11.1 To the 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 and the Offer for Subscription.

- 11.2 The rights and remedies of the Company, the Investment Manager and the Receiving Agent 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.
- 11.3 The Company reserves the right to extend the closing time and/or date of the Offer for Subscription from 1.00 p.m. on 26 March 2020, In that event, the new closing time and/or date will be notified through a Regulatory Information Service.
- 11.4 The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to 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 applicant.
- 11.5 You agree that N+1 Singer and the Receiving Agent are acting for the Company in connection with the Initial Issue and no-one else and that none of N+1 Singer and the Receiving Agent will treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of the Ordinary Shares or concerning the suitability of the Ordinary Shares for you or otherwise in relation to the Offer for Subscription or for providing the protections afforded to their customers.
- 11.6 Save where the context requires otherwise, terms used in these terms and conditions of application bear the same meaning as where used elsewhere in this document.
- 11.7 If you have any questions concerning the Application Form, please contact the Receiving Agent on 0370 702 0000 (from within the UK) or on +44 370 702 0000 (from outside the UK). The helpline is open between 8.30a.m. – 5.30p.m., Monday to Friday excluding public holidays in England and Wales. Please note that the Receiving Agent cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

## PART 8

### UK TAXATION

#### 1. General

The following comments do not constitute tax advice and are intended only as a guide to current UK law and HMRC's published practice as at the date of this document (both of which are subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the UK tax treatment of Shareholders.

Except insofar as express reference is made to the treatment of non-UK residents, the comments are intended to apply only to Shareholders who for UK tax purposes are resident solely in and, in the case of individuals, domiciled in the UK and to whom "split year" treatment does not apply.

The comments apply only to Shareholders who are the absolute beneficial owners of their Ordinary Shares and/or C Shares and the dividends payable on them.

The comments apply only to Shareholders who hold their Ordinary Shares and/or C Shares as investments and may not apply to certain categories of Shareholder such as dealers in securities, insurance companies and collective investment schemes, Shareholders who are exempt from taxation (or who hold their Ordinary Shares and/or C Shares through an ISA) and Shareholders who have (or are deemed to have) acquired their Ordinary Shares and/or C Shares by virtue of any office or employment. Such persons may be subject to special rules.

**Prospective investors are strongly advised to consult their own professional advisers.**

#### 2. The Company

The Company has been approved by HMRC as an investment trust. It is the intention of the Directors to continue to conduct the affairs of the Company so that it satisfies the conditions necessary for this approval to be maintained.

However, neither the Investment Manager nor the Directors can guarantee that this approval will be maintained. In respect of each accounting period for which the Company is and continues to be approved by HMRC as an investment trust the Company will be exempt from UK corporation tax on its chargeable gains. The Company will however (subject to what follows) be liable to UK corporation tax on its income in the normal way.

It is expected that the majority of the Company's income will be dividend income. In principle, the Company will be liable to UK corporation tax on its dividend income. However, there are broad-ranging exemptions from this charge which the Company expects to be applicable in respect of dividends it receives.

Approved investment trusts are able to elect to take advantage of modified UK tax treatment in respect of their "qualifying interest income" for an accounting period (referred to here as the "streaming" regime). Under such treatment, the Company may designate as an "interest distribution" all or part of the amount it distributes to Shareholders as dividends, to the extent that it has "qualifying interest income" for the accounting period. Were the Company to designate any dividend it pays in this manner, Shareholders would (broadly speaking) be taxed as if the dividend received were a payment of interest and the Company would be able to deduct such interest distributions from its income in calculating its taxable profit for the relevant accounting period. Given the nature of its investment portfolio, the Company does not expect to generate a significant amount of "qualifying interest income" and, accordingly, the Directors do not currently anticipate that the streaming regime would be used. The statements below regarding the taxation of dividends received by Shareholders from the Company assume that the streaming regime does not apply.

### **3. Shareholders**

#### ***Taxation of dividends***

The Company is not required to withhold UK tax when paying a dividend on the Ordinary Shares and/or C Shares.

#### ***Individuals***

In outline, UK resident individual shareholders will pay tax on dividends received over the annual dividend allowance at the following rates (for tax year 2020/2021):

- 7.5 per cent. on dividend income within the basic rate band;
- 32.5 per cent. on dividend income within the higher rate band; and
- 38.1 per cent. on dividend income within the additional rate band.

#### ***Companies***

Shareholders within the charge to UK corporation tax which are “small companies” (for the purposes of UK taxation of dividends) will not generally be subject to UK corporation tax on dividends paid by the Company on the Ordinary Shares and/or C Shares.

Other Shareholders within the charge to UK corporation tax will not be subject to corporation tax on dividends paid by the Company on the Ordinary Shares and/or C Shares so long as the dividends fall within an exempt class and certain conditions are met. Although it is likely that dividends paid by the Company on the Ordinary Shares and/or C Shares would qualify for exemption from corporation tax, it should be noted that the exemption is not comprehensive and is subject to anti-avoidance rules. Shareholders should therefore consult their own professional advisers where necessary.

#### ***Taxation of chargeable gains***

##### *Disposals of Ordinary Shares and/or C Shares – general*

A disposal of Ordinary Shares and/or C Shares by a Shareholder who is resident in the UK for tax purposes may, depending on the Shareholder's circumstances, and subject to any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of UK taxation of chargeable gains.

Shareholders that are not resident in the UK for tax purposes (and not only temporarily non-resident) will not generally be subject to UK taxation of chargeable gains on a disposal of their Ordinary Shares and/or C Shares, provided that their Ordinary Shares and/or C Shares are not and have not been acquired, held or used in or for the purposes of any trade, profession or vocation carried on by the Shareholder in the UK through a branch, agency or permanent establishment. It should however be noted that, in certain circumstances, an individual Shareholder who is only temporarily non-UK resident may, on re-establishing UK tax residence, be subject to capital gains tax in respect of disposals which occurred in the period of temporary non-residence.

##### *Conversion of C Shares*

A Conversion of C Shares into new Ordinary Shares should, for the purposes of UK taxation of chargeable gains, generally be treated as a reorganisation of the share capital of the Company with the new Ordinary Shares being treated as the same asset as the Shareholder's original C Shares and as having been acquired at the same time as the C Shares are treated as having been acquired. To the extent that reorganisation treatment applies, the Conversion will not be treated as giving rise to a disposal of the Shareholder's C Shares for the purposes of UK taxation of chargeable gains.

#### ***ISAs***

Ordinary Shares and/or C Shares should be eligible for inclusion in an ISA, subject to applicable annual subscription limits, provided that the Company maintains its approval as an investment trust.

**Individuals wishing to invest in Ordinary Shares through an ISA should contact their professional advisers regarding their eligibility.**

### ***Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)***

The following comments in relation to UK stamp duty and SDRT apply to Shareholders wherever they are resident or domiciled. They are intended only as a general guide and (except to the extent stated) do not relate to persons such as market makers, brokers, dealers, intermediaries or persons connected with depositary arrangements or clearance services, to whom special rules may apply.

### ***Placing Programme***

The issue of Ordinary Shares and/or C Shares pursuant to the Initial Issue and any Subsequent Placing under the Placing Programme (whether in certificated form outside the CREST system or credited in uncertificated form to an account in CREST) will not give rise to stamp duty or SDRT.

### ***Subsequent transfers of Ordinary Shares and/or C Shares***

Stamp duty at the rate of 0.5 per cent. (rounded up, if necessary, to the nearest £5) of the amount or value of the consideration given will generally be payable in respect of an instrument transferring Ordinary Shares and/or C Shares. An exemption from stamp duty is available for instruments transferring shares where the amount or value, or aggregate amount or value if it is part of a larger transaction or series of transactions, of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected by it does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.

A charge to SDRT will also arise in respect of an unconditional agreement to transfer Ordinary Shares and/or C Shares (at the rate of 0.5 per cent. of the amount or value of the consideration for the shares). However, if an instrument of transfer is executed in pursuance of the agreement and duly stamped within six years of the date on which the agreement became unconditional, the SDRT charge will generally be cancelled and any SDRT which has already been paid can generally be reclaimed.

### ***Ordinary Shares and/or C Shares held through CREST***

Paperless transfers of Ordinary Shares and/or C Shares within CREST are generally subject to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. The SDRT on such transactions will generally be collected through the CREST system. Deposits of Ordinary Shares and/or C Shares into CREST will generally not be subject to SDRT or stamp duty, unless the transfer into CREST is itself for consideration.

### ***Information reporting***

The UK has entered into international agreements with a number of jurisdictions which provide for the exchange of information in order to combat tax evasion and improve tax compliance. These include, but are not limited to, an Inter-governmental Agreement with the US in relation to FATCA and International Tax Compliance Agreements with Guernsey, Jersey, the Isle of Man and Gibraltar. The UK has also introduced legislation implementing other international exchange of information arrangements, including the Common Reporting Standard developed by the Organisation for Economic Co-operation and Development and the EU Directive on Administrative Cooperation in Tax Matters. In connection with such agreements and arrangements the Company may, among other things, be required to collect and report to HMRC certain information regarding Shareholders and other account holders of the Company and HMRC may pass this information on to the authorities in other jurisdictions.

## PART 9

### FINANCIAL AND OTHER INFORMATION

#### 1. Historical financial information

- 1.1 The Company has published audited financial statements for the period from incorporation on 27 July 2018 to 31 December 2019 (the “**2019 Annual Report**”). The 2019 Annual Report was prepared in accordance with IFRS as adopted by the European Union, which comprise standards and interpretations approved by the IASB, and as applied in accordance with the provisions of the Act and was audited by BDO LLP, whose report was unqualified. BDO LLP is registered to carry on audit work by The Institute of Chartered Accountants in England and Wales (ICAEW).
- 1.2 The 2019 Annual Report included, on the pages specified in the table below, the following information (which is incorporated into this document by reference):

<i>Nature of information</i>	<i>Page no(s)</i>
Investment Objective, Financial Information and Performance Summary	01, 14
Chairman’s Statement	03
Investment Manager’s Report	06
Top Ten Holdings	11
Directors’ Report	24
Independent Auditor’s Report	38
Statement of Comprehensive Income	43
Statement of Changes in Equity	44
Balance Sheet	45
Statement of Cash Flows	46
Notes to the Financial Statements	47
Alternative Performance Measures	58
Directors, Investment Manager	23, 61

## 2. Selected financial information

Selected key audited figures which summarise the financial condition of the Company in respect of the period from 27 July 2018 to 31 December 2019 are set out in the table below. This information has been extracted without material adjustment from the 2019 Annual Report. Investors should read the whole of such report and not rely solely on the key or summarised information set out below.

### **Audited Statement of Financial Position**

	<i>As at 31 December 2019 (£'000)</i>
<b>Non-current assets:</b>	
Investments held at fair value through profit or loss	125,531
<b>Current assets</b>	
Cash and cash equivalents	17,995
Other receivables	296
<b>Total assets</b>	<b>143,822</b>
<b>Current liabilities</b>	
Revolving credit facility	(15,965)
Other payables	(247)
<b>Total liabilities</b>	<b>(16,212)</b>
<b>Net assets</b>	<b>127,610</b>
Net asset value per Ordinary Share – basic	112.00 pence

### **Audited Statement of Comprehensive Income**

	<i>From 27 July 2018 to 31 December 2019 (£'000)</i>
Gains on investments held at fair value	14,905
Exchange losses on currency balances	(791)
Investment income	2,345
<b>Total income</b>	<b>16,459</b>
Investment management fees	(1,060)
Operating expenses (including irrevocable VAT)	(738)
<b>Operating profit before finance costs and tax</b>	<b>14,661</b>
Finance costs	(86)
Exchange gains on revolving credit facility revaluation	62
<b>Profit before taxation</b>	<b>14,637</b>
Taxation	(230)
<b>Profit for the period</b>	<b>14,407</b>
<b>Earnings per Ordinary Share</b>	<b>16.03 pence</b>

### **3. Operating and financial review**

The 2019 Annual Report included, on the pages specified in the table below: descriptions of the Company's financial condition (in both capital and revenue terms); details of the Company's investment activity and portfolio exposure; and changes in its financial condition for the period covered by the historical financial information.

