

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this Circular or the action you should take, you should consult immediately a person authorised for the purposes of the Financial Services and Markets Act 2000 (as amended) (“FSMA”) who specialises in advising on the acquisition and disposal of shares and other securities. The contents of this Circular are not to be construed as legal, business or tax advice. Each Shareholder should consult his, her or its own solicitor, independent financial adviser or tax adviser for legal, financial or tax advice. Shareholders should rely only on the information in this Circular. No person has been authorised to give any information or make any representations other than those contained in this Circular and, if given or made, such information or representations must not be relied on as having been authorised by the Company.

If you sell or have sold or otherwise transferred all of your Ordinary Shares, please immediately forward this Circular, together with the accompanying Form of Proxy to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Ordinary Shares, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

Arden Partners plc, which is authorised and regulated in the United Kingdom by the FCA, is acting for the Company and for no one else (subject to the responsibilities and liabilities imposed by the FSMA or the regulatory regime thereunder) and will not be responsible to any other person for providing the protections afforded to customers of Arden Partners plc in providing advice or in relation to any matters referred to in this Document.

This Document does not constitute an offer or invitation to any person to subscribe for or purchase any securities in Palace Capital plc.

This Document should be read as a whole. Your attention is drawn to the “Letter from the Chairman” set out in Part 1 of this Circular and the recommendation in respect of the Resolution to be proposed at the General Meeting referred to below. This Document should be read in conjunction with the accompanying Form of Proxy and the definitions set out in this document.

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## **Palace Capital plc**

*(a company incorporated in England and Wales under The Companies Act 1985, with registered no. 05332938)*

### **Proposed Related Party Transactions and Notice of General Meeting Sponsor Arden Partners plc**

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Copies of this Document are available on the “Corporate Information” section of the Company’s website at [www.palacecapitalplc.com](http://www.palacecapitalplc.com) and are also available for collection, free of charge, during normal business hours on any Business Day up until close of the General Meeting from the registered office of the Company. Unless you have sold or transferred all your Ordinary Shares you are recommended to retain this Circular for reference.

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied on as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as at any subsequent time.

Notice of the General Meeting convened to take place at 12.00 p.m. on 25 January 2019 at Hamblins LLP, Roxburghe House, 273-287 Regent Street, London W1B 2AD is set out at the end of this Circular. To be valid, the accompanying Form of Proxy for use at the General Meeting must be completed and returned so as to reach the Registrars by hand (during normal business hours only) or by post at Link Asset Services, 34 Beckenham Road, Beckenham, BR3 4TU by not later than 12.00 p.m. on 23 January 2019.

As an alternative to completing the enclosed Form of Proxy, CREST members can also appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Registrar (under CREST participant 23) by not later than 12.00 p.m. on 25 January 2019. The time of receipt will be taken to be the time from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

This Document is dated 9 January 2019.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<b>Time and Date</b>
Publication of this document	9 January 2019
Latest time for receipt of individual Forms of Proxy for General Meeting	12.00 p.m. on 23 January 2019
General Meeting	12.00 p.m. on 25 January 2019

If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by an announcement through the Regulatory Information Service of the London Stock Exchange. All references in this Circular are to London time unless otherwise stated.

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Stanley Harold Davis Ronald Neil Sinclair Stephen John Silvester Richard Paul Starr Anthony Charles Dove Kim David Spencer Taylor-Smith	Non-Executive Chairman Chief Executive Finance Director Executive Director Non-Executive Director Non-Executive Director
<b>Company secretary</b>	David M. Kaye	
<b>Registered Office</b>	Lower Ground Floor One George Yard London EC3V 9DF	
<b>Principal Place of Business of the Company and Business Address of the Directors</b>	25 Bury Street St James's London SW1Y 6AL	
<b>Website address</b>	<a href="http://www.palacecapitalplc.com">www.palacecapitalplc.com</a>	
<b>Sponsor and Broker to the Company</b>	Arden Partners plc 125 Old Broad Street London EC2N 1AR	
<b>Solicitors to the Company</b>	Hamlins LLP Roxburghe House 273-287 Regent Street London W1B 2AD	
<b>Auditors to the Company</b>	BDO LLP 55 Baker Street London W1U 7EU	
<b>Registrars</b>	Link Asset Services 34 Beckenham Road Beckenham BR3 4TU	

# PART 1 LETTER FROM THE CHAIRMAN

## Palace Capital plc

*(a company incorporated in England and Wales under the Companies Act 1985,  
as amended with registered no. 05332938)*

*Directors:*

Stanley Harold Davis (Non-Executive Chairman)  
Ronald Neil Sinclair (Chief Executive)  
Stephen John Silvester (Finance Director)  
Richard Paul Starr (Executive Director)  
Anthony Charles Dove (Non-Executive Director)  
Kim David Spencer Taylor-Smith (Non-Executive Director)

*Registered Office:*

Lower Ground Floor  
One George Yard  
London EC3V 9DF

9 January 2019

Dear Shareholder,

### Proposed Related Party Transactions and Notice of General Meeting

#### 1. Introduction

As announced in the Company's interim results for the six months ended 30 September 2018 (the "**Interim Statement**"), the Board became aware of a technical issue in respect of the payment of the final dividend of 4.75 pence per Ordinary Share paid on 31 July 2018 and the interim dividend of 4.75 pence per Ordinary Share paid on 19 October 2018 (together, the "**Relevant Distributions**").

The Act provides that a public company may pay a dividend out of its distributable profits as shown in either the last accounts circulated to members or, if interim accounts are used, those that enable a reasonable judgment to be made of the profits, losses, assets, liabilities, share capital and revenues. Such interim accounts must have been filed at Companies House. The requirement for the relevant accounts to have been filed applies even if the company in question has sufficient distributable profits at the relevant time.

