

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended, if you are resident in the United Kingdom, or if not, from an appropriately authorised independent financial adviser.**

If you have sold or otherwise transferred all of your Ordinary Shares in Helios Underwriting plc prior to the date on which the Ordinary Shares were marked 'ex-entitlement' you should deliver this document together with the enclosed Form of Proxy and, if relevant, the Application Form, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, this document and any accompanying documents should not be sent or transmitted in, or into, any jurisdiction where to do so might constitute a violation of local securities law or regulations. If you have sold or otherwise transferred only part of your certificated holding of Ordinary Shares prior to the 'ex-entitlement' date, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected and refer to the instructions regarding split applications which will be set out in the Application Form. If you have sold or otherwise transferred only part of your uncertificated holding of Ordinary Shares prior to the 'ex-entitlement' date, a claim transaction will automatically be generated by CREST which, on settlement, will transfer the appropriate number of Open Offer Entitlements to the purchaser or transferee.

**This document is not a prospectus for the purposes of the Prospectus Rules and has not been approved by the Financial Conduct Authority (in its capacity as the UK Listing Authority or otherwise) pursuant to sections 85 and 87 of FSMA.**

**The total consideration under the Open Offer is less than €5,000,000 (or an equivalent amount) in aggregate. Therefore, in issuing this document, the Company is relying on the exemption from issuing a prospectus in section 85(5) and paragraph 9 of Schedule 11A of FSMA and on paragraph 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended). Applications in respect of the Open Offer from persons not falling within such exemptions will be rejected and the Open Offer is not capable of acceptance by such persons. In addition, this document does not constitute an admission document drawn up in accordance with the AIM Rules.**

**The Existing Ordinary Shares are admitted to trading on AIM. Application will be made for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence in the New Ordinary Shares at 8.00 a.m. on 28 October 2016.**

**AIM is a market designed primarily for emerging and smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the UK Listing Authority have examined or approved the contents of this document.**



## **HELIOS UNDERWRITING PLC**

*(Incorporated and registered in England and Wales with registered number 05892671)*

**Open Offer of up to 2,124,259 New Ordinary Shares at 150 pence per share  
and**

**Notice of General Meeting**

*Nominated Adviser and Broker*

**Stockdale Securities Limited**

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This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this document and which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below and to the section headed "Risk Factors" in Part IV of this document.

Notice of a General Meeting of the Company to be held at the offices of Holman Fenwick Willan LLP, Friary Court, 65 Crutched Friars, London EC3N 2AE, on 27 October 2016 at 11.00 a.m. is set out at the end of this document. A Form of Proxy for use at the meeting is enclosed with this document and should be returned as soon as possible and in any event so as to be received by the Company's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen B63 3DA by not later than 11.00 a.m. on 25 October 2016. Completion and posting of the Form of Proxy will not prevent a shareholder from attending and voting in person at the General Meeting.

The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 26 October 2016. The procedure for application and payment for Qualifying Shareholders is set out in Part III of this document, and, where relevant, will be set out in the Application Form to be sent to Qualifying Non-CREST Shareholders.

The New Ordinary Shares to be issued will, with effect from Admission, rank *pari passu* with the Existing Ordinary Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

**The New Ordinary Shares have not been, nor will they be, registered under the US Securities Act of 1933 (as amended) or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of USA, Australia, Canada, Japan and the Republic of South Africa. Shareholders outside the UK and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action.**

Stockdale Securities Limited, which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser to the Company in relation to the Open Offer and Admission and is not acting for any other persons in relation to the Open Offer and Admission. Stockdale Securities Limited is acting exclusively for the Company and for no one else in relation to the matters described in this document and is not advising any other person and accordingly will not be responsible to anyone other than the Company for providing the protections afforded to clients of Stockdale Securities Limited, or for providing advice in relation to the contents of this document or any matter referred to in it. The responsibilities of Stockdale Securities Limited as the Company's nominated adviser and broker under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director, Shareholder or any other person, in respect of his decision to acquire shares in the capital of the Company in reliance on any part of this document, or otherwise.

No liability is accepted by Stockdale Securities Limited nor does it make any representation or warranty, express or implied, in relation to the contents of this document, including its accuracy or completeness or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Open Offer and Admission and accordingly Stockdale Securities Limited disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this document or any such statement, to the maximum extent permitted by law and the regulations to which it is subject.

This document contains (or may contain) certain forward looking statements with respect to the Company, its Group and certain of its current goals and expectations relating to its future financial condition and performance and which involve a number of risks and uncertainties. The Company cautions readers that no forward looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward looking statements. These forward looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", or other words of similar meaning. By their nature, forward looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, the effects of continued volatility in credit markets, market-related risks such as changes in interest rates and foreign exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under International Financial Reporting Standards ("IFRS") applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of pending and future litigation or regulatory investigations, the success of future acquisitions and other strategic transactions and the impact of competition. A number of these factors are beyond the Company's control. As a result, the Company's actual future results may differ materially from the plans, goals and expectations set forth in the Company's forward looking statements. Any forward looking statements made in this document by or on behalf of the Company speak only as at the date they are made. Except as required by the FCA, the London Stock Exchange or applicable law, the Company, Stockdale Securities Limited and their respective directors, officers, employees, agents, managers, members and partners expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this document to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

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## **DIRECTORS AND ADVISERS**

<b>Directors</b>	Sir Michael Oliver Nigel Hanbury Arthur Manners Andrew Christie Michael Cunningham Jeremy Evans	<i>(Non-Executive Chairman)</i> <i>(Chief Executive)</i> <i>(Finance Director)</i> <i>(Non-Executive Director)</i> <i>(Non-Executive Director)</i> <i>(Non-Executive Director)</i>
<b>Company Secretary</b>	Martha Bruce	<i>(Company Secretary)</i>
<b>Registered Office</b>	5th Floor 40 Gracechurch Street London EC3V 0BT	
<b>Nominated Adviser and Broker</b>	Stockdale Securities Limited Beaufort House 15 St, Botolph Street London EC3A 7BB	
<b>Solicitors to the Company</b>	Holman Fenwick Willan LLP Friary Court 65 Crutched Friars London EC3N 2AE	
<b>Registrars and Receiving Agent</b>	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen B63 3DA	

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2016

Record Date for entitlement to participate in the Open Offer	5.30 p.m. on 29 September
Announcement of the Open Offer	30 September
Expected ex-entitlement date for the Open Offer	3 October
Despatch of the Circular, the Form of Proxy and, to certain Qualifying Non-CREST Shareholders, the Application Form	10 October
Open Offer Entitlements credited to CREST stock accounts of Qualifying CREST Shareholders	11 October
Recommended latest time and date for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 19 October
Latest time for depositing Open Offer Entitlements into CREST	3.00 p.m. on 20 October
Latest time and date for splitting Application Forms	3.00 p.m. on 21 October
Latest time and date for receipt of Forms of Proxy for the General Meeting	11.00 a.m. on 25 October
<b>Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)</b>	11.00 a.m. on 26 October
General Meeting	11.00 a.m. on 27 October
Result of Open Offer announced	27 October
<b>Admission of the New Ordinary Shares to trading on AIM</b>	8.00 a.m. on 28 October
New Ordinary Shares in uncertificated form expected to be credited to accounts in CREST (uncertificated holders only)	28 October
Expected despatch of definitive share certificates for the New Ordinary Shares (certificated holders only)	Week commencing 31 October

*Notes:*

- (1) The ability to participate in the Open Offer is subject to certain restrictions relating to Qualifying Shareholders with registered addresses or located or resident in countries outside the UK (particularly the Excluded Overseas Shareholders), details of which are set out in paragraph 6 of Part III of this document. Subject to certain exceptions, Application Forms will not be despatched to, and Open Offer Entitlements will not be credited to, the stock accounts in CREST of Shareholders with registered addresses in any of the Restricted Jurisdictions.
- (2) Each of the times and dates set out in the above timetable and mentioned in this document is subject to change by the Company (with the agreement of Stockdale Securities Limited), in which event details of the new times and dates will be notified to the London Stock Exchange and the Company will make an appropriate announcement to a Regulatory Information Service.
- (3) References to times in this document are to London times unless otherwise stated.

- (4) Different deadlines and procedures for applications may apply in certain cases. For example, if you hold your Ordinary Shares through a CREST member or other nominee, that person may set an earlier date for application and payment than the dates noted above.
- (5) The timetable above assumes that Resolutions 1 and 3 in the Notice of General Meeting are duly passed.
- (6) If you require assistance please contact Neville Registrars Limited on 0121 585 1131 if calling within the United Kingdom or +44 121 585 1131 if calling from outside the United Kingdom. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. — 5.00 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Neville Registrars Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

## OPEN OFFER STATISTICS

Issue Price per New Ordinary Share		150p
Closing Price per Existing Ordinary Share at the Latest Practicable Date		165p
Discount to the Closing Price of an Existing Ordinary Share at the Latest Practicable Date		9.1%
Closing Price per Ordinary Share at 29 September 2016 (the trading day immediately prior to the announcement of the Placing)		170p
Discount to the Closing Price of an Ordinary Share at 29 September 2016		11.8%
Entitlement of Qualifying Shareholders under the Open Offer	1 New Ordinary Share for every 5 Record Date Shares	
Number of Ordinary Shares in issue as at the Record Date		10,621,297
Existing Ordinary Shares as at the Latest Practicable Date (following completion of the Placing)		14,121,297
Maximum number of New Ordinary Shares to be issued by the Company pursuant to the Open Offer		2,124,259
Maximum gross proceeds of the Open Offer		£3,186,388.50
Number of Ordinary Shares in issue immediately following completion of the Open Offer (assuming full take up of entitlements under the Open Offer)		16,245,556
New Ordinary Shares as a percentage of the Enlarged Share Capital (assuming full take up of entitlements under the Open Offer)		13.1%
Gross proceeds of the Placing and Open Offer (assuming full take up of entitlements under the Open Offer)		£8,436,388.50

## DEFINITIONS

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

<b>Act</b>	the Companies Act 2006;
<b>Admission</b>	admission of the New Ordinary Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules;
<b>AIM</b>	the AIM market operated by the London Stock Exchange;
<b>AIM Rules for Companies</b>	the rules of AIM as set out in the publication entitled 'AIM Rules for Companies' published by the London Stock Exchange from time to time;
<b>AIM Rules for Nominated Advisers</b>	the rules of AIM as set out in the publication entitled 'AIM Rules for Nominated Advisers' published by the London Stock Exchange from time to time;
<b>Application Form</b>	the application form accompanying this document to be used by Qualifying Non-CREST Shareholders in connection with the Open Offer;
<b>Board or Directors</b>	the board of directors of the Company;
<b>Business Day</b>	any day (excluding Saturdays and Sundays) on which banks are open in London for normal banking business and the London Stock Exchange is open for trading;
<b>Certificated or in certificated form</b>	the description of a share or other security which is not in uncertificated form (that is not in CREST);
<b>Circular or this document</b>	this document dated 10 October 2016;
<b>Closing Price</b>	the closing middle market quotation of an Ordinary Share as published by the London Stock Exchange;
<b>Company or Helios</b>	Helios Underwriting Plc a company incorporated in England and Wales with registered number 05892671 and having its registered office at 5th Floor, 40 Gracechurch Street, London EC3V 0BT;
<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);
<b>CREST Manual</b>	the compendium of documents entitled "CREST Manual" issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, the CREST Rules (including CREST Rule 8), the CCSS Operations Manual and the CREST Glossary of



	Terms;
<b>CREST member</b>	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations);
<b>CREST participant</b>	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations);
<b>CREST Proxy Instruction</b>	the appropriate CREST message made to appoint a proxy, properly authenticated in accordance with Euroclear's specifications;
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001, as amended;
<b>CREST sponsor</b>	a CREST participant admitted to CREST as a CREST sponsor;
<b>CREST sponsored member</b>	a CREST member admitted to CREST as a sponsored member;
<b>Enlarged Share Capital</b>	the issued share capital of the Company immediately following Admission, assuming the maximum number of New Ordinary Shares are allotted and issued under the Open Offer;
<b>EU</b>	the European Union;
<b>Euroclear</b>	Euroclear UK & Ireland Limited;
<b>Excluded Overseas Shareholders</b>	other than as agreed by the Company and Stockdale or as permitted by applicable law, Shareholders who are located, resident or have registered addresses in a Restricted Jurisdiction;
<b>Existing Ordinary Shares</b>	the 14,121,297 Ordinary Shares in issue as at the Latest Practicable Date;
<b>FCA</b>	the Financial Conduct Authority;
<b>Form of Proxy</b>	the form of proxy accompanying this document relating to the General Meeting;
<b>FSMA</b>	the UK Financial Services and Markets Act 2000, as amended;
<b>General Meeting or GM</b>	the general meeting of the Company, notice of which is set out at the end of this document, and including any adjournment(s) thereof;
<b>Group</b>	the Company and its subsidiary undertakings at the date of this document (as defined in sections 1159 and 1160 of the Act);