<i>Nature of information</i>	<i>Page no(s)</i>
Chairman's Statement	03
Investment Manager's Report	06
Top Ten Holdings	11

### **4. Significant change**

- 4.1 Since 31 December 2019, the Company has issued a total of 950,000 new Ordinary Shares, raising in aggregate £1,089,500 before expenses.
- 4.2 Save as disclosed above, there has been no significant change in the financial position of the Company since 31 December 2019, being the end of the last financial period for which audited financial statements of the Company have been published.

### **5. Document incorporated by reference**

- 5.1 The parts of the 2019 Annual Report referenced in this Part 9 have been incorporated into this document by reference. The parts of the 2019 Annual Report not referenced in this Part 9 are either not relevant for investors or are covered elsewhere in this Prospectus.
- 5.2 Copies of the 2019 Annual Report are available online at <https://www.ajot.co.uk> and are available for inspection at the address referred to in paragraph 15 of Part 10 of this Prospectus.

## PART 10

### ADDITIONAL INFORMATION

#### 1. The Company and the Investment Manager

- 1.1 The Company was incorporated in England and Wales as a public limited company on 27 July 2018, with registered number 11487703. The Company is registered as an investment company under section 833 of the Act. The Company has received a certificate under section 761 of the Act entitling it to commence business and to exercise its borrowing powers. The Company is domiciled in England and Wales and currently has no employees. The Company's legal entity identifier is 894500IJ5QQD7FPT3J73.
- 1.2 The principal activity of the Company is to invest in securities listed or quoted in Japan in accordance with the Company's investment policy with a view to achieving its investment objective.
- 1.3 As at the date of this Prospectus, the Company does not have any subsidiaries.
- 1.4 The Company operates under the Act and is not regulated as a collective investment scheme by the FCA. Its registered office and principal place of business is Beaufort House, 51 New North Road, Exeter, Devon EX4 4EP, United Kingdom. The Company's telephone number is +44 (0)20 7659 4800 and its website address is <https://ajot.co.uk>. Information on the Company's website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus.
- 1.5 As a Company with its Shares admitted to the premium segment of the Official List of the FCA and to trading on the premium segment of the London Stock Exchange's main market, the Company is subject to the Listing Rules, the Prospectus Regulation Rules, the Prospectus Regulation, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules and to the rules of the London Stock Exchange.
- 1.6 The Company intends at all times to conduct its affairs so as to enable it to continue to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. In summary, the conditions that must continue to be met for each accounting period in respect of which the Company is approved as an investment trust are that:
  - 1.6.1 the Company is not a close company at any time during the accounting period;
  - 1.6.2 the Company is resident in the UK throughout that accounting period;
  - 1.6.3 each class of the Company's ordinary share capital is admitted to trading on a regulated market throughout the accounting period; and
  - 1.6.4 the Company must not retain in respect of the accounting period an amount greater than the higher of: (a) 15 per cent. of its income for the period; and (b) the amount of any income which the Company is required to retain in respect of the period by virtue of a restriction imposed by law. However, where the Company has relevant accumulated losses brought forward from previous accounting periods of an amount equal to or greater than the higher of the amounts mentioned in (a) and (b) above, it may retain an amount equal to the amount of such losses.
- 1.7 The Investment Manager is a private limited company incorporated in England and Wales under the Act on 28 January 1985 with registered number 01881101. The Investment Manager is authorised and regulated by the FCA, with firm reference number: 119270. The address of the registered office of the Investment Manager is 25 Bury Street, London, SW1Y 6AL, United Kingdom, its telephone number is +44 (0)20 7659 4800 and its Legal Entity Identifier is 549300KPPMVGR0EBG252. Its website is <https://www.assetvalueinvestors.com/>.
- 1.8 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 Act with registered number 00938937 on 18 September 1968. The Depositary's registered office is at 25 Bank Street, London E14 5JP (telephone

number: +44 (0)20 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 with 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 The 50,000 Redeemable Ordinary Shares were redeemed by the Company on First Admission.
- 2.3 On 23 October 2018, the Company completed an issue of 79,999,999 Ordinary Shares at £1.00 per share as part of the initial placing, offer for subscription and intermediaries offer that made up the Company's initial public offering. The Subscriber Share was transferred to investors as part of the initial public offering. Following its initial public offering, the Company's issued share capital was 80,000,000 Ordinary Shares.
- 2.4 Between 23 October 2018 and 31 December 2019, the Company issued 33,939,742 Ordinary Shares, raising aggregate gross proceeds of £35,551,280.08.
- 2.5 The issued share capital of the Company as at 31 December 2019 comprised 113,939,742 Ordinary Shares. As at 31 December 2019, no shares were held in treasury.
- 2.6 Since 31 December 2019, the Company has issued 950,000 Ordinary Shares, raising aggregate gross proceeds of £1,089,500.
- 2.7 Set out below is the issued share capital of the Company as at the date of this Prospectus:

	<i>Nominal Value (£)</i>	<i>Number</i>
Ordinary Shares	1,148,897.42	114,889,742

- 2.8 Set out below is the issued share capital of the Company as it will be immediately following the Initial Issue (assuming that the Initial Issue will be subscribed as to 30 million Ordinary Shares):

	<i>Nominal Value (£)</i>	<i>Number</i>
Ordinary Shares	1,448,897.42	144,889,742

- 2.9 The following resolutions are being proposed at the General Meeting, that:
- 2.9.1 the Directors be generally and unconditionally authorised, in addition to any existing authorities, pursuant to and in accordance with section 551 of the Act to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal amount of £300,000 in connection with the Initial Issue, such authority to expire immediately following Initial Admission, 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 Ordinary Shares to be allotted after such expiry and the Directors may allot Ordinary Shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired;
- 2.9.2 the Directors be generally and unconditionally authorised, in addition to any existing authorities and to the authority granted by the resolution referred to in paragraph 2.9.1 above, pursuant to and in accordance with section 551 of the Act to exercise all the powers of the Company to allot up to 85 million Ordinary Shares and/or C Shares following completion of the Initial Issue, such authority to expire at the conclusion of the annual general meeting of the Company to be

held in 2021 (unless previously revoked or varied 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 Ordinary Shares and/or C Shares to be allotted after such expiry and the Directors may allot Ordinary Shares and/or C Shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired, and provided that the authority conferred hereby to allot C Shares is subject further to the passing of the Articles Amendment Vote to be proposed at the 2020 AGM or any adjournment thereof;

- 2.9.3 subject to the passing of the resolution referred to in paragraph 2.9.1 above, in addition to any existing authorities, the Directors be empowered, pursuant to section 570 of the Act to allot Ordinary Shares for cash pursuant to the authority referred to in the resolution referred to in paragraph 2.9.1 above as if section 561 of the Act did not apply to any such allotment, provided that this authority shall expire immediately following Initial Admission, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require Ordinary Shares to be allotted after the expiry of such power, and the Directors may allot Ordinary Shares in pursuance of such an offer or agreement as if such power had not expired;
- 2.9.4 subject to the passing of the resolution referred to in paragraph 2.9.2 above, in addition to any existing authorities and to the authority granted by the resolution referred to in paragraph 2.9.3 above, the Directors be empowered, pursuant to sections 570 to 573 of the Act to allot Ordinary Shares and C Shares for cash and to sell Ordinary Shares from treasury for cash pursuant to the authority granted by the Resolution referred in paragraph 2.9.2 above, as if section 561 of the Act did not apply to any such allotment or sale, provided that this authority shall expire at the conclusion of the annual general meeting of the Company to be held in 2021 (unless previously revoked or varied by the Company in general meeting), save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require Ordinary Shares or C Shares to be allotted or Ordinary Shares sold from treasury after the expiry of such power, and the Directors may allot Ordinary Shares or C Shares or sell Ordinary Shares from treasury in pursuance of such an offer or agreement as if such power had not expired.
- 2.10 In accordance with the authority referred to in paragraph 2.9.1 above, it is expected that the Ordinary Shares in respect of the Initial Issue will be allotted pursuant to a resolution of the Board to be passed shortly before, and conditional upon, Initial Admission.
- 2.11 The provisions of section 561 of the Act (which, to the extent not dis-applied pursuant to section 570 or section 573 of the Act, confer on Shareholders rights of pre-emption in respect of the allotment or sale of equity securities for cash) shall apply to any unissued share capital of the Company, except to the extent dis-applied by the resolutions referred to in paragraphs 2.9.3 and 2.9.4 above.
- 2.12 Save as disclosed in this paragraph 2, since the date of its incorporation: (i) there has been no alteration in the share capital of the Company; (ii) no share or loan capital of the Company has been issued or agreed to be issued, or, save in respect of the Initial Issue and Placing Programme, is now proposed to be issued for cash or any other consideration; and (iii) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital and no share or loan capital of the Company is under option or agreed, conditionally or unconditionally, to be put under option.
- 2.13 The Ordinary Shares, expected to be issued on 2 April 2020 under the Initial Issue, and the Ordinary Shares and/or C Shares, expected to be issued in the period from 8 April 2020 to 2 March 2021 under the Placing Programme, will be in registered form. Temporary documents of title will not be issued.

### **3. Articles of Association**

At the 2020 AGM, the Directors are seeking authority, by way of the Articles Amendment Vote, to amend and restate the Articles in order to provide for, *inter alia*, the terms and rights of the C Shares. A summary of the main provisions of the Articles (as amended by the Articles Amendment Vote to include the terms and rights of the C Shares) is set out below.

#### **3.1 Objects**

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.

#### **3.2 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.

#### **3.3 Alteration of share capital**

Subject to the 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.

#### **3.4 Dividends**

Subject to the provisions of the 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.

### 3.5 **Voting rights**

*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 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.

### 3.6 **Redeemable shares**

Subject to the provisions of the 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.

### 3.7 **Transfer of shares**

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

- (i) any member may transfer all or any of his uncertificated 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 shares 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 shares to be transferred; and
- (ii) any member may transfer all or any of his certificated 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 share which is not fully paid provided that where such 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 shares from taking place on an open and proper basis.

The Board may also decline to register a transfer of an uncertificated 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 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 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 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 a share which is the subject of a direction notice (as referred to above) where the person holding the restricted share(s) holds at least 0.25 per cent. in number or nominal value of the shares in the Company. This restriction cannot be applied where the transfer is pursuant to an "arm's length sale".

If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors: (i) would cause the assets of the Company to be treated as "plan assets" of any Benefit Plan Investor; (ii) would or might result in the Company and/or its shares and/or any of its appointed investment managers or investment advisers being required to be registered or qualified under the US Investment Company Act and/or the US Investment Advisers Act of 1940 and/or the US Securities Act and/or the US Exchange Act and/or any similar legislation (in any jurisdiction) that regulates the offering and sale of securities; (iii) may cause the Company not to be considered a "Foreign Private Issuer" under the US Exchange Act; (iv) may cause the Company to be a "controlled foreign corporation" for the purpose of the US Tax Code; (v) may cause the Company to become subject to any withholding tax or reporting obligation under FATCA or any similar legislation in any territory or jurisdiction (including any reporting obligation under the International Tax Compliance Regulations 2015), or to be unable to avoid or reduce any such tax or to be unable to comply with any such reporting obligation (including by reason of the failure of the shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise such withholding tax or to comply with such reporting obligation); or (vi) creates a significant legal or regulatory issue for the Company under the US Bank Holding Company Act of 1956 (as amended), then the Directors may declare the Shareholder in question a "**Non-Qualified Holder**" and the Directors may require that any shares held by such Shareholder ("**Prohibited Shares**") shall (unless the Shareholder concerned satisfies the Directors that he is not a Non-Qualified Holder) be transferred to another person who is not a Non-Qualified Holder, failing which the Company may itself dispose of such Prohibited Shares at the best price reasonably obtainable and pay the net proceeds to the former holder as provided below. The Directors may at any time give notice in writing to the holder of a share requiring such holder to make a declaration as to whether or not the share is a Prohibited Share.

