



PALACE CAPITAL_{plc}

THE PALACE CAPITAL PLC SHORT TERM INCENTIVE PLAN

ADOPTED BY THE BOARD ON [26 JUNE] 2023

APPROVED BY SHAREHOLDERS ON [26 JULY] 2023



CONTENTS

RULE

1.	Interpretation	3
2.	Grant of Awards	6
3.	Plan Limits	7
4.	Calculation of Incentive Pool and the Early Leaver Incentive Pool.....	7
5.	Release Date	8
6.	Suspension of Awards.....	8
7.	Circumstances in which malus and clawback can apply	9
8.	Operation of malus and clawback.....	10
9.	Lapse of Awards	12
10.	Termination of Employment (Good Leavers)	12
11.	Takeovers and liquidations.....	13
12.	Variation of share capital.....	13
13.	Tax liabilities.....	14
14.	Relationship with employment contract	15
15.	Notices	16
16.	Administration and amendment.....	17
17.	Third party rights	18
18.	Confidentiality.....	18
19.	Data Privacy.....	18
20.	Severability	18
21.	Governing law	18
22.	Jurisdiction	19

1. Interpretation

1.1 In this Plan, unless otherwise stated, the words and expressions below have the following meanings.

Acceptance Notice: a document, in the form prescribed by the Remuneration Committee from time to time, that the Award Holder must sign and return to the Company (or indicate their agreement to the terms thereof by any such other means specified by the Remuneration Committee) as a condition of the grant of an Award.

Acquiror: a person who obtains Control of the Company either alone or together with persons Acting in Concert (as defined in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers) with them or it.

Adoption Date: the date of the approval of the Plan by the Company's shareholders.

Assets: the assets owned by the group as at 31 March 2023, other than any assets the value of which the Remuneration Committee considers to be immaterial in the context of the realisation of the group's assets.

Award: the right to receive a cash amount calculated by reference to the number of Plan Units comprised in the Award.

Award Certificate: a certificate setting out the terms of an Award, in accordance with rule 2.1, in the form prescribed by the Remuneration Committee from time to time.

Award Holder: an individual who holds an Award or, where applicable, that individual's personal representatives and, where the context so permits or requires, shall include a former Award Holder.

Bad Leaver: an Award Holder who ceases to be an Employee and is not a Good Leaver.

Board: the board of directors of the Company, as constituted from time to time.

Business Day: a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.

Clawback Amount: an amount of value determined in accordance with rule 8.

Company: Palace Capital Plc, a company incorporated and registered in England and Wales with company number 05332938.

Control: has the meaning given to it in section 995 of the Income Tax Act 2007.

Corporate Event: a Change of Control or the passing of a resolution for the voluntary and solvent winding up of the Company.

Change of Control: means a change of Control of the Company.

Costs of Sale: any legal, agents or surveyors fees, and any other costs related to the sale of an Asset at the discretion of the Remuneration Committee.

Early Leaver Incentive Pool: a notional cash amount calculated in accordance with rule 4.2.

Enterprise Value: the Company's average market capitalisation over March and April 2023 plus the Company's total net debt and net current liabilities as at 31 March 2023.

Employee: any individual who is an employee (including an executive director) of a Group Company.

Employer Company: the Award Holder's employer or former employer.

Gain: in relation to an Asset, the extent to which the sale proceeds (less any Costs of Sale) of that Asset exceed its share of the Company's Enterprise Value (as calculated by the Remuneration Committee).

Good Leaver: an Award Holder who ceases to be an Employee due to any of the following reasons:

- a) death;
- b) ill health or disability (in each case evidenced to the satisfaction of the Remuneration Committee);
- c) retirement with the agreement of the Remuneration Committee;
- d) Redundancy;

or in any other circumstances determined by the Remuneration Committee in its absolute discretion.

Grant Date: the date on which an Award is, was, or is to be granted.

Group: the Company, any Subsidiary of the Company, any holding company of the Company (within the meaning of section 1159 of the Companies Act 2006) or any Subsidiary of the Company's holding company, each from time to time.

Group Company: any member of the Group from time to time.

Incentive Pool: a notional cash amount calculated by the Remuneration Committee in accordance with the Incentive Pool Calculation Spreadsheet, provided that the quantum of the Incentive Pool shall not exceed the Incentive Pool Limit.

