

No. 1805708

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

RESOLUTION

of

THE FLEMING GEARED INCOME & ASSETS INVESTMENT TRUST PLC

(Passed 23 October 1997)

At a SEPARATE GENERAL MEETING of the holders of the ordinary shares of 50p each of the above-named Company, duly convened and held at 25 Copthall Avenue, London EC2R 7DR on 23 October 1997 at 3.05pm, the following resolution was passed as an Extraordinary Resolution.

EXTRAORDINARY RESOLUTION

THAT this separate general meeting of the holders of the ordinary shares of 50p each of the Company ("Ordinary Shares") hereby sanctions the passing by the Company as a special resolution of the resolution set out in the notice of an extraordinary general meeting of the Company convened for 23 October 1997 and such variation or abrogation of the special rights or privileges attached to the said shares as is or may be effected by or involved in such resolution or the implementation of the capital re-organisation proposals as described in the circular to shareholders dated 30 September 1997, a copy of which is attached hereto.


.....
Chairman



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should immediately seek your own personal financial advice from a professional adviser authorised under the Financial Services Act 1986. If you have sold or transferred all your shares in The Fleming Geared Income & Assets Investment Trust plc, please pass this document and the accompanying forms of proxy to the purchaser or to the stockbroker, bank manager or other agent through whom the sale or transfer was effected for transmission to the purchaser.

Application will be made to the London Stock Exchange for the new ordinary shares to be issued pursuant to the proposals set out in this document and the units described on page 11 of this document to be admitted to the Official List of the London Stock Exchange. Dealings in the new ordinary shares and units are expected to commence on Monday, 24 November 1997.

Persons receiving this document should note that, in connection with the proposals, NatWest Securities Limited, which is regulated by The Securities and Futures Authority Limited and is a member of the London Stock Exchange, is acting for The Fleming Geared Income & Assets Investment Trust plc and for no-one else and will not be responsible to any other person for providing the protections afforded to customers of NatWest Securities Limited or advice in connection with the proposals.



THE FLEMING GEARED INCOME & ASSETS INVESTMENT TRUST PLC

Proposals for
Capital restructuring

Change of name

Amendments to Articles of Association

Notices convening a separate meeting of preferred shareholders, a separate meeting of ordinary shareholders and an extraordinary general meeting of the Company for 3.00 p.m., 3.05 p.m. and 3.10 p.m. respectively (or as soon thereafter as the immediately preceding meeting shall have been concluded or adjourned) on Thursday, 23 October 1997 and an extraordinary general meeting of the Company for 3.00 p.m. on Wednesday, 19 November 1997 are set out at the end of this document.

To be valid, the appropriate enclosed forms of proxy should be completed and returned to the Company's Registrars, Lloyds Bank Registrars, The Causeway, Worthing, West Sussex BN99 6DB, so as to arrive not later than 48 hours prior to the relevant meeting. Completion and return of a form of proxy will not preclude members from attending and voting in person should they so wish.

In view of the voting and quorum requirements for the separate meetings, shareholders are particularly requested to complete and return the relevant forms of proxy.

30 September 1997

CONTENTS

	Page
Expected Timetable	3
Definitions	4
PART I Letter from the Chairman	5
Introduction	5
Background to the Proposals	5
The Proposals	6
Benefits and Effects of the Proposals	7
Taxation	8
Meetings	9
Action to be Taken	10
Dealings, Dividends and Settlement	10
Recommendation	11
PART II Summary of Proposed Amendments to the Articles of Association	12
PART III Taxation	13
Notice of separate general meeting of preferred shareholders	15
Notice of separate general meeting of ordinary shareholders	16
Notice of first extraordinary general meeting	17
Notice of second extraordinary general meeting	19

EXPECTED TIMETABLE

Latest time for receipt of forms of proxy for the separate meeting of preferred shareholders	3.00 p.m. on 21 October 1997
Latest time for receipt of forms of proxy for the separate meeting of ordinary shareholders	3.05 p.m. on 21 October 1997
Latest time for receipt of forms of proxy for the first extraordinary general meeting	3.10 p.m. on 21 October 1997
Separate meeting of preferred shareholders	3.00 p.m. on 23 October 1997
Separate meeting of ordinary shareholders	3.05 p.m. on 23 October 1997
First extraordinary general meeting	3.10 p.m. on 23 October 1997
Record date for the bonus issue of new ordinary shares and for payment of the half yearly dividend on preferred shares	17 November 1997
Latest time for receipt of forms of proxy for the second extraordinary general meeting	3.00 p.m. on 17 November 1997
Second extraordinary general meeting	3.00 p.m. on 19 November 1997
Effective Date, commencement of dealings in new ordinary shares and units, CREST stock accounts credited with new ordinary shares and posting of certificates for ordinary shares, preference shares and units	24 November 1997
Half yearly dividend payment on preferred shares	30 November 1997