The Directors shall give written notice to the holder of any share which appears to them to be a Prohibited Share requiring such holder within 21 days (or such extended time as the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) such share to another person so that it will cease to be a Prohibited Share. From the date of such notice until registration for such a transfer or a transfer arranged by the Directors as referred to below, the share will not confer any right on the holder to receive notice of or to attend and vote at a general meeting of the Company and of any class of shareholder and those rights will vest in the Chairman of any such meeting, who may exercise or refrain from exercising them entirely at the Chairman's discretion. If the notice is not complied with within 21 days to the satisfaction of the Directors, the Directors shall arrange for the Company to sell the share at the best price reasonably obtainable to any other person so that the share will cease to be a Prohibited Share. The net proceeds of sale (after payment of the Company's costs of sale and together with interest at such rate as the Directors consider appropriate) shall be paid over by the Company to the former holder upon surrender by such former holder of the relevant share certificate (if applicable).

Upon transfer of a share the transferee of such share shall be deemed to have represented and warranted to the Company that such transferee is acquiring shares in an offshore transaction meeting

the requirements of Regulation S and is not, nor is acting on behalf of: (i) a benefit plan investor and no portion of the assets used by such transferee to acquire or hold an interest in such share constitutes or will be treated as “plan assets” of any benefit plan investor under Section 3(42) of ERISA; and/or (ii) a US Person.

### 3.8 ***Distribution of assets on a winding-up***

If the Company is wound up (whether voluntarily or otherwise), the liquidator may, with the sanction of a special resolution, divide among the members in specie the whole or any part of the assets of the Company, and that whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for each purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of members as the liquidator with the like sanction shall think fit, but not so that no member shall be compelled to accept any shares in respect of which there is any liability.

### 3.9 ***Restrictions on rights: failure to respond to a section 793 notice***

If a shareholder, or any other person appearing to be interested in shares held by that shareholder, fails to provide the information requested in a notice given to him under section 793 of the Act by the Company in relation his interest in shares (the “**default shares**”) within the relevant period, sanctions shall apply unless the Directors determine otherwise. The sanctions available are the suspension of the right to attend or vote (whether in person or by representative or proxy) at any general meeting or any separate meeting of the holders of any class or on any poll and, where the default shares represent at least 0.25 per cent. of their class (excluding treasury shares), the withholding of any dividend payable in respect of those shares and the restriction of the transfer of those shares (subject to the requirements of the Uncertificated Securities Regulations 2001). This restriction cannot be applied where the transfer is pursuant to an “arm’s length sale”.

### 3.10 ***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 60 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.

### 3.11 ***Borrowings***

The Board may, subject to the provisions of the 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 subsidiary companies (if any) so as to secure (so far, as regards subsidiary companies, as by such exercise they can secure) that the aggregate principal amount (including any fixed or minimum premium payable on final repayment) outstanding in respect of borrowings (whether secured or not) by the Company and/or any of its subsidiary companies (exclusive of money outstanding in respect of borrowings by the Company from any such subsidiary or by any such subsidiary from another such subsidiary or from the Company) shall not at the time of any drawdown, without the previous sanction of an ordinary resolution of the Company, exceed a sum equal to 20 per cent. of the adjusted total of capital and reserves at the time of drawdown.

The “adjusted total of capital and reserves” means the aggregate of: (a) the amount for the time being paid up or credited as paid up on the issued share capital of the Company; and (b) the aggregate amount standing to the credit of the consolidated capital and revenue reserves (including any share premium account, capital redemption reserve fund, undistributed profits and any appreciation of investments over book value) plus or minus the amount standing to the credit or debit as the case may be of the consolidated profit and loss account all as shown in the latest published consolidated balance sheet of the Company and its subsidiaries but: (c) adjusted as may be necessary or appropriate to reflect any variations since the date of such balance sheet in interests in subsidiaries or in the amount of the paid up share capital, share premium account and capital redemption reserve fund of the Company and so that for this purpose if the Company proposes to issue or has issued any shares for cash and the issue has been underwritten then the amount (including any premium) of the subscription monies so underwritten (not being monies payable later than three months after the date the underwriting becomes unconditional) shall be deemed to have been paid up at the date when the underwriting becomes unconditional; (d) excluding any sums attributable to outside interests in subsidiaries and any sums set aside for taxation (other than for the purpose of tax equalisation); (e) deducting any distributions (other than dividends paid out of profits earned since the date of such balance sheet) in cash or specie made since that date and not provided for in such balance sheets; (f) deducting any amount referable to goodwill or any intangible asset; and (g) making such other adjustments (if any) as the Board may determine to provide for the carrying into effect of the transaction for the purposes of which the adjusted total of capital and reserves requires to be calculated, or otherwise. In determining “the adjusted total of capital reserves”, the Board is entitled (but not required) to require the Auditors (or such other financial adviser as the Board may appoint for such purpose) to certify such determination.

### **3.12 Appointment of Directors**

Unless the Company determines otherwise by ordinary resolution, the number of Directors (other than alternate Directors) shall not be subject to any maximum but shall not be less than two.

Subject to the Articles, the Company may by ordinary resolution appoint a person who is willing to act as, and is permitted by law to do so, to be a Director either to fill a vacancy or as an additional Director. The Directors may appoint a person who is willing to act, and is permitted by law to do so, to be a Director, either to fill a vacancy or as an additional Director. A person appointed as a Director by the other Directors is required to retire at the Company’s next annual general meeting and shall then be eligible for reappointment.

### **3.13 Powers of Directors**

The business of the Company shall be managed by the Directors who, subject to the provisions of the Articles and to any directions given by special resolution to take, or refrain from taking, specified action, may exercise all the powers of the Company.

Any Director may appoint any other Director, or any other person approved by resolution of the Directors and willing to act and permitted by law to do so, to be an alternate Director.

### **3.14 Voting at board meetings**

No business shall be transacted at any meeting of the Directors unless a quorum is present and the quorum may be fixed by the Directors; unless so fixed at any other number the quorum shall be two.

A Director shall not be counted in the quorum present in relation to a matter or resolution on which he is not entitled to vote but shall be counted in the quorum present in relation to all other matters or resolutions considered or voted on at the meeting. An alternate Director who is not himself a Director shall, if his appointor is not present, be counted in the quorum.

Questions arising at a meeting of the Directors shall be decided 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.

### 3.15 **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.

### 3.16 **Indemnity**

Subject to the provisions of the statutes, the Company may indemnify any director, or other officer (or any person who was at any time a director, or other officer of the Company, or its predecessor in business, or of a holding undertaking or subsidiary undertaking of the Company) against any liability and may purchase and maintain for any such person insurance against any loss or liability, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise in relation to the Company. Subject to those provisions but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every director, former director or other officer of the Company shall be indemnified out of the assets of the Company against any loss or liability incurred by him in the execution of his duties in relation to the affairs of the Company, provided that the Articles shall be deemed not to provide for, or entitle any such person to, indemnification to the extent that it would cause this Articles, or any element of it, or of such indemnification, to be treated as void under the statutes.

### 3.17 **General meetings**

Annual general meetings shall be convened by not less than 21 clear days' notice in writing. Subject to the 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.

### 3.18 **C Shares and Deferred Shares**

The rights and restrictions attaching to the C Shares and the Deferred Shares arising on their conversion are summarised below.

3.18.1 The following definitions apply for the purposes of this paragraph 3.18 only:

**“Calculation Date”** means the earliest of the:

- (i) close of business on the date to be determined by the Directors occurring not more than 5 Business Days after the day on which the Investment Manager shall have given notice to the Directors that at least 90 per cent. of the Net Proceeds (or such other percentage as the Directors and the Investment Manager may agree) shall have been invested; or
- (ii) close of business on the date falling 12 calendar months after the allotment of the relevant class of C Shares or if such a date is not a Business Day the next following Business Day; or
- (iii) close of business on the day on which the Directors resolve that *Force Majeure* Circumstances have arisen or are imminent;

**“Conversion”** means conversion of a class of C Shares into Ordinary Shares and Deferred Shares in accordance with paragraph 3.18.8 below;

**“Conversion Date”** means the close of business on such Business Day as may be selected by the Directors falling not more than 10 Business Days after the Calculation Date;

**“Conversion Ratio”** is the ratio of the net asset value per C Share of the relevant class to the net asset value per Ordinary Share, which is calculated as:

$$\begin{aligned} \text{Conversion Ratio} &= \frac{A}{B} \\ A &= \frac{C - D}{E} \\ B &= \frac{F - C - I - G + D + J}{H} \end{aligned}$$

Where:

**C** is the aggregate of:

- (a) the value of the investments of the Company attributable to the C Shares of the relevant class, calculated by reference to the Directors' belief as to an appropriate current value for those investments on the Calculation Date in accordance with the valuation policy adopted by the Company from time to time; and
- (b) the amount which, in the Directors' opinion, fairly reflects, on the Calculation Date, the value of the current assets of the Company attributable to the relevant class of C Shares (excluding the investments valued under (a) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature), calculated in accordance with the valuation policy adopted by the Company from time to time;

**D** is the amount (to the extent not otherwise deducted from the assets attributable to the relevant class of C Shares) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company attributable to the relevant class of C Shares on the Calculation Date (including the amounts of any declared but unpaid dividends in respect of such C Shares);

**E** is the number of C Shares of the relevant class in issue on the Calculation Date;

**F** is the aggregate of:

- (a) the value of all the investments of the Company, calculated by reference to the Directors' belief as to an appropriate current value for those investments on the Calculation Date in accordance with the valuation policy adopted by the Company from time to time; and
- (b) the amount which, in the Directors' opinion, fairly reflects, on the Calculation Date, the value of the current assets of the Company (excluding the investments valued under (a) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature), calculated in accordance with the valuation policy adopted by the Company from time to time;

**G** is the amount (to the extent not otherwise deducted in the calculation of F) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company on the Calculation Date (including the amounts of any declared but unpaid dividends);

**H** is the number of Ordinary Shares in issue on the Calculation Date (excluding any Ordinary Shares held in treasury);

**I** is the aggregate of:

- (a) the value of the investments of the Company attributable to all other class(es) of C Shares in issue other than the class of C Shares as referred to in C above (the "**Other Class(es) of C Shares**"), calculated by reference to the Directors' belief as to an appropriate current value for those investments on the Calculation Date in accordance with any valuation policy adopted by the Company from time to time; and
- (b) the amount which, the Directors' opinion, fairly reflect, on the Calculation Date, the value of the current assets of the Company attributable to the Other Class(es) of C Shares (excluding the investments valued under (a) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature), calculated in accordance with any valuation policy adopted by the Company from time to time; and

**J** is the amount (to the extent not otherwise deducted from the assets attributable to the Other Class(es) of C Shares) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company attributable to the Other Class(es) of C Shares on the Calculation Date (including the amounts of any declared but unpaid dividends in respect of such C Shares),

provided that the Directors shall make such adjustments to the value or amount of A and B having regard among other things, to the assets of the Company immediately prior to the date

on which the Company first receives the Net Proceeds relating to the relevant class of C Shares and/or to the reasons for the issue of the relevant class of C Shares. In making such adjustments, the Directors shall be entitled (but not required) to require the Auditors (or such other financial adviser as the Directors may appoint for such purpose) to confirm as to the appropriateness of any adjustments;

**“Deferred Shares”** means deferred shares of £0.01 each in the capital of the Company arising on Conversion;

**“Existing Ordinary Shares”** means the Ordinary Shares in issue immediately prior to Conversion;

**“Force Majeure Circumstances”** means (i) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable; (ii) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue the C Shares of the relevant class with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms upon which they are proposed to be issued; or (iii) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest; and

**“Net Proceeds”** means the net cash proceeds of the issue of the relevant class of C Shares (after deduction of those commissions and expenses relating thereto and payable by the Company).

References to Ordinary Shareholders, C Shareholders and Deferred Shareholders should be construed as references to holders for the time being of Ordinary Shares, C Shares and Deferred Shares respectively.