The Company has always filed its statutory accounts on time in accordance with the requirements of the Act. However, as referred to in the Post Balance Sheet Events note in the Interim Statement the Company received a dividend in the amount of £24,199,499.57 (the "**Signal Distribution**") from its Subsidiary, Palace Capital (Signal) Limited ("**Signal**") which, due to a technical error, was subsequently found to have been an unlawful dividend. As a consequence the Accounts could not be considered as Relevant Accounts for the purposes of the Relevant Distributions due to the misstatement in these Accounts.

Signal rectified the Signal Distribution through a capital reduction which created sufficient distributable reserves to correct the technical error in respect of the Signal Distribution and pay the originally proposed dividend to the Company. In addition the Company was released from the obligation to repay the Signal Distribution on 16 November 2018.

Interim Accounts for the Company as at 16 November 2018 were produced enabling the Company to declare subsequent dividends lawfully and these have been filed at Companies House.

The purpose of this document is to convene a General Meeting to propose the Resolution, which will, if passed, authorise the Company and Signal to enter in to the deeds of release described in Part 2 of this document and put all potentially affected parties so far as possible in the position in which they were always intended to be had the Relevant Distributions and the Signal Distribution been made in accordance with the procedural requirements of the Act.

The Company has been advised that, as a consequence of the Relevant Distributions having been made otherwise than in accordance with the Act, it may have claims against past and present Shareholders who were recipients of the Relevant Distributions and against persons who were directors of the Company at the time of payment of the Relevant Distributions. It is therefore proposed that the Company enter into the Shareholders' Deed of Release and the Directors' Deed of Release. The consequence of the entry into these deeds by the Company is that the Company will be unable to make any claims against:

- (a) past and present shareholders of the Company who were recipients of the Relevant Distributions; and
- (b) the Directors and their successors in title.

in each case in respect of the payment of the Relevant Distributions otherwise than in accordance with the Act.

Signal has already released the Company from the obligation to repay the Signal Distribution. Signal has been advised that in order to extinguish any claims it may have against the persons who were directors at the time of the payment of the Signal Distribution, Signal should enter into the Signal Directors' Deed of Release.

The entry by the Company into the Directors' Deed of Release and the Shareholders' Deed of Release and by Signal into the Signal Directors' Deed of Release, all constitute related party transactions (as defined in the Listing Rules). Therefore, the Resolution will also seek the specific approval of the Company's Shareholders for the entry into the Directors' Deed of Release, Shareholders' Deed of Release and the Signal Directors' Deed of Release as related party transactions, in accordance with the requirements of the Listing Rules.

**Further details and an explanation of the business of the General Meeting and the related party transactions are set out in Part 2 of this document.**

## **2 Notice of General Meeting**

Enclosed with this letter is a Notice of General Meeting of the Company which will be held at the offices of Hamlins LLP, Roxburghe House, 273-287 Regent Street, London W1B 2AD. The Notice can be found at the end of this document.

**You are advised to read the whole of this document, including the Notice, and not to rely solely on the information contained in this letter.**

## **3 Action to be taken**

Shareholders will find enclosed with this Circular a Form of Proxy for use at the General Meeting. Whether or not Shareholders intend to be present at the meeting, Shareholders are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon so that it arrives at Link Asset Services, 34 Beckenham Road, Beckenham BR3 4TU as soon as possible and in any event so as to be received by hand (during normal business hours only) or by post not later than 12.00 p.m. on 23 January 2019. Completion and return of the Form of Proxy will not prevent Shareholders from attending and voting at the meeting should they so wish.

As an alternative to completing the enclosed Form of Proxy, CREST members can also appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Registrar (under CREST participant 23) by not later than 12.00 p.m. on 23 January 2019. The time of receipt will be taken to be the time from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

## **4 Recommendation**

Given the interests of the Board in the Resolution, and as required by the Listing Rules:

- (a) the Board has not considered whether the Resolution is in the best interests of the Company. Accordingly, the Board cannot recommend that Shareholders vote in favour of the Resolution, but recommends that Shareholders vote on it. However, the Board has been advised by Arden, in its capacity as the Company's sponsor, that: (i) the waiver of claims against the Directors and Substantial Shareholders pursuant to the Resolution; and (ii) the entry into the Directors' Deed of Release, Shareholders' Deed of Release; and the Signal Directors' Deed of Release are fair and reasonable so far as the Shareholders of the Company are concerned; and
- (b) each of the Directors and their associates are precluded from voting on the Resolution. Therefore, the Directors (who have an interest in the share capital of the Company) have undertaken to abstain, and to take all reasonable steps to ensure that their associates abstain, from voting on the Resolution. As at 8 January 2019 (being the latest practicable date before the publication of this document), the Directors were recorded in the Company's register of members as holding

a total of 2,182,648 Ordinary Shares in the capital of the Company representing approximately 4.75 per cent. of the Company's existing ordinary share capital.

The Resolution is a special resolution that requires at least three-quarters of the votes to be cast in favour of it, therefore Shareholders are encouraged to vote on the Resolution.

The Board has taken steps to ensure that, in future, the issues referred to in this document do not arise in relation to the payment of future dividends. We are grateful for Shareholders' understanding in respect of the issues set out in this document.

On behalf of the Board, thank you for your continued support of the Company.

Yours sincerely,

Stanley Davis  
Non-Executive Chairman

## **PART 2 BUSINESS OF THE GENERAL MEETING**

### **1. The Signal Distribution and the Relevant Distributions**

As stated in the Interim Statement, the Company received the Signal Distribution from Signal during the year ended 31 March 2018 which due to a technical error was subsequently found to have been declared unlawfully. This resulted in a technical issue in respect of the Company's procedures for the payment of certain dividends to its Shareholders attributable to the financial year ended 31 March 2018 and the financial year ending 31 March 2019. This issue, which is described in Part 1 of this document, resulted in the Relevant Distributions being made otherwise than in accordance with the Act.

These issues only affected the Relevant Distributions and did not affect any other distributions made by the Company.

