



## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about what action you should take, it is recommended that you immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Market Act 2000 (as amended) or in the case of recipients outside the United Kingdom your stockbroker, bank manager, solicitor, accountant or other financial adviser.

If you have sold or transferred all your Ordinary Shares in Falkland Islands Holdings PLC, please forward this document at once, together with the accompanying form of proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

# Falkland Islands Holdings plc

(incorporated in England & Wales with registered number 03416346)

## Authority to consolidate, sub-divide and buy-back shares

To Shareholders and, for information only, to the holders of options under the Company's share option schemes

## Notice of General Meeting

The Notice of a General Meeting of the Company, to be held at 2.30 p.m. on 12 January 2016 at the offices of Bircham Dyson Bell LLP, 50 Broadway, London SW1H 0BL, is set out at the end of this document. Shareholders will find enclosed a Form of Proxy for use at this meeting and a Form of Election. To be valid the Form of Proxy must be completed and returned, in accordance with the instructions printed thereon, to the Company's Registrar, Capita Asset Services at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible, but in any event not later than 2.30 p.m. on 8 January 2016.

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## EXPECTED TIMETABLE

Latest time and date for receipt of the Form of Election	1.00 p.m. 8 January 2016
General Meeting	2.30 p.m. 12 January 2016
Record Time in relation to the Consolidation and Sub-division	6.00 p.m. 12 January 2016
Admission of New Ordinary Shares to trading on the London Stock Exchange AIM market	8.00 a.m. 13 January 2016
CREST accounts credited in respect of New Ordinary Shares	13 January 2016
Cheques dispatched following purchases of Fractional Entitlements	26 January 2016
Definitive share certificates dispatched in respect of New Ordinary Shares	26 January 2016

## DIRECTORS, SECRETARY AND ADVISERS

Directors:	John Foster Edmund Rowland Jeremy Brade
Registered office:	Kenburgh Court, 133–137 South Street, Bishop's Stortford, Hertfordshire, CM23 3HX
Company secretary:	Carol Bishop
Nominated Adviser:	WH Ireland Limited of 24 Martin Lane, London EC4R 0DR
Auditor:	KPMG Audit Plc, St Nicholas House, Park Row, Nottingham NG1 6FQ
Solicitors to the Company:	Bircham Dyson Bell LLP, 50 Broadway, London SW1H 0BL
Receiving Agent:	Capita Asset Services, Corporate Actions, 34 Beckenham Road, Beckenham, Kent BR3 4TU
Registrar:	Capita Asset Services, Corporate Actions, 34 Beckenham Road, Beckenham, Kent BR3 4TU

## DEFINITIONS

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

<b>Act</b>	the Companies Act 2006 (as amended).
<b>AIM Rules</b>	the AIM Rules for Companies published by the London Stock Exchange Plc from time to time.
<b>Board or Directors</b>	the directors of the Company, whose names appear on page 2 of this document.
<b>Business Day</b>	a day (other than a Saturday, Sunday or public holiday) when clearing banks are open for business in the City of London).
<b>Buy-back and Stabilisation Regulation</b>	Commission Regulation (EC) of 22 December 2003 (No. 2273/2003) implementing the Market Abuse Directive as regards exemptions for buy-back programmes and stabilisation of financial instructions.
<b>Capita Asset Services</b>	A trading name of Capita Registrars.