3.18.2 The holders of the Ordinary Shares, the C Shares and the Deferred Shares shall, subject to the provisions of the Articles, have the following rights to be paid dividends:

- (a) the Deferred Shares (to the extent that any are in issue and extant) shall entitle the holders thereof to a cumulative annual dividend at a fixed rate of one per cent. of the nominal amount thereof, the first such dividend (adjusted *pro rata temporis*) (the **“Deferred Dividend”**) being payable on the date six months after the Conversion Date on which such Deferred Shares were created in accordance with paragraph 3.18.8 (the **“Relevant Conversion Date”**) and thereafter on each anniversary of such date payable to the holders thereof on the register of members on that date as holders of Deferred Shares but shall confer no other right, save as provided herein, on the holders thereof to share in the profits of the Company. The Deferred Dividend shall not accrue or become payable in any way until the date six months after the Conversion Date and shall then only be payable to those holders of Deferred Shares registered in the register of members of the Company as holders of Deferred Shares on that date. It should be noted that given the proposed repurchase of the Deferred Shares as described below, it is not expected that any dividends will accrue or be paid on such shares;
- (b) the C Shareholders of each class shall be entitled to receive in that capacity such dividends as the Directors may resolve to pay out of net assets attributable to the relevant class of C Shares and from income received and accrued which is attributable to the relevant class of C Shares;
- (c) the Existing Ordinary Shares shall confer the right to dividends declared in accordance with the Articles;
- (d) the Ordinary Shares into which C Shares shall convert shall rank *pari passu* with the Existing Ordinary Shares for dividends and other distributions made or declared by reference to a record date falling after the Calculation Date; and
- (e) no dividend or other distribution shall be made or paid by the Company on any of its shares (other than any Deferred Shares for the time being in issue) between the Calculation Date and the Conversion Date relating to such C Shares (both dates inclusive) and no such dividend shall be declared with a record date falling between the Calculation Date and the Conversion Date (both dates inclusive).

3.18.3 The holders of the Ordinary Shares, the C Shares and the Deferred Shares shall, subject to the provisions of the Articles, have the following rights as to capital:

- (a) the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares) at a time when any C Shares are for the time being in issue and prior to the Conversion Date be applied (after having deducted therefrom an amount equivalent to (C-D) in respect of each class of C Shares in issue using the methods of calculation of C and D given in the definition of Conversion Ratio, save that the "Calculation Date" shall be such date as the liquidator may determine, which amount attributable to each class shall be applied amongst the C Shareholders of such class *pro rata* according to the nominal capital paid up on their holdings of C Shares), amongst the Ordinary Shareholders *pro rata* according to the nominal capital paid up on their holdings of Ordinary Shares; and
- (b) the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares) at a time when no C Shares are for the time being in issue be applied as follows:
  - (i) firstly, if there are Deferred Shares in issue, in paying to the holders of Deferred Shares £0.01 in aggregate in respect of every 1,000,000 Deferred Shares (or part thereof) of which they are respectively the holders; and
  - (ii) secondly, the surplus shall be divided amongst the Ordinary Shareholders *pro rata* according to the nominal capital paid up on their holdings of Ordinary Shares.

3.18.4 As regards voting:

- (a) the C Shares shall carry the right to receive notice of and to attend and vote at any general meeting of the Company. The voting rights of holders of C Shares will be the same as that applying to holders of Existing Ordinary Shares as set out in the Articles as if the C Shares and Existing Ordinary Shares were a single class; and
- (b) the Deferred Shares shall not carry any right to receive notice of nor to attend or vote at any general meeting of the Company.

3.18.5 The following shall apply to the Deferred Shares:

- (a) the C Shares shall be issued on such terms that the Deferred Shares arising upon their Conversion (but not the Ordinary Shares arising on Conversion) may be repurchased by the Company in accordance with the terms set out in the Articles;
- (b) immediately upon a Conversion, the Company shall repurchase all of the Deferred Shares which arise as a result of that Conversion for an aggregate consideration of £0.01 for every 1,000,000 Deferred Shares and the notice referred to in paragraph 3.18.8(b) below shall be deemed to constitute notice to each C Shareholder of the relevant class (and any person or persons having rights to acquire or acquiring C Shares of the relevant class on or after the Calculation Date) that the relevant Deferred Shares shall be repurchased immediately upon Conversion for an aggregate consideration of £0.01 for each holding of 1,000,000 Deferred Shares. On repurchase, each such Deferred Share shall be treated as cancelled in accordance with section 706 of the Act without further resolution or consent; and
- (c) the Company shall not be obliged to: (i) issue share certificates to the holders of Deferred Shares in respect of the Deferred Shares; or (ii) account to any holder of Deferred Shares for the repurchase moneys in respect of such Deferred Shares.

3.18.6 Without prejudice to the generality of the Articles, for so long as any C Shares are for the time being in issue it shall be a special right attaching to the Existing Ordinary Shares as a class and to the C Shares as a separate class that without the sanction or consent of such holders given in accordance with the Company's Articles:

- (a) no allotment or issue will be made of any security convertible into or carrying a right to subscribe for any share capital of the Company other than the allotment or issue of further C Shares; and
- (b) no resolution of the Company shall be passed to wind up the Company.

For the avoidance of doubt but subject to the rights or privileges attached to any other class of shares, the previous sanction of a special resolution of the holders of Existing Ordinary Shares and C Shares, as described above, shall not be required in respect of:

- (i) the issue of further Ordinary Shares ranking *pari passu* in all respects with the Existing Ordinary Shares (otherwise than in respect of any dividend or other distribution declared, paid or made on the Existing Ordinary Shares by the issue of such further Ordinary Shares); or
- (ii) the sale of any shares held as treasury shares (as such term is defined in section 724 of the Act) in accordance with sections 727 and 731 of the Act or the purchase or redemption of any shares by the Company (whether or not such shares are to be held in treasury).

3.18.7 For so long as any C Shares are for the time being in issue, until Conversion of such C Shares and without prejudice to its obligations under applicable laws the Company shall:

- (a) procure that the Company's records, and bank and custody accounts shall be operated so that the assets attributable to each class of C Shares can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall, without prejudice to any obligations pursuant to applicable laws, procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to each class of C Shares in issue;
- (b) allocate to the assets attributable to each class of C Shares in issue such proportion of the income, expenses and liabilities of the Company incurred or accrued between the date on which the Company first receives the Net Proceeds and the Calculation Date relating to such class of C Shares in issue (both dates inclusive) as the Directors consider to be attributable to the C Shares; and
- (c) give or procure the giving of appropriate instructions to the Investment Manager to manage the Company's assets so that such undertakings can be complied with by the Company.

3.18.8 A class of C Shares for the time being in issue shall be sub-divided and converted into Ordinary Shares and Deferred Shares on the Conversion Date in accordance with the following provisions of this paragraph 3.18.8:

- (a) the Directors shall procure that, as soon as reasonably practicable and in any event within 5 Business Days of the Calculation Date:
  - (i) the Conversion Ratio as at the Calculation Date and the numbers of Ordinary Shares and Deferred Shares to which each C Shareholder of the relevant class shall be entitled on Conversion shall be calculated; and
  - (ii) the Auditors (or any other adviser the Directors may appoint for such purpose) shall be requested to confirm that such calculations as have been made by the Company have, in their opinion, been performed in accordance with the Articles and are arithmetically accurate whereupon such calculations shall become final and binding on the Company and all holders of the Company's shares and any other securities issued by the Company which are convertible into the Company's shares, subject to the proviso immediately after the definition of "J" in paragraph 3.18.1 above.
- (b) The Directors shall procure that, as soon as practicable following such confirmation and in any event within 7 Business Days of the Calculation Date, a notice is sent to each C Shareholder of the relevant class advising such C Shareholder of the Conversion Date, the Conversion Ratio and the numbers of Ordinary Shares and Deferred Shares to which such C Shareholder will be entitled on Conversion.
- (c) On conversion each C Share of the relevant class shall automatically subdivide into 10 conversion shares of £0.01 each and such conversion shares of £0.01 each shall automatically convert into such number of Ordinary Shares and Deferred Shares as shall be necessary to ensure that, upon such Conversion being completed:
  - (i) the aggregate number of Ordinary Shares into which the same number of conversion shares of £0.01 each are converted equals the number of C Shares of the relevant

class in issue on the Calculation Date multiplied by the Conversion Ratio (rounded down to the nearest whole Ordinary Share); and

- (ii) each conversion share of £0.01 which does not so convert into an Ordinary Share shall convert into one Deferred Share.
- (d) The Ordinary Shares and Deferred Shares arising upon Conversion shall be divided amongst the former C Shareholders of the relevant class *pro rata* according to their respective former holdings of C Shares of the relevant class (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to Ordinary Shares and Deferred Shares arising upon Conversion including, without prejudice to the generality of the foregoing, selling any Ordinary Shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company).
- (e) Forthwith upon Conversion, the share certificates relating to the C Shares of the relevant class shall be cancelled and the Company shall issue to each former C Shareholder of the relevant class new certificates in respect of the Ordinary Shares which have arisen upon Conversion to which he or she is entitled. Share certificates in respect of the Deferred Shares will not be issued.
- (f) The Directors may make such adjustments to the terms and timing of Conversion as they in their discretion consider are fair and reasonable having regard to the interests of all Shareholders.

#### **4. Interests of Directors, major Shareholders and related party transactions**

- 4.1 No Director has a service contract with the Company, nor are any such contracts proposed, each Director having been appointed pursuant to a letter of appointment entered into with the Company. The Directors' appointments can be terminated in accordance with the Articles and without compensation.
- 4.2 There is no notice period specified in the letters of appointment or Articles for the removal of Directors. The Articles provide that the office of Director shall be terminated by, among other things: (i) written resignation; (ii) unauthorised absences from board meetings for six consecutive months or more; or (iii) written request of all of the other Directors and all of the other Directors are not less than three in number.
- 4.3 Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. The Articles limit the aggregate amount of fees paid to the Directors in any financial year to £150,000. Save for the Chairman of the Board, the fee is currently £30,000 per annum for each Director. The Chairman's current fee is £35,000 per annum. In addition, the chairman of the Audit Committee will receive an additional fee of £2,500 per annum. 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 Initial Issue or Placing Programme.
- 4.4 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. Each director may be paid his/her reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board or committees of the Board or general meetings of the Company or any other meeting which as a director he is entitled to attend and shall be paid all other costs and expenses properly and reasonably incurred by him/her in the conduct of the Company's business or in the discharge of his duties as a director.
- 4.5 The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director or the Directors collectively.
- 4.6 Any new Directors appointed by the Board during the year shall hold office only until the next annual general meeting and shall then be eligible for election. Thereafter, each of the Directors is obliged to retire and, if they wish, offer themselves for re-election every three years. The Directors intend to offer themselves for re-election annually.

- 4.7 Over the five years preceding the date of this Prospectus, the Directors hold or have held the following directorships (apart from their directorships of the Company) or memberships of the following administrative, management or supervisory bodies and/or partnerships:

<i>Name</i>	<i>Current</i>	<i>Previous</i>
Norman Crighton	RM Secured Direct Lending Plc	Private Equity Investor plc
	Weiss Korea Opportunity Fund Limited	SQN Secured Income Fund PLC
	RM ZDP PLC	Trading Emissions plc
	Universal Umwelt Ltd	Global Fixed Income Realisation Limited
Katya Thomson	Henderson EuroTrust plc	Thomas Cook Nederland BV
	Miton Global Opportunities plc	
	The New Carnival Company CIC	
Yoshi Nishio	Alternet Limited	None
Margaret Stephens	London School of Architecture Balloburn Limited	KPMG LLP

- 4.8 The Directors, in the five years before the date of this Prospectus, and as at the date of this Prospectus:

- 4.8.1 do not have any convictions in relation to fraudulent offences;
- 4.8.2 have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company, or any company put into administration, through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and
- 4.8.3 do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

- 4.9 As at the Latest Practicable Date, the Directors held the following interests in the share capital of the Company:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued Ordinary Share capital</i>
Norman Crighton	20,000	0.0174%
Katya Thomson	10,000	0.0087%
Margaret Stephens	10,000	0.0087%

- 4.10 Save as set out in this paragraph 4, no Director has any interest (beneficial or non-beneficial) in the share capital of the Company as at the Latest Practicable Date.