### **2 The consequences of the Signal Distribution and the Relevant Distributions having been made otherwise than in accordance with the Act**

The Company has been advised that, as a consequence of the Relevant Distributions having been made otherwise than in accordance with the Act, it may have claims against past and present Shareholders who were recipients of the Relevant Distributions and against persons who were directors of the Company at the time of payment of the Relevant Distributions.

Signal has also been advised that as a consequence of the Signal Distribution having been made otherwise than in accordance with the Act, it had a claim against the Company as recipient of the Signal Distribution from which the Company has already been released, and against the persons who were directors of Signal at time of payment of the Signal Distribution.

The Board notes, however, that the Company has no intention of bringing any such claims against its Shareholders or Directors and Signal has no intention of bringing any claims against its directors. The Company and Signal have been independently advised by Hamlins LLP.

### **3. Shareholder Resolution**

The Company wishes to remedy the potential consequences of the Relevant Distributions having been made otherwise than in accordance with the Act and to put all potentially affected parties so far as possible in the position in which they were always intended to be had the Relevant Distributions been made in accordance with the requirements of the Act.

As stated above, Signal has already released the Company from liability to repay the Signal Distribution. Signal wishes to release its directors from any potential liability and any such release will comprise a related party transaction as certain of the directors of Signal at the time of payment of the Signal Distribution were also Directors of the Company.

Therefore, the Company is proposing the Resolution, the full text of which is set out in the Notice at the end of this document.

If passed, the effect of the Resolution, which will be proposed as a special resolution, will be to:

- authorise the appropriation of the distributable profits of the Company to the payment of each of the Relevant Distributions and together having an aggregated value of £4,359,448;
- waive any and all claims which the Company has or may have in respect of the payment of the Relevant Distributions against its Shareholders who appeared on the register of members on the relevant record date for each Relevant Distribution (or the personal representatives and their successors in title of the estate of any deceased Shareholders), such waiver to be effected by way of the entry by the Company into the Shareholders' Deed of Release;
- waive any and all claims which the Company may have against its Directors and the personal representatives (and their successors in title) of the estate of any deceased Directors, such waiver to be effected by way of the entry by the Company into the Directors' Deed of Release; and
- authorise the Company to approve the waiver by Signal of all claims Signal may have against its directors and the personal representatives (and their successors in title) of the estate of any deceased directors of Signal, such waiver to be effected by entry by Signal into the Signal Directors' Deed of Release.

The approach that the Company is proposing by way of the Resolution is consistent with the approach taken by other England and Wales incorporated companies whose shares are admitted to the UK Listing Authority's Official List and to trading on the Main Market of the London Stock Exchange and that have also made corporate distributions otherwise than in accordance with the Act.

#### **4. The authorisation of the appropriation of the Company's distributable profits and the Shareholders' Deed of Release**

The approach that the Company is proposing involves the authorisation of the appropriation of the distributable profits of the Company to the payment of each of the Relevant Distributions for which the Company is seeking approval by Shareholders. The Company has been advised that it is also preferable for Shareholders to approve the Company's entry into the Shareholders' Deed of Release, since the release of those past and present Shareholders who appeared on the register of members on the record date for each of the Relevant Distributions (or their personal representatives (and their successors in title) if they are deceased) from any and all claims which the Company has or may have in respect of the payment of the Relevant Distributions will, insofar as those persons remain Shareholders of the Company, comprise a Shareholder distribution.

In addition, the entry by the Company into the Shareholders' Deed of Release and consequential waiver of any rights of the Company to make claims against the Substantial Shareholders in respect of the Relevant Distributions, constitutes a related party transaction (as defined in the Listing Rules) as each Substantial Shareholder is a related party for the purposes of the Listing Rules. As a result, the Resolution must be approved by the Company's Shareholders who are not interested related parties. Accordingly, each of the Substantial Shareholders is precluded from voting on the Resolution and the Substantial Shareholders have undertaken to abstain, and to take all reasonable steps to ensure that their associates abstain, from voting on the Resolution.

The proposed authorisation of the appropriation of the Company's distributable profits to the payment of each of the Relevant Distributions and the entry by the Company into the Shareholders' Deed of Release will not, however, have any effect on the Company's financial position. This is because the aggregate amount of the Relevant Distributions is equal to and offset by the release of each Recipient Shareholder from the liability to repay the amount already paid, and the Company will not be required to make any further payments to shareholders in respect of the Relevant Distributions.

In addition, the Company has not recorded or disclosed the potential right to make claims against Recipient Shareholders as an asset or a contingent asset in its financial statements. Under the Company's IFRS accounting policies, it could only record such a right as an asset when an inflow of economic benefits in favour of the Company as a result of such claim or claims being brought was virtually certain. The value of any economic benefit which the Company may derive from bringing claims against the Recipient Shareholders is uncertain (and, in any case, incapable of reliable estimation) on the basis that it may be possible for the Recipient Shareholders to establish defences to any such claims and there can be no certainty as to the amounts which could be recovered by the Company.

Under IFRS, a contingent asset is required to be disclosed only when an inflow of economic benefits in favour of the Company is probable. The directors of the Company have concluded that any inflow of economic benefits as a result of such claims is less than probable.

Accordingly, the Company's entry into the Shareholders' Deed of Release will not result in any decrease in the Company's net assets or the level of its distributable reserves.

#### **5. The Directors' Deed of Release**

Under the Company's articles of association, it is necessary for Shareholders to approve the Company's waiver of any rights of the Company to make claims against the Directors and the personal representatives (and their successors in title) of any deceased Directors in respect of the Relevant Distributions, since the Board would itself have a potential conflict of interest in approving such a waiver. This is because the members of the Board are named as beneficiaries of the waiver.

In addition, the entry by the Company into the Directors' Deed of Release and consequential waiver of any rights of the Company to make claims against the Directors and their personal representatives (and their successors in title) of any deceased Directors in respect of the Relevant Distributions, constitutes a related party transaction (as defined in the Listing Rules) as each of the Directors is a related party for the purposes of the Listing Rules. As a result, the Resolution must be approved by the Shareholders who are not themselves interested related parties. Accordingly, each of the Directors and their associates

are precluded from voting on the Resolution and the Directors have undertaken to abstain, and to take all reasonable steps to ensure that their associates abstain, from voting on the Resolution.