Incentive Pool Limit: the size of the Incentive Pool if such amount of total sale proceeds (less any Costs of Sale) as would have given the Company a net asset value per share of 350p had been received on 31 March 2023 and the Incentive Pool had been calculated as at that date.

Incentive Pool Calculation Spreadsheet: a spreadsheet maintained by the Company which sets out the method for calculating the quantum of the Incentive Pool.

Loss: in relation to an Asset, the extent to which its share of the Company's Enterprise Value exceeds the sale proceeds (less any Costs of Sale) of that Asset (as calculated by the Remuneration Committee).

NICs: National Insurance contributions or equivalent social security contributions in any other relevant jurisdiction.

Plan: the Short Term Incentive Plan constituted and governed by these rules, as amended from time to time.

Plan Completion Date: the earliest of (i) the completion of the sales of all of the Assets, (ii) the date of, or immediately before, a Corporate Event or (iii) the date (if any) the Remuneration Committee determines that a sufficient proportion of the Assets have been sold and that the Plan has achieved its original purpose.

Plan Units: notional units comprised in an Award by reference to which the Award Holder's entitlement to a proportion of the Incentive Pool, or the Early Leaver Incentive Pool (as applicable), is calculated.

Redundancy: has the meaning given to it in section 139 of the Employment Rights Act 1996 ("ERA"), and shall be taken to have occurred at the conclusion of the legal process set out in ERA or, in circumstances where ERA does not apply, at the conclusion of any other process which complies with any applicable laws.

Release: means that the Award Holder becomes entitled to payment of the cash amount due under the Award in accordance with rule 5 and "Released" shall have a corresponding meaning.

Release Date: in respect of an Award, is the date on which Release occurs, which shall (save to the extent the Award has lapsed or been surrendered or forfeited before such date) be the first practicable date after the date the quantum of the Incentive Pool or Early Leaver Incentive Pool (as applicable) is calculated.

Relevant Company: the Award Holder's Employer Company or any other person who is or could be required to account to any Tax Authority for a Tax Liability in respect of an Award Holder.

Remuneration Committee: the remuneration committee of the Board as designated by the Board from time to time.

Shares: shares in the share capital of the Company.

Subsidiary: a subsidiary as defined in section 1159 of the Companies Act 2006.

Tax Authority: His Majesty's Revenue & Customs (or any successor authority from time to time) or, where relevant, its equivalent in another jurisdiction.

Taxable Event: any event or circumstance that gives or may give rise to a liability for the Award Holder to pay (or for any Relevant Company to account to any Tax Authority for or in respect of the Award Holder or former Award Holder) a Tax Liability, in respect of the Award, including any payment thereunder, assignment or surrender for consideration, or the receipt of any benefit in connection with it (including any failure by the Award Holder to make good any amount due under PAYE within the time limit specified in section 222 of the Income Tax (Earnings and Pensions) Act 2003).

Tax Liability: the total of any income tax and primary class 1 (employee) NICs (or their equivalents in any jurisdiction) for which any Relevant Company is or may be liable to account (or reasonably believes it is or may be liable to account) as a result of any Taxable Event and any related fines, penalties and interest.

Year: a financial year of the Company as defined in section 390 of the Companies Act 2006.

- 1.2 Rule headings shall not affect the interpretation of the rules.
- 1.3 A **person** includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).
- 1.4 A reference to a **company** shall include any company, corporation or other body corporate, wherever and however incorporated or established.
- 1.5 Unless the context otherwise requires, (a) words in the singular shall include the plural and in the plural shall include the singular and (b) a reference to one gender shall include a reference to the other genders.
- 1.6 A reference to a statute or statutory provision includes a reference:
- (a) to that statute or provision as from time to time consolidated, modified, re-enacted or replaced by any statute or statutory provision;
 - (b) to any repealed statute or statutory provision which it re-enacts (with or without modification); and
 - (c) to all subordinate legislation made from time to time under it.
- 1.7 A reference to **writing** or **written** includes email.
- 1.8 A reference to the Plan or to any other agreement or document referred to in the Plan is a reference to the Plan or such other agreement or document as varied or novated (in each case, other than in breach of the provisions of the Plan) from time to time.
- 1.9 Save where otherwise defined, references to rules are to rules of the Plan.
- 1.10 Any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.11 The Interpretation Act 1978 applies to the Plan in the same way as it applies to an enactment.