4.11 So far as is known to the Company, and which is notifiable under the Disclosure Guidance and Transparency Rules, as at the Latest Practicable Date, the following persons held, directly or indirectly, three per cent. or more of the issued Ordinary Shares or the Company's voting rights:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of voting rights</i>
Finda Oy	30,000,000	26.11%
City of London Investment Management Company Limited	13,781,042	11.99%
Investec Wealth & Investment Limited	4,320,570	3.76%

4.12 All Shareholders have the same voting rights in respect of shares of the same class in the share capital of the Company.

4.13 As at the Latest Practicable Date, the Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

4.14 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

4.15 Save as disclosed in note 14 on page 56 of the 2019 Annual Report, which is incorporated by reference into this Prospectus, the Company has not entered into any related party transactions at any time since incorporation.

4.16 None of the Directors has any conflict of interest or potential conflicts of interest between any duties to the Company and his or her private interests and any other duties. The Investment Manager, any of their directors, officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an “**Interested Party**”) may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. In particular, Interested Parties may provide services similar to those provided to the Company to other entities and shall not be liable to account for any profit from any such services. For example, an Interested Party may acquire on behalf of a client an investment in which the Company may invest.

## **5. Investment restrictions**

5.1 The Company will at all times invest and manage its assets with the objective of spreading risk and in accordance with its published investment policy as set out in Part 1 of this Prospectus.

5.2 In the event of a breach of the investment policy set out in Part 1 of this Prospectus and the investment restrictions set out therein, the Investment Manager shall inform the Board upon becoming aware of the same and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service.

5.3 In the event of a breach of the investment policy and the investment restrictions set out in Part 1 of this Prospectus, the Investment Manager shall inform the Board upon becoming aware of the same and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service and the Directors will announce through a Regulatory Information Service the actions which have been taken to rectify the breach.

5.4 The Company must not conduct any trading activity which is significant in the context of its group as a whole.

## **6. Material contracts**

Save as described below, the Company has not: (i) entered into any material contracts (other than contracts in the ordinary course of business) since its incorporation; or (ii) entered into any contracts that contain provisions under which the Company has any obligation or entitlement that is material to the Company as at the date of this Prospectus.

## 6.1 **Share Issuance Agreement**

Under the Share Issuance Agreement dated 3 March 2020 between the Company, the Investment Manager and N+1 Singer whereby N+1 Singer is appointed as sponsor, broker and placing agent in respect of the Initial Placing, Offer for Subscription and Placing Programme. N+1 Singer has undertaken, as agent for the Company, to use its reasonable endeavours to procure subscribers for Ordinary Shares under the Initial Placing, Offer for Subscription and Placing Programme.

Under the Share Issuance Agreement, immediately upon Initial Admission: N+1 Singer shall be entitled to:

- (i) a fixed sponsor fee in connection with the provision of sponsor services; and
- (ii) the residual amount remaining in the Expenses Pot (as defined below), after all reasonable expenses of or incidental to the Initial Issue as shall be agreed in advance between the Company and N+1 Singer, which shall be payable to N+1 Singer. For the purpose of this paragraph, "Expenses Pot" means the total expenses of the Initial Issue payable by the Company, being 2 per cent. of the gross proceeds raised pursuant to the Initial Issue.

The Company shall also reimburse N+1 Singer for all out of pocket expenses reasonably incurred in connection with N+1 Singer's engagement (including without limitation travel expenses and fees, disbursements and expenses (as appropriate) of any professional advisers retained on behalf of N+1 Singer, with the Company's consent).

Under the Share Issuance Agreement, which may be terminated by N+1 Singer in certain circumstances prior to any Admission, the Company and the Investment Manager have given certain warranties and indemnities to N+1. These warranties and indemnities are customary for an agreement of this nature.

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

## 6.2 **Investment Management Agreement**

The Investment Management Agreement dated 6 September 2018 and amended by way of a side letter executed on 17 January 2020, pursuant to which the Company has appointed Asset Value Investors Limited as its alternative investment fund manager in accordance with the AIFMD.

Pursuant to the terms of the Investment Management Agreement and for the purposes of the AIFMD, the AIFM shall, *inter alia*, manage the investments and other assets of the Company with the 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 shall implement adequate risk management systems in order to identify, measure, manage and monitor appropriately all risks relevant to the Company's investment policy. It shall also undertake a valuation at least once a year of the assets within the Company's portfolio in accordance with the AIFMD.

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.

Further details of the terms of the Investment Management Agreement, including the management fee payable to the Investment Manager, are set out in paragraph 2 of Part 3 of this Prospectus.

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

### 6.3 **Depositary Agreement and Custody Agreement**

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 AIFMD.

Under the terms of the Depositary Agreement, the Depositary performs, *inter alia*, safekeeping, cash flow monitoring and oversight services in accordance with the AIFMD. 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 0.0195 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 AIFMD, 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 shall hold, or arrange for sub-custodians to hold, all of the cash, securities and other assets of the Company and it shall 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.

#### 6.4 **Administration Agreement**

Link Alternative Fund Administrators Limited has been appointed to provide general administrative functions to the Company. The Administrator is 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) by giving not less than 12 months' prior written notice to the other party, (iii) upon service of written notice if the other party commits a material breach of the agreement which that party has failed to remedy within 60 days of receipt of a written notice or (iv) if a resolution is passed or an order made for the winding-up, dissolution or administration of the other party.

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

#### 6.5 **Company Secretarial Agreement**

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.

An annual fee of £60,000 is payable in relation to the services provided under the Company Secretarial Agreement.

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.

Under the terms of the Company Secretarial Agreement either party may terminate the agreement (i) on six months' written notice subject to an initial term of one year automatically renewable for successive periods of 12 months, (ii) on three months' written notice should the parties not reach an agreement regarding any increase in the fees, (iii) 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 (iv) 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 governed by the laws of England and Wales.

#### 6.6 **Registrar Agreement**

The Registrar Agreement between the Company and the Registrar dated 6 September 2018, pursuant to which the Registrar has been appointed as registrar to the Company.

Under the terms of the Registrar Agreement, the Registrar is entitled to an annual fee of £6,000 (exclusive of VAT). The Registrar is also entitled to reimbursement of all out of pocket expenses and charges properly incurred on behalf of the Company.

The Registrar Agreement may be terminated on (i) on six months' written notice subject to an initial term of one year automatically renewable for successive periods of 12 months, (ii) on three months' written notice should the parties not reach an agreement regarding any increase in the fees, (iii) 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 (iv) if a resolution is passed or an order made for the winding-up, dissolution or administration of the other party. The Company has given certain market standard indemnities in favour of the Registrar in respect of the Registrar's potential losses in carrying on its responsibilities under the Registrar Agreement. The Registrar's liability under the Registrar Agreement is subject to a cap.

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

## 6.7 **Receiving Agent Agreement**

The Receiving Agent Agreement between the Company and the Receiving Agent dated 2 March 2020, pursuant to which the Receiving Agent has been appointed as receiving agent to the Company in respect of the Offer for Subscription and Intermediaries Offer.

Under the terms of the Receiving Agent Agreement, the Receiving Agent is entitled to a fixed fee and a fee (per application received) for the processing of applications under the Offer for Subscription and Intermediaries Offer on a per-application basis. It is also entitled to reimbursement of all disbursements and out of pocket expenses incurred in connection with the agreement.

The Company has given certain market standard indemnities in favour of the Receiving Agent in respect of the Receiving Agent's potential losses in carrying on its responsibilities under the Receiving Agent Agreement. The Receiving Agent's liability under the Receiving Agent Agreement is subject to a cap.

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

## 7. **Litigation**

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

## 8. **Auditors**

The auditors to the Company are BDO LLP of 55 Baker Street, London W1U 7EU, United Kingdom. BDO LLP is registered to carry on audit work by The Institute of Chartered Accountants in England and Wales (ICAEW).

## 9. **City Code on Takeovers and Mergers**

### 9.1 **Mandatory bid**

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

- 9.1.1 a person acquires an interest in Ordinary Shares which, when taken together with Ordinary Shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- 9.1.2 a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in Ordinary Shares which increase the percentage of Ordinary Shares carrying voting rights in which that person is interested,

the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding Ordinary Shares at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquirer or its concert parties during the previous 12 months.

### 9.2 **Compulsory acquisition**

Under sections 974 to 991 of the Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to holders of outstanding shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the holders of outstanding shares. The consideration offered to the holders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of outstanding shares notice of his right to be bought out within one month of that right arising. Such sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of outstanding shares notifying them of their sell-out rights. If a holder of shares exercises their rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

## 10. Squeeze-out of sell-out rules

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

## 11. Working capital

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

## 12. Capitalisation and indebtedness

The following table, sourced from the Company's internal accounting records, shows the Company's indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) and the Company's capitalisation as at 31 December 2019 (being the last date in respect of which the Company has published financial information).

	<i>31 December</i> <i>2019</i> <i>£000</i>
<b>Total Current Debt</b>	
Guaranteed	–
Secured	–
Unguaranteed/Unsecured	15,989
<b>Total Non-Current Debt</b> (excluding current portion of long-term debt)	
Guaranteed	–
Secured	–
Unguaranteed/Unsecured	–
	<i>31 December</i> <i>2019</i> <i>£000</i>
<b>Shareholders' Equity</b>	
Called up share capital	1,139
Share premium	34,476
Special reserve	77,588
Capital reserve	13,145
<b>Total</b>	<b>126,348</b>

### *Note to the capitalisation and indebtedness statement:*

The Shareholders' equity, which relates solely to the Company, is extracted without material adjustment from the 2019 Annual Report and Accounts. Capitalisation does not include the profit and loss reserve in accordance with the ESMA update of the CESR recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses No. 809/2004.

There has been no material change in the capitalisation of the Company since 31 December 2019 other than the issuance of 950,000 Ordinary Shares since that date.

The following table shows the Company's audited net indebtedness as at 31 December 2019:

	<i>31 December</i> <i>2019</i> <i>£000</i>
(A) Cash	17,995
(B) Cash equivalent	–
(C) Trading securities	–
(D) Liquidity (A+B+C)	17,995
(E) Current financial receivables	–
(F) Current bank debt	(15,965)
(G) Current portion of non-current debt	–
(H) Other current financial debt	(24)
(I) Current financial debt (F+G+H)	(15,989)
(J) Net current financial indebtedness (I-E-D)	2,006
(K) Non-current bank loans	–
(L) Bonds issued	–
(M) Other non-current loans	–
(N) Non-current financial indebtedness (K+L+M)	–
(O) Net financial indebtedness (J+N)	2,006

### **13. General**

- 13.1 Where information has been sourced from third parties, the Company confirms that this information has been accurately reproduced and that, so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The sources of information have been disclosed.
- 13.2 The Investment Manager has given and not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which they appear.
- 13.3 The Investment Manager accepts responsibility for and has authorised the inclusion (in the form and context in which it is included) of the information attributed to it in this Prospectus, including without limitation the information contained in Part 2 and the paragraphs entitled “Investment Manager”, “Investment Opportunity”, “Investment Process” and “Risk Management” in Part 2 of this Prospectus, and declares that, having taken all reasonable care to ensure that such is the case, the information attributed to it in this Prospectus is, to the best of its knowledge, in accordance with the facts and makes no omission likely to affect its import.
- 13.4 N+1 Singer is acting as sponsor, broker and placing agent to the Initial Placing and Placing Programme and has given and not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which they appear.
- 13.5 The Shares are designed to be suitable for institutional investors and professionally-advised retail investors and non-advised retail investors with at least basic market knowledge and experience, seeking access to a diversified portfolio of equity investments listed or quoted in Japan. An investment in the Company is only suitable for persons capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from the investment (which may equal the whole amount invested). Potential investors should consider with care whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them. Private investors in the UK who are unsure whether to invest should consider consulting a financial adviser authorised under FSMA to assess whether an investment in the Company is suitable.

#### **14. Intermediaries**

No intermediaries have been authorised at the date of this Prospectus to use this Prospectus in connection with the Intermediaries Offer.