DEFINITIONS

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

"Act"	Companies Act 1985 (as amended)
"Articles"	the existing Articles of Association of the Company
"bonus issue"	the capitalisation issue of new ordinary shares to preferred shareholders under the capital re-organisation proposals
"capital re-organisation proposals"	the proposed capital re-organisation of the Company and the other changes proposed in this document to be considered at the first extraordinary general meeting
"Company"	The Fleming Geared Income & Assets Investment Trust plc
"Directors" or "Board"	the board of directors of the Company
"dividend proposals"	the proposed reduction in the fixed rate of dividend on the preference shares from 13.3 per cent. to 13.0 per cent. per annum with effect from 1 December 1997 to be considered at the second extraordinary general meeting
"Effective Date"	the date, expected to be Monday, 24 November 1997, when the proposals will become effective and dealings in the new ordinary shares and units will commence
"first extraordinary general meeting"	the extraordinary general meeting of the Company convened for 23 October 1997 by the notice set out on pages 17 and 18 of this document
"London Stock Exchange"	London Stock Exchange Limited
"Manager" or "FITM"	Fleming Investment Trust Management Limited, the manager and secretary of the Company
"NatWest Securities"	NatWest Securities Limited
"new Articles"	the new Articles of Association of the Company to be adopted under the capital re-organisation proposals
"new ordinary shares"	the new ordinary shares to be allotted to holders of preferred shares pursuant to the bonus issue
"ordinary shares"	ordinary shares of 50p each in the Company
"ordinary shareholders"	holders of ordinary shares
"PEP"	Personal Equity Plan
"preference shares"	the preferred shares following their reclassification as 13.3 per cent. cumulative preference shares of £1 each under the capital re-organisation proposals and, subject to implementation of the dividend proposals, their reclassification as 13.0 per cent. cumulative preference shares of £1 each under those proposals
"preferred shareholders"	holders of preferred shares
"preferred shares"	the existing 6.3-13.3 per cent. cumulative limited participating preferred shares of £1 each in the Company
"proposals"	the dividend proposals and the capital re-organisation proposals taken together
"Record Date"	the close of business on 17 November 1997
"second extraordinary general meeting"	the extraordinary general meeting of the Company convened for 19 November 1997 by the notice set out on page 19 of this document
"units"	the units comprising 100 preference shares and 9 ordinary shares into which shareholders will be able to combine their holdings of preference shares and ordinary shares under a facility which the Directors intend to make available if the capital re-organisation proposals are implemented.

For the purposes of this document, references to, examples using and statements based on asset values are based on unaudited figures as at 8 and 25 September 1997 used to supply information to the Association of Investment Trust Companies Limited.

PART I

THE FLEMING GEARED INCOME & ASSETS INVESTMENT TRUST PLC

*(An investment company within the meaning of Section 266 of the Companies Act 1985:
registered in England and Wales No. 1805708)*

Directors:

L E Linaker (Chairman)
Sir Hugh Bidwell, GBE
B G Hill
C R Tracey
J G Tregoning

Registered Office:

Finsbury Dials
20 Finsbury Street
London
EC2Y 9AQ

30 September 1997

To preferred shareholders and ordinary shareholders



Proposed Capital Restructuring

Introduction

Shareholders will recall that last year your Directors put forward proposals designed to re-organise the Company's capital structure with the intention of increasing its attractions to investors. Those proposals did not gain the acceptance of shareholders generally and they were withdrawn. Your Directors have, however, continued to seek a way of simplifying the existing capital structure of the Company and have appointed NatWest Securities to assist them in achieving this objective. I am pleased to inform you that your Directors have now formulated new proposals which they are now able to lay before you for your approval at shareholders' meetings to be held on 23 October 1997 and 19 November 1997.

The proposals are being presented in the context of current changes in the implementation of the Company's investment policy. Historically, the Company has maintained a dividend yield on its portfolio significantly in excess of that of its benchmark index, the FTSE All-Share Index. The Company now intends to maintain a portfolio with a yield similar to that of its benchmark index. Your Board believes that this change will result in a portfolio which is better placed to benefit in the future.

Your Board believes that this change in the implementation of the Company's investment policy combined with the implementation of the proposals is likely to enhance significantly the attractions of the Company to both existing and potential new investors. Your Board believes that no other form of capital restructuring is likely to be acceptable to shareholders now or in the near future.

Background to the Proposals

Before describing the new proposals it may be helpful to summarise the existing position and the reasons why your Board is proposing a change. The Company's present capital structure comprises equal numbers of preferred and ordinary shares. The preferred shares carry a high rate of annual dividend (13.3p net per share) and, on a return of capital, are entitled to £1 per preferred share and a 10 per cent. participation in the surplus assets of the Company (excluding any revenue

reserves) after repayment of the sums of £1 per share to preferred shareholders and ordinary shareholders. The ordinary shares are entitled to receive all of the income of the Company (after payment of the preferred dividend) and, on a return of capital, £1 per ordinary share, the remaining 90 per cent. of such surplus assets and 100 per cent. of any revenue reserves. The Company is currently classified in the stock market as a split capital investment trust. The Articles presently provide for it to be wound up between 1 January 2008 and 31 December 2010 (unless the holders of both the preferred and ordinary shares as separate classes agree otherwise).

The combined market value of the preferred shares and ordinary shares is, and has for some time been, significantly less than the value of the Company's net assets. As at 8 September 1997 (the day before the preliminary announcement of the proposals), the overall discount of the combined market value to net assets was 16 per cent. The middle market price of the ordinary shares at that date was 265p, whilst their net asset value (calculated on the basis of deducting the theoretical repayment value of the existing preferred shares of 129.35p) was 382.14p. Accordingly, on this basis, the discount to net asset value for the ordinary shares was 31 per cent. Even if the net asset value had been calculated on the basis of deducting the market value of the existing preferred shares of 165.25p, the discount for the ordinary shares would still have been 23 per cent.