2. Grant of Awards

- 2.1 Subject to these rules, the Remuneration Committee may grant an Award at any time to any Employee. It is anticipated that Awards will normally be granted as soon as reasonably practicable after the Adoption Date.
- 2.2 Awards may be granted over Plan Units which were subject to Awards which lapsed, save that Awards may not be granted over Plan Units pursuant to which a payment has been made (save to

the extent such payment has been recovered by the relevant Group Company under the Clawback provisions of rule 7 and 8).

- 2.3 The Remuneration Committee may not grant Awards after the second anniversary of the Adoption Date.
- 2.4 The Remuneration Committee shall grant an Award by procuring that the Company executes a deed (or by such other method as the Remuneration Committee may decide). Multiple Awards may be granted to multiple Award Holders under a single deed. An Award Certificate shall be provided to each Award Holder as soon as reasonably practicable following the grant of the Award(s).
- 2.5 Each Award Certificate shall (without limitation):
- (a) state the Grant Date of the Award;
 - (b) state the number of Plan Units;
 - (c) include a statement that the Award is subject to the rules, which shall be incorporated in the Award Certificate by reference, and
 - (d) include reference to rule 8 (Malus and Clawback) and rule 13 (Tax Liabilities).
- 2.6 No amount shall be paid by an Employee for the grant of an Award (save for nominal consideration if the Award is granted other than by deed).
- (a) It shall be a condition of the grant and Release of every Award that the Award Holder unconditionally and irrevocably agrees to the provisions in rule 8 and rule 13 by signing an Acceptance Notice in accordance with the instructions set out therein and returning it to the person to whom such notice specifies that it must be returned by the deadline set out therein, and
 - (b) to provide to the Company, within 14 days of a request by the Company, duly signed and executed originals of all documents (including documents of transfer or powers of attorney) considered necessary or desirable by the Company to effect or enforce the terms of rule 8 and rule 13.

3. Plan Limits

- 3.1 There shall be a total of 1,000 Plan Units (which may include Plan Units which are not allocated to any particular Award Holder).
- 3.2 No Employee may hold Awards over more than 400 Plan Units in aggregate.

4. Calculation of Incentive Pool and the Early Leaver Incentive Pool

- 4.1 The Incentive Pool shall be calculated as soon as practicable after the Plan Completion Date in accordance with the Incentive Pool Calculation Spreadsheet and these rules.

- 4.2 The Early Leaver Incentive Pool shall, in respect of any Good Leaver, be calculated in accordance with the Incentive Pool Calculation Spreadsheet as if the Plan Completion Date had occurred on the date the Award Holder became a Good Leaver, save that the Incentive Pool shall be calculated on the basis of Gains and Losses made in respect of Assets the sales of which completed on or before the date the Award Holder became a Good Leaver, and any Losses the Remuneration Committee anticipate will be made on the sale of the remaining Assets (“**Anticipated Losses**”).
- 4.3 The Incentive Pool and the Early Leaver Incentive Pool are notional amounts. Any part of any Incentive Pool which is not paid out to Award Holders (whether due to the total number of Plan Units not having been allocated, Awards having lapsed, the application of the discretionary adjustment provision in rule 5.2 below, or otherwise) shall not be paid to Award Holders and shall be dealt with at the discretion of the Remuneration Committee.

5. Release Date

- 5.1 Subject to the rest of these rules, each Award Holder who is an Employee as at the Plan Completion Date (other than where his Award has lapsed under rule 9.2(f)) will be entitled to a payment on the Release Date calculated as follows:

$$\frac{\text{Value of the Incentive Pool} \times \text{Total number of Plan Units held by the Award Holder}}{1,000}$$

- 5.2 The Remuneration Committee may adjust upwards or downwards (including to zero) the formulaic calculation of a payment if it considers that the quantum of the payment is not a fair reflection of the performance of the Company, the Award Holder’s performance and/or wider circumstances (provided that the aggregate amount paid to Award Holders who are Employees on the Plan Completion Date does not exceed the value of the Incentive Pool on the Plan Completion Date).
- 5.3 Subject to Rule 5 (if applicable), the Company shall (provided it has obtained any necessary approvals or consents and the Tax Liability has been paid, or arrangements for it to be paid have been made to the satisfaction of the Remuneration Committee), pay (or procure the payment) to the Award Holder of any cash amount due under the Award through payroll. The Company shall make such deductions from the payment as are required by law, including any withholding taxes, in accordance with rule 13.