<b>Issue Price</b>	150 pence per New Ordinary Share;
<b>Latest Practicable Date</b>	means 5.30 p.m. on 6 October 2016, being the latest practicable date prior to publication of this document;
<b>London Stock Exchange</b>	London Stock Exchange plc;
<b>Money Laundering Regulations</b>	Money Laundering Regulations 2007 (as amended and supplemented from time to time);
<b>New Ordinary Shares</b>	the 2,124,259 new Ordinary Shares to be offered by the Company to Qualifying Shareholders under the Open Offer;
<b>Notice of General Meeting</b>	the notice of General Meeting, set out at the end of this document;
<b>Open Offer</b>	the conditional invitation by the Company to Qualifying Shareholders to apply to subscribe for New Ordinary Shares at the Issue Price on the terms and subject to the conditions set out in this document and in the case of the Qualifying Non-CREST Shareholders only, the Application Form;
<b>Open Offer Entitlements</b>	the New Ordinary Shares which a Qualifying Shareholder is entitled to subscribe for under the Open Offer calculated on the basis of 1 New Ordinary Share for every 5 Record Date Shares held by that Qualifying Shareholder as at the Record Date;
<b>Ordinary Shares</b>	ordinary shares of 10 pence each in the capital of the Company;
<b>Overseas Shareholders</b>	Shareholders with registered addresses outside the UK or who are citizens of, incorporated in, registered in or otherwise resident in, countries outside the UK;
<b>Participant ID</b>	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
<b>Placing Shares</b>	the 3,500,000 New Ordinary Shares issued by the Company under the Placing;
<b>Placing</b>	the placing of New Ordinary Shares announced by the Company on 30 September 2016, with such shares being admitted to trading on AIM at 8.00 a.m. on 6 October 2016;
<b>Prospectus Rules</b>	the Prospectus Rules published by the FCA;
<b>Qualifying CREST</b>	Qualifying Shareholders whose Record Date Shares are in

<b>Shareholders</b>	uncertificated form;
<b>Qualifying Non-CREST Shareholders</b>	Qualifying Shareholders whose Record Date Shares are held in certificated form;
<b>Qualifying Shareholders</b>	holders of Record Date Shares with the exception (subject to certain exceptions) of Excluded Overseas Shareholders;
<b>Record Date</b>	5.30 p.m. on 29 September 2016;
<b>Record Date Shares</b>	the 10,621,297 Ordinary Shares in issue as at the Record Date;
<b>Registrars or Receiving Agent</b>	Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen B63 3DA;
<b>Regulatory Information Service</b>	has the meaning given in the AIM Rules for Companies;
<b>Resolutions</b>	the resolutions to be proposed at the General Meeting which are set out in full in the Notice of General Meeting;
<b>Restricted Jurisdictions</b>	each of Australia, Canada, Japan, the Republic of South Africa and the United States;
<b>Shareholders</b>	holders of Ordinary Shares;
<b>Stockdale</b>	Stockdale Securities Limited, a company incorporated in England and Wales with registered number 00762818 and having its registered office at Beaufort House, 15 St. Botolph Street, London, EC3A 7BB;
<b>Uncertificated</b>	recorded on a register of securities maintained by Euroclear in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
<b>UK or United Kingdom</b>	the United Kingdom of England, Scotland, Wales and Northern Ireland;
<b>US or United States</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 Securities Act</b>	the US Securities Act of 1933, as amended;
<b>USE</b>	unmatched stock event; and
<b>£ or sterling pounds</b>	sterling, the legal currency of the United Kingdom.

## PART I

### LETTER FROM THE CHAIRMAN OF



#### HELIOS UNDERWRITING PLC

*(Incorporated and registered in England and Wales with registered number 05892671)*

*To Shareholders*

### **Open Offer of up to 2,124,259 New Ordinary Shares at 150 pence per New Ordinary Share**

**and**

#### **Notice of General Meeting**

##### **1. Introduction**

On 30 September 2016, the Company announced an Open Offer to raise up to approximately £3.2 million (before expenses) and, that it had successfully completed the Placing, raising gross proceeds of £5.25 million (before expenses), in each case at an issue price of 150 pence per new Ordinary Share.

The Issue Price represents a discount of approximately 9.1 per cent. to the Closing Price of 165 pence per Ordinary Share on the Latest Practicable Date and a discount of 11.8 per cent. to the Closing Price of 170 pence per Ordinary Share on 29 September 2016 (the trading day immediately prior to the announcement of the Placing).

Shareholder approval will be sought in respect of the authorities required to implement the Open Offer at the General Meeting which is convened for 11.00 a.m. on 27 October 2016 at the offices of Holman Fenwick Willan LLP, Friary Court, 65 Crutched Friars, London EC3N 2AE.

The Open Offer is conditional, *inter alia*, on the passing of Resolutions 1 and 3 at the General Meeting.

The purpose of this letter is to set out the background to, and the reasons for, the Open Offer. It explains why the Directors consider the Open Offer to be in the best interests of the Company and its Shareholders as a whole. It also recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as the Directors intend to do, or procure, themselves in respect of their own beneficial shareholdings.

Your attention is drawn to:

- (a) paragraph 4 of Part III of this document which sets out the actions to be taken by Qualifying Shareholders seeking to participate in the Open Offer; and
- (b) the Notice of General Meeting contained at the end of this document and paragraphs 8 and 9 of this letter which explain the purpose of the General Meeting and action to be taken by you in relation to the Notice of General Meeting.

## 2. **Overview of Helios**

Helios provides a limited liability direct investment into the Lloyd's insurance market and is quoted on AIM (ticker: HUW). Helios trades within the Lloyd's insurance market and has a portfolio of syndicate capacity of £32.7m, as at June 2016. The portfolio provides a good spread of classes of business being concentrated in property insurance and reinsurance.

## 3. **Background to and reasons for the Open Offer and use of proceeds**

Helios' strategy of building the portfolio of syndicate capacity continues to rely on the flow of limited liability vehicles ("LLVs") for sale at reasonable prices.

This acquisition strategy has increased the portfolio from £12.9 million at the start of the 2013 underwriting year to £32.7 million currently. During that period, the Company has acquired 16 companies for a total consideration of £19.4 million.

Helios will continue to use quota share reinsurance to reduce the exposure of the portfolio and to assist in the financing of acquisitions. Currently, reinsurers provide £13.3 million of underwriting capital for the portfolio.

The net proceeds of the Open Offer (together with the net proceeds of the Placing) would strengthen the balance sheet and provide readily available funds to expand the capacity portfolio by acquiring further LLV's.

## 4. **Current trading and outlook**

On 30 September 2016, Helios announced its interim results for the six months ended 30 June 2016: operating profit before goodwill, impairment and tax of £605,000 (H1 2015: £73,000); earnings per share of 6.4p (H1 2015: 2.9p); adjusted net tangible asset value increased to 200p per share (H1 2015: 183p per share); and capacity value rose to 130p per share (H1 2015: 112p per share).

The announcement also included the following outlook statement:

*"During the first half of 2016, Helios continued to build the portfolio of capacity through the acquisition of two further LLVs. These acquisitions have made significant contributions to the capacity retained by Helios for both 2014 and 2015 underwriting years.*

*The syndicates that the Group supports have announced overall increases in the business to be underwritten for 2017 which is expected to increase the Helios capacity fund by over £2 million."*

## 5. **Share Incentive Scheme**

The announcement of the Company's interim results for the six months ended 30 June 2016 included the following statement:

*"With the Company now in a position to move on to the next phase of its growth, the Board has concluded that it is now an appropriate time to establish a suitable structure for employee and director share incentives. The Company intends to adopt a share incentive plan following the Placing. The plans will, in aggregate, have a dilution limit of no more than 10 per cent. of the issued ordinary share capital of the Company, from time to time, that should be issued or issuable under all share incentive schemes operated by the Group in any rolling ten-year period. Notifications relating to the share option awards will be made in due course. Initial awards made under the share incentive plan are not expected to exceed 4 per cent. of issued ordinary share*

*capital at such time. Any awards will be subject to the vesting arrangements as determined by the remuneration committee of the Board."*

## **6. Details of the Open Offer**

The Company announced on 30 September 2016 that it had successfully completed the Placing, raising gross proceeds of £5.25 million through the allotment and issue of 3.5 million Placing Shares, in aggregate, at the Issue Price. Settlement and Admission of the Placing Shares took place on 6 October 2016.

The Board considers it important that Qualifying Shareholders have the opportunity to participate in the fundraising, and the Directors have concluded that the Open Offer is the most suitable option available to the Company and its Shareholders.

The Open Offer provides an opportunity for all Qualifying Shareholders to participate in the fundraising by subscribing for their respective Open Offer Entitlements. Pursuant to the Open Offer, Qualifying Shareholders will be given the opportunity to subscribe for 1 New Ordinary Share for every 5 Record Date Shares held on the Record Date.

Assuming that the maximum number of New Ordinary Shares are allotted and issued pursuant to the Open Offer, the Open Offer will raise gross proceeds of approximately £3.2 million.

The Issue Price represents a discount of approximately 9.1 per cent. to the Closing Price of 165 pence per Ordinary Share on the Latest Practicable Date and a discount of 11.8 per cent. to the Closing Price of 170 pence per Ordinary Share on 29 September 2016 (the trading day immediately prior to the announcement of the Placing).

There is no excess application facility in respect of the Open Offer and the Open Offer is not being underwritten.

### ***Open Offer Entitlements***

Qualifying Shareholders are invited, on and subject to the terms and conditions of the Open Offer, to apply for any number of New Ordinary Shares up to their Open Offer Entitlement at the Issue Price. Qualifying Shareholders have an Open Offer Entitlement of:

#### **1 New Ordinary Share for every 5 Record Date Shares**

registered in the name of the relevant Qualifying Shareholder on the Record Date.

Entitlements under the Open Offer will be rounded down to the nearest whole number and any fractional entitlements to New Ordinary Shares will be disregarded in calculating Open Offer Entitlements.

The aggregate number of New Ordinary Shares available for subscription pursuant to the Open Offer will not exceed 2,124,259 New Ordinary Shares.

### ***Allocations under the Open Offer***

Qualifying Shareholders who apply for any or all of their Open Offer Entitlement will be allocated with the number of New Ordinary Shares validly applied for, subject to the Open Offer becoming unconditional. There is no excess application facility in respect of the Open Offer. Accordingly, to the extent that valid acceptances are not received in respect of all of the New Ordinary Shares

under the Open Offer, unallocated New Ordinary Shares will not be made available, or allotted, to other Qualifying Shareholders pursuant to the Open Offer or otherwise.

### **Application procedure under the Open Offer**

Qualifying Shareholders may apply for any whole number of New Ordinary Shares subject to the limit of their Open Offer Entitlement. The Open Offer Entitlement, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown in Box 4 on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST.

Qualifying Shareholders with holdings of Record Date Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their Open Offer Entitlements. Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlement as soon as practicable after 8.00 a.m. on 11 October 2016.

Application will be made for the Open Offer Entitlements to be admitted to CREST. The Open Offer Entitlements will be enabled for settlement in CREST as soon as practicable after 8.00 a.m. on 11 October 2016. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit.

Qualifying Non-CREST Shareholders should note that their Application Form is not a negotiable document and cannot be traded.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part III of this document and, where relevant, on the Application Form.

### **Conditionality**

The Open Offer is conditional, *inter alia*, upon the following:

- the passing, without amendment, of Resolutions 1 and 3 at the General Meeting; and
- Admission occurring by no later than 8.00 a.m. on 28 October 2016 (or such later times and/or dates as may be agreed between the Company and Stockdale, being no later than 8.00 a.m. on 11 November 2016).

If the conditions set out above are not satisfied or waived (where capable of waiver), the Open Offer will lapse; and any Open Offer Entitlements admitted to CREST will, after that time and date, be disabled and application monies under the Open Offer will be refunded to the applicants, by cheque (at the applicant's risk) in the case of Qualifying Non-CREST Shareholders and by way of a CREST payment in the case of Qualifying CREST Shareholders, without interest, as soon as practicable thereafter.

### **Application for Admission**

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. Admission of the New Ordinary Shares is expected to take place, and dealings on AIM are expected to commence, at 8.00 a.m. on 28 October 2016 (or such later times

and/or dates as may be agreed between the Company and Stockdale). No temporary documents of title will be issued.

The New Ordinary Shares will, with effect from Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the Ordinary Shares after Admission.

