

GC1 OPTIONS EXPIRE 18 AUGUST 2016: FINAL NOTICE

Exercise your options and receive:

- **GC1 shares at a discount to the Net Tangible Asset value and the current share price**
 - **3 cents per share fully franked final dividend**
 - **A substantial increase in the December 2016 interim dividend (over the previous interim dividend)**
 - **A forward gross yield of over 5.2%**
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Dear Optionholder,

Your options in Glennon Small Companies Limited (ASX:GC1) will expire at the close of business on 18 August 2016. If you have not exercised or sold your options by 18 August 2016 they will expire worthless.

If you exercise your options before 18 August 2016, your new shares will be eligible for the 3 cents per share fully franked final dividend as well as the following interim dividend, which is expected to be 'substantially increased' over the previous interim dividend (when held to the relevant record dates). At the current share price this implies a gross yield of over 5.2%.

Glennon Small Companies has delivered a 15.86% gross portfolio return in the 11 months to 30 June 2016.

OPTIONHOLDERS HAVE FOUR CHOICES

Exercise your options

Purchase a share of GC1 at \$1.00 without paying brokerage.

You will be purchasing GC1 at a discount to the Net Tangible Asset value of \$1.064 per share (before tax at 30 June 2016, undiluted) and the current market price of \$1.02 (19 July 2016). Your new shares will be eligible to receive the full year 3 cents per share fully franked dividend (when held to the record date, 13 September 2016).

Last day to exercise options is: 18 August 2016

Please complete the attached 'Notice of Exercise of Options Form' and send it to Boardroom Pty Limited in the enclosed reply paid envelope. Payment can be made by cheque or BPay.

Sell your options on market

Options trade on the ASX under the code GC1O. You may sell some, or all, of your options. The last traded price for options was 0.3 cents (19 July 2016).

Last day to buy and sell options on the ASX: 11 August 2016

A combination of both

Exercise some of your options and sell some of your options

Do nothing

If you do not exercise or sell your options they will expire and have no value.

GC1 SHARE PRICE

The closing price for each of the securities of Glennon Small Companies Limited (ASX:GC1) on 19 July 2016 was:

ASX Code GC1:	\$1.02 per fully paid ordinary share
ASX Code GC1O:	\$0.003 per option

The highest and lowest market close price of the underlying securities (GC1) during the three months prior to 18 June 2016 was:

Highest:	\$1.03 (14 July 2016)
Lowest:	\$0.95 (3 May 2016)

Should you have any questions in relation to how to exercise your options, please contact Boardroom Pty Limited:

Phone: 1300 737 760 (within Australia), +61 2 9290 9600 (outside Australia), Fax: +61 2 9279 0664

Online: www.boardroomlimited.com.au

Mail: GPO Box 3993, Sydney NSW 2001 Australia

Alternatively please contact Glennon Capital on +612 8060 9519



Michael Glennon
Chairman
Glennon Small Companies Limited
20th July 2016



GLENNON
SMALL COMPANIES LTD
 ABN 52 60 5542 229

Glennon Small Companies Limited

Application for Shares on Exercise of Options

Options exercisable at A\$1.00 expiring at 5.00pm (Sydney Time) on 18 August 2016

Number of Options
Registered in your name:

To be completed by Optionholder:

Number of Options being exercised:	Multiplied by the exercise price of A\$1.00	Amount Paid:
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Payment may only be made by BPAY or cheque. Cash will not be accepted via the mail or at the Glennon Small Companies Limited Share Registry.

Payments cannot be made at any bank. Please tick the relevant box below to confirm your method of payment.

Payment Option 1 – BPAY ☐ (tick the relevant box)



Biller Code:

Ref:

Telephone & Internet Banking - BPAY®

Contact your bank, credit union or building society to make this payment from your cheque or savings account.