<b>Capital Reorganisation</b>	the reorganisation of the existing share capital of the Company pursuant to the Consolidation and the Sub-division, as described in this document.
<b>Circular</b>	this document.
<b>Company</b>	Falkland Islands Holdings PLC, a public limited company incorporated under the Act with registered number 03416346.
<b>Consolidated Shares</b>	the ordinary shares of £100 each in the capital of the Company arising from the Consolidation.
<b>Consolidation</b>	the proposed consolidation of the Existing Ordinary Shares into Consolidated Shares, as described in this document on the basis of one Consolidated share for every 1,000 Existing Ordinary Shares.
<b>CREST</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is Operator (as defined in the CREST Regulations).
<b>CREST Regulations</b>	The Uncertificated Securities Regulations 2001 (SI 2000 No.3755).
<b>Existing Ordinary Shares</b>	the existing ordinary shares of 10 pence each in the capital of the Company currently in issue at the date of this document.
<b>Form of Election</b>	the form of election enclosed with this document to be used by Small Shareholders.
<b>Form of Proxy</b>	the form of proxy entitled "Falkland Islands Holdings PLC Form of Proxy" enclosed with this document to be used by Shareholders at the General Meeting .
<b>Fractional Entitlement</b>	a fractional entitlement to a Consolidated Share following the Consolidation.
<b>FSMA</b>	The Financial Services and Markets Act 2000, as amended.
<b>General Meeting or GM</b>	the general meeting of the Company convened for 2.30 p.m. on 12 January 2016 which is due to be held at Bircham Dyson Bell LLP, 50 Broadway, London SW1H 0BL by the notice set out at the end of this document (and any adjournment thereof).
<b>New Ordinary Shares</b>	the new ordinary shares of 10 pence each in the capital of the Company following the Capital Reorganisation.
<b>Nomad</b>	WH Ireland Limited of 24 Martin Lane, London EC4R 0DR.
<b>Off Market Share Purchase Authority</b>	the authority to acquire the Fractional Entitlements of Small Shareholders in an off-market purchase to be sought by the Company pursuant to Resolution 1.
<b>Ordinary Shares</b>	Existing Ordinary Shares and/or New Ordinary Shares as the context so requires.
<b>Record Time</b>	6.00 p.m. on 12 January 2016 in relation to the Consolidation and Sub-division.
<b>Resolutions</b>	the resolutions proposed at the General Meeting, which are set out at the end of this document.
<b>Shareholders</b>	holders of Ordinary Shares.
<b>Share Purchase Agreement</b>	the agreement to be entered into between the Small Shareholders (acting by a Director as their attorney) and the Company for the sale and purchase of the Fractional Entitlements of the Small Shareholders, details of which are given on pages 5 and 6 of this document.
<b>Small Shareholders</b>	Shareholders who hold less than 1,000 Existing Ordinary Shares at the Record Time, but excluding any such Shareholder who validly completes the Form of Election stating that they wish to retain all of their Fractional Entitlement.
<b>Sub-division</b>	the proposed sub-division of each Consolidated Share into New Ordinary Shares, as described in this document on the basis of 1,000 New Ordinary Shares for every one Consolidated Share.

Registered Office:  
Kenburgh Court  
133–137 South Street  
Bishop's Stortford  
Hertfordshire  
CM23 3HX

21 December 2015

## Dear Shareholder

### Introduction

The General Meeting is to be held at the offices of Bircham Dyson Bell LLP, 50 Broadway, London SW1H 0BL on Tuesday 12 January 2016 at 2.30 p.m. The notice convening the meeting is set out on page 7 of this document. Resolutions numbered 1 to 3 will be proposed in order to seek approval for a capital reorganisation involving the consolidation and then sub-division of the Company's share capital and authority for the Company to buy back certain fractional entitlements arising on the consolidation of the Company's share capital. This Circular provides you with an explanation of those items of business and explains the action you should take.

## 1 Capital Reorganisation

### Background

The Company currently has 2,139 Shareholders. Of these, 1,629 Shareholders have registered holdings of less than 1,000 Ordinary Shares, representing some 76 per cent of the total number of Shareholders but less than 3 per cent (369,806 Ordinary Shares) of the total Ordinary Shares in issue (12,431,623 Ordinary Shares). The majority of these shareholdings date back to 1998, when shareholders in Anglo United PLC received 1 share in Falkland Islands Holdings PLC for every 300 shares they held in Anglo United. As a result, the Company has a disproportionately large number of shareholders holding very few shares.

The large number of shareholders results in significant costs to the Company. The Board believes that it is not in the Company's best interests to continue to bear these costs.

Accordingly the Board proposes to buy back the Fractional Entitlement to a Consolidated Share which will accrue to the Small Shareholders without any transaction cost being charged to the shareholder. This will benefit the Small Shareholders who may have considered selling their Ordinary Shares but decided not to do so due to the disproportionate dealing and administration costs relating to such a sale.

However any Small Shareholders wishing to retain their shareholding may do so, by completing the enclosed Form of Election.