Your Directors believe that the relatively low rating accorded to your Company's ordinary shares may be substantially influenced by the fact that the unconventional nature of the existing capital structure makes the Company less attractive to potential new investors than alternative investments.

The Proposals

For tax reasons, it is necessary to consider the capital re-organisation proposals and the dividend proposals at separate extraordinary general meetings of the Company.

Under the capital re-organisation proposals:

- The preferred shares will no longer participate in the capital growth of the Company and will become cumulative preference shares entitled to a fixed rate of annual dividend and to a fixed £1 per share on a return of capital.
- Holders of preferred shares on the register at the Record Date will receive a bonus issue of new ordinary shares in the ratio of 9 new ordinary shares for every 100 preferred shares then held. This will enable holders of the preferred shares to continue to participate in the capital growth of the Company. The new ordinary shares will rank in full for all dividends declared, made or paid after their issue but will otherwise rank *pari passu* in all respects with the existing ordinary shares.
- The winding-up date of the Company will be fixed at 30 November 2010 (unless on or prior to that date the holders of both preference and ordinary shares as separate classes otherwise agree).
- The name of the Company will be changed to The Fleming Geared Growth Investment Trust plc.

Under the dividend proposals, the fixed rate of dividend on the preference shares will be reduced from 13.3p to 13.0p (net) per annum with effect from 1 December 1997 (the economic effect of the reduction, if the capital re-organisation proposals are also implemented, should substantially correspond to the additional income which preferred shareholders should receive if they retain the new ordinary shares to be issued to them under the bonus issue, based on the total ordinary dividend per share for the year ended 31 May 1997).

If the capital re-organisation proposals are implemented, the Directors intend making a facility available to shareholders to hold combinations of 100 preference and 9 ordinary shares (representing the combination of preference and ordinary shares which preferred shareholders will hold following the bonus issue) in the form of units, as described on page 11 below.

Implementation of the capital re-organisation proposals is conditional upon the relevant shareholder resolutions being passed and upon the new ordinary shares and units being admitted to the Official List of the London Stock Exchange. If the relevant shareholder resolutions are passed, the capital re-organisation proposals are expected to become effective on 24 November 1997 when the bonus issue will be implemented and dealings in the new ordinary shares and units will commence.

Other than the relevant shareholder resolutions being passed, there are no conditions attaching to the dividend proposals. Shareholders will be able to consider their voting intentions in respect of the dividend proposals after the results of the first extraordinary general meeting and the separate class meetings are known.

Benefits and Effects of the Proposals

In the opinion of the Directors, if all the relevant shareholder resolutions are passed and the proposals implemented, the benefits of the proposals will be:

For both classes of shareholder:

- **Reclassification as a conventional trust:** the capital structure of the Company will be greatly simplified and will become more conventional. As a result, the Company will satisfy the requirements for re-classification by the stock market as a conventional, rather than split capital, investment trust. The Directors believe that this should improve the attractions of both classes of the Company's shares to potential investors, since a broader range of investors is generally prepared to invest in the conventional sector, and should lead to a decrease in the overall discount to asset value at which its shares trade in aggregate.
- **Certainty over the duration of the Company:** the certain winding-up date of 30 November 2010 will enable shareholders more easily to analyse their potential returns and give preferred shareholders access to dividend income for longer than might otherwise have been the case under the existing Articles.

For preferred shareholders:

- **Increased flexibility:** the capital re-organisation proposals will, in effect, separate the two elements of the capital entitlements of the existing preferred shareholders (namely the fixed £1 per preferred share and the 10 per cent. participation in surplus assets on a return of capital). Existing preferred shareholders will hold preference shares and new ordinary shares in which they will be able to deal separately. The combined holding will therefore continue to participate in both the income and capital growth of the Company.
- **Enhanced market recognition of the component parts of the preferred shares:** the Directors expect that preferred shareholders should benefit from greater market values for their aggregate holdings of preference shares and ordinary shares as a result of the restructuring than would be the case for their preferred shares without the restructuring. The increase in the market value of the preferred shares from 165.25p per share at the close of business on 8 September 1997 (the day before the preliminary announcement of the proposals) to 177.5p at the close of business on 25 September 1997 (the last practicable day before the printing of this document) may be evidence of support for this view.
- **Potential for income growth:** assuming that the total ordinary dividend per share for this and future financial years is not less than the total ordinary dividend for the financial year ended 31 May 1997, annual income for preferred shareholders will be substantially unchanged if they retain the new ordinary shares they receive through the bonus issue, notwithstanding that the dividend proposals are implemented. This annual income has the potential for growth if the dividend on the ordinary shares is subsequently increased.

- **Potential to sell new ordinary shares and re-invest in primarily income yielding investments:** preferred shareholders who have invested primarily for income yield will be free to sell the new ordinary shares they receive through the bonus issue and re-invest in further preference shares or other higher income investments.
- **Maintenance of net asset value:** the aggregate net asset value for preferred shareholders who retain the new ordinary shares they receive through the bonus issue is likely to be substantially unchanged as compared with the present structure.