6. Suspension of Awards

- 6.1 No payment shall be made pursuant to an Award at any time:
- (a) while disciplinary proceedings by any Group Company are underway against the Award Holder, or
 - (b) while any Group Company is investigating the Award Holder's conduct and may as a result begin disciplinary proceedings.

6.2 Subject to 2.6(a) and rule 10, an Award that was not Released on its expected Release Date due to the application of rule 6.1 shall be Released if the Remuneration Committee so determines within 21 Business Days of the conclusion of the disciplinary proceedings or investigation.

- (a) If the Remuneration Committee determines that the Award shall be Released, the Release Date of that Award shall be the date of the Remuneration Committee's determination.
- (b) If the Remuneration Committee does not determine that the Award shall be Released, the Award shall lapse at the end of the 21 day period.

7. Circumstances in which malus and clawback can apply

7.1 Rule 7 applies in relation to an Award if rule 7.2 and rule 7.3 apply.

7.2 This rule 7.2 applies in relation to an Award if the Remuneration Committee, in its absolute discretion, determines that any of the following circumstances exist:

- (a) there was a material error in, or a Group Company mis-stated, any information (or such information was, in the view of the Remuneration Committee, misleading) that was taken into account in:
 - (i) determining the size and nature of the Award,
 - (ii) calculating the quantum of the Incentive Pool or the Early Leaver Incentive Pool, or
 - (iii) determining the number of Plan Units over which the Award was granted,
- (b) the Company has reasonable evidence of fraud (by the Award Holder or by another person with the knowledge of the Award Holder) or of the Award Holder's negligence or gross misconduct;
- (c) the Award Holder has acted in any manner which in the reasonable opinion of the Board has brought or is likely to bring any Group Company into disrepute (as determined by the Remuneration Committee in good faith), or
- (d) the Remuneration Committee, at its discretion, determines that a Group Company or business unit that employs or employed the Award Holder, or for which the Award Holder is or was (in whole or as to a material part) responsible, has suffered a corporate failure

any such circumstances which the Remuneration Committee determines exist being the "**Relevant Circumstances**".

7.3 This rule 7.3 applies in relation to an Award if the Remuneration Committee, at its discretion, determines that, if the Relevant Circumstances had existed, and the Remuneration Committee had been fully aware that they existed:

- (a) at the Grant Date, or

(b) in the case of an Award that has already been Released, at the date it was Released,

then:

(c) the Remuneration Committee would not have granted the Award;

(d) the Remuneration Committee would have granted the Award in relation to a smaller number of Plan Units; or

(e) in the case of an Award that has already been Released:

(i) it would not have been Released at all, or

(ii) a smaller payment would have been made.

7.4 The Remuneration Committee may make a determination in relation to an Award under rule 7 at any time between the Award's Grant Date and the Plan Completion Date.

7.5 If an investigation into the conduct or actions of an Award Holder has started before the end of the period of time in rule 7.4, the Remuneration Committee may, in its absolute discretion, determine the provisions of this rule 7 and rule 8 may be applied to the Award until such time as the Remuneration Committee determines following the conclusion of the investigation.

8. Operation of malus and clawback

8.1 This rule 8 applies to an Award if rule 7 applies to the Award.

8.2 If at the date of the determination under Rule 7.3, all or any part of the Award has not been Released, the Remuneration Committee may determine to cancel the Award (or part thereof) or reduce it by such number of Plan Units as the Remuneration Committee considers to be fair and reasonable, taking account of all circumstances that the Remuneration Committee considers to be relevant.

8.3 If at the date of the determination under Rule 7.3, the Award has been Released, the Remuneration Committee may determine a Clawback Amount in relation to the Award.

8.4 The Clawback Amount shall be such amount as the Remuneration Committee considers to be fair and reasonable, taking account of all circumstances that the Remuneration Committee considers to be relevant, but shall not be more than the gross payment received.

