

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek immediately your own personal financial advice from your independent financial adviser, stockbroker, bank manager, solicitor, accountant, or from another appropriately qualified and duly authorised independent adviser.

If you have sold or transferred all your shares in BH Macro Limited, please send this document, together with the accompanying Tender Form(s) and Form(s) of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Tender Form(s) and any accompanying documents should not, however, be forwarded or transmitted in or into the United States, Canada, Australia or Japan.

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

**IF YOU DO NOT WISH TO TENDER ANY OF YOUR SHARES DO NOT COMPLETE OR RETURN A TENDER FORM OR SUBMIT A TTE INSTRUCTION IN CREST.**

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## **BH MACRO LIMITED**

*(an authorised closed-ended collective investment scheme established as a company with limited liability under the laws of Guernsey with registration number 46235)*

### **Tender Offer and Notice of Extraordinary General Meeting**

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Notice of an Extraordinary General Meeting of the Company to be held at 2.00 p.m. on 24 May 2016 is set out at the end of this document. Shareholders are requested to return the Form(s) of Proxy accompanying this document for use at the Extraordinary General Meeting. To be valid, the Form(s) of Proxy must be completed and returned in accordance with the instructions printed thereon so as to be received by Computershare Investor Services (Guernsey) Ltd, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and, in any event, not later than 2.00 p.m. on 20 May 2016. The Form(s) of Proxy may also be sent to Computershare Investor Services (Guernsey) Ltd either by fax at +44(0)370 703 6322 or by email at

externalproxyqueries@computershare.co.uk. If you own more than one class of Shares, you will need to complete and return a Form of Proxy for the Extraordinary General Meeting in respect of each class of Shares that you own. **PLEASE COMPLETE AND RETURN A FORM OF PROXY.**

The Tender Offer will close at 5.00 p.m. on 20 May 2016 and will only be available to Eligible Shareholders on the Register at the close of business on the Record Date.

Eligible Shareholders who hold their Shares in certificated form and who wish to tender Shares for purchase by the Company under the Tender Offer should ensure that their completed Tender Forms are returned to the Receiving Agent by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received by no later than 5.00 p.m. on 20 May 2016. Eligible Shareholders who hold their Shares in certificated form should also return their Share certificate(s) and/or other document(s) of title in respect of the Shares tendered.

Eligible Shareholders who hold Shares in uncertificated form (that is, in CREST) should not return the Tender Form and should arrange for the Shares tendered to be transferred into escrow as described in paragraph 4 of Part III of this document.

In light of the Tender Offer, the Company is suspending the ability for Shareholders to convert their Shares from one class to another in respect of the April and May 2016 share conversion dates. Conversions received in respect of the March 2016 share conversion date will be processed as normal. See Part III of this document for further details.

Eligible Shareholders who own US Dollar Shares through an account on Nasdaq Dubai and who wish to participate in the Tender Offer should inform their Dubai brokerage house or custodian that is a business partner in the Nasdaq Dubai CSD (the "Business Partner") so as to ensure that the relevant settlement instruction is submitted to the Receiving Agent by no later than 5.00 p.m. on 20 May 2016. Overseas Shareholders should also note the provisions of paragraph 11 of Part III of this document. In addition, such persons who wish to attend the Extraordinary General Meeting or to exercise the voting rights attached to interests in Shares held by them at the Extraordinary General Meeting should inform their Business Partner at least 10 full days before the Extraordinary General Meeting, after which they will receive an attendance ticket and proxy card.

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

**Your attention is drawn to the letter from the Chairman of BH Macro Limited which is set out in Part 1 of this document and which recommends that you vote in favour of the Resolution to be proposed at the Extraordinary General Meeting. Your attention is also drawn to the section entitled "Risk Factors" on page 7 of this document and "Action to be Taken" on page 16 of this document.**

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## Expected Timetable

Latest time and date for receipt of Tender Forms	5.00 p.m. on 20 May 2016
Record Date for Tender Offer	the close of business on 20 May 2016
Latest time and date for receipt of Forms of Proxy for the Extraordinary General Meeting	2.00 p.m. on 20 May 2016
Extraordinary General Meeting	2.00 p.m. on 24 May 2016
Results of Extraordinary General Meeting announced	24 May 2016
NAV Determination Date (being the date of the NAVs on which the Tender Prices are based)	31 May 2016
Results of Tender Offer announced	3 June 2016
Final Tender Price(s) for each class of Share and repurchase date for successfully tendered Shares announced	Final week of June 2016
Settlement through CREST of, and despatch of cheques for, the Tender Offer consideration, as appropriate	by 8 July 2016

*All references are to London time.*

*The dates set out in the expected timetable may be adjusted by J.P. Morgan Cazenove, with the consent of the Board, in which event details of the new dates will be notified to Shareholders via an announcement made by the Company through a Regulatory Information Service.*

## Documents Accompanying this Circular

Accompanying this document is a Form of Proxy and a Tender Form for each class of Shares of the Company that you hold.

**IF YOU DO NOT WISH TO TENDER ANY OF YOUR SHARES, DO NOT COMPLETE OR RETURN THE TENDER FORM(S) OR SUBMIT A TTE INSTRUCTION IN CREST.**

**YOU SHOULD READ THE WHOLE OF THIS DOCUMENT, WHICH CONTAINS THE MATERIAL TERMS OF THE TENDER OFFER, AND NOT JUST THIS SECTION WHEN DECIDING WHAT ACTION TO TAKE.**

### ***To vote on the Tender Offer:***

Complete and return the Form(s) of Proxy for the EGM to Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and by no later than 2.00 p.m. on 20 May 2016 and/or attend and vote at the EGM on 24 May 2016.

### ***To tender your Shares that are held in certificated form under the Tender Offer:***

**To tender Sterling Shares:** Complete and return the Sterling Tender Form to the Receiving Agent at Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, as soon as possible and by no later than 5.00 p.m. on 20 May 2016.

**To tender Euro Shares:** Complete and return the Euro Tender Form to the Receiving Agent at Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, as soon as possible and by no later than 5.00 p.m. on 20 May 2016.

**To tender US Dollar Shares:** Complete and return the US Dollar Tender Form to the Receiving Agent at Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, as soon as possible and by no later than 5.00 p.m. on 20 May 2016.

### ***To tender your Shares that are held in uncertificated form (that is, in CREST) under the Tender Offer:***

You should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) a TTE Instruction to Euroclear, which must be properly authenticated in accordance with Euroclear's specification and which must contain, in addition to other information that is required for the TTE Instruction to settle in CREST, the following details:

- the corporate action number of the Tender Offer. This is allocated by Euroclear and will be available on screen from Euroclear;
- the number of Shares to be transferred to an escrow balance;
- your Member Account ID;
- your Participant ID;
- the Participant ID of the escrow agent in its capacity as a CREST receiving agent. This is 3RA44;
- the Member Account ID of the escrow agent. This is: BHBASE01 to elect for the Base Tender Price (as defined further below on page 11 of this document), BH7NAV02 to elect for the seven per cent. discount to NAV, BH6NAV03 to elect for the six per cent. discount to NAV, BH5NAV04 to elect for the five per cent. discount to NAV and BH4NAV05 to elect for the Maximum Tender Price (as defined further below on page 11 of this document);
- the intended settlement date for the transfer to escrow. This should be as soon as possible and, in any event, by no later than 5.00 p.m. on 20 May 2016;
- the ISIN of the Shares, which is GG00B1NP5142 for the Sterling Shares, GG00B1NPGZ52 for the Euro Shares and GG00B1NPGV15 for the US Dollar Shares;
- input with the standard delivery instruction, priority 80; and
- a contact name and telephone number in the shared note field.

***Eligible Shareholders holding US Dollar Shares through Nasdaq Dubai accounts***

Eligible Shareholders who own US Dollar Shares through an account on Nasdaq Dubai and who wish to participate in the Tender Offer should inform their Business Partner so as to ensure that the relevant settlement instruction is submitted by the Business Partner to the Receiving Agent by no later than 5.00 p.m. on 20 May 2016. In addition, such persons who wish to attend the Extraordinary General Meeting or to exercise the voting rights attached to interests in Shares held by them at the Extraordinary General Meeting should inform their Business Partner at least 10 full days before the Extraordinary General Meeting, as appropriate, after which they will receive an attendance ticket and proxy card.

Full details of the action to be taken are set out in this document and in the instructions on the respective forms. **YOU SHOULD READ THE WHOLE OF THIS DOCUMENT, WHICH CONTAINS THE MATERIAL TERMS OF THE TENDER OFFER, AND NOT JUST THIS SECTION WHEN DECIDING WHAT ACTION TO TAKE.** The attention of Overseas Shareholders is drawn to the section headed "Overseas Shareholders" in paragraph 11 of Part III of this document.

If you have any queries in relation to your shareholding(s), please contact Computershare Investor Services PLC by telephone on 0370 707 4040 or, if calling from outside the UK, on +44 370 707 4040. Computershare Investor Services PLC can only provide information regarding the completion of forms and cannot provide you with advice on the Tender Offer or provide any personal, legal, financial or tax advice.

## Risk Factors

In considering whether to vote in favour of the Resolution and whether to tender Shares pursuant to the Tender Offer, Shareholders should have regard to the following risk factors. This list of risk factors is not exhaustive.

- Eligible Shareholders should note that tenders in respect of their Basic Entitlement may not be satisfied in whole or in part unless they are made at the Base Tender Price.
- The Tender Offer is subject to certain conditions (principally the need for Shareholder approval), the non-fulfilment of which would mean that the Tender Offer cannot be implemented and that the Company would have to bear the abortive costs.
- A Tender Form or TTE Instruction, once submitted, may only be withdrawn with the consent of the Company.
- The Company has suspended all Share conversions pending completion of the Tender Offer and, as a result, Shareholders will not be able to convert Shares from one class to another pending completion of the Tender Offer.
- As with all listed investment company shares, the market price of the Shares may not reflect their underlying Net Asset Value and the discount (or premium) to Net Asset Value at which Shares trade may fluctuate from day to day, depending on factors such as supply and demand, market conditions and general investor sentiment and may alter significantly during the time in which the Company is conducting the Tender Offer including between the time when Tender Forms or TTE Instructions are submitted and the date on which sale and purchase transactions are expected to take place, 8 July 2016.
- Notwithstanding the existence of share buy-back powers and other discount management measures, there is no guarantee that the market price of the Shares will fully reflect their underlying Net Asset Value.
- Shareholders should be aware that past performance is not necessarily indicative of likely future performance.
- The market for Shares may be less liquid once the Tender Offer is completed.
- Securities laws in certain jurisdictions, in particular the United States, Canada, Australia and Japan, may prevent certain Shareholders from participating in the Tender Offer. For more information, please refer to the section entitled "Overseas Shareholders" in Part III of this document.
- Following the completion of the Tender Offer the Company will have a smaller number of Shares in issue and, as a result, the Company's fixed costs will be shared across a smaller number of Shares resulting in higher costs per Share for Shareholders.

## Part I - Letter from the Chairman

**IF YOU DO NOT WISH TO TENDER ANY OF YOUR SHARES DO NOT COMPLETE  
OR RETURN A TENDER FORM OR SUBMIT A TTE INSTRUCTION.**

### **BH Macro Limited**

*(an authorised closed-ended collective investment scheme established as a company  
with limited liability under the laws of Guernsey with registration number 46235)*

*Directors:*

Ian Plenderleith (Chairman)  
Huw Evans  
Christopher Legge  
Colin Maltby  
Claire Whittet

*Registered office:*

PO Box 255  
Trafalgar Court,  
Les Banques,  
St Peter Port, Guernsey  
GY1 3QL

27 April 2016

### **Tender Offer and Notice of Extraordinary General Meeting**

Dear Shareholder,

This document provides details of the Tender Offer announced by the Company on 5 April 2016 to acquire up to 25 per cent. of the issued Shares of each class of the Company and the terms on which the Tender Prices payable under the Tender Offer will be determined.

The specific attention of Shareholders is drawn to the pricing structure for the Tender Offer, as described further below.

The Tender Offer requires the consent of Shareholders at the Extraordinary General Meeting, notice of which is included at the end of this document.

This document also provides details of how Eligible Shareholders can tender their Shares for purchase should they wish to do so.

#### **Performance of the Company**

In the period since the Company's launch to 31 March 2016, the three currency classes of Shares have recorded rises in NAV as follows: the NAV of the US Dollar Shares has risen 102.59 per cent., for the Euro Shares 104.72 per cent. and for the Sterling Shares 111.08 per cent. These figures are unaudited.

The mid-market share price for each class of Shares as at the close of business on the Latest Practicable Date was \$18.68 for the US Dollar Shares, €18.91 for the Euro Shares and £19.54 for the Sterling Shares.



The discount to the last published NAV at which the Shares were trading as at the close of business on the Latest Practicable Date was 7.9 per cent. for the US Dollar Shares, 7.7 per cent. for the Euro Shares and 7.6 per cent. for the Sterling Shares.

The average discount at which the Shares have traded in the past 12 months is 5.2 per cent. for the US Dollar Shares, 5.5 per cent. for the Euro Shares and 5.3 per cent. for the Sterling Shares (Source: Datastream).