For ordinary shareholders:

- **Opportunity for fundamental re-rating of the shares:** the Directors expect that the more conventional nature of the ordinary shares, which will be entitled to the whole of future increases (or decreases) in the Company's net asset value, together with the reclassification of the Company as a conventional trust, will be likely to improve the marketability of the ordinary shares, presenting an opportunity for their re-rating.
- **Enhancement of market value:** ordinary shareholders will suffer a modest dilution of their net asset value as a result of the bonus issue. However, the Directors expect that the discount to net asset value on the ordinary shares is likely to be smaller after the re-organisation than it would be without the re-organisation. The decrease in the discount on the ordinary shares (calculated on the basis of deducting the theoretical repayment value of the preferred shares) from 31 per cent. at the close of business on 8 September 1997 (the day before the preliminary announcement of the proposals) to 27 per cent. at the close of business on 25 September 1997 (the last practicable day before the printing of this document) may be evidence of support for this view.

The Directors consider that the Company will continue to enjoy a relatively high level of gearing in relation to both capital and income. Following the implementation of the proposals, every movement of 1 per cent. in the value of the Company's total net assets over that on 31 May 1997 will produce a movement of 1.26 per cent. in the net asset value per ordinary share. Any increases in the Company's gross income will also result in amplified rates of increase in earnings per ordinary share.

In the absence of unforeseen circumstances, your Directors are confident that there will be no significant change in the total dividend per ordinary share in the year ending 31 May 1998 as a result of the proposals, compared with the present structure.

If the capital re-organisation proposals are implemented, the wording of the Company's investment objective will be changed to "Growth of income and capital from investment in the UK through a geared capital structure over the Company's remaining life".

The Company's issued share capital is expected to increase to 16,993,099 preference shares and 18,522,477 ordinary shares following the bonus issue. This change will have a consequential effect on the aggregate voting rights attributable to each class of share on shareholder resolutions proposed at general meetings where both classes of share are entitled to vote.

Taxation

Under current tax legislation both the preference shares and the new and existing ordinary shares (whether or not comprised in units) will constitute, or continue to constitute, qualifying investments for inclusion in a general PEP. Both classes of share in the Company will continue to be eligible for inclusion in the Fleming Investment Trusts Personal Equity Plan.

The attention of shareholders is drawn to Part III of this document which summarises the advice received by your Directors in relation to the tax position of shareholders in respect of the proposals and, in particular, the proposed reclassification of the preferred shares as preference shares and the accompanying bonus issue of new ordinary shares. You will note that your Directors have been advised that such reclassification and bonus issue will not constitute a disposal of the existing preferred shares for the purposes of United Kingdom tax on chargeable gains.

Meetings

For tax reasons, it is necessary to hold two separate extraordinary general meetings of shareholders in order to approve the capital re-organisation proposals and the dividend proposals. Accordingly, notices convening extraordinary general meetings of the Company for 3.10 p.m. on Thursday, 23 October 1997 and 3.00 p.m. on Wednesday, 19 November 1997 respectively are set out at the end of this document. Both the preferred and ordinary shareholders will be entitled to attend and vote at these meetings. Preferred shareholders and ordinary shareholders (as separate classes) will each hold in aggregate half of the votes eligible to be cast at the extraordinary general meetings. At the extraordinary general meetings, the special resolutions will require the approval of at least 75 per cent. of shareholders voting in person or by proxy at the relevant meeting.

At the first extraordinary general meeting, a special resolution will be proposed (conditional, *inter alia*, on the new ordinary shares and units being admitted to the Official List of the London Stock Exchange) to:

- (i) increase the authorised share capital of the Company from £27,000,000 to £30,000,000 by the creation of 6,000,000 new ordinary shares of 50p each (representing a 33.3 per cent. increase in the authorised ordinary share capital) to accommodate the proposed bonus issue and enable the Company to have some authorised but unissued ordinary share capital in reserve;
- (ii) authorise the bonus issue of up to 1,529,378 new ordinary shares to holders of preferred shares by way of a capitalisation of the Company's share premium account to the extent of £764,689;
- (iii) reclassify the preferred shares as preference shares;
- (iv) amend the existing Articles (by adopting the new Articles) so as to make various changes to the existing Articles, details of which are set out in Part II of this document;
- (v) authorise and empower the Directors to allot the balance of the authorised but unissued ordinary share capital of the Company remaining after the proposed bonus issue; and
- (vi) change the name of the Company to "The Fleming Geared Growth Investment Trust plc".

The authority to allot the balance of the authorised but unissued ordinary share capital of the Company remaining after the proposed bonus issue will be valid for a period of five years from the passing of the resolution and will cover 5,477,523 ordinary shares (representing 29.6 per cent. of the ordinary shares expected to be in issue immediately following implementation of the capital re-organisation proposals). The Directors have no present intention to issue any of these shares.

At the second extraordinary general meeting, a special resolution (which will be unconditional) will be proposed to reduce the fixed rate dividend on the preference shares from 13.3p to 13.0p (net) per annum with effect from 1 December 1997 and to ensure that the Articles comply with the latest edition of the Listing Rules of the London Stock Exchange (further details of this resolution are set out in Part II of this document).

As the implementation of the proposals will constitute a variation of the rights attaching to the preferred shares and, in the case of the capital re-organisation proposals only, the ordinary shares, separate class meetings of each class of shareholder to sanction the relevant proposals have also been convened for Thursday, 23 October 1997 to precede the first extraordinary general meeting. Notices convening these separate meetings are set out on pages 15 and 16 of this document.