### ***Important notice***

**Qualifying Shareholders should note that the Open Offer is not a rights issue. Qualifying Shareholders should be aware that in the Open Offer, unlike with a rights issue, any New Ordinary Shares not applied for by Qualifying Shareholders under their Open Offer Entitlements will not be sold in the market on behalf of, or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer. To the extent that valid acceptances are not received in respect of all of the New Ordinary Shares under the Open Offer, unallocated New Ordinary Shares will not be made available, or allotted, to other Qualifying Shareholders pursuant to the Open Offer or otherwise.**

**Qualifying Shareholders are being invited to participate in the Open Offer and Qualifying Non-CREST Shareholders will have received an Application Form with this document.**

**In issuing this document and structuring the Open Offer in this manner, the Company is relying on the exemption from issuing a prospectus in section 85(5) and paragraph 9 of Schedule 11A of FSMA and on paragraph 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended).**

**Any Qualifying Shareholder who has sold or transferred all or part of his registered holding(s) of Record Date Shares prior to the date on which the Ordinary Shares were marked 'ex-entitlement' is advised to consult his stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for New Ordinary Shares under the Open Offer may be a benefit which may be claimed from him by the purchasers under the rules of the London Stock Exchange.**

### **7. Effect of the Open Offer**

Upon completion of the Open Offer, the New Ordinary Shares will represent approximately 13.1 per cent. of the Enlarged Share Capital (assuming the Open Offer is subscribed in full).

### **8. General Meeting**

The General Meeting of the Company, notice of which is set out at the end of this document, is to be held at 11.00 a.m. on 27 October 2016 at the offices of Holman Fenwick Willan LLP, Friary Court, 65 Crutched Friars, London EC3N 2AE. The General Meeting is being held for the purpose of considering and, if thought fit, passing the Resolutions to approve the Open Offer and to renew the Directors' authority to allot a restricted number of shares, or to grant rights to subscribe for or convert any securities into shares, in the capital of the Company. The renewal of authorities being sought is in accordance with relevant current institutional guidelines, being the Investment Association's Share Capital Management Guidelines and the Pre-Emption Group's Statement of Principles on Disapplying Pre-Emption Rights (save that the authorities sought are based on the Enlarged Share Capital and so assume full take up of entitlements under the Open Offer).



A summary and explanation of the Resolutions is set out below. Shareholders should read this section in conjunction with the Resolutions contained in the Notice of General Meeting at the end of this document.

***Resolution 1: Authority to allot shares under the Open Offer***

This ordinary resolution will grant the Directors authority to allot the New Ordinary Shares for the purposes of the Open Offer. This authority will be in addition to that given to the Directors pursuant to Resolution 2 and will expire immediately following Admission.

***Resolution 2: Authority to allot shares***

Conditional on the passing of Resolution 1, Resolution 2 renews the authority of the Directors to allot shares, or to grant rights to subscribe for or convert any securities into shares, in the capital of the Company:

- (a) up to a maximum nominal amount of £541,518 which represents approximately one-third of the Enlarged Share Capital; or
- (b) in the case of a rights issue up to a maximum aggregate nominal value of £1,083,036 which represents approximately two-thirds of the Enlarged Share Capital (as reduced by the nominal amount of any shares issued under Resolution 2(a)).

The authority given by this Resolution will expire at the earlier of the conclusion of the next annual general meeting of the Company and 30 June 2017. This authority will be in addition to that given to the Directors pursuant to Resolution 1.

***Resolution 3: Disapplication of pre-emption rights in connection with the Open Offer***

Conditional on the passing of Resolution 1, Resolution 3 disapplies the statutory pre-emption rights in respect of the allotment of the New Ordinary Shares to be allotted pursuant to Resolution 1 in connection with the Open Offer. This authority will be in addition to that given to the Directors pursuant to Resolution 4 and will expire immediately following Admission.

***Resolution 4: Disapplication of pre-emption rights***

Conditional on the passing of Resolution 2, Resolution 4 renews the authority of the Directors to allot equity securities pursuant to Resolution 2 otherwise than in accordance with statutory pre-emption rights up to an aggregate nominal value of £81,228 which represents approximately five per cent. of the Enlarged Share Capital. The authority given by this Resolution will expire at the earlier of the conclusion of the next annual general meeting of the Company and 30 June 2017. This authority will be in addition to that given to the Directors pursuant to Resolution 3.

***Resolution 5: Disapplication of pre-emption rights in connection with a future acquisition or other capital investment***

Conditional on the passing of Resolution 2, Resolution 5 seeks authority for the Directors to allot equity securities pursuant to Resolution 2 otherwise than in accordance with statutory pre-emption rights up to an aggregate nominal value of £81,228 (which represents approximately five per cent. of the Enlarged Share Capital) solely for the purpose of financing or re-financing a transaction which the Board determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-emption Rights most recently published by the Pre-emption Group.

The authority given by this Resolution will expire at the earlier of the conclusion of the next annual general meeting of the Company and 30 June 2017. This authority will be in addition to that given to the Directors pursuant to Resolutions 3 and 4 and is being proposed as a separate resolution to Resolution 4 as required by the Pre-Emption Group's guidelines.

Save pursuant to the share incentive plan referred to in paragraph 5 above, the Directors have no present intention of exercising the authorities under Resolutions 2 and 4, but the Board wishes to ensure that the Company has maximum flexibility in managing the financial resources of the Company and funding its acquisition strategy.

**9. Action to be taken in relation to the General Meeting**

You will find enclosed a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete the Form of Proxy in accordance with the instructions printed on it and to return it as soon as possible and in any case so as to be received by the Company's registrars, Neville Registrars Limited at Neville House, 18 Laurel Lane, Halesowen B63 3DA no later than 11.00 a.m. on 25 October 2016. If you hold shares in CREST you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Registrars (Crest Participant ID: 7RA11) so that it is received by no later than 11.00 a.m. on 25 October 2016. The return of the Form of Proxy or transmission of a CREST Proxy Instruction will not prevent you from attending the meeting and voting in person if you wish.

**10. Action to be taken in respect of the Open Offer**

***Qualifying Non-CREST Shareholders (i.e. holders of Record Date Shares in certificated form)***

If you are a Qualifying Non-CREST Shareholder you will receive an Application Form which gives details of your Open Offer Entitlements (as set out in Box 4 of the Application Form). If you wish to apply for New Ordinary Shares under the Open Offer, you should complete the Application Form in accordance with the procedure for application set out in paragraph 4.1 of Part III of this document and on the Application Form itself.

Completed Application Forms, accompanied by full payment in accordance with the instructions in paragraph 4.1 of Part III of this document, should be posted using the accompanying reply-paid envelope (if posted from the UK only) or returned by post or by hand (during normal business hours only) to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen B63 3DA, in either case, as soon as possible and in any event so as to be received by no later than 11.00 a.m. on 26 October 2016. If you do not wish to apply for any New Ordinary Shares under the Open Offer, you should not complete or return the Application Form.

***Qualifying CREST Shareholders (i.e. holders of Record Date Shares in uncertificated form)***

If you are a Qualifying CREST Shareholder you will not be sent an Application Form. You will receive a credit to your appropriate stock account in CREST in respect of your Open Offer Entitlement.

You should refer to the procedure for application set out in paragraph 4.2 of Part III of this document. The relevant CREST instructions must have settled in accordance with the instructions in paragraph 4.2 of Part III of this document by no later than 11.00 a.m. on 26 October 2016.

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

If you are in any doubt as to the action you should take, you should immediately seek your own personal financial advice from an appropriately qualified independent professional adviser.

#### **11. Overseas Shareholders**

The attention of Qualifying Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are holding Ordinary Shares for the benefit of such persons (including, without limitation, custodians, nominees, trustees and agents), or who have a contractual or other legal obligation to forward this document, the Form of Proxy or (if applicable) an Application Form to such persons, is drawn to the information which appears in paragraph 6 of Part III (Terms and Conditions of the Open Offer) of this document.

In particular, Qualifying Shareholders who have registered addresses in or who are resident in, or who are citizens of, countries other than the UK should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements to the Open Offer.

No offer of New Ordinary Shares is being made by virtue of this document or the Application Form into any Restricted Jurisdiction.

#### **12. Taxation**

Your attention is drawn to the taxation section contained in Part V of this document.

This information is intended only as a general guide to the current UK tax position. Shareholders who are in any doubt as to their tax position, or who are subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser immediately.

#### **13. Directors' and a major Shareholder's interests and intentions in relation to the Open Offer**

Each of the Directors of Helios directly or indirectly subscribed for, and were allotted and issued with, new Ordinary Shares pursuant to the Placing, for an aggregate subscription of £650,000 at the Issue Price. In addition, Will Roseff, a substantial shareholder of the Company, participated in the Placing subscribing an amount of approximately £1.26 million at the Issue Price.

Accordingly, having taken part in the Placing, each of the Directors and Will Roseff have undertaken not to take up their Open Offer Entitlements under the Open Offer.

The interests (all of which are beneficial unless stated otherwise) of the Directors, Will Roseff and their respective immediate families and of persons connected with them (within the meaning of Section 252 of the Act) in the Existing Ordinary Shares as at the Latest Practicable Date and as they are expected to be following Admission (assuming the maximum number of New Ordinary Shares are issued pursuant to the Open Offer) are as follows:

<i>Name</i>	<i>At the Latest Practicable Date</i>		<i>Immediately following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage Of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Sir Michael Oliver	29,000	0.21	29,000	0.18%
Nigel Hanbury	1,663,016	11.78	1,663,016	10.24%
Arthur Manners	133,334	0.94	133,334	0.82%
Andrew Christie	12,166	0.09	12,166	0.07%
Michael Cunningham	37,167	0.26	37,167	0.23%
Jeremy Evans	58,670	0.42	58,670	0.36%
Will Roseff	3,536,542	25.04	3,536,542	21.77%

#### 14. **Recommendation and voting intentions**

The Directors believe that the Open Offer is in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions as they intend to do, or procure, in respect of their beneficial holdings, amounting in aggregate to 1,933,353 Ordinary Shares, representing approximately 11.9 per cent. of the Existing Ordinary Shares.

Yours faithfully,

**Sir Michael Oliver**  
*Non-Executive Chairman*

Helios Underwriting plc

## PART II

### QUESTIONS AND ANSWERS ABOUT THE OPEN OFFER

The questions and answers set out in this Part II are intended to be in general terms only and, as such, you should read Part III (Terms and Conditions of the Open Offer) to this document for full details of what action to take.

**If you are in any doubt about the contents of this document or as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended, if you are resident in the United Kingdom, or if not, from an appropriately authorised independent financial adviser.**

This Part II deals with general questions relating to the Open Offer and more specific questions relating principally to persons resident in the United Kingdom who hold their Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 6 of Part III to this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Open Offer Entitlement.

If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should refer to Part III of this document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor.

If you do not know whether your Existing Ordinary Shares are in certificated or uncertificated form, please contact Neville Registrars Limited on 0121 585 1131 if calling within the United Kingdom or +44 121 585 1131 if calling from outside the United Kingdom. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Neville Registrars Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

**The contents of this document should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action.**

#### 1. WHAT IS AN OPEN OFFER?

An open offer is a way for companies to raise money. Companies do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings.

The Open Offer is an invitation by Helios to Qualifying Shareholders to apply to subscribe, for 2,124,259 New Ordinary Shares in aggregate at a price of 150 pence per New Ordinary Share. If you hold Shares on the Record Date or have a *bona fide* market claim (other than, subject to certain exceptions, where you are a Shareholder with a registered address in, or are located or resident in, a Restricted Jurisdiction) you will be entitled to subscribe for New Ordinary Shares under the Open Offer. If you hold Shares in certificated form, your entitlement will be set out in your Application Form.

The Open Offer is being made on the basis of 1 New Ordinary Share for every 5 Record Date Shares held by Qualifying Shareholders on the Record Date. If your entitlement to New Ordinary Shares is not a whole number, you will not be entitled to subscribe for any fraction of a New Ordinary Share and your entitlement will be rounded down to the nearest whole number.

New Ordinary Shares are being offered to Qualifying Shareholders in the Open Offer at a discount of 11.8 per cent. to the Closing Price of 170 pence per Ordinary Share on 29 September 2016 (the trading day immediately prior to the announcement of the Placing).

An Open Offer is not a rights issue and, therefore, if you are a Qualifying Shareholder and you do not wish to subscribe for New Ordinary Shares to which you are entitled you will not be able to sell or transfer your entitlement to those New Ordinary Shares.

Valid applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Open Offer Entitlement.

**2. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. HOW DO I KNOW I AM ELIGIBLE TO PARTICIPATE IN THE OPEN OFFER?**

If you receive an Application Form and, subject to certain exceptions, are not a holder with a registered address in, or located or resident in, any Restricted Jurisdiction, then you should be eligible to participate in the Open Offer as long as you have not sold all of your Existing Ordinary Shares before 8.00 a.m. on 3 October 2016 (the time when the Existing Ordinary Shares are expected to be marked "ex-entitlement" by the London Stock Exchange).

