



PALACE CAPITAL plc

# NOTICE OF ANNUAL GENERAL MEETING 2018

25 July 2018 at 10:00 a.m. at the offices of  
CMS Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU ARE RECOMMENDED TO SEEK YOUR OWN INDEPENDENT FINANCIAL ADVICE FROM A STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, OR OTHER FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000.

If you have sold or otherwise transferred all of your ordinary shares in Palace Capital plc please send this Notice of Annual General Meeting, together with the accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.



# PALACE CAPITAL plc

(a company incorporated in England and Wales with registered number 533938)

## **DIRECTORS:**

Stanley Davis  
Neil Sinclair FRICS  
Stephen Silvester ACA  
Richard Starr MRICS  
Anthony Dove  
Kim Taylor-Smith

Registered office:  
Lower Ground Floor  
One George Yard  
London  
EC3V 9DF

8 June 2018

Dear Shareholder

## **NOTICE OF ANNUAL GENERAL MEETING**

This document contains the Notice of Annual General Meeting which is to be held at the offices of CMS Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London, EC4N 6AF on 25 July 2018 at 10.00 a.m.

### **Business at the Annual General Meeting**

Details of the items of business to be proposed at the Annual General Meeting are set out below.

Resolutions 1 to 7 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 8 to 12 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

### **Resolution 1 - Annual Report**

Resolution 1 relates to the approval of the Company's accounts together with the reports of the Directors and the auditors and the strategic report for the year ended 31 March 2018 which the Company is required to put to shareholders for consideration.

### **Resolution 2 - Annual Remuneration Report**

Resolution 2 is an ordinary resolution to approve the Annual Remuneration Report, other than the part containing the proposed Directors' Remuneration policy on pages 46 to 49 of the Annual Report, and states how the Company has remunerated its Directors. Section 439 of the Companies Act 2006 requires UK-incorporated listed companies to put their Annual Remuneration Report to an advisory vote. As the vote is advisory, it does not affect the actual remuneration paid to any individual Director. The Annual Remuneration Report is set out in full on pages 52 to 57 of the Annual Report.

### **Resolution 3 - Declaration of dividend**

The Directors are recommending a final dividend on the Company's ordinary shares of 4.75 pence per ordinary share, to be paid on 31 July 2018 to the holders of ordinary shares at close of business on 6 July 2018. A final dividend can only be paid after it has been approved by the shareholders at a general meeting.

### **Resolution 4 - Reappointment and remuneration of the auditor**

Following the recommendation of the Audit Committee, the Board is proposing the re-appointment of BDO LLP as the Company's auditor and authorises the Directors to determine the auditor's remuneration.

### **Resolutions 5 and 6 - Re-election of Directors**

The Company's Articles of Association require a third of Directors to retire at each Annual General Meeting (on a rotational basis) and those wishing to serve again to submit themselves for election or re-election. Accordingly, certain Directors are retiring from office and are submitting themselves for re-election by the shareholders at the AGM. Biographical details of the Directors standing for re-election are set out on page 36 of the Annual Report. A performance review of the two Directors has been carried out in 2018. Following that review the Board considers that both of the Directors continue to make a valuable contribution to the Board's deliberations, and that they continue to demonstrate the required level of commitment.

### **Resolution 7 - Authority to allot**

At the 2017 AGM, the Directors were authorised, under section 551 of the Companies Act 2006, to allot ordinary shares without the prior consent of shareholders for a period expiring at the conclusion of the Annual General Meeting to be held in 2018. It is proposed to renew this authority. Paragraph (a)(i) of Resolution 7 will allow the Directors to allot ordinary shares up to a maximum nominal amount of £1,546,284 representing approximately one-third (33.33%) of the Company's existing issued share capital and calculated as at 8 June 2018 (being the latest practicable date prior to publication of this document). In accordance with institutional guidelines issued by the Investment Association, paragraph (a)(ii) of Resolution 7 will allow Directors to allot, including the ordinary shares referred to in paragraph (a)(i) of Resolution 7, further of the Company's ordinary shares in connection with a pre-emptive offer by way of a rights issue to ordinary shareholders up to a maximum nominal amount of £3,092,568, representing approximately two-thirds (66.67%) of the Company's existing issued share capital and calculated as at 8 June 2018 (being the latest practicable date prior to publication of this document).