More info: www.bpay.com.au

© Registered to BPAY Ltd ABN 69 079 137 518

- Please note that you cannot make a BPAY payment using a credit card
- If paying by BPAY you must still return this exercise notice with your signature(s) below
- The amount of your payment received in the account divided by the exercise price will be deemed to be the total number of options you are exercising

Payment Option 2 – Cheque (Record cheque details below) ☐ (tick the relevant box)

DRAWER	CHEQUE NO.	BSB NO.	ACCOUNT NO.	AMOUNT \$AUD
				\$

- Only cheques or bank drafts in Australian dollars and drawn on a bank or financial institution in Australia will be accepted.
- Your cheque or bank draft must be made payable to "Glennon Small Companies Limited" and crossed "Not Negotiable" and should be attached to this form.
- The amount of your payment received in the account, divided by the exercise price, will be deemed to be the total number of options you are exercising.

To the Directors of Glennon Small Companies Limited ('Company')

I/We being the registered holder(s) of Options each to acquire one Fully Paid Ordinary Share in the Company hereby give notice of the exercise of Options and attach hereto my/our cheque payable to "GLENNON SMALL COMPANIES LIMITED" in payment of such exercise.

I/We agree to my/our name/s being placed on the Register of Members in respect to the number of shares in the Company allotted and to be bound by the Constitution of the Company.

Please sign here:

Shareholder 1 (Individual)

Sole Director & Company Secretary

Joint Shareholder 2 (Individual)

Director

Joint Shareholder 3 (Individual)

Director / Company Secretary

Telephone No. (Business Hours)

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Date

Lodgement of Application

Glennon Small Companies Limited C/- Boardroom Pty Limited, GPO Box 3993, SYDNEY NSW 2001

Neither Boardroom Pty Limited nor the Company accepts any responsibility if you lodge this Application at any other address or by any other means.

TERMS OF OPTIONS

Glennon Small Companies Limited

The terms and conditions of the Options are as follows.

Entitlement

Each Option entitles the Option holder to subscribe for one Share.

Certificate

The Company must give each Option holder a certificate or holding statement stating:

- the number of Options issued to the Option holder;
- the exercise price of the Options; and
- the date of issue of the Options.

Issue price

No amount is payable on issue of the options.

Exercise price

The exercise price of each option is A\$1.00.

ASX Quotation

The Company will apply to ASX for official quotation of the Options and the Shares issued on exercise of Options.

Transfer/transmission

An Option may be transferred or transmitted in any manner approved by ASX.

Exercise

An Option may be exercised by delivery to the Company of a duly completed exercise notice, signed by the registered holder of the Option, together with payment to the Company of \$1.00 per Option being exercised and the relevant option certificate. An optionholder may only exercise options in multiples of 1,000 unless the optionholder exercises all options held by the optionholder.

Exercise period

Each option may be exercised at any time before 5pm on 18 August 2016 (**End Date**). An option not exercised, automatically expires at 5pm on the End Date.

Dividend entitlement

Options do not carry any dividend entitlement (only the Shares to be issued on exercise of the Options carry a dividend entitlement). Shares issued on exercise of Options rank equally with other issued Shares from their date of issue.

Participating rights

For determining entitlements to the issue, an Option holder may only participate in new issues of securities to holders of Shares if the Option has been exercised and Shares allotted in respect of the Option before the record date.

If the Company makes a pro rata issue of Shares (except a bonus issue) to existing shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the option before the record date for determining entitlements to the issue, the exercise price of each option is reduced in accordance with the ASX Listing Rules. Currently the Listing Rules provide that the exercise price of Options on issue will be reduced in respect of each rights issue according to the following formula:

$$NE = OE - \frac{E[P - (S + D)]}{(N + 1)}$$

where:

NE = is the new exercise price of the Option;

OE = is the old exercise price of the Option;

E = is the number of underlying Shares into which one Option is exercisable;

P = is the volume weighted average market price per security of the underlying securities, calculated over the 5 trading days ending on the day before the ex-rights date or ex entitlements date;

S = is the subscription price for a Share under the rights issue;

D = is the dividend due but not yet paid on each Share at the relevant time; and

N = is the number of Shares that must be held to entitle holders to receive a new Share in the rights issue.

Bonus issue

If the Company makes a bonus issue of Shares or other securities to shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the option is exercisable is increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for determining entitlements to the issue. If there is a reorganisation (including consolidation, sub-division, reduction or return) of the Share capital of the Company, then the rights of the Option holder (including the number of Options to which each Option holder is entitled to and the exercise price) is changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.