**3. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. HOW DO I KNOW HOW MANY NEW ORDINARY SHARES I AM ENTITLED TO TAKE UP?**

If you hold your Existing Ordinary Shares in certificated form and, subject to certain exceptions, do not have a registered address in, and are not located or resident in, any Restricted Jurisdiction, you will be sent an Application Form that shows:

- 3.1 how many Existing Ordinary Shares you held on the Record Date;
- 3.2 how many New Ordinary Shares are comprised in your Open Offer Entitlement; and
- 3.3 how much you need to pay if you want to take up in full your entitlement to New Ordinary Shares.

If you are an Overseas Shareholder, subject to certain exceptions, you will not have received and will not receive an Application Form.

**4. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM AND AM ELIGIBLE TO RECEIVE AN APPLICATION FORM. WHAT ARE MY CHOICES IN RELATION TO THE OPEN OFFER?**

**4.1 *If you do not want to take up your Open Offer Entitlement***

If you do not want to take up the New Ordinary Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any New Ordinary Shares. You cannot sell your Application Form or your Open Offer Entitlement to anyone else.

If you do not take up your Open Offer Entitlement, then following the issue of the New Ordinary Shares pursuant to the Open Offer, your interest in the Company will be diluted by approximately 13.1 per cent.

**4.2 *If you want to take up some, but not all, of your Open Offer Entitlement***

If you want to take up some, but not all, of the New Ordinary Shares to which you are entitled, you should write the number of New Ordinary Shares you want to take up in Box 6 of your Application Form. For example, if you are entitled to take up 100 shares but you only want to take up 50 shares, then you should write "50" in Box 6. To work out how much you need to pay for the New Ordinary Shares, you need to multiply the number of New Ordinary Shares you want (in this example, "50") by 150 pence, which is the price in pence of each New Ordinary Share (giving you an amount of £75.00 in this example). You should write this amount in Box 7 and this should be the amount that your cheque or banker's draft made payable to "Neville Registrars Limited Re: Clients Account" and crossed "A/C payee only" is made out for. You should

then sign the Application Form (ensuring that all joint holders sign (if applicable)) and return the completed Application Form, together with a cheque or banker's draft for the relevant amount, in the accompanying pre-paid envelope (if posted from the UK only) or returned by post or by hand (during normal business hours only) to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen B63 3DA, in either case, as soon as possible and in any event so as to be received by no later than 11.00 a.m. on 26 October 2016, after which time Application Forms will not be valid. Please allow at least four working days for delivery if sent by first class post from within the UK.

#### **4.3 If you want to take up all of your Open Offer Entitlement**

If you want to take up all of the New Ordinary Shares to which you are entitled, all you need to do is sign the Application Form (ensuring that all joint holders sign (if applicable)) and send the Application Form, together with your cheque or banker's draft for the amount (as indicated in Box 5 of your Application Form) made payable to "Neville Registrars Limited Re: Clients Account" and crossed "A/C payee only", in the accompanying pre-paid envelope (if posted from the UK only) or returned by post or by hand (during normal business hours only) to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen B63 3DA, in either case, as soon as possible and in any event so as to be received by no later than 11.00 a.m. on 26 October 2016, after which time Application Forms will not be valid. Please allow at least four working days for delivery if sent by first class post from within the UK.

#### **4.4 If you want to apply for more than your Open Offer Entitlement**

It is not possible to apply for more New Ordinary Shares than are comprised in your Open Offer Entitlement as there is no excess application facility in respect of the Open Offer. Accordingly, to the extent that valid acceptances are not received in respect of all of the New Ordinary Shares under the Open Offer, unallocated New Ordinary Shares will not be made available, or allotted, to other Qualifying Shareholders pursuant to the Open Offer or otherwise.

#### **4.5 How do I pay?**

All payments must be in pounds sterling and made by cheque or banker's draft made payable to "Neville Registrars Limited Re: Clients Account" and crossed "A/C payee only".

Cheque or banker's drafts must be drawn in sterling on a bank or building society in the UK 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 and banker's drafts to be cleared through facilities provided by any of those companies. Cheques and banker's drafts will be presented for payment on receipt and it is a term of the Open Offer that cheques and banker's drafts will be honoured on first presentation. Further details regarding the payment procedure and treatment of funds may be found at paragraph 4.1(iii) of Part III of this document.

A definitive share certificate will then be sent to you for the New Ordinary Shares that you take up. Your definitive share certificate for New Ordinary Shares is expected to be despatched to you during the week commencing 31 October 2016.

#### **5. I HOLD MY EXISTING ORDINARY SHARES IN UNCERTIFICATED FORM IN CREST. WHAT DO I NEED TO DO IN RELATION TO THE OPEN OFFER?**

CREST members should follow the instructions set out in paragraph 4.2 of Part III of this document. Persons who hold Existing Ordinary Shares through a CREST member should be informed by the CREST member through which they hold their Existing Ordinary Shares of the number of New Ordinary Shares which they are entitled to take up or apply for under their Open Offer Entitlement, and should contact them if they do not receive this information.

#### **6. I ACQUIRED MY EXISTING ORDINARY SHARES PRIOR TO THE RECORD DATE AND HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHAT IF I DO NOT RECEIVE AN APPLICATION FORM OR I HAVE LOST MY APPLICATION FORM?**

If you do not receive an Application Form but hold your Existing Ordinary Shares in certificated form, this probably means that you are not eligible to participate in the Open Offer. Some Qualifying Non-CREST Shareholders, however, will not receive an Application Form but may still

be eligible to participate in the Open Offer, namely:

- 6.1 Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 29 September 2016 and who have converted them to certificated form;
- 6.2 Qualifying Non-CREST Shareholders who bought Existing Ordinary Shares before 8.00 a.m. on 3 October 2016 but were not registered as the holders of those shares at 5.30 p.m. on 29 September 2016; and
- 6.3 certain Overseas Shareholders.

If you do not receive an Application Form but think that you should have received one, or you have lost your Application Form, please contact Neville Registrars Limited. Details of the telephone helpline are set out in the answer to question 20 below.

**7. I AM A QUALIFYING SHAREHOLDER, DO I HAVE TO APPLY FOR ALL THE NEW ORDINARY SHARES I AM ENTITLED TO APPLY FOR?**

You can take up any number of the New Ordinary Shares allocated to you under your Open Offer Entitlement. If you are a Qualifying Non-CREST Shareholder, your maximum Open Offer Entitlement is shown on your Application Form.

Any applications by a Qualifying Shareholder for a number of New Ordinary Shares which is equal to or less than that person's Open Offer Entitlement will be satisfied, subject to the Open Offer becoming unconditional. If you decide not to take up all of the New Ordinary Shares comprised in your Open Offer Entitlement, then your proportion of the ownership and voting interest in Helios will be reduced. Please refer to the answer to questions 4.1 and 12 for further information.

**Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded.**

**8. WHAT IF I CHANGE MY MIND?**

If you are a Qualifying Non-CREST Shareholder, once you have sent your Application Form and payment to the Registrar you cannot withdraw your application or change the number of New Ordinary Shares for which you have applied.

**9. WHAT IF THE NUMBER OF NEW ORDINARY SHARES TO WHICH I AM ENTITLED IS NOT A WHOLE NUMBER? AM I ENTITLED TO FRACTIONS OF NEW ORDINARY SHARES?**

If the number is not a whole number, you will not receive a fraction of a New Ordinary Share and your entitlement will be rounded down to the nearest whole number.

**10. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHAT SHOULD I DO IF I WANT TO SPEND LESS THAN THE AMOUNT SET OUT IN BOX 5 OF THE APPLICATION FORM?**

If you want to spend less than the amount set out in Box 5, you should divide the amount you want to spend by £1.50, (being the price of each New Ordinary Share under the Open Offer). This will give you the number of New Ordinary Shares you should apply for. You can only apply for a whole number of New Ordinary Shares. For example, if you want to spend £100 you should divide £100 by £1.50. You should round that down to the nearest whole number to give you the number of shares you want to take up and write that number in Box 6. To then get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of New Ordinary Shares you want to apply for by £1.50 and then fill in that amount in Box 7 and on your cheque or banker's draft accordingly.

**11. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHAT SHOULD I DO IF I HAVE SOLD SOME OR ALL OF MY EXISTING ORDINARY SHARES?**

If you hold shares in the Company directly, and you have sold or sell some or all of your Existing Ordinary Shares before 8.00 a.m. on 3 October 2016, you should contact the buyer or the person/company through whom you sold your shares. The buyer may be entitled to apply for



New Ordinary Shares under the Open Offer. If you sell any of your Existing Ordinary Shares on or after 8.00 a.m. on 3 October 2016, you may still take up and apply for the New Ordinary Shares as set out in your Application Form.

12. **WILL THE EXISTING ORDINARY SHARES THAT I HOLD NOW BE AFFECTED BY THE OPEN OFFER?**

If you decide not to apply for any of the New Ordinary Shares to which you are otherwise entitled under the Open Offer, or you only apply for some of your entitlement, your proportionate ownership and voting interest in the Company will be reduced.

13. **I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHEN DO I HAVE TO DECIDE IF I WANT TO APPLY FOR NEW ORDINARY SHARES?**

Neville Registrars Limited must receive the Application Form by no later than 11.00 a.m. on 26 October 2016, after which time Application Forms will not be valid. If an Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four working days for delivery.

14. **I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHEN WILL I RECEIVE MY NEW SHARE CERTIFICATE?**

It is expected that the Registrar will post all new share certificates during the week commencing 31 October 2016.

15. **HOW DO I TRANSFER MY ENTITLEMENTS INTO THE CREST SYSTEM?**

If you are a Qualifying Non-CREST Shareholder, but are a CREST member and want your New Ordinary Shares to be in uncertificated form, you should complete the CREST deposit form (contained in the Application Form) and ensure it is delivered to the Crest Courier and Sorting Service ("CCSS") in accordance with the instructions in the Application Form. CREST sponsored members should arrange for their CREST sponsors to do this.

16. **IF I BUY EXISTING ORDINARY SHARES AFTER THE RECORD DATE, WILL I BE ELIGIBLE TO PARTICIPATE IN THE OPEN OFFER?**

If you bought your Existing Ordinary Shares after the Record Date (including pursuant to the Placing), you are unlikely to be able to participate in the Open Offer in respect of such Existing Ordinary Shares. If you are in any doubt, please consult your stockbroker, bank manager or other appropriate financial adviser.

17. **WILL THE OPEN OFFER AFFECT DIVIDENDS ON THE EXISTING ORDINARY SHARES?**

The Capital Raising Shares will, when issued and fully paid, rank equally in all respects with the Existing Ordinary Shares, including with regard to 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.

18. **WILL I BE TAXED IF I TAKE UP MY ENTITLEMENTS?**

Information on taxation with regard to the Open Offer is set out in Part V of this document. **This information relates to the tax position of holders of New Ordinary Shares who are resident and domiciled in the United Kingdom for tax purposes. It is intended as a general guide only and Shareholders who are in any doubt as to their tax position should consult an appropriate professional adviser immediately.**

19. **WHAT SHOULD I DO IF I LIVE OUTSIDE THE UNITED KINGDOM?**

Your ability to apply to acquire New Ordinary Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement. Shareholders with registered addresses in, or who are located or resident in, any Restricted Jurisdiction are, subject to certain exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 6 of Part III

of this document.

20. **FURTHER ASSISTANCE**

Should you require further assistance, please contact Neville Registrars Limited on 0121 585 1131 if calling within the United Kingdom or +44 121 585 1131 if calling from outside the United Kingdom. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. — 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Neville Registrars Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

## PART III

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### 1. Introduction

As explained in Part I of this document, the Company proposes to issue up to 2,124,259 New Ordinary Shares at the Issue Price in order to raise approximately £3.2 million (before expenses) by way of the Open Offer (assuming that maximum number of New Ordinary Shares are allotted and issued pursuant to the Open Offer).

The Open Offer is an opportunity for Qualifying Shareholders to apply to subscribe for New Ordinary Shares at the Issue Price in accordance with the terms of the Open Offer.

There is no excess application facility in respect of the Open Offer. Accordingly, to the extent that valid acceptances are not received in respect of all of the New Ordinary Shares under the Open Offer, unallocated New Ordinary Shares will not be made available, or allotted, to other Qualifying Shareholders pursuant to the Open Offer or otherwise.

The New Ordinary Shares to be issued pursuant to the Open Offer will, with effect from Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the Ordinary Shares after Admission.