The Directors have no present intention of exercising this authority. However, if they do exercise the authority, the Directors intend to follow best practice as regards its use, as recommended by the Investment Association.

As at 8 June 2018 (being the latest practicable date prior to publication of this document), the Company held 583,235 ordinary shares in treasury.

Resolution 7 will be proposed as an ordinary resolution to renew this authority until the conclusion of the next Annual General Meeting or, if earlier, the close of business on 25 October 2019.

### **Resolution 8 - General disapplication of pre-emption rights**

Also at the 2017 Annual General Meeting, a special resolution was passed, under sections 570 to 573 of the Companies Act 2006, empowering the Directors to allot equity securities for cash without first being required to offer such shares to existing shareholders. It is proposed that this authority also be renewed in line with institutional guidelines. If approved, the resolution will authorise the Directors, in accordance with the Articles of Association, to issue shares in connection with a rights issue or other pre-emptive offer and otherwise to issue shares for cash up to a maximum nominal amount of £231,943 which includes the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. The maximum nominal amount of £231,943 of equity securities to which this authority relates represents approximately 5% of the issued share capital of the Company as at 8 June 2018 (being the latest practicable date prior to publication of this document).

Resolution 8 will be proposed as a special resolution to renew this authority until the conclusion of the next Annual General Meeting or, if earlier, the close of business on 25 October 2019.

### **Resolution 9 - Additional authority to dis-apply pre-emption rights**

Resolution 9 requests further shareholder approval, by way of a separate special resolution in line with the best practice guidance issued by the Pre-Emption Group, for the Directors to allot equity securities or sell treasury shares for cash without first being required to offer such securities to existing shareholders. The proposed resolution reflects the Pre-emption Group's 2015 Statement of Principles for the disapplication of pre-emption rights (the Statement of Principles) and will expire on 25 October 2019 or at the conclusion of the AGM in 2019, whichever is the earlier.

The authority granted by this resolution, if passed: (a) will be limited to the allotment of equity securities and sale of treasury shares for cash up to an aggregate nominal value of £231,943, which represents approximately 5% of the issued share capital of the Company as at 8 June 2018 (being the latest practicable date prior to publication of this document); and (b) will only be used in connection with an acquisition or other capital investment of a kind contemplated by the Statement of Principles, and which is announced contemporaneously with the allotment, or has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The authority granted by this resolution would be in addition to the general authority to disapply pre-emption rights under Resolution 8. The maximum nominal value of equity securities which could be allotted if both authorities were used would be £463,884, which represents approximately 10% of the issued share capital of the Company as at 8 June 2018 (being the latest practicable date prior to publication of this document).

The Directors do not intend to issue more than 7.5% of the issued share capital of the Company for cash on a non pre-emptive basis in any rolling three-year period (other than in connection with an acquisition or specified capital investment as described in the Pre-emption Group's Statement of Principles) without prior consultation with shareholders.

# Notice of Annual General Meeting continued

## **Resolution 10 - market purchase of own shares**

A special resolution, is proposed, in line with market practice, to authorise the purchase of the Company's own shares in the market. The power given by the resolution will only be exercised if the Directors are satisfied that any purchase will increase the earnings per share of the ordinary share capital in issue after the purchase and, accordingly, that the purchase is in the interests of shareholders. The Directors will also give careful consideration to gearing levels of the Company and its general financial position. The purchase price would be paid out of distributable profits.

The Companies Act 2006 permits certain listed companies to hold shares in treasury, as an alternative to cancelling them, following a purchase of own shares by the company. Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy share options and share awards under the company's employees' share schemes. Once held in treasury, the company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of the shares. Further, no dividend or other distribution of the company's assets may be made to the company in respect of the treasury shares.

If the Directors exercise the authority conferred by this resolution, they may consider holding those shares in treasury, rather than cancelling them. The Directors believe that holding shares in treasury would provide the Company with greater flexibility in the management of its share capital. The Directors will also consider using the treasury shares to satisfy share options and/or awards under the Company's employees' share schemes. The maximum number of shares which may be purchased under the proposed authority will be 4,638,851 shares representing approximately 10% of the issued ordinary share capital of the Company as at 8 June 2018. The price paid for shares will not be less than the nominal value (of 10 pence per share) nor more than the higher of: (a) 5% above the average of the middle-market quotation of the ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days preceding the day on which the shares are purchased; and (b) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out.