As at the close of business on 14 December 2015 being the last practicable date prior to the publication of this document, a shareholding of 1,000 Ordinary Shares was worth £2,225 at the mid-market price.

It is important to note that the buy-back of Fractional Entitlements will only apply to registered holdings, so if you hold less than 1,000 shares through a nominee, the buy back will only apply if the total holding of the nominee shareholder is less than 1,000 shares.

### Consolidation

The Board is therefore proposing to undertake a capital reorganisation of the Ordinary Shares and buy-back the Fractional Entitlements, which will reduce the number of Shareholders, achieving cost savings for the Company, whilst at the same time returning value, free from transaction costs, to the Small Shareholders. It is proposed to achieve this by first undertaking the Consolidation, consolidating every 1,000 Ordinary Shares into one Consolidated Share.

As a consequence of the Consolidation, if you hold less than 1,000 Ordinary Shares at the Record Time, then, unless you complete the Form of Election stating that you elect to retain all of your fractional entitlement to a Consolidated Share, such "Fractional Entitlement" will be purchased by the Company. With a view to maximising the sale price of

the Fractional Entitlements, the Company itself intends to purchase those Fractional Entitlements, pursuant to the Off Market Share Purchase Authority, as set out in resolution 3 on page 7 of this document.

The Share Purchase Agreement provides that the Company will buy the Fractional Entitlements of Small Shareholders. Further details of the Share Purchase Agreement and the price at which the Fractional Entitlements will be bought back are given on pages 5 and 6 of this document.

If your shareholding is 1,000 Ordinary Shares or more at the Record Time, then unless your holding is divisible by 1,000 you will be left with a whole number of Consolidated Shares together with a Fractional Entitlement, all of which will be converted into New Ordinary Shares in the Sub-division. If you hold less than 1,000 Ordinary Shares at the Record Time, but complete the Form of Election stating that you elect to retain all of your Fractional Entitlement to a Consolidated Share then your Fractional Entitlement will be converted into New Ordinary Shares in the Sub-Division.

Resolution 1, a special resolution, deals with the Consolidation and authorises the Directors to implement the sale of the Fractional Entitlements of Small Shareholders. It is intended that the sale of the Fractional Entitlements will then be effected by means of the Share Purchase Agreement and resolution 3 authorises any Director, as attorney for the Small Shareholders, to execute the Sale and Purchase Agreement on their behalf.

#### Sub-division

In order to avoid the Consolidation having a detrimental effect on the market price of the Company's shares, and to avoid confusion that might arise from the Consolidation, the Board is proposing that, immediately following the Consolidation and the sale and purchase of the Fractional Entitlements of the Small Shareholders, the remaining Consolidated Shares and Fractional Entitlements will be sub-divided on the basis of 1,000 New Ordinary Shares for each Consolidated Share held and proportionately for any Fractional Entitlement.

Resolution 2, an ordinary resolution, seeks shareholder approval for the Sub-division.

#### Certificated and non-certificated holdings

If you hold a share certificate in respect of your Existing Ordinary Shares it will no longer be valid from the time the proposed Capital Reorganisation takes effect. You will be sent a new share certificate within 14 days of the Record Time and upon receipt thereof should destroy the old certificate(s). If you hold your Existing Ordinary Shares in uncertificated form (i.e. in CREST), you should expect to have your CREST account adjusted to reflect your entitlement to New Ordinary Shares on 13 January 2016 or as soon as practicable after the Capital Reorganisation takes effect. Existing Ordinary Shares credited to any stock account in CREST will be disabled and all Existing Ordinary Shares will be removed from CREST in due course.

#### Share rights

The New Ordinary Shares created by the Capital Reorganisation will have the same rights as the Existing Ordinary Shares. Immediately following the proposed Capital Reorganisation the Company will apply for the admission of the New Ordinary Shares to trading on the AIM Market. It is anticipated that dealings in the Existing Ordinary Shares will continue until the close of business on 12 January 2016 and that dealings in the New Ordinary Shares will commence at 8.00 a.m. on 13 January 2016, being the next Business Day.