### BH Macro Limited NAV per Share – Percentage Monthly Change

USD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007	-	-	0.10	0.90	0.15	2.29	2.56	3.11	5.92	0.03	2.96	0.75	20.27
2008	9.89	6.70	(2.79)	(2.48)	0.77	2.75	1.13	0.75	(3.13)	2.76	3.75	(0.68)	20.32
2009	5.06	2.78	1.17	0.13	3.14	(0.86)	1.36	0.71	1.55	1.07	0.37	0.37	18.04
2010	(0.27)	(1.50)	0.04	1.45	0.32	1.38	(2.01)	1.21	1.50	(0.33)	(0.33)	(0.49)	0.91
2011	0.65	0.53	0.75	0.49	0.55	(0.58)	2.19	6.18	0.40	(0.76)	1.68	(0.47)	12.04
2012	0.90	0.25	(0.40)	(0.43)	(1.77)	(2.23)	2.36	1.02	1.99	(0.36)	0.92	1.66	3.86
2013	1.01	2.32	0.34	3.45	(0.10)	(3.05)	(0.83)	(1.55)	0.03	(0.55)	1.35	0.40	2.70
2014	(1.36)	(1.10)	(0.40)	(0.81)	(0.08)	(0.06)	0.85	0.01	3.96	(1.73)	1.00	(0.05)	0.11
2015	3.14	(0.60)	0.36	(1.28)	0.93	(1.01)	0.32	(0.78)	(0.64)	(0.59)	2.36	(3.48)	(1.42)
2016	0.71	0.73	(1.77)										(0.35)

EUR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007	-	-	0.05	0.70	0.02	2.26	2.43	3.07	5.65	(0.08)	2.85	0.69	18.95
2008	9.92	6.68	(2.62)	(2.34)	0.86	2.84	1.28	0.98	(3.30)	2.79	3.91	(0.45)	21.65
2009	5.38	2.67	1.32	0.14	3.12	(0.82)	1.33	0.71	1.48	1.05	0.35	0.40	18.36
2010	(0.30)	(1.52)	0.03	1.48	0.37	1.39	(1.93)	1.25	1.38	(0.35)	(0.34)	(0.46)	0.93
2011	0.71	0.57	0.78	0.52	0.65	(0.49)	2.31	6.29	0.42	(0.69)	1.80	(0.54)	12.84
2012	0.91	0.25	(0.39)	(0.46)	(1.89)	(2.20)	2.40	0.97	1.94	(0.38)	0.90	1.63	3.63
2013	0.97	2.38	0.31	3.34	(0.10)	(2.98)	(0.82)	(1.55)	0.01	(0.53)	1.34	0.37	2.62
2014	(1.40)	(1.06)	(0.44)	(0.75)	(0.16)	(0.09)	0.74	0.18	3.88	(1.80)	0.94	(0.04)	(0.11)
2015	3.34	(0.61)	0.40	(1.25)	0.94	(0.94)	0.28	(0.84)	(0.67)	(0.60)	2.56	(3.22)	(0.77)
2016	0.38	0.78	(1.56)										(0.42)

GBP	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007	-	-	0.11	0.83	0.17	2.28	2.55	3.26	5.92	0.04	3.08	0.89	20.67
2008	10.18	6.86	(2.61)	(2.33)	0.95	2.91	1.33	1.21	(2.99)	2.84	4.23	(0.67)	23.25
2009	5.19	2.86	1.18	0.05	3.03	(0.90)	1.36	0.66	1.55	1.02	0.40	0.40	18.00
2010	(0.23)	(1.54)	0.06	1.45	0.36	1.39	(1.96)	1.23	1.42	(0.35)	(0.30)	(0.45)	1.03
2011	0.66	0.52	0.78	0.51	0.59	(0.56)	2.22	6.24	0.39	(0.73)	1.71	(0.46)	12.34
2012	0.90	0.27	(0.37)	(0.41)	(1.80)	(2.19)	2.38	1.01	1.95	(0.35)	0.94	1.66	3.94
2013	1.03	2.43	0.40	3.42	(0.08)	(2.95)	(0.80)	(1.51)	0.06	(0.55)	1.36	0.41	3.09
2014	(1.35)	(1.10)	(0.34)	(0.91)	(0.18)	(0.09)	0.82	0.04	4.29	(1.70)	0.96	(0.04)	0.26
2015	3.26	(0.58)	0.38	(1.20)	0.97	(0.93)	0.37	(0.74)	(0.63)	(0.49)	2.27	(3.39)	(0.86)
2016	0.60	0.70	(1.78)										(0.50)

Source: BH Macro Limited's NAV data is provided by its Administrator, Northern Trust International Fund Administration Services (Guernsey) Limited. Data calculations made by Brevan Howard Capital Management LP ("BHCM"); performance data is unaudited and shown net of all fees and expenses as at 31 March 2016.

The Company's investment strategy has proven successful since its launch, as illustrated by the figures above. Since its inception, the Company has a track record of preserving Shareholders' capital and achieving a positive return, uncorrelated with other markets and with low volatility.

The Manager remains confident in the ability of the Master Fund and its investment strategies to deliver future growth for the Company and Shareholders and remains strongly committed to supporting the Company as a listed feeder fund into the Master Fund.

### **Principal objectives of the Tender Offer**

The principal objectives of the Board in pursuing the Tender Offer are as follows:

- to provide Eligible Shareholders with an opportunity for more liquidity than is offered by on-market purchases by the Company of its own Shares;
- to permit those Eligible Shareholders who wish to realise some (or possibly all) of their investment in the Company to do so, subject to the terms of the Tender Offer and the extent to which Eligible Shareholders of each class of Shares tender their Shares; and
- to enhance the NAV per Share for continuing Shareholders of each class of Shares which are repurchased pursuant to the Tender Offer.

The Board estimates that the Company's present liquidation value would be in the range of 95 to 96 per cent. of its current NAV which is, largely, influenced by the fact that the Company's management agreement with the Manager would terminate upon the liquidation of the Company. Upon such termination the Company will be required to pay to the Manager an amount equal to the aggregate management fee which would have been payable to the Manager in the 24 months following the date of the Company giving notice to the Manager of a winding-up resolution having been passed by Shareholders (such amount being calculated by reference to the prevailing NAV of the Company immediately prior to the termination of the agreement) together with any accrued performance fee in respect of the current calculation period.

The Tender Price Increments have been set taking account of both the Company's probable liquidation value and the approximate discounts to net asset value at which the Shares have traded in the past 12 months.

The Tender Price Increments have also been calculated to ensure that continuing Shareholders are not unduly prejudiced should they choose not to participate in the Tender Offer whilst taking into account a reasonable estimate of the costs of implementing the Tender Offer. The Board believes that continuing Shareholders should receive an uplift in NAV following completion of the Tender Offer.

### **The Tender Offer**

The purpose of this letter is to set out the detailed terms of the Tender Offer and to seek Shareholders' authority to implement the Tender Offer. The Resolution to be proposed at the Extraordinary General Meeting to effect the Tender Offer is a special resolution, which requires not less than three-quarters of the votes cast on the Resolution by those

Shareholders attending in person or by proxy to be in favour. If Shareholders fail to pass the Resolution by the requisite majority, the Tender Offer will not be completed.

The Tender Offer is subject to certain conditions set out in paragraph 2 of Part III of this document. In addition, the Tender Offer may be suspended or terminated in certain circumstances, as set out in paragraphs 2 and 10 of Part III of this document.

The Board has arranged for the Tender Offer to be made for 25 per cent. of each class of the Company's issued share capital to enable those Eligible Shareholders who wish to realise their Shares in the Company to do so at a price which is close to the discounts to Net Asset Value at which the Shares have traded in the past 12 months, whilst ensuring that continuing Shareholders who do not wish to tender their Shares are not disadvantaged.

Eligible Shareholders may tender any number of their holdings of each class of Shares in the Tender Offer but the extent to which an application is successful or scaled back will depend on the number of Shares tendered at each Tender Price Increment, as described below.

The maximum number of Shares of each class to be acquired under the Tender Offer will be 7,812,223 Sterling Shares, 861,331 Euro Shares and 3,805,094 US Dollar Shares, representing 25 per cent. of each class of Shares in issue as at the Latest Practicable Date (the "Available Shares").

### **Pricing of the Tender Offer**

Eligible Shareholders wishing to tender their Shares in the Tender Offer can choose to tender their Shares for repurchase at one or more incremental Tender Prices (the "Tender Price Increments").

Eligible Shareholders will not be permitted to tender the same Shares at multiple Tender Price Increments but will be permitted to split their Shares and tender separate blocks of Shares at multiple Tender Price Increments.

Eligible Shareholders will not be able to tender any Shares in excess of their total shareholding as at the Record Date (their "Eligible Shares") and J.P. Morgan Cazenove will not accept any tenders in respect of Shares that are in excess of each Eligible Shareholder's Eligible Shares.

If any Eligible Shareholder tenders Shares in excess of its Eligible Shares J.P. Morgan Cazenove will only fulfil such a request up to the maximum number of that Eligible Shareholder's Eligible Shares. J.P. Morgan Cazenove will accept such tenders, in accordance with the process detailed below, taking the Shares offered at the lowest Tender Price Increment first until such time as tenders have been accepted in respect of all of the Eligible Shareholder's Eligible Shares.

The lowest Tender Price Increment represents a discount of eight per cent. to the Net Asset Value per Share of each class on the NAV Determination Date (the "Base Tender Price").

The highest Tender Price represents a discount of four per cent. to the Net Asset Value per Share of each class on the NAV Determination Date (the "Maximum Tender Price").

Between the Base Tender Price Increment and the Maximum Tender Price, the Tender Price Increments increase in three steps, at a discount to the relevant NAV of seven per cent., six per cent. and five per cent. respectively.

Successful tenders will be determined as follows:

- The number of tenders received in respect of the Base Tender Price for each class of Shares will be determined.
- All Eligible Shareholders of the relevant class tendering up to 25 per cent. of their holding of the relevant class of Shares (the “Basic Entitlement”) at the Base Tender Price will have their tender satisfied in full.
- Eligible Shareholders tendering more than their Basic Entitlement (“Excess Applications”) at the Base Tender Price will have their Excess Applications satisfied if there are sufficient remaining Available Shares and such Available Shares shall be apportioned to Eligible Shareholders pro rata to their Excess Applications should other Eligible Shareholders not tender the full amount of their Basic Entitlement at the Base Tender Price and as a result of certain Overseas Shareholders not being permitted to participate in the Tender Offer.
- To the extent that the Company does not receive valid tenders for all Available Shares at the Base Tender Price, the same process (as set out above) will be followed in respect of tenders made at the next highest Tender Price Increment.
- This process will be repeated at each subsequent higher Tender Price Increment until the point at which tenders have been satisfied in respect of all Available Shares or the Maximum Tender Price has been reached.
- To the extent that there are insufficient Available Shares to satisfy all tenders at a particular Tender Price Increment, tenders will be satisfied as follows:
  - first, tenders will be considered from all Eligible Shareholders that have not already had 25 per cent. of their Shares accepted for tender. Provided that sufficient Available Shares remain, all such tenders will be accepted up to such a level as would result in each such Eligible Shareholder receiving its Basic Entitlement. If there remain insufficient Available Shares for this purpose, then all such Available Shares shall be apportioned to Eligible Shareholders pro rata to their remaining Basic Entitlement; and
  - second, the remaining Available Shares shall be apportioned to Eligible Shareholders pro rata to their Excess Applications.
- An Eligible Shareholder which has already had its Basic Entitlement accepted for tender at a Tender Price Increment will only be able to participate at a higher Tender Price Increment to the extent it has tendered Shares at such Tender Price Increment and only once other Eligible Shareholders tendering at that Tender Price Increment have received all of their Basic Entitlement.
- For the avoidance of doubt, an Eligible Shareholder will not have a Basic Entitlement accepted at each Tender Price Increment at which Shares are accepted for tender by J.P. Morgan Cazenove.

### Illustrative example

The information set out in the example below is for illustrative purposes only and does not constitute a forecast or any representation or warranty as to the effects of the Tender Offer on Shareholders.

Assumptions:

- The Company has an issued share capital of 500 shares.
- Each of the Eligible Shareholders A, B, C, D and E hold 100 shares.
- A total of 125 shares are available under the Tender Offer (i.e. 25 per cent. of 500).
- The Basic Entitlement of each Eligible Shareholder is 25 shares (25 per cent. of their respective holdings).
- The individual Eligible Shareholders tender the number of Shares at the five Tender Price Increments as set out in the table below.

Tender Price Increment	Eligible Shareholder					Total per band	Cumulative Total
	A	B	C	D	E		
Base Tender Price (eight per cent.)	25	-	25	-	-	50	50
Seven per cent.	25	25	-	10	-	60	110
Six per cent.	15	10	-	10	-	35	145
Five per cent.	15	-	-	5	25	45	190
Maximum Tender Price (four per cent.)	20	-	-	-	-	20	210
<b>Total number of Shares tendered by each Eligible Shareholder</b>	100	35	25	25	25	-	-

The above example would result in the following:

- All of the 50 Shares tendered at the Base Tender Price Increment are satisfied in full.
- All of the 60 Shares tendered at the seven per cent. Tender Price Increment are satisfied in full.
- Before the maximum number of Available Shares is reached, a further 15 Shares are available to satisfy tenders at the six per cent. Tender Price Increment. As the tender of 10 Shares by Shareholder D at this Tender Price Increment uses less than that Shareholder's remaining Basic Entitlement this tender is satisfied in full. The remaining five Shares are then allocated between the other Eligible Shareholders tendering at this Tender Price Increment - Shareholder A and Shareholder B pro rata to their applications. As a result, Shareholder A receives three Shares and Shareholder B receives two Shares.