The total number of options to subscribe for ordinary shares that were outstanding at 8 June 2018 (being the latest practicable date prior to publication of this document) was 536,827. The proportion of issued share capital that they represented at that time was 1.16% and the proportion of issued share capital that they will represent if the full authority to purchase shares is used is 1.05%.

The authority will expire on 25 October 2019 or, if earlier, at the conclusion of the next year's Annual General Meeting.

## **Resolution 11 - adoption of new articles of association**

Under resolution 11, the Company is proposing to adopt new Articles of Association in substitution for the existing Articles of Association. The principal changes introduced by the new Articles of Association are summarised in the Appendix to this Notice of Meeting.

A copy of the Company's existing Articles of Association and the proposed new Articles of Association marked to show all the changes will be available for inspection during normal business hours (excluding Saturdays, Sundays and bank holidays) at the Company's registered office and 25 Bury Street, St James's, London, SW1Y 6AL from the date of this Notice of Meeting until the close of the meeting. The proposed new Articles of Association will also be available for inspection at the Annual General Meeting at least 15 minutes prior to the start of the meeting and up until the close of the meeting.

## **Resolution 12 - Notice of General Meeting**

Under the existing Articles of Association of the Company, the Company may call a general meeting which is not an Annual General Meeting on 14 clear days' notice. Section 307A of the Companies Act 2006 requires, in addition, the Company to pass a special resolution on an annual basis in order to convene general meetings, other than the Company's Annual General Meeting, on 14 clear days' notice. The Directors believe that obtaining this authority is desirable and would give the Directors an additional degree of flexibility.

## **Action to be taken**

You will find enclosed with this document a Form of Proxy for use at the Annual General Meeting. Whether or not you propose to attend the AGM in person, you are requested to complete and return the form in accordance with its instructions so that it arrives no later than 10.00 a.m. on 23 July 2018. The completion and return of a Form of Proxy will not preclude you from attending the AGM and voting in person if you wish to do so.

**Documents for inspection**

Copies of the Directors' service contracts and letters of appointment will be available for inspection during normal business hours on any weekday from the date of this Notice until the conclusion of the AGM at Company's registered office. These documents will also be available for inspection at the place of the AGM for at least 15 minutes prior to, and during, the AGM.

**Recommendation**

The Board considers that the Resolutions to be proposed at the AGM are in the best interests of shareholders as a whole and unanimously recommends that shareholders vote in favour of such Resolutions, as the Directors intend to do, or procure to be done, in respect of their own beneficial holdings.

Yours sincerely

**Stanley Davis****Chairman**

8 June 2018

# Palace Capital plc ("the Company")

## Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (AGM) of Palace Capital plc ("the Company") will be held at the offices of CMS Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF at 10.00 a.m. on 25 July 2018.

You will be asked to consider and vote on the resolutions below. Resolutions 1 to 7 will be proposed as ordinary resolutions and resolutions 8 to 12 will be proposed as special resolutions.

### ORDINARY RESOLUTIONS

1. To receive and approve the Company's accounts together with the reports of the Directors and the auditors and the strategic report for the year ended 31 March 2018 (Annual Report).
2. To receive and approve the Directors' Remuneration Report, other than the part containing the Directors' remuneration policy, contained within the Annual Report on pages 46 to 49.
3. To declare a final dividend of 4.75 pence per ordinary share in respect of the year ended 31 March 2018, to be paid on 31 July 2018 to the holders of ordinary shares at close of business on 6 July 2018.
4. To re-appoint BDO LLP as auditors of the Company and to authorise the Directors to fix their remuneration.
5. To re-elect MR NEIL SINCLAIR as a Director of the Company.
6. To re-elect MR STEPHEN SILVESTER as a Director of the Company.
7. In accordance with section 551 Companies Act 2006 (Companies Act):
  - (a) the Directors be authorised to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company:
    - (i) up to a maximum nominal amount of £1,546,284 (such amount to be reduced by the nominal amount of any equity securities (as defined in section 560(1) of the Companies Act) allotted under paragraph (ii) below in excess of £3,092,568); and
    - (ii) comprising equity securities up to a maximum nominal amount of £3,092,568 (such amount to be reduced by any shares allotted or rights granted under paragraph (i) above) in connection with an offer by way of a rights issue to holders of ordinary shares of 10 pence each in the capital of the Company (Ordinary Shares) on the register of shareholders of the Company at such record date as the Directors may determine where the equity securities respectively attributable to the interests of the ordinary shares are proportionate (as nearly as practicable) to the numbers of ordinary shares held or deemed to be held by them on any such record date and to the other holders of equity securities (if any), subject to such exclusions or other arrangements the Directors may deem necessary or expedient for dealing with treasury shares, fractional entitlements or legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange in any territory;
  - (b) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, or, if earlier, at the close of business on 25 October 2019; and
  - (c) all previous unutilised authorities under section 551 of the Companies Act shall cease to have effect (save to the extent that the same are exercisable pursuant to section 551(7) of the Companies Act by reason of any offer or agreement made prior to the date of this resolution which would or might require shares to be allotted or rights to be granted on or after that date).