The entry by the Company into the Directors' Deed of Release will not have any effect on the Company's financial position because, as with the position in relation to the Relevant Distributions and potential claims against past and present shareholders, the Company has not recorded or disclosed its right potentially to make claims against past and present directors in respect of the Relevant Distributions as an asset or contingent asset of the Company. Again, under the Company's IFRS accounting policies, it could only record such a right as an asset when an inflow of economic benefits in favour of the Company as a result of such claim or claims being brought was virtually certain. The value of any economic benefit which the Company may derive from bringing claims against past and present directors is uncertain (and, in any case, incapable of reliable estimation) on the basis that past and present directors would be entitled to seek the court's relief against such claims and there can be no certainty as to the amounts (if any) which could be recovered by the Company.

Under IFRS, a contingent asset is required to be disclosed only when an inflow of economic benefits in favour of the Company is probable. The directors of the Company have concluded that any inflow of economic benefits as a result of such claims is less than probable.

Therefore, the Company's entry into the Directors' Deed of Release does not involve the disposition of any recognised asset or contingent asset by the Company in favour of directors.

## **6. Signal Directors' Deed of Release**

The entry by Signal into the Signal Directors' Deed of Release and consequential waiver of any rights of Signal to make claims against its directors and their personal representatives (and their successors in title) of any deceased directors of Signal in respect of the Signal Distribution, constitutes a related party transaction of the Company (as defined in the Listing Rules) as those directors of Signal who are also directors of the Company are each a related party for the purposes of Listing Rules. This is because the members of the board of Signal, certain of whom are also Directors, are themselves named as beneficiaries of the waiver. As a result, the Resolution must be approved by the Company's shareholders who are not themselves interested related parties. Accordingly, each of the directors who are also directors of Signal and their associates are precluded from voting on the Resolution and have undertaken to abstain, and to take all reasonable steps to ensure that their associates abstain, from voting on the Resolution.

Signal has already released the Company from the obligation to repay the Signal Distribution. The entry by Signal into the Signal Directors' Deed of Release will not have any effect on either Signal's or the Company's financial position as Signal has already corrected the position by way of a capital reduction which created sufficient distributable reserves to rectify the technical error in respect of the Signal Distribution on 16 November 2018 along with the release of the Company of the obligation to repay the Signal Distribution which completed on 16 November 2018.

As explained above, the entry by the Company into the Shareholders' Deed of Release and Directors' Deed of Release and the entry by Signal under the Signal Directors' Deed of Release constitute related party transactions (as defined in the Listing Rules). Therefore, the Resolution will also seek the specific approval of the Company's Shareholders of the entry into the Shareholders' Deed of Release, the Directors' Deed of Release and the Signal Directors' Deed of Release as a related party transaction, in accordance with the requirements of the Listing Rules.

## **7. The tax position of UK shareholders**

It is not expected that the passing of the Resolution should have an effect on the UK tax position of UK Shareholders. If any UK resident Shareholder has any doubts about his or her tax position, he or she should consult with an independent professional adviser.

## **8. The tax position of non-UK shareholders**

It is similarly not expected that the passing of the Resolution should have an effect on the tax position of overseas Shareholders although the Company has not and does not intend to seek confirmation from overseas tax authorities. If any non-UK resident shareholder has any doubts about his or her tax position, he or she should consult with an independent professional adviser.

## **9. Other information**

The share capital of the Company as at 8 January 2019 (being the latest practicable date before the publication of this document) comprises 45,883,249 Ordinary Shares, excluding treasury shares.

Copies of the final forms of the Shareholders' Deed of Release and the Directors' Deed of Release are at the end of this document and available on the Company's website [www.palacecapitalplc.com](http://www.palacecapitalplc.com) and in hard copy during normal business hours on any weekday (except for Saturdays, Sundays and public holidays) at the registered office of the Company up to the time of the General Meeting. Copies will also be available at the place of the General Meeting until the conclusion of the General Meeting.

## PART 3 ADDITIONAL INFORMATION

### 1. Registered Office

- 1.1 The Company's legal and commercial name is Palace Capital Plc.
- 1.2 The registered office of the Company is at Lower Ground Floor, One George Yard, London EC3V 9DF and the head office of the Company is at 25 Bury Street, St. James's, London SW1Y 6AL and its telephone number is 020 3301 8330.
- 1.3 The principal legislation under which the Company operates is the laws of England and Wales

### 2. Material Contracts

There are no material contracts which have been entered into by members of the Group, in the two years immediately preceding the date of this Circular which contain information that Shareholders of the Company would reasonably require to make a properly informed assessment of how to vote.

### 3. Significant change

There has been no significant change in the financial or trading position of the Group since 31 March 2018, the date to which the last audited financial statements of the Group were prepared. The Group issued its Interim Statement which related to the period ended 30 September 2018 on 26 November 2018.

### 4. Directors Service Agreements

The annual salaries of the Executive Directors for the financial year to 31 March 2019 are set out in the table below. The salaries are reviewed annually.

<b>Name</b>	<b>Position</b>	<b>Date of original service agreement</b>	<b>Salary</b>
Ronald Neil Sinclair	Chief Executive	8 September 2011	£285,000
Richard Paul Starr	Executive Director	24 September 2013	£215,000
Stephen John Silvester	Finance Director	2 April 2015	£180,000

The current annual fees of the Non-Executive Directors are set out in the table below.

<b>Name</b>	<b>Position</b>	<b>Annual Fees</b>
Stanley Harold Davis	Chairman	£55,000
Anthony Charles Dove	Non-Executive Director	£45,000
Kim David Spencer Taylor-Smith	Non-Executive Director	£45,000

The Executive Directors are expected to devote the whole of their time, attention and abilities to the performance of their duties during their agreed working hours and the terms of their Service Contracts are summarised below.