Accordingly, the final position would be as follows:

- Shareholder A tenders 100 Shares and 53 are accepted for tender; 25 Shares at the Base Tender Price, 25 Shares at the seven per cent. Tender Price Increment and three Shares at the six per cent. Tender Price Increment.
- Shareholder B tenders 35 Shares and 27 are accepted for tender; 25 Shares at the seven per cent. Tender Price Increment and two Shares at the six per cent. Tender Price Increment.
- Shareholder C tenders 25 Shares and all of these Shares are accepted for tender at the Base Tender Price.
- Shareholder D tenders 25 Shares and 20 are accepted for tender; 10 at the seven per cent. Tender Price Increment and 10 at the six per cent. Tender Price Increment.
- Shareholder E tenders 25 Shares but this tender is not satisfied at all as the tender is made at the five per cent. Tender Price Increment and the Available Shares are exhausted at the six per cent. Tender Price Increment.

**Eligible Shareholders should note, therefore, that the Company is unable to guarantee that tenders in respect of an Eligible Shareholder's Basic Entitlement will be satisfied in whole or in part unless they are made at the Base Tender Price.**

Basic Entitlements will be calculated by reference to registered shareholdings. No guarantee can be given that allocations will be made other than by reference to registered shareholdings, in particular in circumstances where Shares held by nominee Shareholders are tendered at multiple Tender Price Increments.

The Tender Offer is being made by J.P. Morgan Cazenove. J.P. Morgan Cazenove will, as principal, purchase the Shares tendered by means of on-market purchases and, following the completion of all those purchases, sell them to the Company.

All Shares acquired by the Company from J.P. Morgan Cazenove will be cancelled save to the extent that such Shares can be held in treasury in accordance with applicable

laws and regulations. The repurchase of Shares by the Company (and related costs) will be funded from cash resources generated by the realisation of part of the Company's investment in the Master Fund.

It should be noted that the Tender Offer is being made in addition to the Company's existing discount management measures. These are the ability to make market purchases of Shares, the partial capital return and the obligation to propose class closure resolutions if, in any 12 month period ending on 31 December in each year, the average daily closing market price of the relevant class of Shares during such period is 10 per cent. or more below the average NAV per Share of the relevant class taken over the 12 monthly NAV calculation dates in that 12 month period. No partial capital return will be made this year. The Board is committed to continuing with market purchases of Shares to the extent it considers appropriate and the class closure procedure will remain in place.

Shareholders' attention is drawn to the letter from J.P. Morgan Cazenove in Part II of this document and to the details set out in Part III of this document which, together with the Tender Form, constitute the terms and conditions of the Tender Offer. Details of how to tender Shares can be found in paragraph 4 of Part III of this document.

Eligible Shareholders who own US Dollar Shares through an account on Nasdaq Dubai and who wish to participate in the Tender Offer should read the section entitled "Procedure for US Dollar Shares held through an account on Nasdaq Dubai" in Part III of this document. In addition, such persons who wish to attend the Extraordinary General Meeting or to exercise the voting rights attached to interests in Shares held by them at the Extraordinary General Meeting should inform their Business Partner at least 10 full days before the Extraordinary General Meeting, as appropriate, after which they will receive an attendance ticket and proxy card.

**The Directors are making no recommendation to Eligible Shareholders as to whether they should tender Shares in the Tender Offer. Whether Eligible Shareholders decide to tender their Shares will depend, among other things, on their view of the Company's prospects and their own individual circumstances, including their tax position. Shareholders who are in any doubt as to the action they should take should consult an appropriate independent professional adviser.**

### **Share class conversions**

In light of the Tender Offer, the Company is suspending the ability for Shareholders to convert their Shares from one class to another in respect of the April and May 2016 share conversion dates. Conversions received in respect of the March 2016 share conversion date will be processed as normal.

### **Overseas Shareholders**

The Tender Offer is not available to certain Overseas Shareholders. The attention of Overseas Shareholders is drawn to paragraph 11 of Part III of this document.

### **Taxation**

Eligible Shareholders who sell Shares in the Tender Offer may, depending on their individual circumstances, incur a liability to taxation. The attention of Eligible Shareholders is drawn to Part IV of this document which sets out a general guide to certain aspects of current law and tax authority practice in respect of UK and Guernsey

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

### **Extraordinary General Meeting**

The implementation of the Tender Offer requires the approval of Shareholders. A notice convening an Extraordinary General Meeting of the Company, which is to be held at 2.00 p.m. on 24 May 2016, is set out at the end of this document. The quorum requirement for the Extraordinary General Meeting is not less than two Shareholders present in person or by proxy (or, in the case of a corporation, by a duly appointed representative).

The Resolution must be passed in order to enable the implementation of the Tender Offer.

The Resolution permits the Company to effect the Tender Offer so as to permit those Eligible Shareholders who wish to realise their investment (whether in whole or in part) to do so, subject to the terms of the Tender Offer and the extent to which Eligible Shareholders of each class tender their Shares.

### **Action to be Taken**

#### **(a) Form of Proxy**

You will find enclosed Form(s) of Proxy for use at the Extraordinary General Meeting. If you own more than one class of Shares, you will need to complete a Form of Proxy for the Extraordinary General Meeting in respect of each class of Shares that you own. Whether or not you intend to attend the Extraordinary General Meeting, you are urged to complete and return the Form(s) of Proxy as soon as possible. To be valid, the Form(s) of Proxy must be completed in accordance with the instructions printed thereon and lodged with Computershare Investor Services (Guernsey) Ltd, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible, but in any event not later than 2.00 p.m. on 20 May 2016. Forms of Proxy may also be sent by fax to +44(0) 370 703 6322 or by email to [externalproxyqueries@computershare.co.uk](mailto:externalproxyqueries@computershare.co.uk).

The lodging of a Form of Proxy will not prevent you from attending the Extraordinary General Meeting and voting in person if you so wish. If you have any queries relating to the completion of the Form(s) of Proxy, please contact the Receiving Agent at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. The Receiving Agent can only provide information regarding the completion of the Form(s) of Proxy and cannot provide you with advice on the Tender Offer or provide any personal, legal, financial, legal or tax advice.

Eligible Shareholders who own US Dollar Shares through an account on Nasdaq Dubai who wish to attend the Extraordinary General Meeting or to exercise the voting rights attached to interests in Shares held by them at the Extraordinary General Meeting should inform their Business Partner at least 10 full days before the Extraordinary General Meeting, as appropriate, after which they will receive an attendance ticket and proxy card.



## **(b) Tender Form**

Shareholders who wish to maintain their current shareholding in the Company should not complete or return a Tender Form or submit a TTE Instruction in CREST.

Only those Eligible Shareholders who wish to tender Shares and who hold their Shares in certificated form should complete and return a Tender Form. Those Eligible Shareholders who hold their Shares in uncertificated form do not need to complete or return a Tender Form.

Eligible Shareholders who wish to participate in the Tender Offer and hold their Shares in certificated form should complete the applicable Tender Form in accordance with the instructions set out therein and return the completed Tender Form to the Receiving Agent at Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours) to The Pavilions, Bridgwater Road, Bristol BS13 8AE, to arrive as soon as possible and by no later than 5.00 p.m. on 20 May 2016. There are different Tender Forms to use for each class of Shares being tendered, as stated on the front page of the Tender Forms. Please ensure that you use the correct Tender Form for the class of Shares you wish to tender.

Eligible Shareholders who wish to participate in the Tender Offer and hold their Shares in certificated form should also return their Share certificate(s) and/or other document(s) of title in respect of the Shares tendered with their Tender Form.

Eligible Shareholders who wish to tender Shares and hold their Shares in uncertificated form (that is, in CREST) should arrange for the relevant Shares to be transferred to escrow by means of a TTE Instruction as described in paragraph 4.2 of Part III of this document.

Eligible Shareholders who own US Dollar Shares through an account on Nasdaq Dubai and who wish to participate in the Tender Offer should inform their Business Partner so as to ensure that the relevant settlement instruction is submitted by the Business Partner to the Receiving Agent by no later than 5.00 p.m. on 20 May 2016.

### **Board Intention**

None of the Directors will be taking part in the Tender Offer.

### **Recommendation**

**The Board, which has been advised by J.P. Morgan Cazenove, considers that the Tender Offer is in the best interests of Shareholders as a whole.**

**Accordingly, the Board unanimously recommends Shareholders to vote in favour of the Resolution to be proposed at the Extraordinary General Meeting.**

**The Board makes no recommendation to Eligible Shareholders as to whether or not they should tender their Shares in the Tender Offer. Whether or not Eligible Shareholders decide to tender their Shares will depend, among other factors, on their view of the Company's prospects and their own individual circumstances, including their tax position.**

**You are requested to complete and return the enclosed Form(s) of Proxy without delay, whether or not you intend to attend the Extraordinary General Meeting.**

Yours faithfully

**Ian Plenderleith**  
*Chairman*

## Part II - Letter from J.P. Morgan Cazenove

25 Bank Street  
Canary Wharf  
London E14 5JP

27 April 2016

*To Shareholders of BH Macro Limited*

Dear Sir or Madam,

### **Tender Offer**

As explained in the letter from your Chairman in Part I of this document, Eligible Shareholders are being given the opportunity to tender some or all of their Shares for purchase in the Tender Offer. The purpose of this letter is to set out the principal terms and conditions of the Tender Offer.

J.P. Morgan Cazenove hereby invites Eligible Shareholders to tender Shares for purchase by J.P. Morgan Cazenove for cash at the applicable Tender Prices determined in accordance with the terms of the Tender Offer.

Eligible Shareholders may choose to tender their Shares for repurchase at one or more Tender Price Increments, starting with the Base Tender Price and rising up to the Maximum Tender Price. The Base Tender Price represents a discount of eight per cent. to the Net Asset Value per Share of each class on the NAV Determination Date and the Maximum Tender Price represents a discount of four per cent. to the Net Asset Value per Share of each class on the NAV Determination Date. Eligible Shareholders will not be able to tender any Shares in excess of their Eligible Shares and J.P. Morgan Cazenove will not accept any tenders in respect of Shares that are in excess of each Eligible Shareholder's Eligible Shares.

Successful tenders will be determined as follows:

- The number of tenders received in respect of the Base Tender Price for each class of Shares will be determined.
- All Eligible Shareholders of the relevant class tendering up to their Basic Entitlement at the Base Tender Price will have their tender satisfied in full.
- Eligible Shareholders tendering Excess Applications at the Base Tender Price will have their Excess Applications fulfilled if there are remaining Available Shares for such purpose and such Available Shares shall be apportioned to Eligible Shareholders pro rata to their Excess Applications should other Eligible Shareholders not tender the full amount of their Basic Entitlement at the Base Tender Price and as a result of certain Overseas Shareholders not being permitted to participate in the Tender Offer.
- To the extent that the Company does not receive valid tenders for all Available Shares at the Base Tender Price, the same process (as set out above) will be followed in respect of tenders made at the next highest Tender Price Increment.

- This process will be repeated at each subsequent higher Tender Price Increment until the point at which tenders have been satisfied in respect of all Available Shares or the Maximum Tender Price has been reached.
- To the extent that there are insufficient Available Shares to satisfy all tenders at a particular Tender Price Increment, tenders will be satisfied as follows:
  - first, tenders will be considered from all Eligible Shareholders that have not already had 25 per cent. of their Shares accepted for tender. Provided that sufficient Available Shares remain, all such tenders will be accepted up to such a level as would result in each such Eligible Shareholder receiving its Basic Entitlement. If there remain insufficient Available Shares for this purpose, then all such Available Shares shall be apportioned to Eligible Shareholders pro rata to their remaining Basic Entitlement; and
  - second, the remaining Available Shares shall be apportioned to Eligible Shareholders pro rata to their Excess Applications.
- An Eligible Shareholder which has already had its Basic Entitlement accepted for tender at a Tender Price Increment will only be able to participate at a higher Tender Price Increment to the extent it has tendered Shares at such Tender Price Increment and only once other Eligible Shareholders tendering at that Tender Price Increment have received all of their Basic Entitlement.
- For the avoidance of doubt, an Eligible Shareholder will not have a Basic Entitlement accepted at each Tender Price Increment at which Shares are accepted for tender by the Company.

**Eligible Shareholders should note, therefore, that the Company is unable to guarantee that tenders in respect of an Eligible Shareholder's Basic Entitlement will be satisfied in whole or in part unless they are made at the Base Tender Price.**

The Tender Offer is being made on the terms and subject to the conditions set out in Part III of this document.

The Tender Offer will be implemented only if the requisite approval of Shareholders is obtained in respect of the Resolution to be proposed at the Extraordinary General Meeting.

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

The Company has agreed to purchase the Shares purchased by J.P. Morgan Cazenove under the Tender Offer for the Tender Price pursuant to the Repurchase Agreement.

## **Procedure for tendering Shares**

Eligible Shareholders who wish to tender Shares and hold their Shares in certificated form should complete the applicable Tender Form for the relevant class in accordance with the instructions set out therein and return the completed Tender Form to the Receiving Agent at Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours) to The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received as soon as possible and, in any event, not later than 5.00 p.m. on 20 May 2016. Eligible Shareholders should at the same time return the Share certificate(s) and/or other document(s) of title in respect of any Shares tendered which are in certificated form.