## **2 Off Market Share Purchase Authority (purchase of Fractional Entitlements)**

Resolution 3 is a special resolution that seeks authority to purchase the Fractional Entitlements of Small Shareholders pursuant to the Share Purchase Agreement, as explained below. Resolution 3 grants this authority and approves the Company entering into the Share Purchase Agreement.

Although resolution 3 is not stated to be conditional upon the passing of any other resolution(s), the Directors will not be able to exercise this authority unless resolutions 1 and 2 are also passed.

The Share Purchase Agreement is to be made between the Small Shareholders (acting by a Director as their attorney in accordance with resolution 3) as sellers (1) and the Company as purchaser (2) and provides for the sale and purchase of the Fractional Entitlements of the Small Shareholder on the following basis:

- a) The price payable for the Fractional Entitlements is to be calculated on the basis of a Consolidated Share having a value equal to one thousand times the value equal to 105 per cent. of the average mid-market price of an Ordinary Share for the five Business Days ending on the date of completion of the purchase or, if higher, the value stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation being the higher of the price of the last independent trade and the highest current independent bid available in the market.
- b) Completion is to take place on 12 January 2016 and payment of the cash consideration is to be made to the Small Shareholders by cheque or through their CREST accounts (as appropriate) within 14 days of completion.
- c) The Share Purchase Agreement contains statements confirming that the Small Shareholders own the Fractional Entitlements, that they are to be sold free from encumbrances and that the Small Shareholders consent to the sale of the Fractional Entitlements.
- d) The Share Purchase Agreement provides that Small Shareholders will receive payment of the sale proceeds of their Fractional Entitlements by cheque if they hold their shares in certificated form, or if held through CREST their CREST accounts will be credited within 14 days of the Record Time, and all such Fractional Entitlements which are purchased by the Company will be included in the Sub-division and held as treasury shares by the Company.

The reasons for the Company proposing to purchase the Fractional Entitlements itself by way of an off market purchase through the Share Purchase Agreement is:

- to ensure that they are bought immediately after the Record Time; and
- to avoid incurring the cost of a market purchase of the Fractional Entitlements which would involve the admission of the Consolidated Shares to trading on AIM, and broker costs and charges for the sale and purchase.

### **3 Reasons for calling the General Meeting**

The Company requires Shareholder approval for the Consolidation and Sub-division and requires authority to enter into the Share Purchase Agreement.

### **4 Action to be taken**

Shareholders will find enclosed a Form of Proxy, together with a Form of Election for Small Shareholders wishing to opt out of the Capital Reorganisation and retain their shareholding. Whether or not you are able to attend the meeting, you are requested to complete the Form of Proxy and return it to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to arrive no later than 2.30 p.m. on 8 January 2016. Shareholders who hold their shares electronically in CREST can appoint a proxy using the CREST electronic proxy appointment service as described in note 3 to the Notice of General Meeting.

Alternatively, shareholders can register their proxy votes online, as indicated in note 4 to the Notice of General Meeting. The completion and return of a Form of Proxy, the appointment of a proxy through CREST or registering your proxy votes online will not preclude you from attending and voting in person, if you wish to do so.

### **5 Recommendation and Voting Intentions**

The Directors consider that the resolutions numbered 1 to 3 inclusive set out in the Notice of General Meeting on page 7 of this document are in the best interests of and most likely to promote the success of the Company for the benefit of its members, as a whole. Accordingly, the Directors recommend that you vote in favour of them, as each of the Directors intends to do in respect of his own beneficial holding of shares in the Company.

### **6 Adjournment of meeting**

For the Company's protection, the Chairman may, at his discretion, adjourn the meeting and cancel the Capital Reorganisation, in the event that the basis of the price payable for the Fractional Entitlements, as stated in 2(a), exceeds 115% of £2,225, being the mid-market price of one thousand Ordinary Shares at the close of business on 14 December 2015.

Yours faithfully

Edmund Rowland  
Chairman

# NOTICE OF GENERAL MEETING

of

## Falkland Islands Holdings PLC

(incorporated in England & Wales with registered number 03416346)

Notice is hereby given that the General Meeting of Falkland Islands Holdings PLC (the "Company") will be held at the offices of Bircham Dyson Bell LLP, 50 Broadway, London SW1H 0BL on Tuesday 12 January 2016 at 2.30 p.m.