Any Qualifying Shareholder who has sold or transferred all or part of his registered holding(s) of Record Date Shares prior to 8.00 a.m. on 3 October 2016, when the Ordinary Shares were marked "ex" the entitlement to the Open Offer, is advised to consult his stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for New Ordinary Shares under the Open Offer may be a benefit which may be claimed from him by the purchaser(s) under the rules of the London Stock Exchange.

The Open Offer is not conditional upon the level of applications made to subscribe under the Open Offer or upon any minimum level of proceeds being raised. For the purposes of section 578 of the Act, the Open Offer is being made on the basis that the New Ordinary Shares subscribed for will be allotted in any event. Accordingly, even if the Open Offer is not fully subscribed, New Ordinary Shares will be issued to Qualifying Shareholders who have validly applied (subject to the terms and conditions set out in this document and the Application Form).

A summary of the arrangements relating to the Open Offer is set out below. This document and, for Qualifying Non-CREST Shareholders, the Application Form, contains the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 4 of this Part III which gives details of the procedure for application and payment for the New Ordinary Shares. The attention of Overseas Shareholders is drawn to paragraph 6 of this Part III.

#### 2. The Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders only, in the Application Form), Qualifying Shareholders are being given the opportunity to apply for any whole number of New Ordinary Shares, subject to the limit of their Open Offer Entitlement, at the Issue Price (payable in full on application and free of all expenses) and will have an entitlement of:

#### **1 New Ordinary Share for every 5 Record Date Shares**

registered in the name of each Qualifying Shareholder on the Record Date. Valid applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements. Open Offer Entitlements will be rounded down to the nearest whole number and any fractional entitlements to New Ordinary Shares will be disregarded in calculating Open Offer Entitlements. Qualifying Shareholders with fewer than 5 Record Date Shares will not be able to apply for New Ordinary Shares. Qualifying Shareholders may apply to acquire less than their Open Offer Entitlement should they so wish.

There is no excess application facility in respect of the Open Offer. Accordingly, to the extent that valid acceptances are not received in respect of all of the New Ordinary Shares under the Open Offer, unallocated New Ordinary Shares will not be made available, or allotted, to other Qualifying Shareholders pursuant to the Open Offer or otherwise.

Please note that holdings of Record Date Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating Open Offer Entitlements, as will holdings under different designations and in different accounts.

Qualifying CREST Shareholders will have their Open Offer Entitlements credited to their stock accounts in CREST and should refer to paragraph 4.2 of this Part III and also to the CREST Manual for further information on the relevant CREST procedures.

Qualifying Shareholders may apply for any whole number of New Ordinary Shares subject to the limit of their Open Offer Entitlements. The Open Offer Entitlement, in the case of Qualifying Non-CREST Shareholders, is equal to the number of New Ordinary Shares shown in Box 4 on the Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST.

**Qualifying Shareholders should note that the Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be credited to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim raised by Euroclear's Claims Processing Unit.**

**Qualifying Shareholders should be aware that in the Open Offer, unlike with a rights issue, any New Ordinary Shares not applied for by Qualifying Shareholders under their Open Offer Entitlements will not be sold in the market on behalf of, or placed for the benefit of, Qualifying Shareholders who do not apply under the Open Offer. Qualifying Shareholders who do not apply to take up New Ordinary Shares will have no rights under the Open Offer.**

**Any Qualifying Shareholder who has sold or transferred all or part of his registered holding(s) of Record Date Shares prior to 8.00 a.m. on 3 October 2016 is advised to consult his stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for New Ordinary Shares under the Open Offer may be a benefit which may be claimed from him by the purchaser(s) under the rules of the London Stock Exchange.**

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. All such New Ordinary Shares, when issued and fully paid, may be held and transferred by means of CREST.

Application will be made for the Open Offer Entitlements to be admitted to CREST. The conditions for such admission having already been met, the Open Offer Entitlements are expected to be admitted to CREST with effect from 11 October 2016.

The New Ordinary Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares. The New Ordinary Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

### **3. Conditions and further terms of the Open Offer**

The Open Offer is conditional, *inter alia*, upon the following:

- (a) the passing, without amendment, of Resolutions 1 and 3 at the General Meeting;
- (b) Admission occurring by no later than 8.00 a.m. on 28 October 2016 (or such later times and/or dates as may be agreed between the Company and Stockdale, being no later than 8.00 a.m. on 11 November 2016).

Accordingly, if any of these conditions are not satisfied or waived (where capable of waiver) by 8.00 a.m. on 11 November 2016, the Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter but within 14 days.

No temporary documents of title will be issued in respect of New Ordinary Shares held in uncertificated form. Definitive certificates in respect of New Ordinary Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their New Ordinary Shares in certificated form during the week commencing 31 October 2016. In respect of those Qualifying Shareholders who have validly elected to hold their New Ordinary Shares in uncertificated form, the New Ordinary Shares are expected to be credited to their stock accounts maintained in CREST on or before 28 October 2016.

Application will be made for the New Ordinary Shares to be admitted to trading on AIM. Admission is expected to occur at 8.00 a.m. on 28 October 2016, when dealings in the New Ordinary Shares are expected to begin.

All monies received by the Receiving Agent in respect of New Ordinary Shares will be held in a non-interest bearing client account.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

### **4. Procedure for application and payment**

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Shareholder has an Application Form in respect of his Open Offer Entitlement or a Qualifying Shareholder has Open Offer Entitlements credited to his CREST stock account in respect of such entitlement. Qualifying Shareholders who hold their Record Date Shares in certificated form (that is, not in CREST) will be allotted New Ordinary Shares in certificated form. Qualifying Shareholders who hold all or part of their Record Date Shares in uncertificated form (that is, in CREST) will be allotted New Ordinary Shares in uncertificated form to the extent that their

entitlement to New Ordinary Shares arises as a result of holding Record Date Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 4.2(v) of this Part III.

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

#### 4.1 ***If you have an Application Form in respect of your entitlement under the Open Offer***

##### (i) *General*

Subject as provided in paragraph 6 of this Part III in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Application Form. The Application Form shows the number of Record Date Shares registered in their name on the Record Date in Box 3. It also shows the number of New Ordinary Shares which represents their Open Offer Entitlement, as shown in Box 4. Box 5 shows how much they would need to pay if they wish to take up their open Offer Entitlement in full. Qualifying Non-CREST Shareholders wishing to take up their Open Offer Entitlement in full should complete Boxes 6 and 7.

Any fractional entitlements to New Ordinary Shares will be disregarded in calculating Qualifying Non-CREST Shareholders' Open Offer Entitlements. Any Qualifying Non-CREST Shareholders with fewer than 5 Record Date Shares will not receive an Open Offer Entitlement. Qualifying Non-CREST Shareholders may apply for less than their Open Offer Entitlement should they wish to do so. Qualifying Non-CREST Shareholders wishing to apply for New Ordinary Shares representing less than their Open Offer Entitlement may do so by completing Boxes 6 and 7 of the Application Form. Qualifying Non-CREST Shareholders may hold such an Application Form by virtue of a *bona fide* market claim (see paragraph 4.1(ii) of this Part III). The instructions and other terms set out in the Application Form form part of the terms of the Open Offer to Qualifying Non-CREST Shareholders.

##### (ii) *Bona fide market claims*

Applications to acquire New Ordinary Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Record Date Shares through the market prior to the date upon which the Ordinary Shares were marked "ex" the entitlement to participate in the Open Offer. Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 21 October 2016. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Record Date Shares prior to the date upon which the Ordinary Shares were marked "ex" the entitlement to participate in the Open Offer, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire New Ordinary Shares under the Open Offer may be a benefit which may be claimed by the purchaser. Qualifying Non-CREST Shareholders who have sold all or part of

their registered holdings should, if the market claim is to be settled outside CREST, complete Box 8 on the Application Form and immediately send it to either the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or to the Receiving Agent in accordance with the instructions set out in the accompanying Application Form. Subject to certain exceptions, the Application Form should not, however, be forwarded to or transmitted in or into a Restricted Jurisdiction. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 4.2(ii) of this Part III.

(iii) *Application procedures*

Qualifying Non-CREST Shareholders wishing to apply to acquire all or any of the New Ordinary Shares to which they are entitled should complete the Application Form in accordance with the instructions printed on it. Completed Application Forms should be posted in the accompanying reply-paid envelope or returned by post or by hand (during normal office hours only) to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen B63 3DA (who will act as Receiving Agent in relation to the Open Offer), so as to be received by the Receiving Agent by no later than 11.00 a.m. on 26 October 2016, after which time Application Forms will not be valid (subject to certain exceptions described below). Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four working days for delivery.

Application Forms delivered by hand will not be checked upon delivery and no receipt will be provided.

Completed Application Forms should be returned with a cheque or banker's draft drawn in sterling on a bank or building society in the UK 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 and banker's drafts to be cleared through facilities provided by any of those companies or committees. Such cheques or banker's drafts must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on the application. Cheques should be drawn on a personal account in respect of which the Qualifying Shareholder has sole or joint title to the funds and should be made payable to "Neville Registrars Limited Re: Clients Account" in respect of an application by a Qualifying Shareholder and crossed "A/C Payee only". Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds by completing the account name on the back of the cheque or draft and adding the branch stamp) may not be accepted. Payments via CHAPS, BACS or electronic transfer and eurocheques will not be accepted.

Cheques and banker's drafts will be presented for payment on receipt and it is a term of the Open Offer that cheques and banker's drafts will be honoured on first presentation. The Company reserves the right to instruct Neville Registrars Limited, as 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. No interest will be paid on payments made before they are due. The Company may elect to treat as valid or invalid any applications made by Qualifying Non-CREST Shareholders in respect of which cheques are not so honoured. If cheques or banker's drafts are presented for payment before the conditions of the Open Offer are fulfilled, the application monies will be kept in a non-interest bearing client account until all conditions are met. If the Open Offer does not become unconditional, no New Ordinary Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable but within 14 days following the lapse of the Open Offer.

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

- (A) Application Forms received after 11.00 a.m. on 26 October 2016; or
- (B) applications in respect of which remittances are received before 11.00 a.m. on 26 October 2016 from authorised persons (as defined in FSMA) specifying the New Ordinary Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

If New Ordinary Shares have already been allotted and issued to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Receiving Agent shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such Qualifying Non-CREST Shareholder's New Ordinary Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Receiving Agent, Stockdale or the Company, nor any other person, shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholder as a result.

(iv) *Effect of application*

By completing and delivering an Application Form, the applicant:

- (A) represents and warrants to the Company and Stockdale that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or



regulatory restrictions from applying for New Ordinary Shares or acting on behalf of any such person on a non-discretionary basis;

- (B) agrees with the Company and Stockdale that all applications under the Open Offer and any contracts or non-contractual obligations resulting therefrom shall be governed by and construed in accordance with the laws of England and Wales;
- (C) confirms to the Company and Stockdale that in making the application he is not relying on any information or representation in relation to the Group other than those contained in this document and any information previously published by the Company by notification to a Regulatory Information Service or available on the Company's website, and the applicant agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information in relation to the Group contained in this document;
- (D) confirms to the Company and Stockdale that in making the application he is not relying and has not relied on Stockdale or any other person affiliated with Stockdale in connection with any investigation of the accuracy of any information contained in this document for his investment decision;
- (E) confirms to the Company and Stockdale that no person has been authorised to give any information or to make any representation concerning the Group or the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be, and has not been, relied upon as having been authorised by the Company or Stockdale;
- (F) represents and warrants to the Company and Stockdale that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he received such Open Offer Entitlements and is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (G) requests that the New Ordinary Shares to which he will become entitled be issued to him on the terms set out in this document and the Application Form, subject to the Articles of Association of the Company;
- (H) represents and warrants to the Company and Stockdale that he is not, nor is he applying on behalf of any person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the New Ordinary Shares which are the subject of his application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares is prevented or restricted by applicable law or regulation (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any

such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares under the Open Offer;

- (I) confirms that the New Ordinary Shares have not been offered to the applicant by the Company, Stockdale or any of their affiliates, by means of any: (a) "directed selling efforts" as defined in Regulation S under the US Securities Act; or (b) "general solicitation" or "general advertising" as defined in Regulation D under the US Securities Act; and
- (J) represents and warrants to the Company and Stockdale that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986.