#### 4.1 *Ronald Neil Sinclair's Service Agreement*

Neil Sinclair's employment with the Company commenced on 30 July 2010 and he was appointed as Chief Executive of the Group on 30 July 2010. Neil Sinclair is engaged pursuant to a service agreement with the Company dated 15 February 2018 under which he receives a salary of £285,000 per annum, a car allowance of £10,000 per annum and a contribution to medical insurance in return for a working hours commitment of 35 hours per week. The agreement is terminable upon twelve months notice given by either party. Under the terms of the service agreement no death-in-service benefits apply. The Company has agreed to comply with its employer duties in respect of Mr Sinclair in accordance with Part 1 of the Pensions Act, however, save for this no pension contribution from the Group is provided or access to a pension scheme given. The service agreement contains provision for early termination in the event of a fundamental breach by Mr Sinclair. In addition there is a provision for payment in lieu of notice and on a change of control a payment to Mr Sinclair of 50 per cent. of his basic salary where an offer is at 10 per cent. above the then net asset value of the Company and his employment terminates or notice is served by him or the Company to terminate his employment (otherwise than for cause) within 12 months of the change of control. The Company is also entitled to place Mr Sinclair on gardening leave. The service agreement imposes certain restrictions on Mr Sinclair including restrictions on the use of confidential information and intellectual property and post termination restrictions for a period of six

months including non-solicitation and non-dealing provisions in respect of clients and prospective clients, non-solicitation provisions in respect of senior employees, and non-compete provisions. The service agreement is governed by English law.

#### 4.2 *Richard Paul Starr's Service Agreement*

Richard Starr's employment with the Company commenced on 21 October 2013. Mr Starr is appointed as an Executive Director and Head of Property pursuant to a service agreement dated 20 February 2018 under which he receives a salary of £215,000 per annum, a car allowance of £400 per month, healthcare, life assurance of £1.5 million, critical illness cover and a money purchase pension benefit up to 5 per cent. of Mr Starr's annual salary in return for a working hours commitment of 35 hours per week. The agreement is terminable upon twelve months' notice given by either party.

The Company has agreed to comply with its employer duties in respect of Mr Starr in accordance with Part 1 of the Pensions Act. The service agreement contains provision for early termination in the event of a fundamental breach by Mr Starr. In addition there is a provision for payment in lieu of notice and on a change of control a payment to Mr Starr of 50 per cent. of his basic salary where an offer is at 10 per cent. above the then net asset value of the Company and his employment terminates or notice is served by him or the Company to terminate his employment (otherwise than for cause) within 12 months of the change of control. The Company is also entitled to place Mr Starr on gardening leave. The service agreement imposes certain restrictions on Mr Starr including restrictions on the use of confidential information and intellectual property and post termination restrictions for a period of six months including non-solicitation and non-dealing provisions in respect of clients and prospective clients, non-solicitation provisions in respect of senior employees, and non-compete provisions. The service agreement is governed by English law.

#### 4.3 *Stephen John Silvester's Service Agreement*

Stephen Silvester's employment with the Company commenced on 1 July 2015. Mr Silvester is appointed as the Finance Director pursuant to service agreement dated 15 February 2018 under which he receives a salary of £180,000 per annum, a travel allowance, healthcare, life assurance of £1.5 million, critical illness cover and a money purchase pension benefit up to 5 per cent. of Mr Silvester's annual salary in return for devoting such time as is necessary to carry out his role as the Finance Director. The agreement is terminable upon twelve months' notice given by either party.

The service agreement contains provision for early termination in the event of a fundamental breach by Mr Silvester. In addition there is a provision for payment in lieu of notice and on a change in control a payment of 50 per cent. of Mr Silvester's salary where an offer is at 10 per cent. above the then net asset value of the Company and his employment terminates or notice is served by him or the Company to terminate his employment (otherwise than for cause) within 12 months of the change of control. The Company is also entitled to place Mr Silvester on gardening leave. The service agreement imposes certain restrictions on Mr Silvester including restrictions on the use of confidential information and intellectual property and post termination restrictions for a period of six months including non-solicitation and non-dealing provisions in respect of clients and prospective clients, non-solicitation provisions in respect of senior employees, and non-compete provisions. The service agreement is governed by English law.

## 5. **Directors' Interest in Shares**

5.1 The Directors of Palace Capital have the following interests:

<b>Name</b>	<b>Number of Ordinary Shares</b>	<b>Percentage of Issued Share Capital</b>
Stanley Harold Davis	1,665,287	3.63%
Ronald Neil Sinclair	250,519	0.54%
Richard Paul Starr	149,921	0.33%
Stephen John Silvester	15,921	0.03%
Anthony Charles Dove	91,000	0.20%
Kim David Spencer Taylor-Smith	10,000	0.02%

## 5.2 Directors' Interests in LTIPs:

Name	As at the date of this document	Share price at date of award	Grant Date	Vesting Date
Roland Neil Sinclair	75,949	£3.16	04.07.2016	04.07.2019
	72,754	£3.39	01.11.2017	01.11.2020
	80,282	£3.49	13.07.2018	13.07.2021
Stephen John Silvester	30,854	£3.16	04.07.2016	04.07.2019
	42,710	£3.39	01.11.2017	01.11.2020
	50,704	£3.49	13.07.2018	13.07.2021
Richard Paul Starr	42,722	£3.16	04.07.2016	04.07.2019
	54,492	£3.39	01.11.2017	01.11.2020
	60,563	£3.49	13.07.2018	13.07.2021

## 5.3 Directors' interests in Deferred Bonus Plan

Name	Bonus amount in shares	No. of shares over which options were granted	Award Date	Vesting Date	Latest Exercise Date
Neil Sinclair	£94,764	26,694	17.07.2018	17.07.2019	17.07.2020
Stephen Silvester	£59,849	16,859	17.07.2018	17.07.2019	17.07.2020
Richard Starr	£71,486	20,137	17.07.2018	17.07.2019	17.07.2020

## 6. Major Interests in Shares

6.1 The following persons have notified the Company that they are interested in more than 3 per cent. of the issued share capital, as at 8 January 2019 (being the latest practicable date prior to the publication of this document):

	Number of Ordinary Shares	Percentage of Issued Share Capital
AXA Investment Managers	3,542,633	7.73%
Miton Group Plc	3,397,806	7.41%
J.O. Hambro	3,356,810	7.32%
Stanley Harold Davis	1,665,287	3.63%

## 7 Related Party Transactions

There have been no related party transactions since 31 March 2018 to the date of this document.