The extraordinary resolutions to be proposed at the separate class meetings require the approval of at least 75 per cent. of the holders of the relevant class voting in person or by proxy at the relevant meeting. The quorum required for each of the separate meetings is holders present (whether in person or by proxy) representing at least one-third in nominal amount of the issued shares of the class concerned. If the quorum requirements for these separate meetings are not satisfied, the

relevant meeting(s) will be adjourned to Friday, 24 October 1997 as set out in the notices of meetings set out at the end of this document. At the adjourned meeting(s), those holders present (whether in person or by proxy) will constitute a quorum.

Action to be Taken

You will find enclosed with this document a white form of proxy for use in connection with the first extraordinary general meeting and a brown form of proxy for use in connection with the second extraordinary general meeting. Separate pink and blue forms of proxy are enclosed for use in connection with the separate meetings of the preferred shareholders and the ordinary shareholders respectively.

In view of the voting and quorum requirements for the meetings, shareholders are urged to complete and return the relevant forms of proxy in accordance with the instructions printed thereon so that they are received by the Company's Registrars not later than 48 hours prior to the time and date set for the relevant meeting, whether or not they intend to be present at the meetings. Duly completed and returned forms of proxy will be valid for any adjourned meeting. Completion and return of a form of proxy will not preclude you from attending the relevant meeting and voting in person should you so wish.

Dealings, Dividends and Settlement

If the capital re-organisation proposals are implemented, preferred shareholders on the register on the Record Date will be allotted on the Effective Date 9 new ordinary shares for every 100 preferred shares held on the Record Date. Fractions of new ordinary shares arising will not be allotted, but will be rounded down. The preferred shares will become preference shares with effect from the Effective Date.

Holders of preferred shares on the register on the Record Date will be entitled to receive the half-yearly dividend, payable on 30 November 1997, at the rate of 6.65p per share (net). If the dividend proposals are approved by the relevant shareholder resolutions, the preference shares will rank for dividends at the annual rate of 13.0p per share (net) with effect from 1 December 1997, with the first half-yearly payment of 6.5p per share (net) being due on 31 May 1998.

Dealings in the new ordinary shares to be issued by way of the bonus issue are expected to commence on 24 November 1997. Such new ordinary shares will rank, upon issue, in full for all dividends declared, made and paid thereafter but will otherwise rank *pari passu* in all respects with the existing ordinary shares.

Definitive certificates in respect of the new ordinary shares and replacement definitive certificates in respect of the preference shares and the existing ordinary shares are expected to be despatched on Monday, 24 November 1997 by post, at the risk of persons entitled thereto, to preferred shareholders and ordinary shareholders (as appropriate) who held their shares in certificated form on the Record Date. Following the despatch of the new certificates for the preference shares and existing ordinary shares, certificates for the existing preferred shares and ordinary shares will no longer be valid and should be destroyed. Pending receipt of definitive certificates in respect of new ordinary shares held in certificated form, transfers will be certified against the register of members of the Company at the risk of the transferor.

It is intended that preferred shareholders who held their preferred shares in uncertificated form on the Record Date will, at their risk, have their CREST member accounts credited with the new ordinary shares to which they are entitled and that the Company will instruct its Registrars to instruct CRESTCo Limited to credit member accounts on the Effective Date. However, the Company reserves the right to issue new ordinary shares in certificated form instead of crediting CREST member accounts, although in normal circumstances this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Company's Registrars in connection with CREST.

Subject to the capital re-organisation proposals being implemented, the Company intends to offer a facility to shareholders who hold both preference shares and ordinary shares to combine their shareholding into units comprising 100 preference shares and 9 ordinary shares. This would enable shareholders who wish to hold an investment in the Company having similar capital elements to the existing preferred shares to hold such an investment as a package. The units would not comprise a new security but the Company intends applying to the London Stock Exchange for their admission as a trading facility on the Official List of the London Stock Exchange. Dealings in units are expected to commence at the same time as dealings in the new ordinary shares. It is expected that for shareholders who wish to hold units, the Company's Registrars will combine their relevant holdings of preference shares and ordinary shares and issue a unit certificate in respect thereof. This would permit existing preferred shareholders to elect to receive unit certificates, instead of receiving certificates for preference shares and ordinary shares. Shareholders would be able to apply at any time to the Company's Registrars for the units to be separated back into their constituent elements of preference shares and ordinary shares. Only shares or units which are in certificated form will be able to be combined into units or separated into shares respectively. It is however expected that the units will be admitted to and enabled for settlement in CREST at the same time as dealings in units commence. Further details of the units will be sent to shareholders if the capital re-organisation proposals are approved.

Recommendation

Yours sincerely

Paddy Linahan

Chairman

Notes:

- (i) NatWest Securities has given and not withdrawn its written consent to the inclusion of its name within this document and the references to its name in the form and context in which it is included.
- (ii) Copies of the new Articles will be available for inspection at the Company's registered office during normal business hours on any weekday (Saturdays and public holidays excepted) until the date of the first extraordinary general meeting and at 25 Copthall Avenue, London EC2R 7DR for 15 minutes prior to and throughout the first extraordinary general meeting itself.