For all enquiries in connection with the procedure for application and completion of the Application Form, please contact Neville Registrars Limited on 0121 585 1131 if calling within the United Kingdom or +44 121 585 1131 if calling from outside the United Kingdom. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Neville Registrars Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

**Qualifying Non-CREST Shareholders who do not want to take up or apply for the New Ordinary Shares under the Open Offer should take no action and should not complete or return the Application Form. Qualifying Non-CREST Shareholders are, however, encouraged to vote at the General Meeting by attending in person or by completing and returning the Form of Proxy enclosed with this document.**

#### **4.2 *If you have Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer***

(i) *General*

Subject as provided in paragraph 6 of this Part III in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST in respect of his Open Offer Entitlement. Any fractional entitlements to New Ordinary Shares will be disregarded in calculating Qualifying Shareholders' Open Offer Entitlements. Any Qualifying CREST Shareholders with fewer than 5 Record Date Shares will not receive an Open Offer Entitlement.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Record Date Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements cannot be admitted to CREST, or the stock accounts of Qualifying CREST Shareholders cannot be credited, by close of business on 11 October 2016, or such later time and/or date as the Company and

Stockdale may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements which should have been credited to his stock account in CREST. In these circumstances, the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive such Application Forms.

CREST members who wish to apply to acquire some or all of their entitlements to New Ordinary Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact Neville Registrars Limited on 0121 585 1131 if calling within the United Kingdom or +44 121 585 1131 if calling from outside the United Kingdom. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Neville Registrars Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

(ii) *Bona fide market claims*

The Open Offer Entitlements will constitute a separate security for the purposes of CREST and will have a separate ISIN. Although Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as "cum" the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement will thereafter be transferred accordingly.

(iii) *USE instructions*

Qualifying CREST Shareholders who are CREST members and who want to apply for New Ordinary Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE instruction to Euroclear which, on its settlement, will have the following effect:

- (A) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of New Ordinary Shares applied for; and
- (B) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of New Ordinary Shares referred to in paragraph 4.2(iii)(A) above.

(iv) *Content of USE instruction in respect of Open Offer Entitlements*

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

- (A) the number of New Ordinary Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (B) the ISIN of the Open Offer Entitlement. This is GB00BMJJHK05;
- (C) the CREST participant ID of the accepting CREST member;
- (D) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (E) the participant ID of Neville Registrars Limited in its capacity as Receiving Agent. This is 7RA11;
- (F) the member account ID of Neville Registrars Limited in its capacity as Receiving Agent. This is HELIOS;
- (G) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of New Ordinary Shares referred to in paragraph 4.2(iii)(A) above;
- (H) the intended settlement date. This must be on or before 11.00 a.m. on 26 October 2016; and
- (I) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 26 October 2016.

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

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

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 26 October 2016 in order to be valid is 11.00 a.m. on that day.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 28 October 2016 or such later time and date as the Company and Stockdale may agree (being no later than 8.00 a.m. on 11 November 2016), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

(v) *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer can be applied for through an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 26 October 2016. In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements in CREST, is 3.00 p.m. on 20 October 2016 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 4.30 p.m. on 19 October 2016, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements prior to 11.00 a.m. on 26 October 2016.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Receiving Agent by the relevant CREST member(s) that it is/they are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing the Open Offer Entitlements into CREST" on page 4 of the Application Form, and a declaration to the Company and the Receiving Agent from the relevant CREST member(s) that it is/they are not citizen(s) or resident(s) of any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares is prevented or restricted by applicable law or jurisdiction and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(vi) *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 26 October 2016 will constitute a valid application under the Open Offer.

(vii) *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 26 October 2016. In this connection CREST members and (where applicable) their CREST sponsors are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(viii) *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:

- (A) to reject the application in full and refund the payment to the CREST member in question, without payment of interest;
- (B) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of New Ordinary Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question, without payment of interest; and
- (C) in the case that an excess sum is paid, to treat the application as a valid application for all the New Ordinary Shares referred to in the USE instruction, refunding any unutilised sum to the CREST member in question, without payment of interest.

(ix) *Effect of valid application*

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

- (A) represents and warrants to the Company and Stockdale that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares or acting on behalf of any such person on a non-discretionary basis;
- (B) agrees with the Company to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);

- (C) agrees with the Company and Stockdale that all applications under the Open Offer and any contracts or non-contractual obligations resulting therefrom shall be governed by, and construed in accordance with, the laws of England and Wales;
- (D) confirms to the Company and Stockdale that in making the application he is not relying on any information or representation in relation to the Group other than those contained in this document and any information previously published by the Company by notification to a Regulatory Information Service or available on the Company's website, and the applicant agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information in relation to the Group contained in this document;
- (E) confirms to the Company and Stockdale that in making the application he is not relying and has not relied on Stockdale or any other person affiliated with Stockdale in connection with any investigation of the accuracy of any information contained in this document for his investment decision;
- (F) confirms to the Company and Stockdale that no person has been authorised to give any information or to make any representation concerning the Group or the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be, and has not been, relied upon as having been authorised by the Company or Stockdale;
- (G) represents and warrants to the Company and Stockdale that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received, and is entitled to apply under the Open Offer in relation to, such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (H) requests that the New Ordinary Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Articles of Association of the Company;
- (I) represents and warrants to the Company and Stockdale that he is not, nor is he applying on behalf of any person who is, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the New Ordinary Shares which are the subject of his application to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares is prevented or restricted by applicable law or regulation (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares under the Open Offer;

- (J) confirms that the New Ordinary Shares have not been offered to the applicant by the Company, Stockdale or any of their affiliates, by means of any:
  - (I) "directed selling efforts" as defined in Regulations under the US Securities Act; or
  - (II) "general solicitation" or "general advertising" as defined in Regulation D under the US Securities Act; and
- (K) represents and warrants to the Company and Stockdale that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986.
- (x) *Company's discretion as to the rejection and validity of applications*

The Company may in its sole discretion but with the prior consent of Stockdale:

- (A) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part III;
- (B) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (C) treat a properly authenticated dematerialised instruction (in this subparagraph the "first instruction") as not constituting a valid application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (D) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for New Ordinary Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.



## 5. **Money Laundering Regulations**

### 5.1 ***Holders of Application Forms***

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

The person lodging the Application Form with payment and in accordance with the other terms as described above (the "acceptor"), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of New Ordinary Shares as is referred to therein (for the purposes of this paragraph 5, the "relevant New Ordinary Shares") and shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements.

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

If the verification of identity requirements apply, failure to provide the necessary evidence of identity and address within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Receiving Agent, the Company and Stockdale from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

- (A) if the applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or

- (B) if the applicant is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (C) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- (D) if the aggregate subscription price for the New Ordinary Shares is less than €15,000 (approximately £13,242 as at the Latest Practicable Date).

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

- (i) if payment is made by cheque or banker's draft in sterling drawn on a branch in the UK of a bank or building society which bears a UK bank sort code number in the top right hand corner, the following applies. Cheques, should be made payable to "Neville Registrars Limited Re: Clients Account" in respect of an application by a Qualifying Shareholder and crossed "A/C Payee Only" in each case. Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/bankers' draft to such effect. The account name should be the same as that shown on the Application Form; or
- (ii) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in paragraph 5.1(i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, the Republic of Korea, the Republic of South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form, written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent. If the agent is not such an organisation, it should contact Neville Registrars Limited on 0121 585 1131 if calling within the United Kingdom or +44 121 585 1131 if calling from outside the United Kingdom. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. - 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Neville Registrars Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

To confirm the acceptability of any written assurance referred to in paragraph 5.1(ii) above, or in any other case, the acceptor please contact Neville Registrars Limited on 0121 585 1131 if calling within the United Kingdom or +44 121 585 1131 if calling from outside the United Kingdom. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. - 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Neville Registrars Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

If the Application Form(s) is/are in respect of New Ordinary Shares with an aggregate subscription price of €15,000 (approximately £13,242 as at the Latest Practicable Date) or more and is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of New Ordinary Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and separate evidence of his address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 26 October 2016, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the applicant (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

## 5.2 ***Open Offer Entitlements in CREST***

If you hold your Open Offer Entitlements in CREST and apply for New Ordinary Shares in respect of all or some of your Open Offer Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE instruction or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the New Ordinary Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the New Ordinary Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence as to the identity of the person or persons on whose behalf the application is made.

## 6. **Overseas Shareholders**

The making of the Open Offer to persons resident in, or who are citizens of, or who have a registered address in, countries other than the UK may be affected by the law or regulatory requirements of the relevant jurisdiction. The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

### 6.1 ***General***

**The distribution of this document and the Application Form and the making of the Open Offer to persons who have registered addresses in, or who are**

**resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the UK or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the UK may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their own professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for New Ordinary Shares under the Open Offer.**

No action has been or will be taken by the Company or Stockdale or any other person to permit a public offering or distribution of this document (or any other offering or publicity materials or application forms relating to the New Ordinary Shares) in any jurisdiction where action for that purpose may be required, other than in the UK.

Receipt of this document and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

Due to restrictions under the securities laws of the Restricted Jurisdictions and certain commercial considerations, Application Forms will not be sent to, and no Open Offer Entitlements will be credited to stock accounts in CREST of, Excluded Overseas Shareholders or their agents or intermediaries, except where the Company is satisfied, at its sole and absolute discretion, that such action would not result in the contravention of any registration or other legal requirement in the relevant jurisdiction.

No person receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use any such Application Form and/or credit of Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him and such Application Form and/or credit of Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements.

In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees for any such person) outside the UK wishing to apply for New Ordinary Shares under the Open Offer to satisfy himself as to the full observance of the applicable laws and regulations of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company or Stockdale (nor any of their respective representatives) is making any representation to any offeree or purchaser of New Ordinary Shares regarding the legality

of an investment in the New Ordinary Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his custodian, agent, nominee or trustee, he must not seek to apply for New Ordinary Shares unless the Company and Stockdale determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part III and specifically the contents of this paragraph 6.

Subject to paragraphs 6.2 and 6.3 below, any person (including, without limitation, custodians, agents, nominees and trustees for any such person) outside the UK wishing to apply for New Ordinary Shares must satisfy himself as to the full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and pay any issue, transfer or other taxes due in such territories.

The Company reserves the right to treat as invalid any application or purported application for New Ordinary Shares that appears to the Company or its agents to have been executed, effected or dispatched by an Excluded Overseas Shareholder or on behalf of such a person by their agent or intermediary or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of New Ordinary Shares or, in the case of a credit of Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in a Restricted Jurisdiction or any other jurisdiction outside the UK in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to paragraphs 6.2 and 6.3 below.

Notwithstanding any other provision of this document or the Application Form, the Company reserves the right to permit any Qualifying Shareholder who is an Excluded Overseas Shareholder to apply for New Ordinary Shares if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question. Overseas Shareholders who wish, and are permitted, to apply for New Ordinary Shares should note that payment must be made in sterling denominated cheques or bankers' drafts or where such an Overseas Shareholder is a Qualifying CREST Shareholder, through CREST.

Due to restrictions under the securities laws of the Restricted Jurisdictions and subject to certain exceptions, Excluded Overseas Shareholders will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements.

The New Ordinary Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No public offer of New Ordinary Shares is being made by virtue of this document or the Application Forms into any Restricted Jurisdiction. Receipt of this document and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed. No offer of New Ordinary Shares is being made by virtue of this document or the Application Form into any Restricted Jurisdiction.

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

## 6.2 ***Representations and warranties relating to Overseas Shareholders***

### (i) *Qualifying Non-CREST Shareholders*

Any person completing and returning an Application Form or requesting registration of the New Ordinary Shares comprised therein represents and warrants to the Company, Stockdale and the Receiving Agent that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction:

- (A) such person is not requesting registration of the relevant New Ordinary Shares from within any Restricted Jurisdiction;
- (B) such person is not in any territory in which it is unlawful to make or accept an offer to acquire New Ordinary Shares or to use the Application Form in any manner in which such person has used or will use it;
- (C) such person is not acting on a non-discretionary basis for a person located within any Restricted Jurisdiction (except as agreed with the Company) or any territory referred to in (B) above at the time the instruction to accept was given; and
- (D) such person is not acquiring New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into any of the Restricted Jurisdictions.

The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of New Ordinary Shares comprised in an Application Form if it:

- (A) appears to the Company or its agents to have been executed, effected or dispatched from a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or
- (B) provides an address in a Restricted Jurisdiction for delivery of the share certificates of New Ordinary Shares (or any other jurisdiction outside the UK in which it would be unlawful to deliver such share certificates); or
- (C) purports to exclude the representation and warranty required by this subparagraph 6.2(i).

(ii) *Qualifying CREST Shareholders*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part III represents and warrants to the Company and Stockdale that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction:

- (A) neither it nor its client is within any Restricted Jurisdiction;
- (B) neither it nor its client is in any territory in which it is unlawful to make or accept an offer to acquire New Ordinary Shares;
- (C) it is not accepting on a non-discretionary basis for a person located within any Restricted Jurisdiction or any territory referred to in (B) above at the time the instruction to accept was given; and
- (D) neither it nor its client is acquiring any New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into a Restricted Jurisdiction.

6.3 **Waiver**

The provisions of this paragraph 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company, in its absolute discretion with the prior consent of Stockdale. Subject to this, the provisions of this paragraph 6 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 6 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

7. **No withdrawal rights**

An application under the Open Offer once made is irrevocable and cannot be withdrawn or changed.