To consider and, if thought fit, pass the following Resolutions which will be proposed as ordinary resolutions or special resolutions as indicated below:

### 1 As a special resolution

THAT, subject to and conditional upon the passing of resolution 2 and resolution 3, all of the existing issued ordinary shares of 10 pence each in the capital of the Company ("Existing Ordinary Shares") be and are hereby consolidated into ordinary shares of £100 each ("Consolidated Shares") on the basis of one Consolidated Share for each 1,000 Existing Ordinary Shares and the Directors be and are hereby authorised in accordance with their powers conferred under article 48 of the articles of association of the Company ("Articles") and this resolution, to effect the sale of the Fractional Entitlements to a Consolidated Share to which Small Shareholders (as defined in the Circular) are entitled to the Company on the terms of the Share Purchase Agreement and any Director be and is hereby authorised, as attorney for an on behalf of each of the Small Shareholders (as defined above), to sign or execute the Share Purchase Agreement (as defined above) and any stock transfer form required to be executed on completion of the Share Purchase Agreement on their behalf.

### 2 As an ordinary resolution

THAT, subject to and conditional upon the passing of resolution 1 and resolution 3 immediately after completion of the sale and purchase of the fractional entitlements of Small Shareholders pursuant to the Share Purchase Agreement referred to in Resolution 1 above, the Consolidated Shares be and are hereby sub-divided into ordinary shares of 10 pence each ("New Ordinary Shares") on the basis of 1,000 New Ordinary Shares for each Consolidated Share held and in the same proportion in respect of any Fractional Entitlements to Consolidated Shares (including all such Consolidated Shares and Fractional Entitlements to Consolidated Shares purchased pursuant to the Share Purchase Agreement), such New Ordinary Shares to rank *pari passu* in all respects with the unissued ordinary shares of 10 pence each in the capital of the Company.

### 3 As a special resolution

THAT the Company be and is hereby specifically and unconditionally authorised in accordance with the Articles and the Companies Act 2006 (as amended) to purchase Fractional Entitlements of Small Shareholders (as both expressions are defined in the circular sent by the Company to Shareholders on 21 December 2015 (the "Circular"), a copy of which marked "A" is produced to the meeting and signed by the Chairman of the meeting for the purpose of identification), on and subject to the terms of the Share Purchase Agreement the principal terms of which are summarised in the Circular and a copy of which marked "B" is produced to the meeting and signed by the Chairman of the meeting for the purpose of identification, and that the terms of the Share Purchase Agreement be approved and any Director be authorised to execute the same on behalf of the Company and to fulfil all obligations of the Company thereunder, provided that this authority shall expire on 28 February 2016.

By order of the Board

Registered office:  
Kenburgh Court  
133 – 137 South Street  
Bishop's Stortford  
Hertfordshire  
CM23 3HX

Carol Bishop  
Secretary

21 December 2015

## Important notes for Shareholders

1. A Form of Proxy is enclosed. You may appoint one or more persons of your choice to act as your proxy. A proxy may attend the meeting and, on a poll, vote in respect of the shares you hold. A proxy need not be a shareholder of Company. You may use the enclosed Form of Proxy to nominate your proxy. To be valid, Forms of Proxy must reach the Company's Registrar, Capita Asset Services PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 2.30 p.m. on 8 January 2016. Completing and returning a Form of Proxy to the Registrar will not preclude you from attending and voting at the meeting in person.
2. Pursuant to Regulation 41 of the CREST Regulations, the Company specifies that only those shareholders registered in the Company's register of members at 6.00 p.m. on 8 January 2016 (or if the meeting is adjourned, in the Company's register of members at 6.00 p.m. on the day two days before the day fixed for the adjourned meeting) shall be entitled to attend or vote at this General Meeting in respect of the number of shares registered in their names at that time. Changes to entries on the register after 6.00 p.m. on 8 January 2016 will be disregarded in determining the rights of any person to attend or vote at the meeting.
3. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting to be held on 12 January 2016 and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the CREST Regulations.

4. To register your vote online, please log on to [www.capitashareportal.com](http://www.capitashareportal.com) and follow the on-screen instructions.