8.5 The Award Holder shall use his or her best endeavors to seek and obtain repayment or credit from the Tax Authority of any Tax Liability paid on the Award Holder's behalf in relation to the Award as soon as reasonably practicable and to notify the Company of their receipt of any credit or payment by the Tax Authority of an amount representing all or part of such Tax Liability (the "**Tax Refund**"). Within the 30 days following such notification, the Award Holder will pay to the Company an amount equivalent to the amount of the Tax Refund.

- 8.6 If the Award Holder has paid or is liable to pay any Tax Liability in relation to the Award and which cannot be recovered from or repaid by the Tax Authority (whether directly or indirectly), the Remuneration Committee may in its discretion decide to reduce the Clawback Amount to take account of this amount (save where the calculation of the Clawback Amount already took into account any Tax Liability paid). In deciding whether to reduce the Clawback Amount, the Remuneration Committee shall take account of such factors it thinks fit, which may include market practice, corporate governance rules and guidelines, and the expectations of investors.
- 8.7 The Remuneration Committee is not obliged to determine a Clawback Amount in relation to any particular Award, even if the Remuneration Committee does determine a Clawback Amount in relation to other Awards to the same or other Award Holders which had the same Grant Date or Release Date.
- 8.8 The Company may, to the extent permitted by applicable law, obtain recovery of the Clawback Amount from the Award Holder in any (or any combination) of the following ways:
- (a) by reducing or cancelling any Awards that have not yet been Released;
 - (b) by reducing or cancelling any cash bonus payable to the Award Holder by any Group Company;
 - (c) by reducing or cancelling any future or existing award made or option granted to the Award Holder under any cash-based or share-based incentive scheme or bonus scheme operated by any Group Company;
 - (d) by causing any Shares held by the Company or a nominee on behalf of the Award Holder to be forfeited for no consideration, with the consequence that the Award Holder no longer has any beneficial interest in those Shares; or
 - (e) by requiring the Award Holder to make a cash payment equal to the Clawback Amount to a Group Company (or to such other person as the Company may direct) within 30 days of receiving a written demand by the Company for the same, and, for the purposes of section 15(1)(b) of the Employment Rights Act 1996 and any relevant laws in any other jurisdiction (in each case to the extent applicable), the Award Holder hereby consents to such payment being made and the Company receiving such payment (and, if the Award Holder fails to make such payment within the period of 30 days beginning with the date the demand was made, the Company or any other company may make appropriate deductions from any salary or other payment due to the Award Holder under or in connection with the Award Holder's employment or any payment due to the Award Holder on or following the termination of the Award Holder's employment, and, for the purposes of section 13(1)(b) of the Employment Rights Act 1996 and any relevant laws in any other jurisdiction (in each case to the extent applicable), the Award Holder hereby consents to such deductions being made).
- 8.9 If the Award Holder participates in another incentive scheme (whether cash-based, share-based or a bonus arrangement) operated by a Group Company, and that other scheme contains a provision

that has a similar effect to this rule 8, the Remuneration Committee may give effect to that provision by reducing or cancelling any Awards that have not yet been Released.

9. Lapse of Awards

9.1 An Award Holder may not transfer or assign, or create any charge or other security interest over, an Award (or any right arising under it) or otherwise encumber or dispose of an Award. An Award shall lapse if the Award Holder attempts to do any of those things, save that this rule 9.1 shall not prevent the transmission of an Award or a payment thereunder to an Award Holder's personal representatives on the death of the Award Holder.

9.2 In addition to any lapse provisions elsewhere in the rules, an Award (and the Restricted Share Units subject to it) shall lapse on the earliest of the following:

- (a) immediately after a payment has been made pursuant to the Award;
- (b) any date on which the Award shall lapse, as specified in the Award Certificate;
- (c) if the validly signed Acceptance Notice relating to that Award has not been received (i) by the person to whom the Acceptance Notice states that it must be returned and (ii), before the time, date or deadline for the return of that Acceptance Notice set out therein, immediately after that time, date or deadline;
- (d) when required by and to the extent necessary to give effect to any reduction or cancellation under rule 8;
- (e) to the extent required by rule 10, the date the Award Holder becomes a Good Leaver;
- (f) the date the Award Holder becomes a Bad Leaver (or if the Remuneration Committee so decides, such earlier date as they give or receive notice to cease employment in circumstances in which they would be a Bad Leaver);
- (g) a breach of rule 18 (Confidentiality), unless the Remuneration Committee decides otherwise;
- (h) if the Award Holder becomes bankrupt under Part IX of the Insolvency Act 1986, applies for an interim order under Part VIII of the Insolvency Act 1986, proposes or makes a voluntary arrangement under Part VIII of the Insolvency Act 1986, or takes similar steps, or is similarly affected, under equivalent non-UK legislation, or
- (i) the passing of an effective resolution, or the making of an order by the Court, for the insolvent winding up of the Company.