Any new information with respect to Intermediaries unknown at the date of this Prospectus will be available on the Company's website <https://www.ajot.co.uk>.

#### **15. Documents on display**

The following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the registered office of the Company at Beaufort House, 51 New North Road, Exeter, Devon EX4 4EP, United Kingdom and at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH, United Kingdom until 2 March 2021 and shall be available on the Company's website <https://www.ajot.com>:

15.1 this Prospectus;

15.2 the Articles as at the date of this Prospectus;

15.3 the Articles as proposed to be amended and restated pursuant to the Articles Amendment Vote (to be proposed at the 2020 AGM);

15.4 the Memorandum of Association of the Company; and

15.5 the 2019 Annual Report.

Dated 3 March 2020

## PART 11

### DEFINITIONS

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

<b>2019 Annual Report</b>	the published audited financial statements of the Company for the period from incorporation on 27 July 2018 to 31 December 2019
<b>2020 AGM</b>	the annual general meeting of the Company to be held at the offices of N+1 Singer, 1 Bartholomew Lane, London EC2N 2AX at 10.30 a.m. on 26 March 2020 or any adjournment thereof
<b>Act</b>	the Companies Act 2006, as amended from time to time
<b>Administration Agreement</b>	the fund administration services agreement dated 22 October 2018, between the Company and the Administrator, summarised in paragraph 6.4 of Part 10 of this Prospectus
<b>Administrator</b>	Link Alternative Fund Administrators Limited
<b>Admission</b>	admission of any Shares issued pursuant to the Initial Issue or Placing Programme to: (i) the premium segment of the Official List; and (ii) trading on the premium segment of the London Stock Exchange's main market, becoming effective in accordance with the Listing Rules and the admission and disclosure standards of the London Stock Exchange
<b>AIC Code</b>	the Association of Investment Companies' Code of Corporate Governance, as amended from time to time
<b>AIFM</b>	alternative investment fund manager
<b>AIFMD</b>	Directive 2011/61/EU on Alternative Investment Fund Managers
<b>Articles</b>	the articles of association of the Company as at the date of this Prospectus (or immediately after the 2020 AGM, as the context may require), or, in the context of the Placing Programme, as at the date of the relevant Subsequent Placing under the Placing Programme
<b>Articles Amendment Vote</b>	the special resolution marked as "resolution 16", which is to be proposed at the 2020 AGM to amend and restate the Articles with effect from the passing of the Articles Amendment Vote, such resolution as set out in the notice convening the 2020 AGM posted to Shareholders on 19 February 2020
<b>Audit Committee</b>	the audit committee of the Board
<b>Auditors</b>	BDO LLP or such other auditor as the Company may appoint from time to time
<b>Benefit Plan Investor</b>	a "benefit plan investor" as defined in Section 3(42) of ERISA and any regulations promulgated by the US Department of Labor thereunder, being "employee benefit plans" as defined in Section 3(3) of ERISA that are subject to Title I of ERISA, "plans" that are subject to the prohibited transaction provisions of Section 4975 of the US Tax Code, and entities the assets of which are treated as "plan assets" under Section 3(42) of ERISA and any regulations promulgated thereunder

<b>Business Day</b>	a day (excluding Saturdays and Sundays or public holidays in England and Wales) on which banks generally are open for business in London for the transaction of normal business
<b>C Shareholder</b>	a holder of C Shares
<b>C Shares</b>	C shares of £0.10 each in the capital of the Company having the rights and restrictions set out in paragraph 3.18 of Part 10 of this Prospectus
<b>Calculation Date</b>	the time and date referred to in paragraph 3.18 of Part 10 of this Prospectus
<b>certificated form</b>	not in uncertificated form
<b>Company</b>	AVI Japan Opportunity Trust plc
<b>Company Secretary</b>	Link Company Matters Limited
<b>Company Secretarial Agreement</b>	the company secretarial services agreement dated 24 August 2018, between the Company and Link Market Services Limited, summarised in paragraph 6.5 of Part 10 of this Prospectus
<b>Conversion</b>	the conversion of C Shares into new Ordinary Shares, as described in paragraph 3.18 of Part 10 of this Prospectus
<b>Conversion Date</b>	the time and date referred to in paragraph 3.18 of Part 10 of this Prospectus
<b>Conversion Ratio</b>	the ratio at which the C Shares convert into Ordinary Shares as described in paragraph 3.18 of Part 10 of this Prospectus
<b>CREST</b>	the relevant system as defined in the CREST Regulations in respect of which Euroclear is the operator (as defined in the CREST Regulations) in accordance with which securities may be held in uncertificated form
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755), as amended
<b>Custodian</b>	JPMorgan Chase Bank, National Association, London Branch
<b>Custody Agreement</b>	the depositary agreement dated 6 September 2018 between the Company, the Custodian and the Depositary, summarised in paragraph 6.3 of Part 10 of this Prospectus
<b>Deferred Shares</b>	deferred shares of £0.01 each in the capital of the Company arising on Conversion
<b>Depositary</b>	J.P. Morgan Europe Limited
<b>Depositary Agreement</b>	the depositary agreement dated 6 September 2018 between the Company, the Investment Manager and the Depositary, summarised in paragraph 6.3 of Part 10 of this Prospectus
<b>Directors or Board</b>	the board of directors of the Company
<b>Disclosure Guidance and Transparency Rules</b>	the disclosure guidance and transparency rules contained in the FCA's Handbook of Rules and Guidance
<b>EEA</b>	European Economic Area

<b>ERISA</b>	the United States Employee Retirement Income Security Act of 1974, as amended
<b>EU</b>	European Union
<b>Euroclear</b>	Euroclear UK & Ireland Limited
<b>FATCA</b>	the United States Foreign Account Tax Compliance Act
<b>FCA</b>	the UK Financial Conduct Authority
<b>First Admission</b>	the first admission of the Company's Ordinary Shares to: (i) the premium segment of the Official List; and (ii) trading on the London Stock Exchange's main market, which became effective on 23 October 2018
<b>FSMA</b>	the UK Financial Services and Markets Act 2000, as amended
<b>General Meeting</b>	the general meeting of the Company convened for 11.00 a.m. on 26 March 2020 at which, <i>inter alia</i> , the Initial Issue Resolutions will be proposed
<b>HMRC</b>	HM Revenue & Customs
<b>IASB</b>	IASB International Accounting Standards Board
<b>IFRS</b>	International Financial Reporting Standards
<b>Initial Admission</b>	Admission of the Ordinary Shares to be issued pursuant to the Initial Issue
<b>Initial Issue</b>	the Initial Placing, the Offer for Subscription and the Intermediaries Offer
<b>Initial Placing</b>	the conditional placing of Ordinary Shares by N+1 Singer at the Initial Issue Price pursuant to the Share Issuance Agreement as described in Part 4 of this Prospectus
<b>Initial Issue Price</b>	the price at which Ordinary Shares may be issued pursuant to the Initial Issue, which will be based on the prevailing Net Asset Value (cum-income), in pounds sterling, per Ordinary Share as at close of business on the date on which the Initial Placing closes, plus a premium of approximately 2 per cent. (but not more than 5 per cent.) of the above-mentioned Net Asset Value (cum-income) per Ordinary Share to cover the expenses of the Initial Issue
<b>Initial Issue Price Announcement Date</b>	the date on which the Initial Issue Price will be announced through a Regulatory Information Service, which will be on 27 March 2020
<b>Initial Issue Resolutions</b>	the resolutions to be proposed at the General Meeting to authorise the Directors to issue new Ordinary Shares pursuant to the Initial Issue on a non-pre-emptive basis
<b>Intermediaries</b>	any intermediary that is appointed by the Company in connection with the Intermediaries Offer after the date of this Prospectus and " <b>Intermediary</b> " shall mean any one of them
<b>Intermediaries Booklet</b>	the booklet entitled " <i>AVI Japan Opportunity Trust plc: Intermediaries Offer – Information for Intermediaries</i> " and containing, among other things, the Intermediaries Terms and Conditions

<b>Intermediaries Offer</b>	the offer of Ordinary Shares by the Intermediaries pursuant to the Initial Issue
<b>Intermediaries Offer Adviser</b>	Kepler Partners LLP
<b>Intermediaries Terms and Conditions</b>	the terms and conditions agreed between the Intermediaries Offer Adviser, the Company, the Investment Manager and the Intermediaries in relation to the Intermediaries Offer and contained in the Intermediaries Booklet
<b>Investment Management Agreement</b>	the alternative investment fund management agreement dated 6 September 2018 (as amended by way of a side letter dated 17 January 2020), between the Investment Manager and the Company, summarised in paragraph 6.2 of Part 10 of this Prospectus
<b>Investment Manager</b>	Asset Value Investors Limited
<b>Latest Practicable Date</b>	close of business on 28 February 2020, being the latest practicable date prior to the publication of this Prospectus to ascertain certain information contained therein
<b>Listing Rules</b>	the listing rules made by the FCA under section 73A of FSMA
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Market Abuse Regulation</b>	regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse
<b>Member State</b>	any member state of the EEA
<b>N+1 Singer</b>	Nplus1 Singer Advisory LLP, being the sponsor, broker and Placing Agent for the Initial Issue and any Subsequent Placing under the Placing Programme
<b>Net Asset Value</b>	the value of the assets of the Company less its liabilities, determined in accordance with the accounting principles adopted by the Company from time to time
<b>Net Asset Value per Share</b>	the Net Asset Value attributable to the Shares divided by the number of Shares in issue (excluding any Ordinary Shares held in treasury)
<b>Official List</b>	the official list maintained by the FCA
<b>Ordinary Shares</b>	The ordinary shares of £0.01 each in the capital of the Company
<b>Placee</b>	a person subscribing for Ordinary Shares and/or C Shares under the Initial Placing and/or a Subsequent Placing
<b>Placing Agent</b>	N+1 Singer
<b>Placing Programme</b>	the conditional programme of placings of Ordinary Shares and/or C Shares by N+1 Singer pursuant to the Share Issuance Agreement as described in Part 5 of this Prospectus

<b>Placing Programme Price</b>	<p>the applicable price at which new Shares will be issued under the Placing Programme, being:</p> <ul style="list-style-type: none"> <li>● in the case of any new Ordinary Shares, not less than the prevailing Net Asset Value (cum-income), in pounds sterling, per Ordinary Share at the time of issue plus a premium (not expected to exceed 2 per cent. (and in any event not more than 5 per cent.) of the prevailing Net Asset Value (cum-income)) to cover the expenses of such issue; and</li> <li>● in the case of any C Shares, £1.00 per C Share</li> </ul>
<b>PRA</b>	the UK Prudential Regulatory Authority
<b>PRIPs Regulation</b>	Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) and its implementing and delegated acts
<b>PROD Sourcebook</b>	the Product Intervention and Product Governance Sourcebook contained in the FCA's Handbook of Rules and Guidance
<b>Prospectus</b>	this document
<b>Prospectus Regulation</b>	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC
<b>Prospectus Regulation Rules</b>	the rules and regulations made by the FCA under Part VI of FSMA
<b>Receiving Agent</b>	Computershare Investor Services PLC
<b>Receiving Agent Agreement</b>	the agreement dated 2 March 2020, between the Company and the Receiving Agent, summarised in paragraph 6.7 of Part 10 of this Prospectus
<b>Redeemable Preference Shares</b>	redeemable preference shares of £1.00 each in the capital of the Company
<b>Register</b>	the register of members of the Company
<b>Registrar</b>	Link Asset Services
<b>Registrar Agreement</b>	the agreement dated 6 September 2018, between the Company and the Registrar, summarised in paragraph 6.6 of Part 10 of this Prospectus
<b>Regulation S</b>	Regulation S under the US Securities Act
<b>Regulatory Information Service</b>	a service authorised by the FCA to release regulatory announcements to the London Stock Exchange
<b>Restricted Jurisdiction</b>	each of Australia, Canada, Japan, the Republic of South Africa and the United States, and 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 Initial Issue and/or Placing Programme (including this Prospectus) is sent or made available to a person in that jurisdiction

<b>Share Issuance Agreement</b>	the share issuance agreement dated 3 March 2020, between the Company, the Investment Manager and N+1 Singer, summarised in paragraph 6.1 of Part 10 of this Prospectus
<b>Shareholder</b>	a holder of Shares
<b>Shares</b>	Ordinary Shares and/or C Shares, as the context requires
<b>Sterling, £, pence or p</b>	the lawful currency of the UK
<b>Subsequent Placing</b>	any subsequent placing of Ordinary Shares and/or C Shares pursuant to the Placing Programme
<b>Takeover Code</b>	the City Code on Takeovers and Mergers
<b>UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>uncertificated or in uncertificated form</b>	a share recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>Underlying Applicants</b>	investors who wish to acquire Ordinary Shares under the Intermediaries Offer who are clients of any Intermediary
<b>United States or US</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>US\$ or US Dollars</b>	the lawful currency of the United States
<b>US Exchange Act</b>	the United States Securities Exchange Act of 1934, as amended
<b>US Investment Company Act</b>	the United States Investment Company Act of 1940, as amended
<b>US Person</b>	a US Person as defined for the purposes of Regulation S
<b>US Securities Act</b>	the United States Securities Act of 1933, as amended
<b>US Tax Code</b>	the US Internal Revenue Code of 1986, as amended

## APPENDIX I: APPLICATION FORM FOR THE OFFER FOR SUBSCRIPTION

Please send this completed form by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received no later than 1.00 p.m. (London time) on 26 March 2020.