## SPECIAL RESOLUTIONS

8. That, subject to and conditional on the passing of the resolution 7, the Directors be authorised pursuant to sections 570 and 573 of the Companies Act to allot equity securities (as defined in section 560(1) of the Companies Act) for cash under the authority given by resolution 7 and/or to sell Ordinary Shares held by the Company as treasury shares for cash as if section 561(1) of the Companies Act did not apply to any such allotment or sale, such authority to be limited:
- (a) to allotments of equity securities, or sales of treasury shares, in connection with a rights issue, open offer or other pre-emptive issue to existing ordinary shareholders (other than holders of treasury shares) in proportion (as nearly as practicable) to their respective holdings and holders (excluding any holding of shares as treasury shares) of any other class of equity securities in existence with a right to participate in allotments of such class of equity securities, subject to such exclusions or other arrangements the Directors may deem necessary or expedient for dealing with treasury shares, fractional entitlements or legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange in any territory; and
  - (b) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) of this resolution 8 up to a nominal value of £231,943,

such authority to expire at the end of the next Annual General Meeting of the Company (or, if earlier, at the close of business on 25 October 2019) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

9. That, subject to and conditional on the passing of resolution 7, the Directors be authorised, in addition to any authority granted under resolution 7 or resolution 8, pursuant to sections 570 and 573 of the Companies Act, to allot equity securities (as defined in section 560(1) of the Companies Act) for cash under the authority given by resolution 7 and/or to sell Ordinary Shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be:
- (a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £231,943; and
  - (b) used only for the purposes of financing (or refinancing, if the authority is to be used within 6 months after the original transaction) a transaction which the board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-emption Rights most recently published by the Pre-emption Group prior to the date of this notice,

such authority to expire at the end of the next Annual General Meeting (or, if earlier, at the close of business on 25 October 2019) but prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

10. That the Company be, and it is hereby, generally and unconditionally authorised for the purpose of sections 693 and 701 of the Companies Act to make one or more market purchases (within the meaning of section 693(4) of the Companies Act) of Ordinary Shares upon such terms and in such manner as the Directors shall determine, provided that:
- (a) the maximum aggregate number of Ordinary Shares authorised to be purchased is 4,638,851 (representing approximately 10% of the Company's total issued ordinary share capital);
  - (b) the minimum price which may be paid for each such Ordinary Share is 10 pence (exclusive of expenses);
  - (c) the maximum price (exclusive of expenses) which may be paid for each such Ordinary Share is an amount equal to the higher of:
    - (i) an amount equal to 105% of the average of the closing middle market price for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately prior to the day the purchase is made; and
    - (ii) an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share on the trading venue where the purchase is carried out;

## Notice of Annual General Meeting continued

- (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, the expiry of a period of 15 months from the date of the passing of this resolution; and
  - (e) the Company may make a contract to purchase Ordinary Shares under this authority prior to its expiry which will or may be executed wholly or partly after such expiry and may make a purchase of Ordinary Shares in pursuance of any such contract.
11. That with effect from the conclusion of the meeting the draft articles of association produced to the meeting and, for the purposes of identification, initialled by the Chairman be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the Company's existing articles of association.
12. That a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

By order of the board

**David M Kaye**  
**Company Secretary**

Date: 8 June 2018

Registered Office

Lower Ground Floor  
One George Yard  
London  
EC3V 9DF

# Notes to the Notice of Annual General Meeting

## ENTITLEMENT TO ATTEND AND VOTE

1. Only those members registered on the Company's register of members at:
  - Close of business on 23 July 2018; or,
  - If this Meeting is adjourned, at 48 hours (excluding any part of a day that is not a working day) prior to the adjourned Meeting, shall be entitled to attend and vote at the Meeting.