Eligible Shareholders who wish to tender Shares and who hold their Shares in uncertificated form (that is, in CREST) should arrange for their Shares to be transferred into escrow as described in paragraph 4.2 of Part III of this document.

Only those Eligible Shareholders who hold their Shares in certificated form should complete and return a Tender Form. Those Eligible Shareholders who hold their Shares in uncertificated form do not need to complete or return a Tender Form.

Eligible Shareholders who own US Dollar Shares through an account on Nasdaq Dubai and who wish to participate in the Tender Offer should inform their Business Partner so as to ensure that the relevant settlement instruction is submitted by the Business Partner to the Receiving Agent by no later than 5.00 p.m. on 20 May 2016. See Part III of this document for further details.

Further details of the procedure for tendering are set out in paragraph 4 of Part III of this document and, in the case of certificated Shares, in the Tender Form.

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

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

J.P. Morgan Cazenove reserves the right to treat as valid Tender Forms or TTE Instructions which are not entirely in order and, in the case of Tender Forms, which are not accompanied by the relevant Share certificate(s) and/or other document(s) of title or a satisfactory indemnity in lieu thereof.

## **Overseas Shareholders**

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

## **Conditions**

The Tender Offer is conditional on the passing of the Resolution set out in the notice of Extraordinary General Meeting at the end of this document on 24 May 2016 or such later

date as the Company and J.P. Morgan Cazenove may determine. The Tender Offer is also conditional on the other matters described in paragraph 2.1 of Part III of this document.

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

If, in the Board's opinion, it is impractical or inappropriate, as a result of market conditions, to dispose of investments held by the Company or otherwise to raise finance to enable it to fund the repurchase of each of the Shares as are to be repurchased by it pursuant to the Repurchase Agreement without materially harming the interests of Shareholders as a whole or if the completion of the Tender Offer would have unexpected adverse fiscal consequences for the Company or its Shareholders, closing of the Tender Offer may be terminated or deferred by up to 10 Business Days. If the closing of the Tender Offer is deferred to a subsequent date and such circumstances continue to exist at that subsequent date, the Tender Offer will lapse on that date as described in paragraph 2 of Part III of this document.

### **Settlement**

Subject to the Tender Offer becoming unconditional, payment of the Tender Price due to Eligible Shareholders whose tenders under the Tender Offer have been accepted will be made (by cheque or payment through CREST, as appropriate) by 8 July 2016 or as soon as practicable thereafter, as described in paragraph 5 of Part III of this document.

### **Further Information**

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

Yours faithfully,

**William H. Simmonds**  
*Managing Director*  
*Corporate Finance*

## Part III - Terms and Conditions

### 1. The Tender Offer

- 1.1 All Eligible Shareholders on the Register as at the Record Date may tender Shares for purchase by J.P. Morgan Cazenove. J.P. Morgan Cazenove will purchase such Shares on the terms and subject to the conditions set out in this document and, in the case of Shares held in certificated form, the accompanying Tender Form(s) (which, together with this document, constitute the Tender Offer). **Eligible Shareholders are not obliged to tender any Shares.**
- 1.2 The Tender Offer is being made at the Tender Price for each class of Shares calculated in accordance with paragraph 3 of this Part III. The Company will calculate the Tender Price and the number of Shares successfully tendered at each Tender Price Increment and such calculations will be conclusive and binding on all Eligible Shareholders.
- 1.3 The consideration for each tendered Share acquired by J.P. Morgan Cazenove pursuant to the Tender Offer will be paid in accordance with the settlement procedures set out in paragraph 5 of this Part III.
- 1.4 Upon the Tender Offer becoming unconditional and unless the Tender Offer has been (and remains) suspended or has lapsed or has been terminated in accordance with the provisions of paragraph 2.2 of this Part III, J.P. Morgan Cazenove will accept the offers of Eligible Shareholders validly made in accordance with this Part III.
- 1.5 A maximum number of 7,812,223 Sterling Shares, representing 25 per cent. of the existing issued Sterling Shares as at the Latest Practicable Date, 861,331 Euro Shares, representing 25 per cent. of the existing issued Euro Shares as at the Latest Practicable Date and 3,805,094 US Dollar Shares, representing 25 per cent. of the existing issued US Dollar Shares as at the Latest Practicable Date will be acquired by J.P. Morgan Cazenove under the Tender Offer and subsequently repurchased by the Company pursuant to the Repurchase Agreement.
- 1.6 Basic Entitlements will be calculated by reference to registered shareholdings and will be rounded down to the nearest whole number of Shares.

### 2 Conditions and Suspension

- 2.1 The Tender Offer is conditional on the following conditions (together the "Conditions"):
- (a) the passing of the Resolution set out in the notice of the Extraordinary General Meeting at the end of this document by not later than 24 May 2016 or such later date as the Company and J.P. Morgan Cazenove may determine;
- (b) The Company, the Directors and J.P. Morgan Cazenove being satisfied that the Company has in its control or to its order the aggregate of the Tender Price for all successfully tendered Shares and the Company having paid the same into an account or accounts in accordance with the Repurchase Agreement;

- (c) J.P. Morgan Cazenove being satisfied that the Company will, immediately following repurchase of all successfully tendered Shares, satisfy the solvency test prescribed by The Companies (Guernsey) Law 2008, as amended; and
- (d) the Tender Offer not having been terminated in accordance with paragraphs 2.2, below, and 10 prior to the fulfilment of the conditions referred to in sub-paragraphs 2.1 (a) and (b) above.

J.P. Morgan Cazenove will not purchase any Shares pursuant to the Tender Offer unless the Conditions have been satisfied in full. The Conditions, other than 2.1(b), may not be waived by J.P. Morgan Cazenove. If the Conditions are not satisfied prior to the close of business on 8 July 2016, the Company may postpone the completion of the Tender Offer for up to 10 Business Days, after which time the Tender Offer, if not then completed, will lapse.

- 2.2 If the Company (acting through the Directors) shall at any time prior to J.P. Morgan Cazenove effecting the purchase as principal of the tendered Shares pursuant to the Tender Offer notify J.P. Morgan Cazenove in writing that in its reasonable opinion either: (i) it has become impractical or inappropriate for the Company to redeem its investment in the Master Fund or otherwise to raise finance to enable it to fund the repurchase of such of the Shares as are to be repurchased by it pursuant to the Repurchase Agreement without materially harming the interests of Shareholders as a whole; or (ii) the completion of the purchase of Shares under the Tender Offer would have unexpected adverse fiscal consequences (whether by reason of a change in legislation or practice or otherwise) for the Company or its Shareholders if the Tender Offer were to proceed, the Company may either exercise its powers to terminate the Tender Offer in accordance with paragraph 10 of this Part III or may postpone the NAV Determination Date or the completion of the Tender Offer for up to 10 Business Days, after which the Tender Offer, if not then completed by reason of the postponement circumstances continuing, will lapse.

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

The Tender Price for each class of Shares will be calculated as follows:

- 3.1 The Company will calculate the Net Asset Value for each class of Shares as at the NAV Determination Date in accordance with its articles of incorporation.
- 3.2 The resulting Net Asset Value, for each class of Shares, will then be divided by the total number of Shares of the relevant class in issue on the NAV Determination Date (the "NAV per Share").
- 3.3 The Company will then calculate the Tender Price per Share of the relevant class for each Tender Price Increment as follows:

Base Tender Price for each Share class.	An eight per cent. discount to the NAV per Share for the relevant class.
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Second Tender Price Increment for each Share class.	A seven per cent. discount to the NAV per Share for the relevant class.
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Third Tender Price Increment for each Share class.	A six per cent. discount to the NAV per Share for the relevant class.
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Fourth Tender Price Increment for	A five per cent. discount to the NAV per
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each Share class.	Share for the relevant class.
Maximum Tender Price for each Share class.	A four per cent. discount to the NAV per Share for the relevant class.

- 3.4 The Tender Price per Share at each Tender Price Increment for each class of Shares will be calculated to four decimal places and will be announced in Sterling, Euro or Dollars (as appropriate).
- 3.5 Except as otherwise stated above, all assets and liabilities will be taken into account in accordance with United States generally accepted accounting principles and, subject thereto, consistently with the current accounting policies of the Company.

#### 4. Procedure for tendering Shares

***There are different procedures for tendering Shares depending on whether your Shares are held in certificated or uncertificated form and if you hold US Dollar Shares through an account on Nasdaq Dubai.***

If you hold Shares in certificated form, you may only tender such Shares by completing and returning the Tender Form for the relevant class of Shares in accordance with the procedure set out in paragraph 4.1 below. Additional Tender Forms are available from the Receiving Agent by telephone on 0370 707 4040 or, if calling from outside the UK, on +44 370 707 4040.

If you hold Shares in uncertificated form (that is, in CREST), you may only tender such Shares by TTE Instruction in accordance with the procedure set out in paragraph 4.2 below and, if those Shares are held under different account IDs, you should send a separate TTE Instruction for each Member Account ID.

If you are in any doubt as to how to complete the Tender Form or as to the procedure for tendering Shares, please contact the Receiving Agent by telephone on 0370 707 4040 or, if calling from outside the UK, on +44 370 707 4040. Please note that calls will be monitored or recorded. The Receiving Agent will not provide advice on the Tender Offer or provide any personal, legal, financial or tax advice. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

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

To tender your Shares held in certificated form you must complete, sign and have witnessed the Tender Form for the relevant class of Shares.

The completed, signed and witnessed Tender Form should be sent either by post in the accompanying reply-paid envelope (for use in the UK only) along with the relevant share certificate(s) and/or other document(s) of title or by hand (during normal business hours only) to the Receiving Agent at Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours) to The Pavilions, Bridgwater Road, Bristol BS13 8AE, as soon as possible and, in any event, so as to be received by no later than 5.00 p.m. on 20 May 2016. J.P. Morgan Cazenove shall be entitled (in its sole discretion) to accept late Tender Forms. No acknowledgement of receipt of documents will be given.

The completed and signed Tender Form should be accompanied by the relevant Share certificate(s) and/or other document(s) of title.

If your Share certificate(s) and/or other document(s) of title are not readily available (for example, if they are with your stockbroker, bank or other agent) or are lost, the Tender Form should nevertheless be completed, signed and returned as described above so as to be received by the Receiving Agent at Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours) to The Pavilions, Bridgwater Road, Bristol BS13 8AE, not later than 5.00 p.m. on 20 May 2016 together with any share certificate(s) and/or document(s) of title you may have available, accompanied by a letter of explanation stating that the (remaining) Share certificate(s) and/or other document(s) of title will be forwarded as soon as possible thereafter and, in any event, not later than 5.00 p.m. on 20 May 2016. The Receiving Agent will effect such procedures as are required to transfer your Shares to J.P. Morgan Cazenove under the Tender Offer. If you have lost your Share certificate(s) and/or other document(s) of title, you should write to the Registrar at Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY to request a letter of indemnity in respect of the lost Share certificate(s) which, when completed in accordance with the instructions given, should be returned to the Receiving Agent so as to be received not later than 5.00 p.m. on 20 May 2016.

By signing the Tender Form, Eligible Shareholders will be deemed to have instructed J.P. Morgan Cazenove to issue a contract note to the Receiving Agent on behalf of such Eligible Shareholder and to remit the cash consideration to the Receiving Agent with instructions that such consideration be remitted in accordance with the instructions set out in the Tender Form.

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

If the Shares which you wish to tender are held in uncertificated form, you should take (or procure to be taken) the action set out below to transfer (by means of a TTE Instruction) the number of Shares which you wish to tender under the Tender Offer to an escrow balance, specifying Computershare Investor Services PLC (in its capacity as a CREST receiving agent under its Participant ID and Member Account ID referred to below) as the escrow agent, **as soon as possible and, in any event, so that the transfer to the relevant escrow account settles by not later than 5.00 p.m. on 20 May 2016. J.P. Morgan Cazenove shall be entitled (in its sole discretion) to accept late transfers to escrow.**

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

- the corporate action number of the Tender Offer. This is allocated by Euroclear and will be available on screen from Euroclear;
- the number of Shares to be transferred to an escrow balance;
- your Member Account ID;
- your Participant ID;
- the Participant ID of the escrow agent, in its capacity as a CREST receiving agent. This is 3RA44;
- the Member Account ID of the escrow agent. This is: BHBASE01 to elect for the Base Tender Price, BH7NAV02 to elect for the seven per cent. discount to NAV, BH6NAV03 to elect for the six per cent. discount to NAV, BH5NAV04 to elect for the five per cent. discount to NAV and BH4NAV05 to elect for the Maximum Tender Price;
- the intended settlement date for the transfer to escrow. This should be as soon as possible and, in any event, by no later than 5.00 p.m. on 20 May 2016;
- the ISIN of the Shares, which is GG00B1NP5142 for the Sterling Shares, GG00B1NPGZ52 for the Euro Shares and GG00B1NPGV15 for the US Dollar Shares;
- input with the standard delivery instruction, priority 80; and
- a contact name and telephone number in the shared note field.