The Directors may alter such date and thereby shorten or lengthen the offer period. In the event that the offer period is altered, AVI Japan Opportunity Trust plc (the "**Company**") will notify investors of such change.

Important: Before completing this form, you should read the prospectus issued by the Company dated 3 March 2020 (the "**Prospectus**") and the terms and conditions of application under the Offer for Subscription set out in the Prospectus and accompanying notes to this form.

To: AVI Japan Opportunity Trust plc and the Receiving Agent

FOR OFFICIAL USE  
ONLY

Log No.

Box 1 (minimum of  
£1,000 and in multiples  
of £100 thereafter)

### 1. APPLICATION

I/We the person(s) detailed in section 2A below offer to subscribe for the amount shown in Box 1 for Ordinary Shares at the Initial Issue Price (as defined in the Prospectus) per Ordinary Share subject to the terms and conditions of application under the Offer for Subscription set out in the Prospectus and subject to the articles of association of the Company in force from time-to-time.

### 2A. DETAILS OF HOLDER(S) IN WHOSE NAME(S) ORDINARY SHARES WILL BE ISSUED

(BLOCK CAPITALS)

1:	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
Address (in full):		
		Postcode:
Designation (if any):		
2:	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
Address (in full):		
		Postcode:
Designation (if any):		

3:	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
Address (in full):		
		Postcode:
Designation (if any):		

4:	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
Address (in full):		
		Postcode:
Designation (if any):		

**2B. CREST ACCOUNT DETAILS INTO WHICH ORDINARY SHARES ARE TO BE DEPOSITED (IF APPLICABLE)**

Only complete this section if Ordinary Shares allotted are to be deposited in a CREST Account which must be in the same name as the holder(s) given in Section 2A.

(BLOCK CAPITALS)

CREST Participant ID: 

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CREST Member Account ID: 

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**3. SIGNATURE(S): ALL HOLDERS MUCH SIGN**

By completing box 3 below you are deemed to have read the Prospectus and agreed to the terms and conditions in Part 7 of the Prospectus (Terms and Conditions of Application under the Offer for Subscription) and agreed to be subject to the articles of association of the Company in force from time-to-time and to have given the warranties, representations and undertakings set out therein.

First Applicant Signature:	Date:
Second Applicant Signature:	Date:
Third Applicant Signature:	Date:
Fourth Applicant Signature:	Date:

Execution by a Company

Executed by (Name of Company):		Date:
Name of Director: Signature:		Date:
Name of Director/Secretary: Signature:		Date:
If you are affixing a company seal, please mark a cross		Affix Company Seal here:

**4. SETTLEMENT**

Please tick the relevant box confirming your method of payment

**4A. CHEQUES/BANKER'S DRAFT**

If you are subscribing for Ordinary Shares and paying by cheque or banker's draft, pin or staple to this form your cheque or banker's draft for the subscription amount shown in Box 1 made payable to "CIS PLC re AVI Japan Opportunity Trust plc OFS 2020 Acceptance a/c" and crossed "A/C payee only". Cheques and banker's payments must be drawn in sterling on an account at a bank branch in the United Kingdom and must bear a United Kingdom bank sort code number in the top right hand corner. If you use a banker's draft or a building society cheque you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the banker's draft or cheque and adds its stamp.

**4B. ELECTRONIC BANK TRANSFER**

If you are subscribing for Ordinary Shares and sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 1.00 p.m. (London time) on 26 March 2020. Please contact Computershare Investor Services PLC stating "AVI Japan Opportunity Trust plc OFS 2020" by email at OFSpaymentqueries@computershare.co.uk for full bank details. You will be provided with a unique reference number which must be used when making the payment.

Please enter below the sort code of the bank and branch you will be instructing to make such payment for value by 1.00 p.m. (London time) on 26 March 2020, together with the name and number of the account to be debited with such payment and the branch contact details.

Sort Code:	Account Number:
Account Name:	Bank Name and Address:

**4C. 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 2B above, together with the relevant Member Account ID.

(BLOCK CAPITALS)

CREST Participant ID: 

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CREST Member Account ID: 

--	--	--	--	--	--	--	--

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, following the CREST matching criteria set below:

**Trade Date:** 30 March 2020  
**Settlement Date:** 2 April 2020  
**Company:** AVI Japan Opportunity Trust plc  
**Security Description:** Ordinary Shares of £0.01  
**SEDOL:** BD6H5D3  
**ISIN:** GB00BD6H5D36

Should you wish to settle DVP, you will need to match your instructions to Computershare's Participant account 8RA35 by no later than 1.00 p.m. (London time) on 30 March 2020.

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

**5. RELIABLE INTRODUCER DECLARATION**

Completion and signing of this declaration by a suitable person or institution may avoid presentation being requested of the identity documents detailed in section 6 of this form.

The declaration below may only be signed by a person or institution (such as a governmental approved 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.

**DECLARATION:**

**To the Company and the Receiving Agent**

With reference to the holder(s) detailed in section 2A, all persons signing at section 3 and the payor identified in section 6 if not also a holder (collectively the “**subjects**”) WE HEREBY DECLARE:

1. we operate in the United Kingdom, or in a country where money laundering regulations under the laws of that country are, to the best of our knowledge, no less stringent than those which prevail in the United Kingdom and our firm is subject to such regulations;
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 subjects is known to us in a business capacity and we hold valid identity documentation on 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 holder(s) given at section 2A and if a CREST Account is cited at section 2B that the owner thereof is named in section 2A;
5. having regard to all local 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 mentioned; and
6. where the payor and holder(s) are different persons we are satisfied as to the relationship between them and reason for the payor being different to the holder(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 this firm or its officials.

Signed:	Name:	Position:
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Name of regulatory authority:	Firm's licence number:
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Website address or telephone number of regulatory authority:
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STAMP of firm giving full name and business address:
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**6. IDENTITY INFORMATION**

If the declaration in section 5 cannot be signed and the value of your application is greater than €15,000 (or the sterling equivalent), please enclose with that Application Form the documents mentioned below, as appropriate. Please also tick the relevant box to indicate which documents you have enclosed, all of which will be returned by the Receiving Agent to the first named Applicant.

Holders				Payor
Tick here for documents provided				

In accordance with internationally recognised standards for the prevention of money laundering, the documents and information set out below must be provided:

**A. For each holder being an individual enclose:**

(1) an original or a certified clear photocopy of one of the following identification documents which bear both a photograph and the signature of the person: current passport – Government or Armed Forces identity card – driving licence; and

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(2) an original or certified copies of at least two of the following documents no more than 3 months old which purport to confirm that the address given in section 2A is that person's residential address: a recent gas, electricity, water or telephone (not mobile) bill – a recent bank statement – a council rates bill – or similar document issued by a recognised authority; and

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(3) if none of the above documents show their date and place of birth, enclose a note of such information; and

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(4) details of the name and address of their personal bankers from which the Receiving Agent may request a reference, if necessary.

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**B. For each holder being a company (a “holder company”) enclose:**

(1) a certified copy of the certificate of incorporation of the holder company; and

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(2) the name and address of the holder company's bankers from which the Receiving Agent may request a reference, if necessary; and

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(3) a statement as to the nature of the holder company's business, signed by a director; and

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(4) a list of the names and residential addresses of each director of the holder company; and

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(5) for each director provide documents and information similar to that mentioned in A above; and

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(6) a copy of the authorised signatory list for the holder company; and

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- (7) a list of the names and residential/registered address of each ultimate beneficial owner interested in more than 5 per cent. of the issued share capital of the holder company and, where a person is named, also complete C below and, if another company is named (hereinafter 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.

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- C. For each person named in B(7) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in A(1) to (4).**

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- D. For each beneficiary company named in B(7) as a beneficial owner of a holder company enclose:**

- (1) a certified copy of the certificate of incorporation of that beneficiary company; and
- (2) a statement as to the nature of that beneficiary company’s business signed by a director; and
- (3) the name and address of that beneficiary company’s principal bankers from which the Receiving Agent may request a reference, if necessary; and
- (4) a list of the names and residential/registered address of each beneficial owner owning more than 5 per cent. of the issued share capital of that beneficiary company.

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- E. If the payor is not a holder and is not a bank providing its own cheque or banker’s payment on the reverse of which is shown details of the account being debited with such payment (see note 5 on how to complete this form) enclose:**

- (1) if the payor is a person, for that person the documents mentioned in A(1) to (4); or
- (2) if the payor is a company, for that company the documents mentioned in B(1) to (7); and
- (3) an explanation of the relationship between the payor and the holder(s).

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The Receiving Agent reserves the right to ask for additional documents and information.

**7. CONTACT DETAILS**

To ensure the efficient and timely processing of this application please enter below the contact details of a person the Receiving Agent may contact with all enquiries concerning this application. Ordinarily this contact person should be the person signing in section 3 on behalf of the first named holder. If no details are provided here but a regulated person is identified in section 5, the Receiving Agent will contact the regulated person. If no details are entered here and no regulated person is named in section 5 and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

Contact name:
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E-mail address:
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Contact address:

Postcode:

Telephone No:

Fax No:

## **NOTES ON HOW TO COMPLETE THE OFFER FOR SUBSCRIPTION APPLICATION FORM (APPENDIX 1) AND THE TAX RESIDENCY SELF-CERTIFICATION FORM (APPENDIX 2)**

**All applicants must complete Appendix 1.**

**All applicants who are individuals, excluding any applicants who already hold Ordinary Shares or who intend to hold Ordinary Shares in CREST, must complete the Tax Residency Self-Certification Form at Appendix 2.**

**Any individual applicant who is a joint holder, does not already hold Ordinary Shares and who does not intend to hold Ordinary Shares in CREST should not complete Appendix 2 and should contact the Registrar on 0871 664 0300 or from outside the UK on +44 (0) 371 664 0300 to request the relevant Tax Residency Self-Certification Form to complete as set out in the following paragraph.**

**In the case of applicants who are: (i) joint holders; or (ii) entities, please contact the Registrar on 0871 664 0300 or from outside the UK on +44 (0) 371 664 0300 to request the relevant Tax Residency Self-Certification Form.**

**Applications Forms should be returned so as to be received by the Receiving Agent (Computershare Investor Services PLC) no later than 1.00 p.m. (London time) on 26 March 2020. Tax Residency Self-Certification Forms should be returned so as to be received by the Registrar (Link Asset Services) no later than 1.00 p.m. (London time) on 26 March 2020.**

**HELP DESK: If you have a query concerning completion of the Application Form please call the Receiving Agent (Computershare Investor Services PLC) on 0370 702 0000 or from outside the UK on +44 370 702 0000. If you have a query concerning completion of the Tax Residency Self-Certification Form please call the Registrar (Link Asset Services) on 0871 664 0300 or from outside the UK on +44 (0) 371 664 0300.**

### **APPENDIX 1**

#### **1. APPLICATION**

Fill in (in figures) in Box 1 the subscription amount for subscribing for Ordinary Shares at the Initial Issue Price per Ordinary Share. The amount being subscribed for must be a minimum of £1,000 and thereafter in multiples of £100. Financial intermediaries who are investing on behalf of clients should make separate applications or, if making a single application for more than one client, provide details of all clients in respect of whom application is made in order to benefit most favourably from any scaling back should this be required or to benefit most favourably from any commission arrangements.