## ATTENDING IN PERSON

2. If you wish to attend the Meeting in person, please arrive at the offices of CMS Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF (the nearest underground station is Cannon Street) at 09.30 a.m. on 25 July 2018 (commencement of registration); the Meeting will commence at 10.00 a.m. Please bring this Notice with you. Representatives of corporate shareholders will have to produce evidence of their proper appointment when attending the Meeting. Please contact the Company's Registrar, Link Asset Services, 34 Beckenham Road, Beckenham, Kent BR3 4TU, if you require further guidance on this.

## APPOINTMENT OF PROXIES

3. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a Proxy Form with this Notice of Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the Proxy Form.
4. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section.
5. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the Proxy Form are set out in the notes to the Proxy Form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
6. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's Registrar, Link Asset Services, PXS, 34 Beckenham Road, Beckenham Kent BR3 4TU.
7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

## APPOINTMENT PROXY USING HARD COPY PROXY FORM

8. The notes to the Proxy Form explain how to direct your proxy how to vote on each resolution or withhold their vote.
9. To appoint a proxy using the Proxy Form, the form must be:
  - Completed and signed;
  - Sent or delivered to the Company's Registrar, Link Asset Services, PXS, 34 Beckenham Road, Beckenham Kent BR3 4TU; and
  - Received by Link Assets Services no later than 10.00am on 23 July 2018.

In the case of a member which is a company, the Proxy Form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the Proxy Form is signed (or a duly certified copy of such power or authority) must be included with the Proxy Form.

# Notes to the Notice of Annual General Meeting continued

## **APPOINTMENT OF PROXIES THROUGH CREST**

10. CREST members who wish to appoint a proxy or proxies by utilising CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from <https://www.euroclear.com/site/public/EUI>). 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 Euroclear UK & Ireland Limited's (EUI) 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 (IDRA10) by 10.00 a.m. on 23 July 2018. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp 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 EUI does not make available special procedures in CREST for any particular message. 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, 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 Regulations 35(5)a) of the Uncertificated Securities Regulations 2001.

## **APPOINTMENT OF PROXY BY JOINT MEMBERS**

11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

## **CHANGING PROXY INSTRUCTION**

12. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy Proxy Form and would like to change the instructions using another hard-copy Proxy Form, please contact Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

## **TERMINATION OF PROXY APPOINTMENTS**

13. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. In the case a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation note is signed (or a duly certified copy of such power of authority) must be included with the revocation notice.

The revocation notice must be received by Link Asset Services no later than 10.00 a.m. on 23 July 2018.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified, then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

## **CORPORATE REPRESENTATIVES**

14. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

# Appendix

## **EXPLANATORY MEMORANDUM ON CHANGES TO THE ARTICLES OF ASSOCIATION**

It is proposed in resolution 11 to adopt new articles of association of the Company (New Articles) in order to update the current articles of association of the Company (Current Articles). The substantive changes being proposed are intended to ensure that the New Articles are in line with common practice for listed companies on London Stock Exchange plc's main market and to provide clarification and additional flexibility, as well as to remove obsolete provisions contained in the Current Articles.

A summary of the principal changes being proposed is set out below. Other changes which are minor, technical, procedural or of a clarificatory nature have not been noted. Capitalised terms used in this Appendix have the meanings given in the Current Articles.

## **PREFERENCE SHARES AND DEFERRED SHARES**

The Current Articles contain provisions in relation to Preference Shares and Deferred Shares which are no longer in issue or relevant and have therefore been removed from the New Articles, together with the related definitions.

## **PRE-EMPTION RIGHTS**

The New Articles contain provisions giving the Directors authority to allot equity securities without applying statutory pre-emption rights, in accordance with authorities granted by ordinary or special resolutions of the Company. This does not give any new powers but in accordance with market practice.

## **PARI PASSU ISSUES AND VARIATION OF RIGHTS**

The New Articles contain new provisions setting out the procedure for variation of rights in relation to any class of shares and clarifying that new issues of shares which rank equally with existing shares will not be changed unless the new shares expressly provide.