After settlement of the TTE Instruction, you will not be able to access the Shares concerned in CREST for any transaction or for charging purposes, notwithstanding that they will be held by the Receiving Agent as your agent until completion or lapsing of the Tender Offer. If the Tender Offer becomes unconditional, the Receiving Agent will transfer the Shares which are accepted for purchase to J.P. Morgan Cazenove.

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

You should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE Instruction relating to your Shares to settle prior to 5.00 p.m. on 20 May 2016. In this regard, you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. J.P. Morgan Cazenove shall be entitled (in its sole discretion) to accept late TTE Instructions to settle.

An appropriate announcement will be made if any of the details contained in this paragraph 4.2 are altered.

#### **4.3 Validity of Tender Forms and TTE Instructions**

Notwithstanding the powers in paragraph 12 below, J.P. Morgan Cazenove reserves the right to treat as valid only: (i) (in the case of Shares held in certificated form) Tender Forms which are accompanied by the relevant Share certificate(s) and/or other document(s) of title or a satisfactory indemnity in lieu thereof; or (ii) (in the case of Shares held in uncertificated form) settled TTE Instructions, in each case to be received entirely in order by no later than 5.00 p.m. on 20 May 2016 in respect of the entire number of Shares tendered. The Record Date for the Tender Offer is close of business on 20 May 2016.

Notwithstanding the completion of a valid Tender Form or TTE Instruction, the Tender Offer may be suspended, terminated or lapse in accordance with the Terms and Conditions set out in this Part III.

J.P. Morgan Cazenove shall be entitled to accept Tender Forms or TTE Instructions which are received after 5.00 p.m. on 20 May 2016 in its sole discretion. The decision of J.P. Morgan Cazenove as to which Shares have been validly tendered shall be conclusive and binding on all Eligible Shareholders.

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

Normal CREST procedures (including timings) apply in relation to any Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Tender Offer (whether such conversion arises as a result of a transfer of Shares or otherwise). Shareholders who are proposing to convert any such Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring Shares as a result of the conversion to take all necessary steps in connection with such person's participation in the Tender Offer (in particular, as regards delivery of Share certificate(s) and/or other document(s) of title or transfers to an escrow balance as described above) prior to 5.00 p.m. on 20 May 2016.

#### **4.5 Procedure for US Dollar Shares held through an account on Nasdaq Dubai**

Eligible Shareholders who own US Dollar Shares through an account on Nasdaq Dubai and who wish to participate in the Tender Offer should inform their Business Partner of the number of Shares they wish to have repurchased under the Tender Offer. The Business Partner will then provide the relevant settlement instruction to Nasdaq Dubai CSD which in turn will provide instructions to Computershare Company Nominees Limited (as UK custodian). Computershare Company Nominees Limited, acting as instructed by Nasdaq Dubai CSD, will accept the Tender Offer in respect of the appropriate number of Shares via a TTE Instruction. Such persons should, therefore, ensure that they have contacted their Business Partners in sufficient time for all relevant actions to have been completed prior to closing of the Tender Offer at 5.00 p.m. on 20 May 2016. Eligible Shareholders will be unable to deal in Shares so tendered, as dealing in such interests will be blocked pending purchase of the Shares under the Tender Offer and will be released if the Shares are not repurchased.

**If you are in any doubt as to how to complete the Tender Form or as to the procedure for tendering Shares, please contact the Receiving Agent by telephone on 0370 707 4040 or, from outside the UK, +44 370 707 4040. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.**

**Eligible Shareholders should note that, once tendered, Shares may not be sold, transferred, charged or otherwise disposed of.**

## **5. Settlement under the Tender Offer**

Settlement of the consideration to which any Eligible Shareholder is entitled pursuant to valid tenders accepted by J.P. Morgan Cazenove is expected to be made on, or as soon as practicable, after 8 July 2016 as follows:

- 5.1 Shares held in certificated form (that is, not in CREST): Where an accepted tender relates to Shares held in certificated form, settlement of the consideration due to Eligible Shareholders is expected to be made on (or as soon as practicable after) 8 July 2016. Cheques for the consideration due will be despatched by the Receiving Agent by first class post to the person or agent whose name and address is set out in Box 4 of the relevant Tender Form or, if none is set out, to the registered address of the Eligible Shareholder or, in the case of joint holders, the address of the first named. All cash payments will be made in the currency for the relevant class of Shares by cheque drawn on a branch of a UK clearing bank.
- 5.2 Shares held in uncertificated form (that is, in CREST): Where an accepted tender relates to Shares held in uncertificated form, the consideration due will be paid by means of CREST on 8 July 2016 by J.P. Morgan Cazenove procuring the creation of an assured payment obligation in favour of the Eligible Shareholder's payment bank in accordance with the CREST assured payment arrangements.
- 5.3 Shares held through a Nasdaq Dubai account: Where an accepted tender relates to Shares held through a Nasdaq Dubai account, the consideration due will be paid by means of CREST on 8 July 2016 by J.P. Morgan Cazenove procuring the creation of an assured payment obligation in favour of Computershare Company Nominees Limited in accordance with the CREST assured payment arrangements. Such payment shall be forwarded by Computershare Company Nominees Limited to Nasdaq Dubai for crediting by Nasdaq Dubai (as CSD) to the relevant Nasdaq Dubai member/participant account and subsequent crediting to the relevant client's account.
- 5.4 In the event that there are insufficient investments in the Company's portfolio to fund the payment of the aggregate Tender Price for all successfully tendered Shares which are settled by 8 July 2016, the Company may terminate the Tender Offer in accordance with paragraph 10 of this Part III.
- 5.5 In the event that there is a delay in the Company realising its investments in its portfolio in order that it can fund the payment of the aggregate Tender Price for all successfully tendered Shares which are settled by 8 July 2016, the date for settlement of the Tender Offer may be delayed.
- 5.6 The payment of any consideration for Shares pursuant to the Tender Offer will be made only after the relevant TTE Instruction has settled or (as the case may be) timely receipt by the Receiving Agent of certificates and/or other requisite documents evidencing such Shares, a properly completed and duly executed Tender Form and any other documents required under the Tender Offer.

- 5.7 Payments of consideration will be made in the same currency as the class of Shares being acquired by the Company. Entitlements to a fraction of a penny or cent will be rounded down to the nearest whole penny or cent, as appropriate.
- 5.8 If only a part of a holding of Shares is sold pursuant to the Tender Offer or if, because of scaling back, any tendered Shares in respect of the relevant class are not purchased pursuant to the terms of the Tender Offer:
- (a) where the Shares are held in certificated form, the relevant Eligible Shareholder will be entitled to receive a certificate in respect of the balance of the remaining Shares of the relevant class; or
  - (b) where the Shares are held in uncertificated form (that is, in CREST), the unsold Shares will be transferred by the Receiving Agent to the original account from which those Shares came; or
  - (c) where the Shares are held through a Nasdaq Dubai account, the unsold Shares will be transferred by the Receiving Agent by means of a settlement instruction to the original account from which the Shares came.

## **6. Tender Form**

- 6.1 Each Eligible Shareholder by whom, or on whose behalf, a Tender Form in respect of Shares held in certificated form is executed irrevocably undertakes, represents, warrants and agrees to and with J.P. Morgan Cazenove (for itself and as trustee for the Company) (so as to bind him, his personal representatives, heirs, successors and assigns) that:
- (a) the execution of the Tender Form shall constitute an offer to sell to J.P. Morgan Cazenove the number of Shares inserted in Box 2 of the relevant Tender Form, in each case, on and subject to the terms and conditions set out or referred to in this document and the relevant Tender Form and that, once lodged, such offer shall be irrevocable;
  - (b) such Eligible Shareholder has full power and authority to tender, sell, assign or transfer the Shares in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are purchased by J.P. Morgan Cazenove, J.P. Morgan Cazenove will acquire such Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, on or after the Closing Date, including the right to receive all dividends and other distributions declared, paid or made after that date;
  - (c) the execution of the Tender Form will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of any director or officer of J.P. Morgan Cazenove as such Eligible Shareholder's attorney and/or agent ("Attorney"), and an irrevocable instruction to the Attorney to complete and execute all or any instruments of transfer and/or other documents at the Attorney's discretion in relation to the Shares referred to in sub-paragraph 6.1(a) above in favour of J.P. Morgan Cazenove or such other person or persons as J.P. Morgan Cazenove may direct and to deliver such instrument(s) of transfer and/or other documents at the discretion of the Attorney, together with the Share

certificate(s) and/or other document(s) relating to such Shares, for registration within six months of the Tender Offer becoming unconditional and to do all such other acts and things as may in the opinion of such Attorney be necessary or expedient for the purpose of, or in connection with, the Tender Offer and to vest in J.P. Morgan Cazenove or its nominee(s) or such other person(s) as J.P. Morgan Cazenove may direct such Shares;

- (d) such Eligible Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by J.P. Morgan Cazenove or any of its directors or any person nominated by J.P. Morgan Cazenove in the proper exercise of its or his or her powers and/or authorities hereunder;
- (e) such Eligible Shareholder holding Shares in certificated form will deliver to the Receiving Agent the Share certificate(s) and/or other document(s) of title in respect of the Shares referred to in sub-paragraph 6.1(a) above, or an indemnity acceptable to J.P. Morgan Cazenove in lieu thereof, or will procure the delivery of such document(s) to such person as soon as possible thereafter and, in any event, by no later than the Closing Date;
- (f) the provisions of the Tender Form shall be deemed to be incorporated into the terms and conditions of the Tender Offer;
- (g) such Eligible Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by J.P. Morgan Cazenove to be desirable, in each case to complete the purchase of the Shares referred to in paragraph 6.1(a) above and/or to perfect any of the authorities expressed to be given hereunder;
- (h) such Eligible Shareholder, if an Overseas Shareholder, has fully observed any applicable legal requirements and that the invitation under the Tender Offer may be made to and accepted by him under the laws of the relevant jurisdiction;
- (i) such Eligible Shareholder has not received or sent copies or originals of this document, any Tender Form or any related documents and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, internet, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of the United States, Canada, Australia or Japan, that the Tender Form has not been mailed or otherwise sent in, into or from the United States, Canada, Australia or Japan, and that such Shareholder is not accepting the Tender Offer from the United States, Canada, Australia or Japan;
- (j) on execution, the Tender Form shall take effect as a deed;
- (k) the execution of the Tender Form constitutes such Eligible Shareholder's submission to the jurisdiction of the Court in relation to all matters arising out of or in connection with the Tender Offer or the Tender Form; and
- (l) the despatch of a cheque in respect of the Tender Price to an Eligible Shareholder at his registered address or such other address as is

specified in the Tender Form will constitute a complete discharge by J.P. Morgan Cazenove of its obligation to make such payment to such Eligible Shareholder.

- 6.2 A reference in this paragraph 6 to an Eligible Shareholder includes a reference to the person or persons executing the Tender Form and, in the event of more than one person executing a Tender Form, the provisions of this paragraph 6 will apply to them jointly and to each of them.

## **7. Tenders through CREST**

- 7.1 Each Eligible Shareholder by whom, or on whose behalf, a tender through CREST is made irrevocably undertakes, represents, warrants and agrees to and with J.P. Morgan Cazenove (for itself and as trustee for the Company) (so as to bind him, his personal representatives, heirs, successors and assigns) that:

- (a) the input of the TTE Instruction shall constitute an offer to sell to J.P. Morgan Cazenove such number of Shares of the relevant class as are specified in the TTE Instruction or deemed to be tendered, in each case, on and subject to the terms and conditions set out or referred to in this document and that once the TTE Instruction has settled, such tender shall be irrevocable without the consent of the Company;
- (b) such Eligible Shareholder has full power and authority to tender, sell, assign or transfer the Shares in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are purchased by J.P. Morgan Cazenove, J.P. Morgan Cazenove will acquire such Shares with full title guarantee, fully paid and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, on or after the Closing Date including the right to receive all dividends and other distributions declared, paid or made after that date;
- (c) the input of the TTE Instruction will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of the Receiving Agent as the Eligible Shareholder's attorney and/or agent (the "Attorney") and an irrevocable instruction and authority to the Attorney (i) subject to the Tender Offer becoming unconditional, to transfer to itself by means of CREST and then to transfer to J.P. Morgan Cazenove (or to such person or persons as J.P. Morgan Cazenove may direct) by means of CREST all of the Relevant Shares (as defined below) in respect of which the Tender Offer is accepted or deemed to be accepted (but not exceeding the number of Shares which have been tendered pursuant to the Tender Offer); and (ii) if the Tender Offer does not become unconditional and lapses, or there are Shares which have not been successfully tendered under the Tender Offer, to give instructions to Euroclear, as promptly as practicable after the lapsing of the Tender Offer, to transfer the Relevant Shares to the original accounts from which those Shares came. For the purposes of this paragraph 7.1, "Relevant Shares" means Shares in uncertificated form and in respect of which a transfer or transfers to escrow has or have been effected pursuant to the procedures described in this paragraph 7.1(c);



- (d) such Eligible Shareholder will ratify and confirm each and every act or thing which may be done or effected by J.P. Morgan Cazenove or the Receiving Agent or any of their respective directors or any person nominated by J.P. Morgan Cazenove or the Receiving Agent in the proper exercise of its or his or her powers and/or authorities hereunder;
- (e) it shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by J.P. Morgan Cazenove to be desirable, in each case to complete the purchase of the relevant Shares and/or to perfect any of the authorities expressed to be given hereunder;
- (f) if such Eligible Shareholder is an Overseas Shareholder: (i) he, she or it is not in the United States, Canada, Australia or Japan or in any territory in which it is unlawful to make or accept the Tender Offer; (ii) he, she or it has fully observed any applicable legal and regulatory requirements of the territory in which such Overseas Shareholder is resident; or located and (iii) the invitation under the Tender Offer may be made to such Overseas Shareholder under the laws of the relevant jurisdiction;
- (g) the creation of a CREST payment in favour of such Eligible Shareholder's payment bank in accordance with the CREST payment arrangements as referred to in paragraph 5 of this Part III will, to the extent of the obligations so created, discharge fully any obligation of J.P. Morgan Cazenove to pay to such Eligible Shareholder the cash consideration to which he, she or it is entitled under the Tender Offer;
- (h) the input of the TTE Instruction constitutes such Eligible Shareholder's submission to the jurisdiction of the Court in relation to all matters arising out of or in connection with the Tender Offer;
- (i) if, for any reason, any Shares in respect of which a TTE Instruction has been made are, prior to the Closing Date, converted into certificated form, the tender through CREST in respect of such Shares shall cease to be valid and the Eligible Shareholder will need to comply with the procedures for tendering Shares in certificated form as set out in this Part III in respect of the Shares so converted, if the Eligible Shareholder wishes to make a valid tender of such Shares pursuant to the Tender Offer; and
- (j) if the appointment of agent provision under paragraph 7.1(c) above shall be unenforceable or invalid or shall not operate so as to afford any director or officer of the Receiving Agent the benefit or authority expressed to be given therein, the Eligible Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable the Receiving Agent to secure the full benefits of paragraph 7.1(c) above.