## 8. Consents

8.1 Arden Partners Plc has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and references to it in the form and context in which they appear.

8.2 Hamblins LLP has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and references to it in the form and context in which they appear.

## 9. Documents available for inspection

Copies of the following documents will be available for physical inspection during normal business hours on any Business Day at the registered office of the Company from the date of this Circular up to and including the conclusion of the General Meeting:

- the memorandum and articles of incorporation of the Company;
- the audited consolidated financial statements of Palace Capital for the year ended 31 March 2018;
- the Shareholders' Deed of Release;
- the Directors' Deed of Release;
- the Signal Directors' Deed of Release;
- the written consent letters referred to in paragraph 8 above; and
- this Circular and the Form of Proxy.

## DEFINITIONS

The following definitions apply throughout this Circular and the accompanying Form of Proxy unless the context otherwise requires:

<b>“2006 Act” or “Act”</b>	the UK Companies Act 2006
<b>“Accounts”</b>	the audited accounts of the Company in respect of the 12 month period ended on 31 March 2018
<b>“Allenby”</b>	means Allenby Capital Limited, the Company’s joint broker
<b>“Arden”</b>	Arden Partners Plc, the Company’s Sponsor and broker
<b>“Business Day”</b>	a day (other than a Saturday or Sunday) in which clearing banks in the City of London are generally open for business
<b>“certificated” or “in certificated form”</b>	in certificated form (that is, not in CREST)
<b>“Circular” or “Document”</b>	this document
<b>“Company” or “Palace Capital”</b>	Palace Capital Plc
<b>“CREST”</b>	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
<b>“CREST Manual”</b>	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since)
<b>“CREST member”</b>	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
<b>“CREST participant”</b>	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations)
<b>“CREST Proxy Instruction”</b>	a message sent through CREST appointing a proxy or providing proxy instructions
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No.3755)
<b>“Directors” or “the Board”</b>	the directors of the Company whose names are set out on page 4 of this Circular
<b>“Directors’ Deed of Release”</b>	deed of release by which the Company waives any rights to make claims against Directors in respect of the Relevant Distributions
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited (previously CRESTCo Limited)
<b>“FCA”</b>	the Financial Conduct Authority in the UK
<b>“Form of Proxy”</b>	the form of proxy accompanying this Circular issued for use by Shareholders in connection with the General Meeting
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 in the UK, as amended from time to time
<b>“General Meeting”</b>	the general meeting of the Company convened to take place at the offices of Hamblins LLP, Roxburghe House, 273-287 Regent Street, London W1B 2AD at 12.00 p.m on 25 January 2019.
<b>“Group” or “Palace Capital Group”</b>	the Company and its subsidiaries and “member of the Group” shall be construed accordingly
<b>“Interim Statement”</b>	the interim financial statement for the 6 month period ended on 30 September 2018 published on 26 November 2018

<b>“IFRS”</b>	means the International Financial Reporting Standards promulgated by the International Accounting Standards Board (which includes Standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards issued under previous constitutions), together with its pronouncements thereon from time to time, as adopted by the European Union
<b>“LIBOR”</b>	in respect of any loan, the London Inter Bank Offered Rate for Sterling deposits as certified by the relevant lender
<b>“Listing Rules”</b>	the Listing Rules published by the FCA in accordance with 73A(2) of FSMA
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“LTIP”</b>	the Palace Capital Long Term Incentive Plan
<b>“Notice”</b>	the notice of General Meeting, which is set out at the end of this Circular
<b>“Official List”</b>	the official list of the UKLA
<b>“Ordinary Shares”</b>	ordinary shares of 10 pence each in the capital of the Company
<b>“Post Balance Sheet Event”</b>	shall have the meaning set out in IFRS
<b>“Registrar(s)”</b>	Link Asset Services. 34, Beckenham Road, Beckenham, BR3 4TU
<b>“Relevant Distributions”</b>	the final dividend of 4.75 pence per Ordinary Share paid on 31 July 2018 and the interim dividend of 4.75 pence per Ordinary Share paid on 19 October 2018
<b>“Resolution”</b>	the resolution to be proposed at the General Meeting, the full text of which is set out in the Notice
<b>“Signal”</b>	Palace Capital (Signal) Limited, incorporated in England and Wales with registered number 06991031
<b>“Signal Directors’ Deed of Release”</b>	a deed of release in favour of the directors of Signal in which Signal waives all claims against its directors in relation to the Signal Distribution
<b>“Signal Distribution”</b>	has the meaning set out in Part I
<b>“Shareholders”</b>	holders of Ordinary Shares and each a <b>Shareholder</b>
<b>“Shareholders’ Deed of Release”</b>	a deed of release in favour of all shareholders who appeared on the register of members on the record date for each of the Relevant Distributions from any and all claims which the Company has or may have in respect of the payment of those Relevant Distributions;
<b>“Sterling” or “pence”, “£” or “p”</b>	the lawful currency of the United Kingdom
<b>“Subsidiary”</b>	as defined in section 1159 of the 2006 Act
<b>“Substantial Shareholder”</b>	a Shareholder who has an interest in 10 per cent. or more of the issued shares capital of the Company as set out in Chapter 11 of the Listing Rules, details are set out in Schedule 1 of this Circular
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UKLA” or “UK Listing Authority”</b>	the FCA acting in its capacity as the competent authority for the purposes of FSMA
<b>“Uncertificated form”</b>	recorded on the register as being held in uncertificated form in CREST and title to which, by virtue, of the CREST Regulations, may be transferred by means of CREST

