

Rights Issue Information Sheet



When we hold shares for you in a company which calls a rights issue, we will contact you securely to ask for your instructions. Once the entitlement date has passed, we endeavour to communicate with you as quickly as possible. Please note our deadline expires before that set by the company or their registrars so that we have reasonable time to process your instructions.

WHAT IS A RIGHTS ISSUE?

A rights issue is one way in which a company may choose to raise money. This may be from a position of strength to fund expansion, or from a weak position to fill a hole in the balance sheet. Shareholders are given the opportunity to purchase additional shares in proportion to their existing holding at a discount to the market price.

WHAT ARE NIL-PAID RIGHTS?

Shareholders receive these rights pro-rata to their holding of ordinary shares based on the terms of the rights issue. These give the shareholder the right to purchase additional ordinary shares in the rights issue at the offer price which is usually at a discount to the market price. A shareholder can also sell these rights in the market.

SHOULD I TAKE PART IN THE RIGHTS ISSUE?

Are you happy to invest more of your money in the company or could your money be working better for you elsewhere? If you decide not to take up the rights your overall shareholding in the company will be diluted. You can usually sell your rights in the market to compensate for any loss of value. If you don't sell your rights they will lapse and you may receive lapsed proceeds. In adverse circumstances the share price may fall below the offer price and in these circumstances no lapsed proceeds will be paid.

WHY AM I ENTITLED TO PARTICIPATE IN THE RIGHTS ISSUE?

All shareholders are entitled to take part if they are a shareholder on the entitlement date. If you purchase ordinary shares prior to this date you are entitled to participate in the rights issue, even if the trade has not settled before the entitlement date. If you buy ordinary shares on, or after this date you are not entitled to participate. However, if you sell your shares on the entitlement date you are still entitled to participate.

I HAVE HEARD THAT YOU HAVE TO HOLD SHARES ON THE RECORD DATE IN ORDER TO BE ENTITLED. IS THIS DIFFERENT TO THE ENTITLEMENT DATE?

Yes. The record date is the date on which the company registrar will look at the register of all shareholders in the company. The record date will usually be approximately three working days prior to the entitlement date, though this can vary. If you sell your shares after the record date and before the entitlement date you will not be entitled to participate in the rights issue. If you buy shares after the record date and before the entitlement date you will be entitled to participate in the rights issue.

CAN I TAKE UP MORE SHARES IN THE OFFER THAN I AM ENTITLED TO?

Rights issues do not have a facility to apply for a number of shares in excess of the basic entitlement.

I DO NOT HAVE SUFFICIENT FUNDS IN MY ISA AND I WISH TO TAKE UP THE RIGHTS, WHAT ARE MY OPTIONS?

- If you have not fully subscribed to your ISA for the current tax year you may wish to use your subscription allowance. You can send us a cheque, or make a debit card payment to your ISA by contacting your usual Redmayne Bentley office or online at www.redmayne.co.uk/payment
- You can take up as many shares as possible within the ISA with the funds available and either sell the remaining rights or let them lapse.
- You can take up as many shares as possible within the ISA with the funds available and take up the remainder outside of your ISA in your own name at an additional cost of £15 plus VAT, or, alternatively, in an existing Redmayne Bentley Nominee account at no additional cost.
- You can take up your entitlement outside of your ISA in your own name at an additional cost of £15 plus VAT, or, alternatively, in an existing Redmayne Bentley Nominee account at no additional cost.
- You can sell part of your entitlement in the market (normal dealing charges apply) and use the proceeds to take up as many shares as possible (known as a 'tailswallow').

I DO NOT HAVE SUFFICIENT FUNDS IN MY ACCOUNT BUT MY FAMILY MEMBER/FRIEND HAS SUFFICIENT FUNDS IN THEIR ACCOUNT, CAN THEY TAKE UP MY RIGHTS?

No, only the entitled shareholder can take up the rights.

WHAT WILL HAPPEN IF I DO NOT PARTICIPATE IN THE RIGHTS ISSUE?

Your rights will lapse. The company will sell these entitlements and any net proceeds, after deduction of the offer price and costs, will be distributed to shareholders who allowed their rights to lapse. The amount of lapsed proceeds, if any, will not be known until the rights issue has closed.

OVERSEAS RIGHTS ISSUES

Due to investment restrictions in other countries, non-resident shareholders may not always be able to participate in a rights issue or be eligible to receive lapsed proceeds. The eligibility of a shareholder may not be known at the time of writing and any instructions received may be rejected at any time during or after the offer. Nil-paid rights, particularly from overseas rights issues, may have limited or no liquidity and it is not always guaranteed that you will be able to sell these rights.

Please refer to the relevant *Schedule of Charges* for our standard dealing charges or visit www.redmayne.co.uk/charges. If you have any questions about rights issues, please contact your usual Redmayne Bentley executive or office.