## **8. Tenders through Nasdaq Dubai**

- 8.1 Each person holding US Dollar Shares through an account on Nasdaq Dubai and by whom, or on whose behalf, a tender is made irrevocably undertakes, represents, warrants and agrees to and with J.P. Morgan Cazenove (for itself and as trustee for the Company) (so as to bind him, his personal representatives, heirs, successors and assigns) that:

- (a) the input of the relevant settlement instruction to Nasdaq Dubai CSD shall constitute an offer to sell to J.P. Morgan Cazenove such number of Shares of the relevant class as are specified in the settlement instruction or deemed to be tendered, in each case, on and subject to the terms and conditions set out or referred to in this document and that once the settlement instruction has settled, such tender shall be irrevocable without the consent of the Company;
- (b) such person has full power and authority to tender, sell, assign or transfer the Shares in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are purchased by J.P. Morgan Cazenove, J.P. Morgan Cazenove will acquire such Shares with full title guarantee, fully paid and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, on or after the Closing Date including the right to receive all dividends and other distributions declared, paid or made after that date;
- (c) the input of the settlement instruction will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of the Receiving Agent as the Eligible Shareholder's attorney and/or agent (the "Attorney") and an irrevocable instruction and authority to the Attorney (i) subject to the Tender Offer becoming unconditional, to transfer to itself and then to transfer to J.P. Morgan Cazenove (or to such person or persons as J.P. Morgan Cazenove may direct) all of the Relevant Shares (as defined below) in respect of which the Tender Offer is accepted or deemed to be accepted (but not exceeding the number of Shares which have been tendered pursuant to the Tender Offer); and (ii) if the Tender Offer does not become unconditional and lapses, or there are Shares which have not been successfully tendered under the Tender Offer, to give instructions to the Receiving Agent, as promptly as practicable after the lapsing of the Tender Offer, to transfer Relevant Shares to the original accounts from which those Shares came. For the purposes of this paragraph 8.1, "Relevant Shares" means Shares in respect of which a transfer or transfers to escrow has or have been effected pursuant to the procedures described in this paragraph 8.1(c);
- (d) such person will ratify and confirm each and every act or thing which may be done or effected by J.P. Morgan Cazenove or the Receiving Agent or any of their respective directors or any person nominated by J.P. Morgan Cazenove or the Receiving Agent in the proper exercise of its or his or her powers and/or authorities hereunder;
- (e) it shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by J.P. Morgan Cazenove to be desirable, in each case to complete the purchase of the relevant Shares and/or to perfect any of the authorities expressed to be given hereunder;
- (f) if such person is an Overseas Shareholder: (i) he, she or it is not in the United States, Canada, Australia or Japan or in any territory in which it is unlawful to make or accept the Tender Offer; (ii) he has fully observed any applicable legal and regulatory requirements of the territory in which such Overseas Shareholder is resident or located and; (iii) the invitation under

the Tender Offer may be made to such Overseas Shareholder under the laws of the relevant jurisdiction;

- (g) the creation of a CREST payment in favour of Computershare Company Nominees Limited in accordance with the payment arrangements as referred to in paragraph 5 of this Part III will, to the extent of the obligations so created, discharge fully any obligation of J.P. Morgan Cazenove to pay to such person the cash consideration to which he, she or it is entitled under the Tender Offer;
- (h) the input of the settlement instruction constitutes such person's submission to the jurisdiction of the Court in relation to all matters arising out of or in connection with the Tender Offer; and
- (i) if the appointment of agent provision under paragraph 8.1(c) above shall be unenforceable or invalid or shall not operate so as to afford any director or officer of the Receiving Agent the benefit or authority expressed to be given therein, such person shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable the Receiving Agent to secure the full benefits of paragraph 8.1(c) above.

## **9. Additional provisions regarding the Tender Offer**

- 9.1 Each Eligible Shareholder may tender some of or all of his holding of Shares of the relevant class as at the Record Date by the Closing Date, subject to the scaling back of tenders in excess of such Eligible Shareholder's Basic Entitlement, in respect of the relevant class on the basis provided in paragraph 1 of this Part III. In the case of Shares held in certificated form, if (i) Box 2 of the Tender Form is not completed; or (ii) if, in J.P. Morgan Cazenove's determination (in its sole discretion), Box 2 has not been validly completed then such tender shall be rejected by J.P. Morgan Cazenove.
- 9.2 Shares acquired by J.P. Morgan Cazenove under the Tender Offer will be purchased by J.P. Morgan Cazenove as principal and such purchases will be market purchases in accordance with the rules of the London Stock Exchange and the UK Listing Authority.
- 9.3 Shares sold by Eligible Shareholders pursuant to the Tender Offer will be acquired with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the Closing Date, including the right to receive all dividends and other distributions declared, paid or made after that date.
- 9.4 Unless it has been suspended or terminated prior to such time in accordance with the provisions of paragraphs 2 and 10 of this Part III, the Tender Offer will close at 5.00 p.m. on 20 May 2016 and any documentation received after that time will (unless the Receiving Agent, J.P. Morgan Cazenove and the Company, in their absolute discretion determine otherwise) be returned without any transaction taking place.
- 9.5 Each Eligible Shareholder who tenders or procures the tender of Shares will thereby be deemed to have agreed that, in consideration of J.P. Morgan

Cazenove agreeing to process his tender, such Eligible Shareholder will not revoke his tender or withdraw his, her or its Shares without the prior written consent of the Company. Eligible Shareholders should note that, once tendered, Shares may not be sold, transferred, charged or otherwise disposed of.

- 9.6 Subject to paragraph 12 below, all tenders by certificated holders must be made on the relevant prescribed Tender Form, duly completed in accordance with the instructions set out thereon, which constitute part of the terms of the Tender Offer. A Tender Form will only be valid when the procedures contained in these terms and conditions and in the Tender Form are complied with. The Tender Offer and all tenders will be governed by and construed in accordance with English law. Delivery or posting of a Tender Form or submission of a TTE Instruction will constitute submission to the jurisdiction of the Court.
- 9.7 All documents and remittances sent by or to Eligible Shareholders will be sent at their own risk. If the Tender Offer does not become unconditional or is terminated, all documents lodged pursuant to the Tender Offer will be returned promptly by post, within 14 Business Days of the Tender Offer terminating or lapsing, to the person or agent whose name and address is set out in Box 4 of the Tender Form or, if none is set out, to the Eligible Shareholder or, in the case of joint holders, the first named at his/her/its registered address. No such documents will be sent to an address in the United States, Canada, Australia or Japan. In the case of Shares held in uncertificated form, the Receiving Agent, in its capacity as escrow agent will, within 14 Business Days of the Tender Offer lapsing, give instructions to Euroclear to transfer all Shares held in escrow balances and in relation to which it is the escrow agent for the purposes of the Tender Offer by TFE Instruction to the original accounts from which those Shares came. In any of these circumstances, Tender Forms will cease to have any effect.
- 9.8 The instructions, terms, provisions and authorities contained in or deemed to be incorporated in the Tender Form shall, in the case of shares held in certificated form, constitute part of the terms of the Tender Offer. The definitions set out at the end of this document apply to the terms and conditions set out in this Part III.
- 9.9 The decision of J.P. Morgan Cazenove as to which Shares have been successfully tendered shall be final and binding on all Eligible Shareholders.
- 9.10 Further copies of this document and the Tender Form(s) for each class of Shares may be obtained on request from the Receiving Agent at the addresses set out in the Tender Form.
- 9.11 Shares purchased pursuant to the Tender Offer will, following the completion of the Tender Offer, be acquired from J.P. Morgan Cazenove by the Company on the London Stock Exchange pursuant to the Repurchase Agreement and will be cancelled save to the extent that such Shares can be held in treasury in accordance with applicable laws and regulations.
- 9.12 Tendering Shareholders will not be obliged to pay brokerage fees, commissions or transfer taxes or stamp duty in the UK on the purchase by J.P. Morgan Cazenove of Shares pursuant to the Tender Offer or on the repurchase (if any) by the Company thereafter.

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

- 10.1 If the Company (acting through the Directors) shall at any time prior to J.P. Morgan Cazenove effecting the purchase as principal of the tendered Shares pursuant to the Tender Offer (and including where it has previously deferred the NAV Determination Date in accordance with paragraph 2.2 of this Part III) notify J.P. Morgan Cazenove in writing that in its reasonable opinion either: (i) it has either become impractical or inappropriate for the Company to redeem its investments or otherwise to raise finance to enable it to fund the repurchase of Shares pursuant to the Repurchase Agreement without materially harming Shareholders as a whole; or (ii) the completion of the purchase of Shares under the Tender Offer would have unexpected adverse fiscal or other consequences (whether by reason of a change in legislation or practice or otherwise) for the Company or its Shareholders if the Tender Offer were to proceed, the Company shall be entitled at its complete discretion to terminate the Tender Offer by a public announcement and a subsequent written notice to Shareholders, in which event the Tender Offer shall terminate immediately or as otherwise specified in such announcement.

## **11. Overseas Shareholders**

- 11.1 The making of the Tender Offer in, or to persons who are citizens or nationals of, or resident in jurisdictions outside the United Kingdom or custodians, nominees or trustees for citizens, nationals or residents of jurisdictions outside the United Kingdom may be prohibited or affected by the laws of the relevant overseas jurisdiction. Shareholders who are Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any Overseas Shareholder wishing to tender or purchase Shares to satisfy himself, herself, or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes or other requisite payments due in such jurisdiction. Any such Overseas Shareholder will be responsible for the payment of any such transfer or other taxes or other requisite payments due by whomsoever payable and J.P. Morgan Cazenove and the Company and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Shareholder for any such transfer or other taxes or other requisite payments such person may be required to pay.
- 11.2 In particular, the Tender Offer is not being made available directly or indirectly in or into or by the use of the mails of by any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) or interstate or foreign commerce, or any facility of a national securities exchange of, the United States, Canada, Australia or Japan. Accordingly, copies of this document, the Tender Form and any related documents are not being and must not be mailed or otherwise distributed or sent in, into or from the United States, Canada, Australia or Japan, including to Shareholders with registered addresses in the United States, Canada, Australia or Japan or to persons who are custodians, nominees or trustees holding Shares for persons in the United States, Canada, Australia or Japan. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute, send or mail them in, into or from the United States, Canada, Australia or Japan or use such

mails or any such means, instrumentality or facility in connection with the Tender Offer, and doing so will render invalid any purported acceptance of the Tender Offer. Persons wishing to accept the Tender Offer should not use such mails or any such means, instrumentality or facility for any purpose directly or indirectly relating to acceptance of the Tender Offer. Envelopes containing Tender Forms should not be postmarked in the United States, Canada, Australia or Japan or otherwise dispatched from the United States, Canada, Australia or Japan and all accepting Shareholders must provide addresses outside the United States, Canada, Australia or Japan for the remittance of cash or return of Tender Forms and Share certificate(s) or other document(s) of title.

- 11.3 If, in connection with making the Tender Offer, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Tender Form or any related documents in, into or from the United States, Canada, Australia or Japan or uses the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce of, or any facility of a national securities exchange of the United States, Canada, Australia or Japan in connection with such forwarding, such persons should (i) inform the recipient of such fact; (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and (iii) draw the attention of the recipient to this paragraph 11.
- 11.4 The provisions of this paragraph 11 and any other terms of the Tender Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by J.P. Morgan Cazenove and the Company in their absolute discretion but only if J.P. Morgan Cazenove and the Company are satisfied that such waiver, variation or modification will not constitute or give rise to a breach of applicable securities or other law.
- 11.5 The provisions of this paragraph 11 supersede any terms of the Tender Offer which may be inconsistent herewith.
- 11.6 Overseas Shareholders should inform themselves about and observe any applicable or legal regulatory requirements. If any Overseas Shareholder is in doubt about his position, he, she or it should consult his, her or its professional adviser in the relevant territory.