10. Termination of Employment (Good Leavers)

10.1 Subject to rule 10.2, if an Award Holder becomes a Good Leaver on or before 31st March 2024, the Award shall (save to the extent the Remuneration Committee decides otherwise) lapse immediately in respect of 50% of the Plan Units over which his Award subsists.

- 10.2 Rule 10.1 shall not apply where the date the Award Holder becomes a Good Leaver is within the period of 28 days ending with the date of a Corporate Event. If at the date of the Corporate Event, the Good Leaver has already received payment after the application of rule 10.1, he shall be made a further payment (at the same time as Award Holders who have continued to be Employees) equal in value to the payment he would have received had rule 10.1 had not applied, less the payment he received.
- 10.3 The value of the payment made pursuant to the Release of the Good Leaver's Award (after the operation of rule 10.1, if applicable, and subject to the rules of this Plan) will be calculated by calculating the Early Leaver Incentive Pool and applying the formula in rule 5.1 as if the references in that rule to Incentive Pool were to the Early Leaver Incentive Pool.
- 10.4 The Award will be Released (to the Award Holder's personal representatives where applicable) on the first practicable date after the payment has been calculated in accordance with rule 10.3.
- 10.5 For the purposes of this rule, an Award Holder shall not be treated as ceasing to be an Employee until he or she no longer holds any office or employment with any Group Company. An Award Holder who ceases to be an Employee in circumstances where they retain a statutory right to return to work shall only be treated as having ceased to be an Employee from such time (if at all) as they cease to have such a right to return to work.

11. Takeovers and liquidations

- 11.1 If a Corporate Event occurs, or in the Remuneration Committee's opinion will occur imminently, the Incentive Pool shall be calculated using such method as the Remuneration Committee may determine, having regard to the total Gains (less any Losses and anticipated Losses) realised and returned to investors as at immediately before the Corporate Event and all Awards shall be Released immediately before the Corporate Event, or (at the discretion of the Remuneration Committee as constituted before the Corporate Event) as soon as practicable thereafter.
- 11.2 If any person becomes bound or entitled to acquire Shares under sections 979 to 982 or 983 to 985 of the Companies Act 2006 all Awards shall be Released as if a Corporate Event had occurred.
- 11.3 If the Acquiror is a company and its shareholders and the proportion of its shares held by each of them following completion of the Change of Control are substantially the same as the shareholders and their shareholdings in the Company immediately before the Change of Control any outstanding Awards will continue on their terms, unless the Remuneration Committee decides that this rule 11.3 shall not apply.

12. Variation of share capital

- 12.1 This rule 12 applies where there is:
- (a) a variation of share capital; or

- (b) an extraordinary distribution to shareholders.

12.2 In this rule 12:

- (a) a variation of share capital includes a capitalisation issue, rights issue, consolidation, subdivision or reduction of the share capital of the Company, a vendor placing with clawback, a vendor rights offer or a cash open offer, but excludes a scrip dividend, and
- (b) an extraordinary distribution to shareholders includes a demerger or special dividend.

12.3 If notice is given to shareholders of the Company of a proposed extraordinary distribution, which the Remuneration Committee considers would or might substantially prejudice the interests of Award Holders, it may determine that Awards shall be Released as if the extraordinary distribution were a Change of Control.

12.4 The Remuneration Committee may decide that the Release of Awards shall be conditional on the extraordinary distribution actually occurring and shall be treated as having no effect if the extraordinary distribution does not occur.

12.5 If the Remuneration Committee does not determine that Awards shall be Released, the Remuneration Committee may nevertheless make such adjustments to the Awards as it considers appropriate.

12.6 The Remuneration Committee may take any actions it considers necessary to notify all affected Award Holders of any decision made under this rule 12 and may call in, cancel, endorse, issue or re-issue any Award Certificate as a result of any adjustment(s).