PART II

Summary of Proposed Amendments to the Articles of Association

First Extraordinary General Meeting

The resolution being proposed at the first extraordinary general meeting will, if approved, amend the Articles (by adopting the new Articles) principally to give effect to the capital re-organisation proposals. It will also bring the Articles into line with modern practice and ensure compliance with the latest edition of the Listing Rules of the London Stock Exchange. In particular, the proposed amendments to the Articles, if approved, will:-

1. limit the amount of capital to be paid to holders of preference shares on a return of capital to the nominal value of those shares only (i.e. £1 per preference share);
2. oblige the Directors to convene a meeting of the Company on 30 November 2010 for the purpose of considering a resolution to wind up the Company unless both ordinary and preference shareholders (as separate classes) agree otherwise on or prior to that date;
3. remove the existing restriction preventing the creation and issue of further shares except with the prior class consent of the preferred shareholders and substitute a restriction preventing the creation and issue of shares ranking prior to or *pari passu* with the preference shares except with such prior consent;
4. delete the existing provision requiring the class consent of the holders of preferred shares to any capitalisation (bonus) issue out of reserves or the profit and loss account;
5. enable the Company to pay dividends through CREST;
6. clarify the voting rights of participants in savings schemes or other plans (including PEPs) operated by the Company's manager or such manager's associated companies; and
7. allow the Company to implement the proposals for introducing units as described on page 11 of this document.

Second Extraordinary General Meeting

The resolution being proposed at the second extraordinary general meeting will, if approved, amend the Articles and, if the resolution proposed at the first extraordinary general meeting is passed, the new Articles so as to reduce the fixed dividend on the preference shares from 13.3 per cent. to 13.0 per cent. with effect from 1 December 1997. The resolution will also amend the existing Articles (but not the new Articles which will supersede the existing Articles if the capital re-organisation proposals are implemented) so as to ensure their compliance with the latest edition of the Listing Rules of the London Stock Exchange in accordance with those rules.

PART III

Taxation

The following paragraphs summarise the advice received by the Directors on the United Kingdom taxation implications for the Company and holders of ordinary shares and preferred shares if the proposals are implemented. The information set out below is based on the law and practice as it is currently interpreted and is intended to be a general guide only and will not apply to certain holders of ordinary shares or preferred shares (such as dealers).

If you are in any doubt about your taxation position if the proposals are implemented, or if you may be subject to tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser.

The Company

Implementation of the proposals will not affect the Company's eligibility for approval as an investment trust under Section 842 of the Income and Corporation Taxes Act 1988.

Ordinary Shareholders

Implementation of the proposals will not constitute a disposal, or part disposal, of ordinary shares for the purposes of United Kingdom taxation of capital gains and will not affect the base cost available as an allowable deduction on any future disposal of ordinary shares. The tax treatment of dividends paid on the ordinary shares will not be affected by implementation of the proposals.

Preferred Shareholders

Implementation of the proposals will not constitute a disposal, or part disposal, of preferred shares for the purposes of United Kingdom taxation of capital gains.

The sale or other disposal of any preference shares or new ordinary shares held as a result of implementation of the proposals may give rise to the realisation of a gain or loss for the purposes of United Kingdom taxation of capital gains. A holder of any share who is resident or ordinarily resident in the United Kingdom for United Kingdom tax purposes and who so realises a gain in respect of any preference shares or new ordinary shares may, subject to the investor's circumstances, be liable to United Kingdom capital gains tax or corporation tax on that gain (but see "Personal Equity Plans" below).

For the purposes of United Kingdom taxation of capital gains on any future disposal of preference shares or new ordinary shares held as a result of the implementation of the proposals, a preference shareholder's base cost in his existing holding of preferred shares will be apportioned between his combined holding of preference shares and new ordinary shares. Provided that the preference shares and new ordinary shares are quoted on the London Stock Exchange within three months of the re-organisation (or such longer period as the Board of Inland Revenue may allow), the apportionment will be made by reference to the market value of the preference shares and the market value of the new ordinary shares on the first day on which the prices of the preference shares and the new ordinary shares are published in the London Stock Exchange Daily Official List. Details of those market prices will be given in the Company's interim and annual reports for the period and the year ending on 30 November 1997 and 31 May 1998 respectively.

The implementation of the proposals should not affect the application or otherwise of Section 44 of the Taxation of Chargeable Gains Act 1992 (wasting assets) to the shares held by a preferred shareholder as regards an existing holding of preferred shares or a new holding of preference shares and new ordinary shares held as a result of implementation of the proposals.

Dividends paid on the preference shares should be subject to the same tax treatment as dividends which would be paid on the preferred shares if the proposals are not implemented (subject to adjustments related solely to the respective amounts of the dividends). Dividends paid on the new ordinary shares should be subject to the same tax treatment as dividends paid after the Effective Date on the existing ordinary shares.

Personal Equity Plans

Under current legislation, the preference shares and ordinary shares in issue after implementation of the proposals will constitute qualifying investments for the purposes of inclusion in a general PEP under The Personal Equity Plan Regulations 1989 (as amended). The Directors intend that more than 50 per cent. by value of the investments held by the Company will continue to be United Kingdom equities or qualifying European Union shares and to conduct the affairs of the Company so as to be a fully-qualifying investment trust for PEP purposes.

If a holding of existing preferred shares is held in a general PEP, all of the preference shares and new ordinary shares held following implementation of the proposals may be held in that PEP.

Returns from shares held within a PEP are free of income tax and capital gains tax. Subject to the terms of the particular PEP, all tax credits on qualifying distributions from shares within a PEP may be reclaimed and may be reinvested or distributed. No capital gains tax applies to gains realised on investments held in a PEP (although any losses resulting from investments within a PEP are not allowable for capital gains tax purposes).