## **12. Miscellaneous**

- 12.1 Any changes to the terms, or any suspension, extension or termination of the Tender Offer will be followed as promptly as practicable by a public announcement thereof no later than the close of business on the Business Day following the date of such event. Such an announcement will be released to the London Stock Exchange. References to the making of an announcement by the Company include the release of an announcement on behalf of the Company by J.P. Morgan Cazenove to the press and delivery of, or telephone or facsimile or other electronic transmission of, such announcement to the London Stock Exchange.
- 12.2 None of J.P. Morgan Cazenove, the Receiving Agent, the Registrar or the Company will accept responsibility for documentation lost or delayed in the postal system.

- 12.3 The latest time for receipt of valid documentation under the Tender Offer is 5.00 p.m. on 20 May 2016. Any documentation received by the Receiving Agent which is either incomplete, incorrect or received after 5.00 p.m. on 20 May 2016 will (unless the Receiving Agent, J.P. Morgan Cazenove and the Company, in their absolute discretion determine otherwise) be returned without any transaction taking place.
- 12.4 Any omission to despatch or decision not to despatch this document, the Tender Form or any notice required to be despatched under the terms of the Tender Offer to, or any failure to receive the same by, any person entitled to participate in the Tender Offer shall not invalidate the Tender Offer in any way or create any implication that the Tender Offer has not been made to any such person.
- 12.5 No acknowledgement of receipt of any Tender Form, Share certificate(s) and/or other document(s) of title will be given. All communications, notices, certificates, document(s) of title and remittances to be delivered by or sent to or from Eligible Shareholders (or their designated agents) will be delivered by or sent to or from such Eligible Shareholders (or their designated agents) at their own risk.
- 12.6 All powers of attorney and authorities on the terms conferred by or referred to in this Part III or in the Tender Form are given by way of security for the performance of the obligations of the Eligible Shareholders concerned and are irrevocable in accordance with section 4 of the Powers of Attorney Act 1971 of England and Wales.
- 12.7 The Tender Offer, the Tender Form and any contractual and non-contractual obligations arising out of or in connection with them are and shall be governed by, and shall be construed in accordance with, the laws of England and Wales.

## Part IV - Taxation in the United Kingdom and Guernsey

The following discussion does not constitute tax advice, it is intended as a general guide to certain United Kingdom and Guernsey tax considerations and does not purport to be a complete analysis of all potential United Kingdom and Guernsey tax consequences of selling Shares pursuant to the Tender Offer. It is based on current United Kingdom and Guernsey legislation and tax authority published practice, which are subject to change at any time (possibly with retroactive effect). It is of a general nature and (unless otherwise stated) only applies to certain Eligible Shareholders who are resident for tax purposes in (and only in) the United Kingdom (although the discussion of certain Guernsey tax considerations applies to Eligible Shareholders who are resident for tax purposes in or outside Guernsey), who hold their Shares as an investment and who are the absolute beneficial owners of the Shares. It does not address the position of certain categories of Eligible Shareholders who are subject to special rules, such as dealers in securities, insurance companies and collective investment schemes.

Eligible Shareholders who are in any doubt as to the potential tax consequences of selling their Shares pursuant to the Tender Offer or who may be subject to tax in a jurisdiction other than the United Kingdom or Guernsey are strongly recommended to consult their own independent tax advisers before making any such sales.

### United Kingdom Shareholders

Having regard to advice received, the Company does not consider any class of its shares to be a "mutual fund" for the purposes of section 356 of the Taxation (International and Other Provisions) Act 2010 and therefore the special regime for the taxation of interests in offshore funds in Part 8 of that Act should not apply.

#### *Taxation of chargeable gains*

The sale of Shares by an Eligible Shareholder to J.P. Morgan Cazenove pursuant to the Tender Offer should be treated as a disposal of those shares for United Kingdom tax purposes. This may, subject to the Eligible Shareholder's individual circumstances and any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of United Kingdom taxation of chargeable gains ("CGT").

For an Eligible Shareholder who is an individual, the amount of CGT payable, if any, as a consequence of the sale of Shares will depend on their own personal tax position. Broadly, an Eligible Shareholder whose total taxable gains and income in a given tax year of assessment, including any gains made on the sale of Shares ("Total Taxable Gains and Income"), are less than or equal to the upper limit of the income tax basic rate band applicable in respect of that tax year (the "Band Limit") will normally be subject to CGT at the basic rate in respect of any gain arising on the sale of their Shares. An Eligible Shareholder whose Total Taxable Gains and Income are more than the Band Limit will normally be subject to CGT at the basic rate in respect of any gain arising on the sale of their Shares (to the extent that, when added to the Eligible Shareholder's other taxable gains and income, the gain is less than or equal to the Band Limit) and at the higher rate in respect of the remainder of the gain arising on the sale of their Shares.

As announced in the Budget 2016, and as provided for in the current Finance Bill, it is expected that legislation will be introduced in the Finance Act 2016 to reduce: (i) the



basic rate of CGT from 18 per cent. to 10 per cent.; and (ii) the higher rate of CGT from 28 per cent. to 20 per cent., in each case with effect from 6 April 2016.

However, no tax will be payable on any gain arising on the sale of Shares if the amount of the chargeable gain realised by an Eligible Shareholder in respect of the sale, when aggregated with other chargeable gains realised by that Eligible Shareholder in the tax year of assessment (and after taking into account aggregate losses), does not exceed the annual exemption (£11,100 for 2016/2017).

A corporate Shareholder is normally taxable on all of its chargeable gains, subject to any reliefs and exemptions. Corporate Shareholders should be entitled to indexation allowance up to the date the chargeable gain is realised.

### *Transactions in securities*

Under the provisions of Part 15 of the Corporation Tax Act 2010 (for companies subject to corporation tax) and Chapter 1 of Part 13 of the Income Tax Act 2007 (for individuals and others subject to income tax), HMRC can in certain circumstances counteract tax advantages arising in relation to a transaction or transactions in securities. If these provisions were to be applied by HMRC to the Tender Offer, Eligible Shareholders who are subject to corporation tax might be liable to corporation tax or income tax (as applicable) as if they had received an income amount rather than a capital amount.

In summary, these provisions do not apply where it can be shown, in the case of any corporation tax advantage, that the transaction or transactions in question were entered into for genuine commercial reasons and none of the transactions involved as one of their main objects the obtaining of any corporation tax advantage and, in the case of any income tax advantage, *inter alia*, that the person did not become a party to any of the transactions with one of the main purposes of obtaining an income tax advantage.

No application has been made to HMRC for clearance in respect of the application of Part 15 of the Corporation Tax Act 2010 or Chapter 1 of Part 13 of the Income Tax 2007 to the Tender Offer.

Whether or not these provisions would apply to any Eligible Shareholder will depend on that Eligible Shareholder's own circumstances, but the Company would not expect these provisions to apply to any Eligible Shareholder in respect of the Tender Offer.

### **Non-United Kingdom Shareholders**

Eligible Shareholders who are not resident in the United Kingdom for tax purposes will not generally be subject to United Kingdom taxation on chargeable gains in respect of any disposal of their Shares unless they hold their Shares for the purposes of a trade, profession or vocation carried on by them through a branch, agency or permanent establishment in the United Kingdom or for the purposes of such a branch, agency or permanent establishment. Individual Shareholders may later become liable to United Kingdom capital gains tax in respect of any gain made on the disposal of their Shares in the Tender Offer if they become resident in the United Kingdom for tax purposes at some point during the tax year in which the sale occurs or if they resume United Kingdom residence after a period of temporary non-residence.

### **Guernsey Taxation**

### *Taxation of Eligible Shareholders*

The sale of Shares by an Eligible Shareholder to J.P. Morgan Cazenove pursuant to the Tender Offer should not give rise to any Guernsey income tax.

### *Foreign Account Tax Compliance Act ("FATCA")*

The Company could be subject to the application of FATCA. FATCA generally imposes a reporting regime and potentially a 30 per cent. withholding tax with respect to certain US source income (including dividends and interest) and, from 1 January 2019, gross proceeds from the sale or other disposal of property that can produce US source interest or dividends and (from the later of 1 January 2019 or the date of publication of certain final regulations) a portion of non-US source payments from certain non-US financial institutions to the extent attributable to US source payments if it does not comply with certain registration and due diligence obligations under FATCA ("Withholdable Payments"). As a general matter, the rules are designed to require US persons' direct and indirect ownership of non-US accounts and non-US entities to be reported to the US Internal Revenue Service (the "Service"). The 30 per cent. withholding tax regime applies if there is a failure to provide required information regarding US ownership.

Generally, the rules subject all Withholdable Payments received by the Company to 30 per cent. withholding tax (including the share that is allocable to non-US persons) unless the Company complies with information reporting rules implemented pursuant to an intergovernmental agreement between Guernsey and the United States or the Company enters into an agreement with the Service to provide information, representations and waivers of non-US law as may be required to comply with the provisions of the rules, including, information regarding its direct and indirect US accountholders.

FATCA IS PARTICULARLY COMPLEX. EACH ELIGIBLE SHAREHOLDER SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND THE OTHER SIMILAR LEGISLATION REFERRED TO BELOW AND HOW THIS LEGISLATION MIGHT AFFECT EACH ELIGIBLE SHAREHOLDER IN ITS PARTICULAR CIRCUMSTANCE.

### *United States-Guernsey Intergovernmental Agreement*

On 13 December 2013 the Chief Minister of Guernsey signed an intergovernmental agreement with the US ("US-Guernsey IGA") regarding the implementation of FATCA, under which certain disclosure requirements may be imposed in respect of certain Eligible Shareholders who are, or are entities that are controlled by one or more natural persons who are, residents or citizens of the US, subject to any applicable exemption. Where applicable, information that will need to be disclosed will include certain information about Eligible Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Shares, including any sale of Shares. The US-Guernsey IGA is implemented through Guernsey's domestic legislation, in accordance with guidance which is currently published in draft form.

Under the terms of the US-Guernsey IGA, Guernsey resident financial institutions that comply with the requirements of Guernsey's domestic legislation to report certain information to the Guernsey tax authorities will be treated as compliant with FATCA and, as a result, should not be subject to FATCA withholding on payments they receive and should not be required to withhold under FATCA on payments they make. The US-

Guernsey IGA is implemented through Guernsey's domestic legislation in accordance with guidance that is published in draft form.

Under the US-Guernsey IGA, securities that are "regularly traded" on an established securities market, such as the main market of the London Stock Exchange, are not considered financial accounts and are not subject to reporting. For these purposes, the Shares will be considered "regularly traded" if there is a meaningful volume of trading with respect to the Shares on an ongoing basis. Notwithstanding the foregoing, since 1 January 2016, a Share will not be considered "regularly traded" and will be considered a financial account if the holder of the Shares is not a financial institution acting as an intermediary. Such holders will be required to provide information to the Company to allow the Company to satisfy its obligations under FATCA, although it is expected that whilst the Shares are held within CREST, the holder of the Shares will be a financial institution acting as an intermediary.

### *Common Reporting Standard*

On 13 February 2014, the Organization for Economic Co-operation and Development released a "Common Reporting Standard" ("CRS") designed to create a global standard for the automatic exchange of financial account information, similar to the information to be reported under FATCA. On 29 October 2014, fifty-one jurisdictions signed a multilateral competent authority agreement ("Multilateral Agreement") that activates this automatic exchange of FATCA-like information in line with the CRS. Since then, further jurisdictions have also signed the Multilateral Agreement and in total over 90 jurisdictions have committed to adopting the CRS.

Early adopters who signed the Multilateral Agreement (including Guernsey and the UK) have pledged to work towards the first information exchanges taking place by September 2017. Others are expected to follow with information exchange starting in 2018.

Under the CRS and legislation enacted in Guernsey to implement the CRS with effect from 1 January 2016, certain disclosure requirements will be imposed in respect of certain investors in the Company who are, or are entities that are controlled by one or more natural persons who are, residents of any of the jurisdictions that have also implemented the CRS, unless a relevant exemption applies. Where applicable, information that would need to be disclosed will include certain information about Eligible Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Shares, including any sale of Shares. The CRS is implemented through Guernsey's domestic legislation in accordance with guidance that is published in draft form that is supplemented by guidance issued by the Organization for Economic Co-operation and Development.

Under the CRS, there is no reporting exemption for securities that are "regularly traded" on an established securities market.