## 8. **Admission, settlement and dealings**

The result of the Open Offer is expected to be announced on 27 October 2016. Application will be made to AIM for admission to trading of the New Ordinary Shares. It is expected that, subject to the Open Offer becoming unconditional in all respects (save for Admission), Admission will become effective and that dealings in the New Ordinary Shares, fully paid, will commence at 8.00 a.m. on 28 October 2016.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. All such New Ordinary Shares, when issued and fully paid, may be held and transferred by means of CREST.

Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 26 October 2016 (being the latest practicable date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, the New Ordinary Shares will be issued in uncertificated form to those persons who submitted a valid application for the New Ordinary Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. On 28 October 2016, the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to New Ordinary Shares with effect from Admission (expected to be at 8.00 a.m. on 28 October 2016). The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements, and to allot and/or issue any New Ordinary Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

For Qualifying Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the New Ordinary Shares validly applied for are expected to be despatched by post during the week commencing 31 October 2016. No temporary documents of title will be issued and, pending the issue of definitive certificates transfers will be certified against the register of members of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to paragraph 4.1 of this Part III, and the Application Form.

The result of the Open Offer will be announced and made public through an announcement on a Regulatory Information Service as soon as reasonably practicable after the results are known.

## 9. **Times and dates**

The Company shall, in its discretion, and after consultation with its financial and legal advisers, be entitled to amend the dates on which Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates



set out in this document and in such circumstances shall make an announcement on a Regulatory Information Service.

10. **Taxation**

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

11. **Governing law and jurisdiction**

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, the laws of England and Wales. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Application Form including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this document or the Application Form. By taking up New Ordinary Shares under the Open Offer in accordance with the instructions set out in this document and, where applicable, the Application Form Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

12. **Further Information**

Your attention is drawn to the further information set out in this document and also, in respect of Qualifying Non-CREST Shareholders only, to the terms, conditions and other information printed on the Application Form.

## **PART IV**

### **RISK FACTORS**

The nature of the insurance underwriting business, the regulatory regime applicable to corporate members of Lloyd's and the consequence of past years' underwriting losses at Lloyd's will give rise to a number of specific risk factors. The following list is not exhaustive but is intended to draw investors' attention to certain aspects of the risks involved. Potential investors and Shareholders should carefully consider the risks described below before making a decision to invest in the Company.

It should be noted that this list is not exhaustive and that other risk factors will apply to an investment in the Company. If any of the following risks actually occur, the Company's business, financial condition and/or results or future operations could be materially adversely affected. In such circumstances, the trading price of the New Ordinary Shares could decline and an investor may lose all or part of their investment. There can be no certainty that the Company will be able to implement successfully the strategy set out in this document or documents referred to in this document. Additional risks and uncertainties not currently known to the Directors or which the Directors currently deem immaterial, may also have an adverse effect on the Company.

This document contains forward looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in the forward looking statements as a result of many factors, including the risks faced by the Company which are described below and elsewhere in this document. Prospective investors should carefully consider the other information in this document. The risks listed below do not necessarily comprise all the risks associated with an investment in the Company.

An investment in the Company may not be suitable for all recipients of this document. Investors are accordingly advised to consult an independent financial adviser duly authorised under FSMA, if you are resident in the United Kingdom, or if not, from an appropriately authorised independent financial adviser, who in each case specialises in advising upon the acquisition of shares and other securities before making a decision to invest.

#### **Underwriting of insurance risks**

The underwriting of insurance risks is, by its nature, a high-risk business. The Group's insurance business assumes the risk of loss from persons or organisations that are directly exposed to an underlying loss. Insurance risk arises from this risk transfer due to inherent uncertainties about the occurrence, amount and timing of insurance liabilities. Underwriting risk comprises four elements:

- (a) Event risk – the risk that individual risk losses or catastrophes lead to claims that are higher than anticipated in plans and pricing;
- (b) Cycle risk – the risk that business is written without full knowledge as to the (in)adequacy of rates, terms and conditions;
- (c) Pricing risk – the risk that the level of expected loss is understated in the pricing process; and
- (d) Expense risk – the risk that the allowance for expenses and inflation in pricing is inadequate.

As part of its overall risk mitigation and capital management strategy, the Group purchases quota share reinsurance to seek to mitigate its insurance risk. The Group's stop loss programme

complements the Group's quota share reinsurance seeking to protect the Group's capital from adverse results from the portfolio of syndicate participations. However, the Group's reinsurance may not mitigate all these underwriting risks.

### **Unpredictable and multiple losses**

The portfolio of Helios' syndicate participations expose it to claims arising out of unpredictable natural and other catastrophic events, such as hurricanes, windstorms, tsunamis, severe winter weather, earthquakes, floods, fires and explosions, as well as "man-made" disasters, such as acts of war, terrorism, piracy and political instability, the emergence of latent risks, changes in law and the interpretation of law or precedent (including in relation to the measurement of damages), as well as social and political changes, and fluctuations in the global investment markets and the capacity of the global insurance market. The incidence and severity of catastrophes are inherently unpredictable and the Group's losses from such catastrophes could be substantial. Although the Group attempts to manage its exposure to such events through the selection of the syndicates in which it participates, a single catastrophic event could affect multiple geographic zones or the frequency or severity of catastrophic events could exceed its estimates.

### **Cyclical nature of insurance business**

The insurance and reinsurance business historically has been a cyclical industry with significant fluctuations in operating results due to competition, catastrophic events, general economic and social conditions and other factors. This cyclical nature has produced periods characterised by intense price competition due to excessive underwriting capacity (soft market conditions) as well as periods when shortages of capacity resulted in much more favourable premium levels (hard market conditions). Accordingly, the performance of the Group's business is likely to be affected by this cyclical nature to a certain extent.

### **Funds at Lloyd's**

As members of Lloyd's, relevant members of the Group are required to contribute funds of an approved form that are lodged and held in trust at Lloyd's as security for a member's underwriting activities, known as "funds at Lloyd's" ("FAL"). A member's funds at Lloyd's may contain only those assets that Lloyd's prescribes as acceptable assets, which include debt securities, bonds and other money and capital market instruments, shares, cash and cash equivalents, letters of credit and guarantees. In addition, the Group is also required to contribute funds to the Lloyd's central fund. To the extent that Lloyd's suffers a material exposure in its asset base when compared with its liabilities, members may at any such time as required by Lloyd's be called upon to invest further capital into Lloyd's portfolio of funds, including both the FAL and the central fund which, as a result, may cause the Group to incur a material increase in its operating expenses and, as a result, a material adverse impact on its financial results and financial condition.

Changes implemented to the list of acceptable assets for purposes of FAL may also adversely impact the Group, as, the Group would be required to post different assets, which may be more expensive to obtain and maintain or which may place an undue restriction on the Group's capital resources.

Lloyd's also has the power to reduce the Group's underwriting capacity or to prohibit the Group from underwriting if at any time the value of the Group's total funds at Lloyd's falls by more than 10% from the funds required at the last "coming into line" exercise and such shortfall is not made up by the Group. "Coming into line" refers to a bi-annual procedure currently undertaken in June and November each year which requires members of Lloyd's to demonstrate

that they have sufficient eligible assets to meet their current underwriting liabilities and to support future underwriting before they may underwrite for the next following year of account. Any such event is likely to have a material adverse effect on the Group's reputation, financial condition and results of operations.

### **Performance of Syndicates**

Investors should be aware that the categories of business written and the structure of the syndicate's reinsurance programme, and accordingly risks and rewards vary from syndicate to syndicate. Should a syndicate as constituted for a given year of account make a loss upon closure, or if a syndicate as constituted for a given year of account has funding difficulties, its managing agent may make a cash call on its members for the year of account concerned which, if not met promptly from other funds, can be satisfied by drawing down on the members' FAL. Cash calls for "working capital" can also be made early in the year of account by the managing agent of a syndicate, for example to meet liquidity pressures. There is no guarantee that the Company would have the funds needed to meet such liabilities in which case it may be necessary for the Company to raise additional capital via equity or debt.

### **Failure of loss limitation methods**

Managing agents will seek to limit the exposure of their managed syndicates to insurance and reinsurance losses through a number of loss limitation methods including internal risk management and security procedures as well as through the purchase of outwards reinsurance protection.

Notwithstanding the risk mitigation and underwriting controls employed by syndicates, one or more catastrophic or other loss events or a greater frequency of losses than expected could result in claims that substantially exceed the expectations of the Group, and which could have a material adverse effect on the financial condition or results of operations of the Group, possibly to the extent of eliminating the funds at Lloyd's supporting the underwriting of the Group's corporate members and any statutory surplus.

### **Reinsurance protection**

As part of its overall risk mitigation and capital management strategy, the Group purchases stop loss and quota share reinsurance to seek to protect the Group's capital from losses from its syndicate portfolio. Market conditions beyond the Group's control determine the availability and cost of appropriate reinsurance and the receipt of future reinsurance recoveries. Additionally, a change in regulation could affect the availability or price of reinsurance.

Any significant changes in reinsurance pricing may result in the Group being forced to incur additional expenses for reinsurance, reducing its capacity on syndicates, having to obtain reinsurance on less favourable terms or not being able to or choosing not to obtain reinsurance thereby exposing the Group to increased retained risk. Any of these could have a material adverse effect on the Group's financial condition and results of operations.

### **Capital requirements**

The Solvency II Directive was implemented on 1 January 2016. Solvency II introduces a harmonized EU-wide insurance regulatory regime. In particular, it imposes a risk-based capital regime, sets out requirements for the governance, risk management and regulatory supervision of insurers and introduces certain disclosure and transparency requirements.

Each syndicate's Solvency Capital Requirement ("SCR") under Solvency II is determined in accordance with the syndicate's internal model. It is a regulatory requirement that the model captures all material risks that have been identified. However, it is subject to the limitations of all complex models and is subject to the accuracy, completeness and integrity of the data input into the model. It is also necessary for estimates, assumptions and judgments to be made by the syndicate's management where data are incomplete or ambiguous. Accordingly the SCR, as modelled by the syndicate's internal model, may not provide an accurate projection of the capital that the syndicate will, in fact, need in the future.

### **The Lloyd's market**

The Group relies on the efficient functioning of the Lloyd's market. If, for whatever reason, members were to be restricted or otherwise unable to write insurance through the Lloyd's market, it could have a material adverse effect on the Group's business and results of operations. In particular, any damage to the brand or reputation of Lloyd's, whether such damage is caused by financial mismanagement, fraudulent activity or otherwise, or any loss of any international licences in relation to the insurance or reinsurance business may have a material adverse effect on the Group's ability to write new business and/or its reputation. In addition, any increase in tax levies imposed on Lloyd's participants in the relevant jurisdictions around the world in which they offer insurance or reinsurance or any challenge to the amount of tax paid by such Lloyd's participants may result in the Group incurring a higher tax charge.

The PRA is the prudential regulator for Lloyd's and has responsibility for promoting the financial security and soundness of Lloyd's and its members. Lloyd's is required by the PRA to establish and maintain appropriate controls over the risks affecting the funds of members which it holds centrally and to assess the capital needs of each member operating on its market, in order to satisfy an annual solvency test for the PRA. Were the PRA to impose more stringent requirements on Lloyd's this may result in higher capital requirements or a restriction on trading activities for its members, including entities within the Group. If Lloyd's fails to satisfy its solvency test in any year, the PRA may require Lloyd's to cease trading and/or its members to cease or reduce their underwriting exposure, which may result in a material adverse effect to the Group's reputation, financial condition and results of operations.

### **Value of capacity**

The Board attributes a value to the Group's portfolio of syndicate capacity in determining the adjusted net asset value per Ordinary Share ("Humphrey Value"). This value of the capacity is based on the weighted average price of the capacity traded in the Lloyd's capacity auctions which is dependent on the demand for capacity in these auctions. If the weighted average prices for syndicates reduce significantly, it is likely that adjusted net asset value per Ordinary Share will reduce and that the Board will have to impair the value of the capacity held on the Group's balance sheet. This may have a material adverse effect on the financial results of the Group.

## **PART V**

### **TAXATION**

The following information is given in summary form and as a general guide only and is based on tax legislation and, where relevant, current HM Revenue & Customs practice, in force at the date of this document. Such legislation and practice is liable to change (in some cases with retrospective effect). The information relates to the tax position of holders of New Ordinary Shares who are resident and domiciled in the United Kingdom for tax purposes.

The statements below do not constitute advice to any Shareholder or potential investor on his or her personal tax position, and may not apply to certain classes of investor (such as persons carrying on a trade in the United Kingdom or holding the shares as trustees, or United Kingdom insurance companies). This summary is not a complete and exhaustive analysis of all the potential UK tax consequences for holders of New Ordinary Shares. Any Shareholder or potential investor should obtain advice from his or her own investment or taxation adviser before subscribing for New Ordinary Shares.