13. Tax liabilities

13.1 Each Award Holder unconditionally and irrevocably agrees as a condition of the grant, holding and Release of an Award:

- (a) to pay the Tax Liability to the Relevant Company or to enter into arrangements to the satisfaction of the Company to pay the Tax Liability;
- (b) to indemnify and keep indemnified the Relevant Company in respect of any Tax Liability;
- (c) that if they do not pay the Tax Liability to the Relevant Company within seven days of any Taxable Event, the Company or Employer Company, as appropriate, may deduct the amount of any Tax Liability from the cash payment which would otherwise have been made to the Award Holder pursuant to the Release of the Award, or any payments of remuneration made to the Award Holder on or after the date on which the Tax Liability arose except that, in the case of NICs, the Relevant Company may only withhold such amount as is permitted by law or regulation from time to time, and

- (d) that the obligations above shall not be affected by any failure of the Company or their Employer Company to deduct from the payments the Award Holder receives pursuant to their Award or other payments of remuneration under rule 13.1(c).

14. Relationship with employment contract

- 14.1 This rule 14 shall apply notwithstanding any other provision of these rules.
- 14.2 The Plan shall not form any part of any contract of employment or terms of appointment between any past or present Group Company and any directors, officers or employees of any of those companies, and it shall not confer on any such persons any legal or equitable rights (other than those constituting the Awards themselves) against any past or present Group Company, directly or indirectly, or give rise to any cause of action in law or in equity against any Group Company.
- 14.3 The value of any benefit realised under the Plan by Award Holders shall not form any part of their pay, wages, remuneration or fees or be taken into account in determining any pension or similar entitlements.
- 14.4 The Employees to whom Awards are granted and the terms of such Awards shall be determined by the Remuneration Committee in its absolute discretion. The grant of an Award does not give any Award Holder an entitlement (or any expectation of an entitlement) to any future grant of an Award.
- 14.5 Nothing in the Plan or in any document executed under it will:
 - (a) give any person any right to continue as an Employee;
 - (b) affect the right of any Group Company to terminate the employment of any person without liability at any time with or without cause;
 - (c) impose on any Group Company, the Board or the Remuneration Committee or their respective agents and employees, any liability in connection with:
 - (i) the loss of an Award Holder's benefits or rights under the Plan;
 - (ii) the failure or refusal of any person to exercise a discretion under the Plan, and/or
 - (iii) an Award Holder ceasing to be a person who has the status or relationship of an employee or director of Group Company for any reason as a result of the termination of the Award Holder's employment.
- 14.6 Award Holders and Employees shall have no rights (and by accepting their Award, an Award Holder waives any claim to such rights) to compensation or damages from any Group Company or any former Group Company on account of any loss in respect of Awards or the Plan where this loss arises (or is claimed to arise), in whole or in part, from:
 - (a) any company ceasing to be a Group Company; or

- (b) the transfer of any business from a Group Company to any person that is not a Group Company.

This exclusion of liability shall apply however the change of status of the relevant Group Company, or the transfer of the relevant business, is caused, and however compensation or damages are claimed.

14.7 Award Holders and Employees shall have no rights (and by accepting their Award, an Award Holder waives any claim to such rights) to compensation or damages for any loss of any right or benefit or prospective right or benefit under the Plan which he or she might otherwise have enjoyed (including, without limitation, the lapse of Awards or part thereof by reason of his or her ceasing to be employed by any Group Company) where this loss arises (or is claimed to arise), in whole or in part, from:

- (a) termination of the office or employment by virtue of which he or she is or may be eligible to participate in the Plan with; or
- (b) notice to terminate office or employment given by or to,

any Group Company or any former Group Company. This exclusion of liability shall apply however termination of office or employment, or the giving of notice, is caused, and however compensation or damages are claimed (including, but not limited to, wrongful dismissal, breach of contract or by way of compensation for loss of office). By accepting an Award, an Award Holder shall be deemed to have agreed to all of the provisions of rule 14 above.

15. Notices

15.1 Subject to rule 15.3, any notice or other communication given under or in connection with the Plan shall be in writing and shall be:

- (a) sent by email to the **Appropriate Email Address**.