**All Shareholders should consult with their own tax advisers regarding the possible implications of FATCA, the CRS and any other similar legislation and/or regulations on their investment in the Company.**

## Part V - Additional Information

1. J.P. Morgan Cazenove has given and has not withdrawn its written consent to the issue of this document and its letter with the references to its name in the form and context in which they are included.
2. The Company and J.P. Morgan Cazenove have entered into a Repurchase Agreement pursuant to which the Company has agreed to purchase from J.P. Morgan Cazenove such number of Shares as J.P. Morgan Cazenove shall purchase pursuant to the Tender Offer, at an aggregate price equal to the amount paid by J.P. Morgan Cazenove for its purchase of the tendered Shares. The Tender Offer may be terminated if J.P. Morgan Cazenove receives notice from the Company that, in the Board's reasonable opinion, any of the circumstances set out in paragraph 10 of Part III of this document have arisen or in the event that the Repurchase Agreement is terminated in accordance with its terms.
3. The costs of implementing the Tender Offer are estimated at up to £776,000 (inclusive of any applicable VAT) inclusive of commissions payable to J.P. Morgan Cazenove assuming that the Tender Offer is taken up in full.
4. As at the close of business on the Latest Practicable Date, the Company had 31,248,895 Sterling Shares in issue, 3,369,640 Sterling Shares held in treasury, 3,445,325 Euro Shares in issue, 355,319 Euro Shares held in treasury, 15,220,377 US Dollar Shares in issue and 1,497,057 US Dollar Shares held in treasury.
5. The Company has no warrants or options to subscribe for equity shares in issue as at the Latest Practicable Date.
6. The effect of the Tender Offer, if accepted in full, will be to reduce the number of each class of Shares in issue by 25 per cent. and to increase the net asset value per Share of the Shares remaining in issue. It is not anticipated that control of the Company may be concentrated following the Tender Offer.
7. As at the Latest Practicable Date, the interests of the Directors in the Company's Shares were as follows:

Director	Total Shares Held
Huw Evans	710 Sterling Shares

8. As at the Latest Practicable Date, the Company was aware of the following major interests in its Shares:

Euro Shares:

Shareholder	Total Shares Held	% holding in class
Nordea Bank Danmark A.S.	1,124,235	29.58

<b>Shareholder</b>	<b>Total Shares Held</b>	<b>% holding in class</b>
State Street Nominees Limited	322,505	8.49
Lynchwood Nominees Limited	214,813	5.65
Aurora Nominees Limited	134,750	3.55
Vidacos Nominees Limited	134,409	3.54
Smith & Williamson Nominees Limited	123,690	3.25
Goodbody Stockbrokers Nominees Limited	119,975	3.16
Luna Nominees Limited	109,332	2.88
Nutraco Nominees Limited	100,000	2.63
The Bank of New York (Nominees) Limited	84,990	2.24

Sterling Shares:

<b>Shareholder</b>	<b>Total Shares Held</b>	<b>% holding in class</b>
Luna Nominees Limited	5,931,374	17.13
Chase Nominees Limited	3,215,969	9.29
Nutraco Nominees Limited	2,525,074	7.29
Rathbone Nominees Limited	1,051,894	3.04
The Bank of New York (Nominees) Limited	1,038,018	3.00
Ferlim Nominees Limited	852,328	2.46
BNY (OCS) Nominees Limited	849,422	2.45
Nortrust Nominees Limited	568,085	1.64
HSBC Global Custody Nominee (UK) Limited	533,801	1.54

Shareholder	Total Shares Held	% holding in class
Brooks Macdonald Nominees Limited	521,093	1.51

US Dollar Shares:

Shareholder	Total Shares Held	% holding in class
Chase Nominees Limited	3,906,114	23.37
Nortrust Nominees Limited	2,702,656	16.17
Vidacos Nominees Limited	1,409,200	8.43
Morstan Nominees Limited	1,171,373	7.01
J.P. Morgan Clearing Corporation	914,256	5.47
Luna Nominees Limited	826,944	4.95
The Bank of New York (Nominees) Limited	527,072	3.15
Lynchwood Nominees Limited	463,788	2.77
Hero Nominees Limited	399,764	2.39
Vestra Nominees Limited	260,823	1.56

9. This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Company. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The investment performance, financial condition, assets and prospects of the Company may change. Except as required by law or applicable regulation, the Company does not undertake any obligation to update any forward-looking statements, even though the situation of the Company may change in the future. All of the information presented in this document, and particularly the forward-looking statements, is qualified by these cautionary statements.

## Definitions

“Available Shares”	has the meaning given to such term in Part I of this document
“Base Tender Price”	has the meaning given to such term in Part I of this document
“Basic Entitlement”	has the meaning given to such term in Part I of this document
“Board” or “Directors”	the board of directors of the Company
“Business Day”	any day other than a Saturday, Sunday or public holiday in England and Wales or Guernsey
“Business Partner”	a Dubai brokerage house or custodian that is a business partner in the Nasdaq Dubai CSD
“Closing Date”	20 May 2016
“Company”	BH Macro Limited
“Court”	The High Court of Justice in England and Wales
“CREST”	the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations)
“CREST member”	a person who has been admitted by Euroclear as a system-member (as defined in the Regulations)
“CREST participant”	the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations)
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor being a sponsoring system participant (as defined in the Regulations)
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member
“CSD”	Central Securities Depository
“Eligible Shareholder”	a Shareholder who is eligible to participate in the Tender Offer (which excludes certain Overseas Shareholders as detailed in Parts I, II or III of this document)
“Eligible Shares”	in respect of any Shareholder, their total shareholding as at the Record Date
“Euro” or “€” or “EUR”	the lawful single currency shared by the majority of the

	member states of the European Union
“Euro Shares”	ordinary shares of no par value in the capital of the Company designated as Euro shares
“Euro Tender Form”	the tender form accompanying this document for use by holders of Euro Shares in connection with the Tender Offer
“Euroclear”	Euroclear UK & Ireland Limited
“Excess Application”	has the meaning given to such term in Part I of this document
“Extraordinary General Meeting” or “EGM”	the Extraordinary General Meeting of the Company convened for 2.00 p.m. on 24 May 2016 (or any adjournment thereof), notice of which is set out at the end of this document
“Form(s) of Proxy”	the Form(s) of Proxy accompanying this document, for use by Shareholders in connection with the Extraordinary General Meeting
“FSMA”	the Financial Services and Markets Act 2000, as amended
“HMRC”	H.M. Revenue & Customs
“J.P. Morgan Cazenove”	J.P. Morgan Securities plc, which conducts its UK investment banking activities as J.P. Morgan Cazenove
“Latest Practicable Date”	25 April 2016, being the latest practicable date prior to the publication of this document
“London Stock Exchange”	London Stock Exchange plc
“Manager”	Brevan Howard Capital Management L.P.
“Master Fund”	Brevan Howard Master Fund Limited
“Maximum Tender Price”	has the meaning given to such term in Part I of this document
“Member Account ID”	the identification code or number attached to any member account in CREST
“Nasdaq Dubai”	Nasdaq Dubai Limited
“NAV Determination Date”	31 May 2016
“Net Asset Value” or “NAV”	the aggregate value of the net assets attributable to a class of Shares calculated in accordance the articles of incorporation of the Company
“Overseas Shareholder”	a Shareholder who is a citizen or national of, or resident in, a jurisdiction outside the United Kingdom or a custodian,



	nominee or trustee for a citizen, national or resident of a jurisdiction outside the United Kingdom
“Participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
“Receiving Agent”	Computershare Investor Services PLC
“Record Date”	close of business on 20 May 2016
“Register”	the register of members of the Company
“Registrar”	Computershare Investor Services (Guernsey) Ltd
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
“Regulatory Information Service”	one of the service providers listed in Schedule 12 of the listing rules of the UK Listing Authority
“Repurchase Agreement”	the agreement between the Company and J.P. Morgan Cazenove for the repurchase by the Company on the London Stock Exchange of Shares purchased by J.P. Morgan Cazenove pursuant to the Tender Offer
“Resolution”	the special resolution to be proposed at the Extraordinary General Meeting and contained in the notice of the Extraordinary General Meeting
“Share”	an ordinary share of no par value in the capital of the Company designated as a Euro Share, Sterling Share or US Dollar Share
“Shareholders”	holders of Shares
“Sterling” or “£” or “GBP”	the lawful currency of the United Kingdom
“Sterling Shares”	ordinary shares of no par value in the capital of the Company designated as Sterling shares
“Sterling Tender Form”	the tender form accompanying this document for use by holders of Sterling Shares in connection with the Tender Offer
“Tender Form”	the tender forms accompanying this document for use by each class of Shareholders in connection with the Tender Offer
“Tender Offer”	the invitation by J.P. Morgan Cazenove to Eligible Shareholders (other than certain Overseas Shareholders) to tender Shares on the terms and subject to the conditions set out in this document

“Tender Price”	the price(s) at which Shares of the relevant class will be purchased pursuant to the Tender Offer as determined in accordance with the terms and conditions of the Tender Offer
“Tender Price Increments”	has the meaning given to such term in Part I of this document
“TFE Instruction”	a transfer from escrow instruction (as defined by the CREST Manual issued by Euroclear)
“TTE Instruction”	a transfer to escrow instruction (as defined by the CREST Manual issued by Euroclear)
“UK Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part IV of FSMA
“uncertificated” or “in uncertificated form”	recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST
“United States” or “US”	the United States of America, its territories and possessions, any State of the United States and the District of Columbia
“US Dollar” or “\$” or “USD”	the lawful currency of the United States
“US Dollar Shares”	ordinary shares of no par value in the capital of the Company designated as US Dollar Shares
“US Dollar Tender Form”	the tender form accompanying this document for use by holders of US Dollar Shares in connection with the Tender Offer

## **BH Macro Limited**

*(an authorised closed-ended collective investment scheme established as a company with limited liability under the laws of Guernsey with registration number 46235)*

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE** is hereby given that an Extraordinary General Meeting of BH Macro Limited (the "Company") will be held at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey on 24 May 2016 at 2.00 p.m. to consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution as set out below:

#### **SPECIAL RESOLUTION**

1. THAT, without prejudice to any subsisting authority conferred on the Company, the Company be and is hereby generally and unconditionally authorised in accordance with The Companies (Guernsey) Law 2008, as amended, to make market purchases (as defined in that Law) of each class of its shares (the "Shares") (either for the retention as treasury shares for further reissue and resale or transfer, or cancellation) pursuant to the tender offer to all of the Company's shareholders (excluding certain overseas shareholders) to be made by J.P. Morgan Securities plc on the terms and subject to the conditions set out in the circular of the Company dated 27 April 2016 (the "Circular"), PROVIDED THAT:
  - a. the maximum number of Shares authorised to be purchased shall be 7,812,223 Shares designated as Sterling Shares, 861,331 Shares designated as Euro shares and 3,805,094 Shares designated as US Dollar Shares;
  - b. the price which may be paid for a Share of a specific class shall be the Tender Price(s), as defined in the Circular, for that class of Share (the lowest of which shall be the minimum price, and the highest of which the maximum price, for the purposes of The Companies (Guernsey) Law 2008, as amended); and
  - c. the authority hereby conferred shall expire on 31 July 2016 (unless such authority is renewed prior to such date), save that the Company may, prior to such expiry, enter into a contract to purchase Shares which will or may be completed or executed wholly or partly after such expiry and make a purchase of such Shares pursuant to any such contract.

*By order of the Board*

*Registered Office*

PO Box 255  
Trafalgar Court, Les Banques  
St Peter Port, Guernsey, GY1 3QL  
Channel Islands

Dated 27 April 2016

**Notes:**

1. To have the right to attend and vote at the meeting you must hold shares in the Company and your name must be entered on the share register of the Company in accordance with note 4 below.
2. Shareholders entitled to attend and vote at the meeting may appoint one or more proxies (who need not be a Shareholder) to attend, speak and vote on their behalf, provided that if two or more proxies are to be appointed, each proxy must be appointed to exercise the rights attaching to different shares. Where multiple proxies have been appointed to exercise rights attached to different Shares, on a show of hands those proxy holders taken together will collectively have the same number of votes as the Shareholder who appointed them would have on a show of hands if he, she or it were present at the meeting. On a poll, all or any of the rights of the Shareholder may be exercised by one or more duly appointed proxies.
3. To be valid, the relevant instrument appointing a proxy (and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) must be received by Computershare Investor Services (Guernsey) Ltd, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and, in any event, not later than 2.00 p.m. on 20 May 2016. A Form of Proxy accompanies this notice. If a Shareholder owns more than one class of Shares, such Shareholder should complete a Form of Proxy for the meeting in respect of each class of Shares that such Shareholder owns. Completion and return of the Form(s) of Proxy will not preclude members from attending and voting at the meeting should they wish to do so.
4. The time by which a person must be entered on the register of members in order to have the right to attend and vote at the meeting is 2.00 p.m on 24 May 2016. If the meeting is adjourned, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the adjourned meeting is 48 hours before the date fixed for the adjourned meeting. In calculating such 48 hours period, no account shall be taken of any part of a day that is not a Business Day. Changes to entries on the register of members after such times shall be disregarded in determining the rights of any person to attend or vote at the meeting.
5. On a poll each Shareholder will be entitled to one vote per Euro share held, 0.7606 votes per US Dollar Share held and 1.471 votes per Sterling Share held. As at the latest practicable date prior to the date of this notice, the Company's issued share capital (excluding Shares held in treasury) consisted of 3,445,325 Euro shares, 15,220,377 US Dollar Shares and 31,248,895 Sterling Shares. Therefore, the total voting rights in the Company as at the latest practicable date prior to the date of this notice are 60,989,068.
6. Eligible Shareholders owning US Dollar Shares through an account on Nasdaq Dubai who wish to attend the Extraordinary General Meeting or to exercise the voting rights attached to interests in the US Dollar Shares held by them through an account on Nasdaq Dubai at the Extraordinary General Meeting should inform their Dubai broker, bank or custodian that is a business partner in the Nasdaq Dubai CSD at least 10 full days before the Extraordinary General Meeting, after which they will receive an attendance ticket and proxy card.