N+1 SINGER

Allocation Policy

1. Application

This policy applies to all N+1 Singer (N1S) staff that are involved in the underwriting, placing, pricing or allocation of securities (both primary and secondary offerings) of either debt or equity.

2. Scope

This allocation policy requires N1S to conduct its placing activities in accordance with the principle that any allocation undertaken by the firm does not place its own interest ahead of the interest of the issuer or its Clients. Hence it's the firm's policy to:

i. Maintain and operate policies and procedures to identify, prevent and manage any conflict of interest that may arise;
ii. Set out the procedures for developing allocation recommendations;
iii. Understand and consider the Client's allocation objectives;
iv. Obtain the Client's agreement to the proposed allocations; and
v. Maintain satisfactory records of material steps in the process

3. Allocation Process

The basic objective of allocation process is to produce an appropriate spread of investors (for example between long term holders and providers of liquidity, between institutional and private holders and between investors in different sectors and geographical areas) for the particular issuer and type of securities concerned, with a view to achieving an orderly aftermarket with sufficient liquidity and reasonable price stability.

The basis of allocation in any individual case will depend on the particular facts and circumstances and will be the result of discussion and the exercise of judgment.

N1S normally considers the following factors when advising Clients on the allocation of securities:

i. the size of an investor's expressed interest (both absolutely and relative to the investor's portfolio or assets under management);
ii. the extent to which the investor's expressed interest and the size of the allocation requested appears consistent with the investor's investment strategy and objectives and purchasing capacity;
iii. the investor's behaviour in, and following, past issues generally;
iv. the investor's interest in, and past dealings in, other securities of the issuer;
v. the investor's interest in, and past dealings in securities of, other issuers in the sector;
vi. the nature and level of interest shown by the investor in the issuer and the particular offering, for example its involvement in road-shows and other direct contacts with the issuer or seller of the securities;

vii. the timing of the investor's interest, especially if interest is expressed only at a relatively late stage;
viii. the possibility that the investor may be using the offer as a means of building a strategic stake or platform;
ix. any statement by the investor about its intentions and the perceived credibility of any such statement;
x. any indication or reasonable belief that the investor has exaggerated the true extent of its interest in the expectation of being scaled down;
xi. the category or description into which the investor falls (e.g. retail fund, pension fund, tracker fund);
xii. the geographical location of the investor;
xiii. the sector or sectors of the investor's main business;
xiv. any selling restrictions or other relevant legal or regulatory restrictions in jurisdictions with which the investor is connected;
xv. the desirability of avoiding allocations in inconvenient or uneconomic amounts; and

N1S believe the points listed above help our Clients to achieve their objectives with regard to the allocation process. Whilst N1S's aim is to serve the interests of each individual Client we would not wish to follow these principles if the Client believes they are inconsistent with their objectives. N1S will handle the allocation process in a way which allows N1S to serve the Client's interests and manage the various conflicts of interest that may arise.

Other than the objective of identifying stable and supportive shareholders that we have referred to above, the Client should tell N1S if there are any other objectives that they wish to achieve through the allocation process. If the Client has any concerns about the principles and policies we have referred to, please ensure N1S are made aware of these and we will then take into account any points raised for the purposes of deciding which investors we should approach and formulating our recommendations on how the offering should be allocated.

N1S will invite the Client to participate actively in the allocation process. On the day before or day of posting placing letters, N1S will prepare a draft allocation list showing our recommendations. This will also include details of all demand for the shares (so that they are able to identify any applicants who have been scaled back or eliminated in the draft allocation list). We will be happy to discuss our recommendations and to explain the reasons behind our approach. The Client will be free to recommend amendments to the allocation list that they deem appropriate in the light of what they believe to be in their best interests. Once finalised we will seek the Client's confirmation that they agree with the allocation list.

Where N1S is joint broker on a transaction we reserve the right to approve the allocation list prior to the finalisation of the transaction.

4. Managing the Risks of Conflicts of Interest

When making recommendations on allocations, we must be mindful of the risk that there could be potential conflicts between the Client's interest and those of N1S or other Clients. In particular, there is a risk of such conflicts arising when shares are allocated to other Clients of N1S or N1S's market makers. We will normally recommend that allocations are made to these parties, provided we are satisfied that such allocations would be consistent with the Client's objectives. N1S approach to allocations to each of these parties is as follows:-

(a) It is likely that most of the demand will come from regular Clients of N1S's sales desk, and that allocations will therefore be made to those Clients. This is because N1S has relationships with most of the large, blue-chip fund managers in the smaller companies sector. We believe that we can use these relationships to an issuer's advantage because they help us to place shares with blue-chip institutions which should provide a stable base of long-term shareholders. Furthermore, given the nature of our sales desks' Client base, we believe that in most cases, allocations to those Clients should not undermine the interests of the Client. We are nevertheless mindful that our relationships with those Clients could generate a conflict of interest, and we will not recommend any allocations that we believe to be inconsistent with the Client's interests.

(b) We believe that it is often in our Client's interest for some shares in the offering to be allocated to N1S's market-makers which helps to provide liquidity in the market, so that sharp fluctuations in the share price can be avoided. There is, nevertheless, a risk of a conflict of interest because N1S's market-makers may be able to make a profit from the shares that are allocated to them, however, N1S will take care in managing this relationship and will not allocate shares to our market-makers unless we believe that this would be in the Client's interests.

5. Record Keeping

N1S is required to record a justification of the final allocations made to each investment Client, specifically in relation to allocations made to investors who appear in the top 20% of allocation made by size.

6. Inducements

N1S prohibits allocations made to incentivise high fees or high volumes of business for unrelated services, allocations made in return for future business or allocations conditional on receipt of future orders or purchase of future services.