In the Budget on 2 July 1997, the Chancellor of the Exchequer announced that the Government will be developing plans for a new "individual savings account". Whether or not the proposals are implemented, it is possible that the Government's proposals for "individual savings accounts" will have implications for individuals who currently hold shares in the Company within a general PEP.

Units

A unit will not generally for United Kingdom tax purposes be treated as an item distinct from its constituent parts, namely 100 preference shares and 9 new ordinary shares. The treatment of preference shares and new ordinary shares will be as described above, even where comprised within a unit.

Stamp Duty and Stamp Duty Reserve Tax

The issue of the new ordinary shares will not give rise to United Kingdom stamp duty or stamp duty reserve tax. A transfer of new ordinary shares or preference shares will, in general, be subject to stamp duty at the rate of 50p per £100 of the consideration for the transfer. An agreement for the transfer of new ordinary shares or preference shares will, in general, be subject to stamp duty reserve tax ("SDRT") also at the rate of 50p per £100 of the consideration for the transfer. The liability to SDRT is cancelled if a transfer of the shares to which the agreement relates is executed and duly stamped within the applicable time limit.

Tax Clearance

Clearance from the Inland Revenue under Section 707 of the Income and Corporation Taxes Act 1988 has been received in respect of the proposals.

THE FLEMING GEARED INCOME & ASSETS INVESTMENT TRUST PLC

NOTICE IS HEREBY GIVEN that a separate general meeting of the holders of 6.3-13.3 per cent. cumulative limited participating preferred shares of £1 each of the above-named Company will be held at 25 Copthall Avenue, London EC2R 7DR on 23 October 1997 at 3.00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions as extraordinary resolutions:

EXTRAORDINARY RESOLUTIONS

1. THAT this separate general meeting of the holders of 6.3-13.3 per cent. cumulative limited participating preferred shares of £1 each of the Company ("Preferred Shares") hereby sanctions the passing by the Company as a special resolution of the resolution set out in the notice of an extraordinary general meeting of the Company convened for 23 October 1997 and such variation or abrogation of the special rights or privileges attached to the said shares as is or may be effected by or involved in such resolution or the implementation of the capital re-organisation proposals as described in the circular to shareholders dated 30 September 1997, of which this notice forms part ("the Circular").
2. THAT this separate general meeting of the holders of Preferred Shares hereby sanctions the passing by the Company as a special resolution of the resolution set out in the notice of an extraordinary general meeting of the Company convened for 19 November 1997 and such variation or abrogation of the special rights or privileges attached to the said shares as is or may be effected by or involved in such resolution.

If this meeting should be adjourned on the basis that there is not a quorum of holders of Preferred Shares present in person or by proxy, the adjourned meeting will be held at 25 Copthall Avenue, London EC2R 7DR on Friday, 24 October 1997 at 11.00 a.m.

Registered Office:
Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ

By Order of the Board
Fleming Investment Trust Management Limited
Secretary

Dated: 30 September 1997

Note:

A holder of 6.3 - 13.3 per cent. cumulative limited participating preferred shares of £1 each of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and on a poll to vote in his place. A proxy need not also be a member. A pink form of proxy is enclosed for use at the meeting.

Pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995, 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 above meeting and at any adjournment thereof is 3.00 p.m. on 21 October 1997. Changes to entries on the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

THE FLEMING GEARED INCOME & ASSETS INVESTMENT TRUST PLC

NOTICE IS HEREBY GIVEN that a separate general meeting of the holders of the ordinary shares of 50p each of the above-named Company will be held at 25 Copthall Avenue, London EC2R 7DR on 23 October 1997 at 3.05 p.m. (or as soon thereafter as the separate general meeting of the holders of the 6.3-13.3 per cent. cumulative limited participating preferred shares of £1 each of the Company convened for the same place and date shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution as an extraordinary resolution:

EXTRAORDINARY RESOLUTION

THAT this separate general meeting of the holders of the ordinary shares of 50p each of the Company ("Ordinary Shares") hereby sanctions the passing by the Company as a special resolution of the resolution set out in the notice of an extraordinary general meeting of the Company convened for 23 October 1997 and such variation or abrogation of the special rights or privileges attached to the said shares as is or may be effected by or involved in such resolution or the implementation of the capital re-organisation proposals as described in the circular to shareholders dated 30 September 1997, of which this notice forms part ("the Circular").

If this meeting should be adjourned on the basis that there is not a quorum of holders of Ordinary Shares present in person or by proxy, the adjourned meeting will be held at 25 Copthall Avenue, London EC2R 7DR on Friday, 24 October 1997 at 11.05 a.m.

Registered Office:
Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ

By Order of the Board
Fleming Investment Trust Management Limited
Secretary

Dated: 30 September 1997

Note:

A holder of ordinary shares of 50p each of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and on a poll to vote in his place. A proxy need not also be a member. A blue form of proxy is enclosed for use at the meeting.

Pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995, 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 above meeting and at any adjournment thereof is 3.05 p.m. on 21 October 1997. Changes to entries on the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

THE FLEMING GEARED INCOME & ASSETS INVESTMENT TRUST PLC

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the above-named Company will be held at 25 Copthall Avenue, London EC2R 7DR on 23 October 1997 at 3.10 p.m. (or as soon thereafter as the separate general meeting of the holders of the ordinary shares of the Company convened for the same place and date shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution as a special resolution:

SPECIAL RESOLUTION

THAT, subject to and conditionally upon the holders of the 6.3-13.3 per cent. cumulative limited participating preferred shares of the Company ("Preferred Shares") and the holders of the ordinary shares of the Company sanctioning the variation or abrogation of the special rights or privileges attached thereto as is or may be effected by or involved in this resolution and the implementation of the capital re-organisation proposals (as such term is defined in the circular to shareholders dated 30 September 1997 ("the Circular")) and subject to the admission to the Official List of the London Stock Exchange Limited of the new ordinary shares and units (as those terms are defined in the Circular) to be issued under the capital re-organisation proposals becoming effective by not later than 31 December 1997:

- (A) the authorised share capital of the Company be increased from £27,000,000 to £30,000,000 by the creation of 6,000,000 ordinary shares of 50p each having the respective rights and being subject to the respective restrictions set out in the Articles of Association of the Company;
- (B) the directors of the Company ("the Directors") be and are hereby authorised to capitalise the sum of up to £764,689 being part of the share premium account of the Company and to appropriate and apply such sum in paying up in full at 50p per ordinary share of 50p, up to 1,529,378 ordinary shares of 50p each and distributing such ordinary shares credited as fully paid *pro rata* to the persons who as at 17 November 1997 were the registered holders of Preferred Shares in proportion to the Preferred Shares then held by them respectively, rounding down any fractions of ordinary shares and so that the Articles of Association of the Company shall be amended *pro tanto* by the passing of this resolution;
- (C) the 6.3-13.3 per cent. cumulative limited participating preferred shares of £1 each of the Company be reclassified as 13.3 per cent. cumulative preference shares of £1 each of the Company ("Preference Shares");
- (D) the new Articles of Association produced to the Meeting and initialled for the purpose of identification by the Chairman of the Meeting be adopted in substitution for, and to the exclusion of, all existing Articles of Association of the Company;
- (E) the Directors be and are generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 ("the Act") (and so that expressions used in this resolution shall bear the same meanings as in the said Section 80) to exercise all the powers of the Company to allot relevant securities (other than Preference Shares) up to an aggregate maximum nominal amount of £2,738,761.50 to such persons and at such times and on such terms as they think proper during the period expiring at the end of five years from the date of the passing of this resolution save that the Company may at any time before the expiry of such authority make an offer or enter into an agreement which would or might require such relevant securities of the Company to be allotted after the expiry of such authority and the Directors may allot such relevant securities of the Company under such offer or agreement as if such authority had not expired, such authority to be in substitution for all existing authorities granted to the Directors in respect of relevant securities; and

- (F) subject to the consent of the Registrar of Companies, the name of the Company be changed to "The Fleming Geared Growth Investment Trust plc".

Registered Office:
Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ

By Order of the Board
Fleming Investment Trust Management Limited
Secretary

Dated: 30 September 1997

Note:

A holder of ordinary shares and/or 6.3 - 13.3 per cent cumulative limited participating preferred shares entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and on a poll to vote in his place. A proxy need not also be a member. A white form of proxy is enclosed for use at the meeting.

Pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995, 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 above meeting and at any adjournment thereof is 3.10 p.m. on 21 October 1997. Changes to entries on the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

THE FLEMING GEARED INCOME & ASSETS INVESTMENT TRUST PLC

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the above-named Company will be held at 25 Copthall Avenue, London EC2R 7DR on 19 November 1997 at 3.00 p.m. for the purpose of considering and, if thought fit, passing the following resolution as a special resolution:

SPECIAL RESOLUTION

THAT, subject to and conditionally upon the holders of the 6.3-13.3 per cent. cumulative limited participating preferred shares of the Company sanctioning the variation or abrogation of the special rights or privileges attached thereto as is or may be effected by or involved in this resolution, the existing Articles of Association of the Company ("the existing Articles") and, if the resolution set out in the notice convening an extraordinary general meeting of the Company for 23 October 1997 has been duly passed as a special resolution, the new Articles of Association of the Company adopted pursuant to that resolution ("the new Articles") be amended as follows:

- (i) by deleting the number "13.3" where it appears in the definition of "Preferred Shares" in Article 1(B) of the existing Articles and in the definition of "Preference Shares" in Article 1(B) of the new Articles and, in each case, inserting the number "13.0" in substitution therefor;
- (ii) by inserting the words "until 30 November 1997 and 13.0 thereafter" immediately after the number "13.3" where it appears in the table contained in Article 2(a) of the existing Articles and in Article 2(a) of the new Articles; and
- (iii) in the case of the existing Articles only, deleting the current Article 94(B)(v) of the existing Articles and inserting the words "Any proposal concerning the adoption, modification or operation of any arrangement for the benefit of the employees of the Company or any of its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;" in substitution therefor.

Registered Office:
Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ

By Order of the Board
Fleming Investment Trust Management Limited
Secretary

Dated: 30 September 1997

Note:

A holder of ordinary shares and/or 6.3 - 13.3 per cent cumulative limited participating preferred shares entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and on a poll to vote in his place. A proxy need not also be a member. A brown form of proxy is enclosed for use at the meeting.

Pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995, 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 above meeting and at any adjournment thereof is 3.00 p.m. on 17 November 1997. Changes to entries on the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.