#### **Inheritance tax relief**

The Company's shares are treated as unquoted shares for UK inheritance tax (IHT) purposes. Individuals and trustees subject to IHT may be entitled to business property relief of up to 100 per cent. after a holding period of two years, providing all the relevant conditions for the relief are satisfied at the appropriate time.

#### **Taxation of dividends**

##### ***Income tax – UK Resident Individuals***

Under current United Kingdom taxation legislation, no withholding tax will be deducted from dividends paid by the Company.

For tax years ending prior to 6 April 2016, dividends paid by the Company carried an associated tax credit of one-ninth of the cash dividend or ten per cent. of the aggregate of the cash dividend and associated tax credit. Individual shareholders resident in the UK receiving such dividends were liable to income tax on the aggregate of the dividend and associated tax credit at the dividend ordinary rate (10 per cent.), the dividend upper rate (32.5 per cent.) or the dividend additional rate (37.5 per cent.).

The dividend tax credit has been abolished and a new system for taxing dividends introduced with effect from 6 April 2016. Under the new system, there is no income tax payable in respect of the first £5,000 of dividend income received in the tax year (although such income still counts towards the basic, higher and additional rate thresholds) regardless of the level of non-dividend income received. Dividend income received above £5,000 in a tax year is taxable at 7.5 per cent., 32.5 per cent. and 38.1 per cent. for basic rate, higher rate and additional rate taxpayers, respectively. Shareholders should therefore seek appropriate tax advice on how these changes may impact their tax affairs.

##### ***Corporation tax***

With certain exceptions (e.g. for traders in securities), a holder of New Ordinary Shares that is a company resident (for taxation purposes) in the United Kingdom and which receives a dividend paid by the Company, should generally not be subject to tax in respect of the dividend.

## **Taxation of chargeable gains**

- (i) Under current HM Revenue & Customs practice, the subscription by an existing Shareholder for shares under the Open Offer is expected to be treated as a reorganisation of share capital for the purposes of the UK taxation of chargeable gains. To the extent that it is so treated, the New Ordinary Shares issued should be treated as acquired at the same time as the Existing Ordinary Shares held by that Shareholder in respect of which the New Ordinary Shares were offered, and the cost of acquisition of the New Ordinary Shares should be pooled with the expenditure allowable on the relevant Existing Ordinary Shares for the purposes of determining the amount of any chargeable gain arising on a subsequent disposal. I. As a matter of UK tax law, the acquisition of New Ordinary Shares may not, strictly speaking, constitute a reorganisation of share capital, and there is no guarantee that the HM Revenue & Customs practice mentioned above will be followed, particularly where an open offer is not made to all shareholders (e.g. as a result of restrictions under applicable securities laws and regulations).
- (ii) A UK resident individual shareholder who disposes of, or who is deemed to dispose of, their shares in the Company may be liable to capital gains tax in relation thereto at a flat rate of 10 per cent., of any chargeable gain thereby realised (after taking into account any applicable reliefs and exemptions) to the extent that such gain does not exceed the amount of the individual's unused basic rate income tax band for the relevant tax year. To the extent that any chargeable gains or part thereof exceed the individual's unused basic rate income tax band, capital gains tax will be charged at 20 per cent. In computing the gain, the Shareholder should be entitled to deduct from the disposal proceeds the cost to him of acquiring the shares (together with incidental costs of acquisition and disposal).
- (iii) A UK resident corporate shareholder disposing of its shares in the Company may (after taking into account any applicable reliefs and exemptions) be liable to corporation tax on chargeable gains in relation thereto at the usual rates of corporation tax applicable to it (currently 20 per cent.). In computing the chargeable gain liable to corporation tax, the Shareholder should be entitled to deduct from the disposal proceeds, the cost to it of acquiring the shares, together with incidental costs of acquisition, as increased by indexation allowance, and disposal costs.

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

No United Kingdom stamp duty should be payable on the issue by the Company of New Ordinary Shares. No stamp duty or stamp duty reserve tax should be payable on transactions in eligible shares traded on AIM where the shares are not also listed on a recognised stock exchange.

**Shareholders and/or potential investors who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the UK, should immediately consult a suitable professional adviser.**

## **NOTICE OF GENERAL MEETING**

### **HELIOS UNDERWRITING PLC**

*(Incorporated and registered in England and Wales with registered number 05892671)*

**NOTICE IS HEREBY GIVEN** that a General Meeting of Helios Underwriting Plc (the "Company") will be held at the offices of Holman Fenwick Willan LLP, Friary Court, 65 Crutched Friars, London EC3N 2AE at 11.00 a.m. on 27 October 2016 for the purpose of considering and, if thought fit, passing the following Resolutions, of which Resolutions 1 and 2 will be proposed as Ordinary Resolutions and Resolutions 3, 4 and 5 will be proposed as Special Resolutions:

### **ORDINARY RESOLUTIONS**

1. That the directors of the Company be and they are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "2006 Act") to exercise all the powers of the Company to allot ordinary shares in the Company and grant rights to subscribe for, or convert any security into, shares in the Company up to an aggregate nominal amount of £212,425.90 in connection with the Open Offer (as such terms are defined in the circular to the Company's shareholders dated 10 October 2016 of which this notice forms part (the "Circular")). This authority shall expire immediately following Admission (as defined in the Circular).
2. That, subject to the passing of, and in addition to the authority granted under resolution 1 above, the directors of the Company be and they are hereby generally and unconditionally authorised for the purposes of section 551 of the 2006 Act to exercise all the powers of the Company to allot shares and grant rights to subscribe for, or convert any security into, shares:
  - (a) up to an aggregate nominal amount of £541,518 (such amount being equal to approximately 33.33 per cent. of the Enlarged Share Capital, as defined in the Circular); and
  - (b) comprising equity securities (as defined in section 560 of the 2006 Act) up to an aggregate nominal amount of £1,083,036 (such amount to be reduced by the nominal amount allotted or granted from time to time under (a) above) in connection with or pursuant to an offer or invitation by way of rights issue, being an offer or invitation of equity securities open for acceptance for a period fixed by the directors in favour of:
    - (i) holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment; and
    - (ii) holders of any other class of equity securities entitled to participate therein or, if the directors consider it necessary, as permitted by the rights of those securities,

but subject to such exclusions or other arrangements as the directors may consider necessary or appropriate to deal with fractional entitlements, treasury shares, record dates or legal, regulatory or practical difficulties which may arise under the laws of, or the requirements of, any regulatory body or stock exchange in any territory or any other matter whatsoever.



The authorities in resolutions 1 and 2 above shall be in substitution for and shall replace any existing authorities to the extent not utilised at the date these resolutions are passed. The authority in resolution 2 shall expire at the conclusion of the next annual general meeting of the Company or 30 June 2017 (whichever is earlier) save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or rights to be granted after such expiry and the directors may allot shares, or grant rights to subscribe for or convert any security into shares, in pursuance of any such offer or agreement as if the authorities conferred hereby had not expired.

### **SPECIAL RESOLUTIONS**

3. That, subject to the passing of resolution 1 above, the directors of the Company be and they are hereby empowered pursuant to section 570 of the 2006 Act to allot equity securities (as defined in section 560 of the 2006 Act) of the Company for cash pursuant to the authority conferred by resolution 1 above in connection with the Open Offer (as defined in the Circular) as if section 561 of the 2006 Act did not apply to any such allotment provided that this power shall be limited to an aggregate nominal amount of £212,425.90. This power shall expire immediately following Admission (as defined in the Circular).
4. That, subject to the passing of resolution 2 above, the directors of the Company be and they are hereby empowered pursuant to section 570, in addition to any power granted under Resolution 3, of the 2006 Act to allot equity securities (as defined in section 560 of the 2006 Act) of the Company for cash and/or to sell treasury shares for cash pursuant to the authorities conferred by resolution 2 as if section 561 of the 2006 Act did not apply to any such allotment or sale, provided that this power shall be limited to:
  - (a) the allotment of equity securities for cash in connection with or pursuant to an offer or invitation (but in the case of the authority granted under resolution 2(b), by way of a rights issue (within the meaning set out in resolution 2(b)) only) in favour of holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment (and holders of any other class of equity securities entitled to participate therein or, if the directors consider it necessary, as permitted by the rights of those securities) but subject to such exclusions or other arrangements as the directors may deem necessary or appropriate to deal with fractional entitlements, treasury shares, record dates, or legal, regulatory or practical difficulties which may arise under the laws of, or the requirements of, any regulatory body or stock exchange in any territory or any other matter whatsoever; and
  - (b) the allotment of equity securities or sale of treasury shares for cash in the case of the authority granted under resolution 2(a) above, and otherwise than pursuant to paragraph (a) of this resolution, up to an aggregate nominal amount of £81,228 (such amount being equal to approximately 5 per cent. of the Enlarged Share Capital, as defined in the Circular).

This power shall expire at the conclusion of the next annual general meeting of the Company or 30 June 2017 (whichever is earlier) save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted or treasury shares to be sold after such expiry and the directors may allot the relevant securities and sell treasury shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

5. That, subject to the passing of resolution 2 above, the directors of the Company be and they are hereby empowered pursuant to section 570 of the 2006 Act, in addition to any power granted under Resolutions 3 and 4, to allot equity securities (as defined in section 560 of the 2006 Act) of the Company for cash and/or to sell treasury shares for cash pursuant to the authorities conferred by resolution 2 as if section 561 of the 2006 Act did not apply to any such allotment or sale, provided that this power shall:
- (a) be limited to the allotment of equity securities or sale of treasury shares for cash in the case of the authority granted under resolution 2(a) above up to an aggregate nominal amount of £81,228 (such amount being equal to approximately 5 per cent. of the Enlarged Share Capital, as defined in the Circular); and
  - (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the board of directors of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice.

This power shall expire at the conclusion of the next annual general meeting of the Company or 30 June 2017 (whichever is earlier) save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted or treasury shares to be sold after such expiry and the directors may allot the relevant securities and sell treasury shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

Dated: 10 October 2016

By order of the Board

Martha Bruce  
*Company Secretary*

*Notes:*

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. If a member appoints more than one proxy in relation to the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by that member.
2. To appoint as a proxy a person other than the chairman of the meeting, a member must insert the proxy's full name in the box on the proxy form. If a member signs and returns a proxy form with no name inserted in the box, the chairman of the meeting will be deemed to be the member's proxy. Where a member appoints as a proxy someone other than the chairman, the member is responsible for ensuring that the proxy attends the meeting and is aware of the member's voting intentions. If a member wishes a proxy to make any comments on the member's behalf, the member will need to appoint someone other than the chairman and give them the relevant instructions directly.
3. A member which is a corporation is entitled to appoint one or more corporate representatives to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual member. If a member which is a corporation appoints more than one corporate representative in relation to the meeting, each representative must exercise the rights attached to a different share or shares held by that member. In the case of a member which is a corporation, the proxy form must be executed under the corporation's common seal or signed on its behalf by a duly authorised officer of the corporation or an attorney for the corporation.

4. A Form of Proxy is enclosed. To be valid, the Form of Proxy (and any power of attorney or other authority (if any) under which it is signed) must be duly completed and signed and deposited at the office of the Company's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen B63 3DA not less than 48 hours (excluding non-working days) before the time for holding the meeting (or any adjourned meeting). Completion of a Form of Proxy does not preclude a member from attending and voting in person at the meeting if (s)he so wishes.
5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members entered in the Company's register of members at 6.00 p.m. on 25 October 2016 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at that time. Changes in the Company's register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting. If the meeting is adjourned, only those members entered in the Company's register of members as at 6.00 p.m. on the day two days (excluding non-working days) before the date of the adjourned meeting shall be entitled to attend and vote at the adjourned meeting.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on 27 October 2016 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's Receiving Agent, Neville Registrars Limited (CREST Participant ID: 7RA11), no later than 48 hours (excluding non-working days) before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
8. CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
10. You may not use any electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided in this notice or in any related documents to communicate with the Company for any purposes other than those expressly stated.
11. Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your reference number (as attributed to you by the Company or its registrars). The Company determines the purposes for which, and the manner in which, your personal data is to be processed. The Company and any third party to which it discloses the data (including the Company's registrars) may process your personal data for the purposes of compiling and updating the Company's records, fulfilling its legal obligations and processing the shareholder rights you exercise.
12. As at 6 October 2016 (being the last practicable date prior to the publication of this notice), the Company's issued share capital consisted of 14,121,297 ordinary shares of 10 pence each, carrying one vote per share, and there are no shares held by the Company in treasury. Therefore, the total voting rights in the Company as at 6 October 2016 were 14,121,297.