## NOTICE OF GENERAL MEETING

### Palace Capital plc

*(a company incorporated in England and Wales under the Companies Act 1985  
with registered no 05332938)*

NOTICE IS HEREBY GIVEN that a General Meeting of Palace Capital plc (the “**Company**”) will be held on 25 January 2019 at the offices of Hamblins LLP, 273-287 Regent Street, London W1B 2AD at 12.00 p.m. (UK time) for the purposes of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution:

1. THAT:

- 1.1 the appropriation of distributable profits of the Company to the payment of the final dividend of 4.75 pence per ordinary share of £0.10 each in the capital of the Company (“**Ordinary Share**”) paid on 31 July 2018 and the interim dividend of 4.75 pence per Ordinary Share paid on 19 October 2018 (the “**Relevant Distributions**”) having a total value of £4,359,448 be and are hereby authorised by reference to the same record dates as the original accounting entries for the Relevant Distributions;
- 1.2 any and all claims which the Company has or may have arising out of or in connection with the payment of the Relevant Distributions against its shareholders who appeared on the register of shareholders on the relevant record date for each Relevant Distribution (or the personal representatives and their successors in title (as appropriate) of a shareholder’s estate if he or she is deceased) be waived and released, and a deed of release in favour of such shareholders (or the personal representatives and their successors in title (as appropriate) of a shareholder’s estate if he or she is deceased) be entered into by the Company in the form produced to the General Meeting and initialled by the Chairman for the purposes of identification and any Director in the presence of a witness, any two Directors or any Director and the Company Secretary be authorised to execute the same as a Deed Poll for and on behalf of the Company;
- 1.3 any and all claims which the Company has or may have against each of its Directors arising out of or in connection with the approval, declaration or payment of the Relevant Distributions be waived and released and that a deed of release in favour of each of such Directors be entered into by the Company in the form produced to the General Meeting and initialled by the Chairman for purposes of identification and any Director in the presence of a witness, any two Directors or any Director and the Company Secretary be authorised to execute the same as a Deed Poll for and on behalf of the Company; and
- 1.4 that the waiver of any or all claims by the Company’s wholly owned subsidiary, Palace Capital (Signal) Limited (“**Signal**”) arising out of or in connection with the approval, declaration or payment of dividend of £24,199,499.57 per ordinary share of £1 each in the capital of Signal paid on 29 March 2018 be approved and the authorization by the Company of Signal to enter into a deed of release in favour of each of its directors in the form produced to the General Meeting and initialled by the Chairman for the purposes of identification be approved for execution by Signal.

Registered Office  
Lower Ground Floor  
One George Yard  
London EC3V 9DF

By order of the Board  
David M. Kaye  
Company Secretary

9 January 2019

Registered in England and Wales No. 05332938

## Notes

### Entitlement to attend and vote

1. Only those members registered on the Company's register of members at:
  - Close of business on 23 January 2019
  - 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 Hamllins LLP, Roxburghe House, 273-287 Regent Street, London W1B 2AD (the nearest underground station is Oxford Circus) at 11.30 a.m. on 25 January 2019 (commencement of registration); the Meeting will commence at 12.00 p.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. 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, 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. The notes to the Proxy Form, the form must be:
  - Completed and Signed;
  - Sent or delivered to the Company's Registrar, Link Asset Services, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
  - Received by Link Assets Services no later than 12.00 p.m. on 23 January 2019

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.

### 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 (ID RA10) by 12.00 p.m. on 23 January 2019. 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 not 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 BREST members 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 Uncertified 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 for 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 January 2019.

If you attempt to revoke our 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.

## FORM OF SHAREHOLDERS' DEED OF RELEASE DEED POLL

**THIS DEED POLL** is made on \_\_\_\_\_ 2019

**BY PALACE CAPITAL PLC** (registered number 05332938) whose registered office is at Lower Ground Floor, One George Yard, London EC3V 9DF (the "**Company**") in favour of the Recipient Shareholders (as defined below).

### **WHEREAS:**

- (A) As set out in the Notice of General Meeting addressed to the shareholders of the Company dated 25 January 2019 that is appended to this deed poll (the "**GM Notice**"), the board of directors of the Company has become aware of a technical issue in respect of the Company's procedures for the payment of the final dividend of 4.75 pence per ordinary share of 10 pence each in the capital of the Company ("**Ordinary Share**") paid on 31 July 2018 and the interim dividend of 4.75 pence per Ordinary Share paid on 19 October 2018 (collectively, the "**Relevant Distributions**").
- (B) The Company has been advised that, as a consequence of the Relevant Distributions having been made otherwise than in accordance with the Companies Act 2006, it may have claims against past and present shareholders who were recipients of one or more of the Relevant Distributions (or their personal representatives (and their successors in title) if they are deceased) (the "**Recipient Shareholders**").
- (C) Pursuant to the Resolution set out in the GM Notice and duly passed by the Company's shareholders in a general meeting on 25 January 2019, the Company proposes to waive and release any and all claims which it has or may have in respect of the Relevant Distributions against the Recipient Shareholders and wishes to enter into this deed poll in favour of the Recipient Shareholders in order to effect the same.

**THIS DEED POLL WITNESSES** as follows:

### **1. RELEASE**

The Company unconditionally and irrevocably waives and releases each of the Recipient Shareholders from any and all liability that any such Recipient Shareholder has or may have to the Company and all claims and demands the Company has or may have against each of them in connection with receipt by them of all or part of the Relevant Distributions including, without limitation, any derivative action from or on behalf of the shareholders of the Company, in connection with the making of all or parts of the Relevant Distributions.