Please note that the Initial Issue Price is not known at the date of the Prospectus but will be announced through a Regulatory Information Service on the Initial Issue Price Announcement Date (which will be on 27 March 2020). The subscription amount payable by you will be such amount in pounds Sterling, being the product of (a) the number of Ordinary Shares to be applied for and (b) the Initial Issue Price per Ordinary Share (which will be announced through a Regulatory Information Service on the Initial Issue Price Announcement Date). You undertake to pay such subscription amount by no later than 1.00 p.m. (London time) on 26 March 2020.

#### **2A. HOLDER DETAILS**

Fill in (in block capitals) the full name and address of each holder. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference and the address given for the first named will be entered as the registered address for the holding on the share register and used for all future correspondence. A maximum of four joint holders is permitted. All holders named must sign the Application Form at section 3.

## 2B. CREST

If you wish your Ordinary Shares to be deposited in a CREST Account in the name of the holders given in section 2A enter in section 2B the details of that CREST Account. Where it is requested that Ordinary Shares be deposited into a CREST Account please note that payment for such Ordinary Shares must be made prior to the day such Ordinary Shares might be allotted and issued. Should you wish to apply for Ordinary Shares by delivery versus payment method (DVP) you will need to match your instructions to Computershare Investor Services PLC's Participant Account 8RA35 by no later than 1.00 p.m. (London time) on 30 March 2020 allowing for the delivery and acceptance of your Ordinary Shares to your CREST account against payment of the Initial Issue Price through the CREST system upon the relevant settlement date, following the CREST matching criteria set out in the Application Form.

## 3. SIGNATURE

All holders named in section 2A must sign section 3 and insert the date. The Application Form may be signed by another person on behalf of each holder 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 for inspection (which originals will be returned by post at the addressee's risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

## 4. SETTLEMENT

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

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 "CIS PLC re AVI Japan Opportunity Trust plc OFS 2020 Acceptance a/c". 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 confirmed the name of the account holder by stamping and endorsing the cheque/banker's draft to such effect.

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

### (b) *Electronic Bank Transfers*

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by no later than 1.00 p.m. (London time) on 26 March 2020. Applicants wishing to make a CHAPS payment should contact Computershare stating "AVI Japan Opportunity plc OFS 2020" by email at OFSpaymentqueries@computershare.co.uk for full bank details. Applicants will be provided with a unique reference number which must be used when making the payment.

### (c) *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 Admission (the "**Settlement Date**"). Accordingly, settlement of transactions in the Ordinary Shares will normally take place within the CREST system.

The Application Form in Appendix 1 contains details of the information which Computershare will require from you in order to settle your application within CREST, if you so choose. If you do not provide any CREST details or if you provide insufficient CREST details for Computershare to match to your CREST account, Computershare will deliver your Ordinary Shares in certificated form provided 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 Computershare, 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 Computershare 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: (i) the person procured by you to subscribe for or acquire the relevant Ordinary Shares; or (ii) yourself; or (iii) a nominee of any such person or yourself, as the case may be. Neither Computershare 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. Computershare, on behalf of the Company, will input a DVP instruction into the CREST system according to the booking instructions provided by you in your Application Form. The input returned by you or your settlement agent/custodian of a matching or acceptance instruction to our CREST input will then allow the delivery of your Ordinary Shares to your CREST account against payment of the Initial Issue Price per Ordinary Share 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 8.00 a.m. on 2 April 2020 against payment of the Initial Issue Price per Ordinary Share. Failure by you to do so will result in you being charged interest at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in sterling plus 2 per cent. per annum.

To ensure that you fulfil this requirement it is essential that you or your settlement agent/custodian follow the CREST matching criteria set out below:

<b>Trade Date:</b>	30 March 2020
<b>Settlement Date:</b>	2 April 2020
<b>Company:</b>	AVI Japan Opportunity Trust plc
<b>Security Description:</b>	Ordinary Shares of £0.01
<b>SEDOL:</b>	BD6H5D3
<b>ISIN:</b>	GB00BD6H5D36

Should you wish to settle DVP, you will need to match your instructions to Computershare's Participant account 8RA35 by no later than 1.00 p.m. (London time) on 30 March 2020.

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 Computershare, reserves the right to deliver Ordinary Shares outside CREST in certificated form provided payment has been made in terms satisfactory to the Company and all other conditions in relation to the Offer for Subscription have been satisfied.

## **5. RELIABLE INTRODUCER DECLARATION**

Applications will be subject to the UK's verification of identity requirements. This will involve you providing the verification of identity documents listed in section 6 of the Application Form UNLESS you can have the declaration provided at section 5 of the Application Form given and signed by a firm acceptable to the Receiving Agent. In order to ensure your application is processed timely and efficiently all applicants are strongly advised to have the declaration provided in section 5 of the Application Form completed and signed by a suitable firm.

## **6. IDENTITY INFORMATION**

Applicants need only consider section 6 of the Application Form if the declaration in section 5 cannot be completed. Notwithstanding that the declaration in section 5 has been completed and signed the Receiving Agent reserves the right to request of you the identity documents listed in section 6 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 provided such copy documents should be certified by a senior signatory

of a firm which is either a governmental approved 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.

## 7. CONTACT DETAILS

To ensure the efficient and timely processing of your Application Form, please provide contact details of a person the Receiving Agent may contact with all enquiries concerning your application. Ordinarily this contact person should be the person signing in section 3 on behalf of the first named holder. If no details are provided here but a regulated person is identified in section 5, the Receiving Agent will contact the regulated person. If no details are entered here and no regulated person is named in section 5 and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

## APPENDIX 2

### 1. INSTRUCTIONS FOR COMPLETION

The law requires the Company to collect, retain and report certain information about its Shareholders, including their tax residence. For this purpose, the Shareholder is the person whose name appears on the share register. This may not necessarily be the same as the person who is entitled to dividends or the sale proceeds of the Shares, for example where Shares are held by a nominee. For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders <https://www.gov.uk/government/publications/exchangeof-information-account-holders>.

- To enable the Company to comply with its obligation to report to HMRC which may then share it with other tax authorities, you are required to provide certain information, including your country of residence for tax purposes.
- Please complete Appendix 2 as directed and provide any additional information requested.
- If your declared country/countries of residence for tax purposes is not the UK and is on the OECD list of countries with which the UK has agreed to exchange information <http://www.oecd.org/tax/exchangeof-tax-information/MCAA-Signatories.pdf>, the Company will be obliged to share this information with HMRC who may then share it with other relevant local tax authorities.
- **If you have any remaining questions about how to complete the Tax Residency Self-Certification Form or about how to determine your tax residency you should contact your tax adviser.**
- **If any of the information in the Tax Residency Self-Certification Form about your tax residency changes, you are required to provide the Company with a new, updated, Tax Residency Self-Certification Form within 30 days of such change in circumstances. Please contact the CRS-FATCA Team, Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU (on 0871 664 0300 or from outside the UK on +44 (0) 371 664 0300) to request a new Tax Residency Self-Certification Form in such circumstance.**

### 2. NOTES – DEFINITIONS

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (“**The Common Reporting Standard**”) <http://www.oecd.org/tax/automatic-exchange/common-reportingstandard/> contains definitions for the terms used within it. However, the following definitions are for general guidance only to help you in completing the Tax Residency Self-Certification Form.

**If you have any questions about these definitions or require further details about how to complete this form then please contact your tax adviser. NOTHING IN THE TAX RESIDENCY SELF-CERTIFICATION FORM CAN BE CONSIDERED TO BE TAX ADVICE.**

**“Country/Countries of residence for tax purposes”** You are required to list the country or countries in which you are resident for tax purposes, together with the tax reference number which has been allocated to you, often referred to as a tax identification number (“TIN”). Special circumstances (such as studying

abroad, working overseas, or extended travel) may cause you to be resident elsewhere or resident in more than one country at the same time (dual residency). The country/countries in which you might be obliged to submit a tax return are likely to be your country/countries of tax residence. If you are a US citizen or hold a US passport or green card, you will also be considered tax resident in the US even if you live outside the US.

**“Tax Identification Number or TIN”** The number used to identify the Shareholder in the country of residence for tax purposes. Some jurisdictions do not issue a TIN or do not issue a TIN to all residents. Depending on the country or jurisdiction these can include functional equivalent references such as a national insurance number, social security number or resident registration number. Some jurisdictions that do issue TINs have domestic law that does not require the collection of the TIN for domestic reporting purposes so that a TIN is not required to be completed by a Shareholder resident in such jurisdictions.

**INSTRUCTIONS FOR DELIVERY OF COMPLETED APPLICATION FORMS AND TAX RESIDENCY SELF-CERTIFICATION FORMS** – Completed Application Forms should be returned, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours), to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received no later than **1.00 p.m. (London time) on 26 March 2020**, together 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 two days for delivery. Application Forms received after this date may be returned.

Completed Tax Residency Self-Certification Forms should be returned, by post to the CRS-FATCA Team, Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by hand (during normal business hours), to the CRS-FATCA Team, Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received no later than **1.00 p.m. (London time) on 26 March 2020**. If you post your Tax Residency Self-Certification Form, you are recommended to use first class post and to allow at least two days for delivery. Application Forms and Tax Residency Self-Certification Forms received after this date may be returned.

## APPENDIX II: TAX RESIDENCY SELF-CERTIFICATION FORM



Tax Residency Self-Certification Form (Individuals)	
<b>Company that shares are held in: *</b>	
<b>Investor code *</b>	
<b>Name: *</b>	
<b>Registered Address: *</b> If your address has changed, then you will need to notify us separately. See the questions and answers.	
<b>Tax Residence Address</b> Only if different to your registered address above	
<b>Date of Birth *</b> (DD/MM/YYYY)	
Country/Countries of Residence for Tax Purposes	
Country of residence for tax purposes	Tax Identification Number <i>In the UK this would be your NI number</i>
<b>1 *</b>	<b>1 *</b>
<b>2</b>	<b>2</b>
<b>3</b>	<b>3</b>
<b>4</b>	<b>4</b>
<b>US Citizen</b> Please mark the box ONLY if you are a US Citizen (see definition below)	<input type="checkbox"/>
<p><b>Declarations and Signature</b></p> <p>I acknowledge that the information contained in this form and information regarding my shares may be reported to the local tax authority and exchanged with tax authorities of another country or countries in which I may be tax resident where those countries have entered into Agreements to exchange Financial Account information.</p> <p>I undertake to advise the Company within 30 days of any change in circumstances which causes the information contained herein to become incorrect and to provide the Company with a suitably updated Declaration within 30 days of such change in circumstances.</p> <p>I certify that I am the shareholder (or I am authorised to sign for the shareholder**). If this relates to a joint holding, I also acknowledge that as a joint holder I may be reported to the relevant tax authority if all the other holders do not provide a Tax Residency Self-Certification.</p> <p>I declare that all statements made in this declaration are, to the best of my knowledge and belief, correct and complete.</p>	
<b>Signature: *</b>	
<b>Print Name: *</b>	
<b>Date: *</b>	
<b>Daytime telephone number/email address***</b>	

\* Mandatory field

\*\* If signing under a power of attorney, please also attach a certified copy of the power of attorney.

\*\*\*We will only contact you if there is a question around the completion of the self- certification form.

**“US Citizen”**

- All US citizens. An individual is a citizen if that person was born in the United States or if the individual has been naturalized as a US citizen.
- You can also be a US citizen, even if born outside the United States if one or both of your parents are US citizens.