## **SUB-DIVISION OF SHARES**

The New Articles contain a new provision permitting the Company to determine that any shares resulting from a sub-division may have a preference or advantage or be subject to a restriction as compared to the others.

## **CANCELLATION OF UNISSUED SHARES**

The provisions relating to the cancellation of unissued Ordinary Shares have been removed from the New Articles as, under the Companies Act 2006, companies no longer have authorised but unissued share capital.

## **SHARE WARRANTS**

The Current Articles contain specific provisions in relation to share warrants which are not included in the New Articles as this is covered by the general provisions in relation to the allotment of shares.

## **NOTICE OF GENERAL MEETINGS**

Certain provisions of the Current Articles in relation to notice of general meetings have been removed from the New Articles as they replicate provisions in the Companies Act 2006 and it is best practice for statutory provisions not to be duplicated in a company's constitution.

## **POSTPONEMENT OF GENERAL MEETING**

The New Articles contain a new provision enabling the Board to postpone a general meeting if it considers it to be impracticable or unreasonable to hold the meeting as originally planned and specifying the procedures to be undertaken in such circumstances.

## **AMENDMENT TO RESOLUTIONS**

The New Articles contain new provisions specifying the notice periods for considering amendments to ordinary resolutions (no amendments to special resolutions being allowed).

## **CORPORATE REPRESENTATIVES**

The New Articles contain a new provision in relation to authorisation of corporate representatives and their related powers.

## **APPOINTMENT OF NEW DIRECTORS**

The New Articles contain a new provision in relation to the notice requirements in the event that a member of the Company wishes to propose a person to be appointed or re-appointed as a Director.

# Appendix continued

## **RETIREMENT OF EXECUTIVE DIRECTORS**

The Current Articles provide that the appointment of any Director as an Executive Director (including Chairman, Managing Director and Chief Executive) shall end if he ceases to be a Director. The Current Articles also provide that an Executive Director may only resign by Notice if any fixed or minimum term of office has not expired. These provisions have been removed from the New Articles to give the Board greater flexibility in the event that an Executive Director ceases to be a Director or wishes to resign.

## **RETIREMENT OF DIRECTORS BY ROTATION**

The Current Articles contain provisions requiring a third of Directors to retire at each Annual General Meeting and how to determine which Directors must retire. The New Articles set out a simpler procedure whereby any Directors who have been appointed by the Board since the last Annual General Meeting, or who were not appointed or reappointed at one of the preceding two Annual General Meetings, must retire from office and may offer themselves for reappointment.

## **ASSOCIATE DIRECTORS**

The Current Articles contain provisions in relation to the appointment of "Associate Directors" of the Company. These provisions have been removed from the New Articles as the position did not give any specific rights or obligations and the appointment and removal was at the Board's discretion. Accordingly, there is no need for these provisions to be set out in the Company's articles of association.

## **DIVIDENDS**

The provisions in the Current Articles regarding waiver of dividends have not been retained in the New Articles as they state the legal position. The New Articles also provide that dividends must be unclaimed for 12 months before they can be utilised by the Directors or the Company (previously no time period was specified) and, if reasonable enquiries fail to establish a new address after the dividends are left uncashed on one occasion, no further dividends need to be sent until a new address is notified to the Company (previously this only applied after two consecutive occasions). The New Articles also contain a provision specifying that dividends may be declared or paid in any currency.

## **USE OF SEALS**

The New Articles provide that, when a Seal is affixed to a document (other than share certificates) it may be signed by one authorised person in the presence of a witness, whereas the Current Articles provide for signature by either a Director and the Secretary or two Directors, in line with current practice.

## **AUDITORS**

The provisions in the Current Articles relating to the Auditors' right to attend meetings and have certain information rights have not been retained in the New Articles as they state the legal position under the Companies Act 2006.

## **NOTICES**

The provisions in relation to notices have been updated in the New Articles to use clearer language and conform to current practice.

## **RECORD DATES**

The New Articles contain a new provision in relation to record dates by reference to the register as it stands not more than 15 days before the relevant date. The Current Articles only contain provisions in relation to record dates for dividends.

## **GENERAL**

Generally, the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language in the New Articles to that used in the Model Articles for Public Companies as set out in Schedule 3 to the Companies (Model Articles) Regulations 2008 (SI 2008/3229).