### **2. GOVERNING LAW**

This deed poll is governed by English law. Any non-contractual obligations arising out of or in connection with this deed poll shall be governed by English law.

**IN WITNESS** of which this deed poll has been executed and has been delivered on the date which appears first on page 1.

EXECUTED as a deed poll by )  
**PALACE CAPITAL PLC** )

acting by \_\_\_\_\_, ) \_\_\_\_\_  
a Director ) Director

Witness signature \_\_\_\_\_

Witness name printed \_\_\_\_\_

Witness address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Witness occupation \_\_\_\_\_

## FORM OF DIRECTORS' DEED OF RELEASE DEED POLL

**THIS DEED POLL** is made on \_\_\_\_\_ 2019

**BY PALACE CAPITAL PLC** (registered number 05332938) whose registered office is at Lower Ground Floor, One George Yard, London EC3V 9DF (the "**Company**") in favour of each of the current directors of the Company, whose names are set out in the schedule to this deed (the "**Directors**").

### **WHEREAS:**

- (A) As set out in the Notice of General Meeting addressed to the shareholders of the Company dated 25 January 2019 that is appended to this deed poll (the "**GM Notice**"), the board of directors of the Company has become aware of a technical issue in respect of the Company's procedures for the payment of the final dividend of 4.75 pence per Ordinary Share paid on 31 July 2018 and the interim dividend of 4.75 pence per Ordinary Share paid on 19 October 2018 (collectively, the "**Relevant Distributions**").
- (B) The Company has been advised that, as a consequence of the Relevant Distributions having been made otherwise than in accordance with the Companies Act 2006, it may have claims against each of the Directors (or the personal representatives and their successors in title (as appropriate) of his or her estate if such Director is deceased).
- (C) Pursuant to the Resolution set out in the GM Notice and duly passed by the Company's shareholders in a general meeting on 25 January 2019, the Company proposes to waive and release any and all claims which it has or may have in respect of the Relevant Distributions against each of the Directors and wishes to enter into this deed poll in favour of the Directors in order to effect the same.

**THIS DEED POLL WITNESSES** as follows:

### **1. RELEASE**

The Company unconditionally and irrevocably waives and releases each of the Directors and their personal representatives and successors in title from any and all liability that any of them has or may have to the Company and all claims and demands the Company has or may have against each of them, including, without limitation, any derivative action from or on behalf of shareholders of the Company, in connection with the making of all or part of the Relevant Distributions.

### **2. GOVERNING LAW**

This deed poll is governed by English law. Any non-contractual obligations arising out of or in connection with this deed poll shall be governed by English law.

**IN WITNESS** of which this deed poll has been executed and has been delivered on the date which appears first on page 1.

EXECUTED as a deed poll by )  
**PALACE CAPITAL PLC** )

acting by \_\_\_\_\_, ) \_\_\_\_\_  
a Director ) Director

)  
)  
)  
)  
)

Witness signature \_\_\_\_\_

Witness name printed \_\_\_\_\_

Witness address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Witness occupation \_\_\_\_\_

## **SCHEDULE**

### **Directors of Palace Capital plc**

Stanley Harold Davis

Ronald Neil Sinclair

Richard Paul Starr

Stephen John Silvester

Anthony Charles Dove

Kim David Spencer Taylor-Smith

## FORM OF SIGNAL DIRECTORS' DEED OF RELEASE DEED POLL

**THIS DEED POLL** is made on \_\_\_\_\_ 2019

**BY PALACE CAPITAL (SIGNAL) LIMITED** (registered number 06991031) whose registered office is at Lower Ground Floor, One George Yard, London EC3V 9DE (the "**Company**") in favour of each of the current directors of the Company, whose names are set out in the schedule to this deed (the "**Directors**") (or the personal representatives and their successors in title (as appropriate) of his or her estate if such Director is deceased).

### **WHEREAS:**

- (A) The Company is a wholly owned subsidiary of Palace Capital plc.
- (B) The board of directors of the Company has become aware of a technical issue in respect of the Company's procedures for the payment of the dividend paid of £24,199,499.57 on 29 March 2018 (the "**Signal Distribution**").
- (C) The Company has been advised that, as a consequence of the Signal Distribution having been made otherwise than in accordance with the Companies Act 2006, it may have claims against each of the Directors (or the personal representatives and their successors in title (as appropriate) of his or her estate if such Director is deceased),
- (D) The Company proposes to waive and release any and all claims which it has or may have in respect of the Signal Distribution against each of the Directors (or the personal representatives and their successors in title (as appropriate) of his or her estate if such Director is deceased) and wishes to enter into this deed poll in favour of the Directors and the personal representatives and their successors in title of the estate of any deceased Directors in order to effect the same.

**THIS DEED POLL WITNESSES** as follows:

### **1. RELEASE**

The Company unconditionally and irrevocably waives and releases each of the Directors or the personal representatives and their successors in title (as appropriate) of his or her estate if such Director is deceased from any and all liability that any of them has or may have to the Company and all claims and demands the Company has or may have against each of them, including, without limitation, any derivative action from or on behalf of the shareholders of the Company, in connection with the making of all or part of the Signal Distribution.

### **2. GOVERNING LAW**

This deed poll is governed by English law. Any non-contractual obligations arising out of or in connection with this deed poll shall be governed by English law.

**IN WITNESS** of which this deed poll has been executed and has been delivered on the date of this deed poll.

EXECUTED as a deed poll by )  
**PALACE CAPITAL (SIGNAL) LIMITED** )

acting by \_\_\_\_\_, ) \_\_\_\_\_  
a Director ) Director

Witness signature \_\_\_\_\_

Witness name printed \_\_\_\_\_

Witness address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Witness occupation \_\_\_\_\_

## **SCHEDULE**

### **Directors of Palace Capital (Signal) Limited**

Stanley Harold Davis

David Malcolm Kaye

Stephen John Silvester

Ronald Neil Sinclair

Richard Paul Starr