For the purposes of this rule 15.1, Appropriate Email Address means:

- (i) in respect of the Company, the email address of the Company Secretary, currently phil.higgins@palacecapitalplc.com, and
 - (ii) in respect of an Award Holder, their work email address or such other e-mail address last known to the Company, or
- (b) or, if the Remuneration Committee so decides, delivered by hand or by prepaid first-class post or other next working day delivery service at the **Appropriate Address**; or

For the purposes of this rule 15.1, the Appropriate Address means:

- (i) in respect of the Company, the Company's registered office at the relevant time (currently, Fora Victoria, 6-8 Greencoat Place, London, England, SW1P 1PL), provided the notice is marked for the attention of the Company Secretary, currently Mr. P Higgins, and

- (ii) in respect of an Award Holder, their address last known to the Company, or if the Award Holder has died, and notice of the appointment of personal representatives is given to the Company, any contact address specified in that notice.

15.2 Any notice or other communication given under this rule 15 shall be deemed to have been received:

- (a) if delivered by hand, on signature of a delivery receipt, or at the time the notice is left at the appropriate address;
- (b) if sent by prepaid first-class post or other next working day delivery service, at 9.00 am on the second Business Day after posting, or, if provided, at the time recorded by the delivery service, and
- (c) if sent by email, at 9.00 am on the next Business Day after sending.

15.3 This rule does not apply to:

- (a) the service of any Acceptance Notice; and
- (b) the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

16. Administration and amendment

16.1 The Remuneration Committee shall administer the Plan.

16.2 The Remuneration Committee may amend the Plan from time to time, but:

- (a) no amendment will be made which would have a material adverse effect on the existing rights of an Award Holder unless it is made with the Award Holder's prior written consent, or the consent of a majority in number of Award Holders who would be so affected, and
- (b) prior approval of the Company's shareholders in general meeting will be required for amendments to the advantage of Employees or Award Holders relating to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of an Award, save for minor amendments to benefit the administration of the Plan, to take account of legislative changes, or to obtain or maintain favourable tax, exchange control or regulatory treatment may be made by the Remuneration Committee without shareholder approval.

16.3 Any decision under these rules and whether to consider making such a decision, shall be entirely at the discretion of the Remuneration Committee.

16.4 The Remuneration Committee shall determine any question of interpretation and settle any dispute arising under the Plan, including determining whether anything is material. In these matters, the Remuneration Committee's decision shall be final.

17. Third party rights

- 17.1 A person who is not a party to an Award shall not have any rights under or in connection with it as a result of the Contracts (Rights of Third Parties) Act 1999 except where these rights arise under any rule of the Plan (or any document entered into pursuant to, or in connection with, the Plan) for any Relevant Company that is not a party to an Award.

This does not affect any right or remedy of a third party that exists, or is available, apart from the Contracts (Rights of Third Parties) Act 1999.

- 17.2 The rights of the parties to an Award to surrender, terminate or rescind it, or agree any variation, waiver or settlement of it, are not subject to the consent of any person that is not a party to the Award as a result of the Contracts (Rights of Third Parties) Act 1999.

18. Confidentiality

Each Award Holder must keep (i) the existence of the Plan and their Award and (ii) the rules of the Plan, the Acceptance Notice and the Award Certificate (the “**Plan Documents**”) confidential, and must not disclose, or to permit the disclosure of, any of the terms of the Plan Documents to any third party (except as may be requested by the Company and save to the extent such disclosure is expressly protected by law or required by law, a court of competent jurisdiction or any governmental or regulatory authority).

19. Data Privacy

For the purpose of operating the Plan, the Company will collect and process information relating to Employees and Award Holders in accordance with the privacy notice which is contained in the Employee Handbook, copies of which are available from the Company Secretary.

20. Severability

The invalidity or non-enforceability of one or more provisions of the Plan will not affect the validity or enforceability of the other provisions of the Plan, which will remain in full force and effect.

21. Governing law

The Plan and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales. The Remuneration Committee may, in its absolute discretion, determine that another law may apply to the application of the Plan outside England and Wales.

22. Jurisdiction

- 22.1 Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with the Plan or its subject matter or formation (including non-contractual disputes or claims).
- 22.2 Each party irrevocably consents to any process in any legal action or proceedings under rule 22.1 being served on it in accordance with the provisions of the Plan relating to service of notices. Nothing contained in the Plan shall affect the right to serve process in any other manner permitted by law.