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**If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant or other independent professional adviser.**

**If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer, so they can pass these documents to the person who now holds the shares.**

**The distribution of this document in jurisdictions other than the UK, including the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa, may be restricted by law and therefore persons into whose possession the document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.**

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# DERWENT LONDON

## Derwent London plc

*(incorporated and registered in England and Wales under number 1819699)*

## NOTICE OF ANNUAL GENERAL MEETING

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Notice of the Annual General Meeting of the Company to be held at The Westbury, Bond Street, Mayfair, London W1S 2YF on Friday 19 May 2017 at 10.30a.m. is set out on pages 5 to 7 of this circular.

Whether or not you propose to attend the Annual General Meeting, please complete and submit a Form of Proxy in accordance with the instructions printed on the enclosed form. To be valid, the Form of Proxy should be returned as soon as possible and, in any event, by no later than 10:30a.m. on 17 May 2017. Completion and return of a Form of Proxy will not prevent a shareholder from attending and voting at the Annual General Meeting should they choose to do so. Further instructions relating to the Form of Proxy are set out in the notes to the notice of the Annual General Meeting.

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#### *Inspection of documents*

*The following documents will be available for inspection at the registered office of the Company from 12 April 2017 until the time of the AGM and at The Westbury, Bond Street, Mayfair, London W1S 2YF from 15 minutes before the AGM until it ends:*

- *Copies of the executive Directors' service contracts.*
- *Copies of the letters of appointment of the non-executive Directors.*

## PART I

### LETTER FROM THE CHAIRMAN OF DERWENT LONDON PLC

# Derwent London plc

*(Incorporated and registered in England and Wales under number 1819699)*

Directors:

Robert Rayne (Chairman)  
John Burns (Chief Executive Officer)  
Simon Silver (Executive Director)  
Damian Wisniewski (Finance Director)  
Paul Williams (Executive Director)  
Nigel George (Executive Director)  
David Silverman (Executive Director)  
Simon Fraser (Non-Executive Director)  
Stephen Young (Non-Executive Director)  
Richard Dakin (Non-Executive Director)  
Stuart Corbyn (Non-Executive Director)  
Claudia Arney (Non-Executive Director)  
Cilla Snowball (Non-Executive Director)

Registered and Head Office:

25 Savile Row  
London  
W1S 2ER  
020 7659 3000

12 April 2017

Dear Shareholder,

#### **Notice of Annual General Meeting**

I am pleased to be writing to you with details of our Annual General Meeting (“AGM”) which we are holding at The Westbury, Bond Street, Mayfair, London W1S 2YF on 19 May 2017 at 10.30a.m. The formal notice of AGM is set out on pages 5 to 7 of this document.

If you would like to vote on the resolutions but are unable to attend the AGM, please fill in the Form of Proxy sent to you with this notice and return it to our Registrars as soon as possible. They must receive it by 10.30a.m. on 17 May 2017.

#### **Re-election of Directors**

In accordance with the provisions of the UK Corporate Governance Code, all the Directors, with the exception of Stuart Corbyn who will be retiring at the end of the AGM, will be putting themselves forward for re-election. Following a formal performance evaluation, I can confirm that each director’s performance continues to be effective and to demonstrate a high level of commitment to the role.

#### **Dividends**

Shareholders are being asked to approve a final dividend of 38.5p per ordinary share for the year ended 31 December 2016. Of this amount, 32.7p will be paid as a Property Income Distribution (“PID”) with the balance of 5.8p paid as a conventional dividend. If you approve the recommended final dividend, this will be paid on 9 June 2017 to all ordinary shareholders who were on the register of members on 5 May 2017.

In addition, shareholders will be asked to approve a special dividend of 52.0p per share. If approved, the special dividend will be paid as a conventional dividend on the same date as the final dividend.

Explanatory notes on all the business to be considered at this year's AGM appear on pages 10 to 12 of this document.

The Directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole and unanimously recommend that you vote in favour of all resolutions, as they intend to do in respect of their own shareholdings.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Rayne', with a long horizontal stroke extending to the right.

Robert A. Rayne  
Chairman

## **PART II**

### **Derwent London plc NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the thirty third Annual General Meeting of Derwent London plc will be held at The Westbury, Bond Street, Mayfair, London W1S 2YF at 10.30a.m. on 19 May 2017. You will be asked to consider and pass the resolutions below. Resolutions 21 to 24 (inclusive) will be proposed as special resolutions. All other resolutions will be proposed as ordinary resolutions.

1. To receive the report of the Directors and the Accounts for the year ended 31 December 2016 and the independent auditor's report thereon.
2. To approve the Directors' Remuneration Policy as set out on pages 88 to 93 of the Company's 2016 Annual Report and Accounts.
3. To approve the Annual Statement by the Chairman of the Remuneration Committee and the Annual Report on Directors' Remuneration for the financial year ended 31 December 2016, as set out on pages 85 and 94 to 103 respectively of the Company's 2016 Annual Report and Accounts.
4. To declare a final dividend of 38.5 pence per ordinary share for the year ended 31 December 2016, which shall be paid on 9 June 2017 to shareholders who are members at the close of business on 5 May 2017.
5. To approve a special dividend of 52.0 pence per ordinary share which shall be paid on 9 June 2017 to shareholders who are members at the close of business on 5 May 2017.
6. To re-elect Mr R.A. Rayne as a Director.
7. To re-elect Mr J.D. Burns as a Director.
8. To re-elect Mr S.P. Silver as a Director.
9. To re-elect Mr D.M.A. Wisniewski as a Director.
10. To re-elect Mr N.Q. George as a Director.
11. To re-elect Mr D.G. Silverman as a Director.
12. To re-elect Mr P.M. Williams as a Director.
13. To re-elect Mr S.G. Young as a Director.
14. To re-elect Mr S.W.D. Fraser as a Director.
15. To re-elect Mr R.D.C. Dakin as a Director.
16. To re-elect Mrs C.I. Arney as a Director
17. To re-elect Mrs P.D. Snowball as a Director
18. That PricewaterhouseCoopers LLP be re-appointed as independent auditor to the Company to hold office from the conclusion of the AGM until the conclusion of next year's AGM.
19. To authorise the Directors to determine the independent auditor's remuneration.

20. That the Board be generally and unconditionally authorised under section 551 of the Companies Act 2006 to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:

(A) up to a nominal amount of £1,856,509 (such amount to be reduced by any allotments or grants made under paragraph (B) below in excess of such sum); and

(B) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a nominal amount of £3,713,019 (such amount to be reduced by any allotments or grants made under paragraph (A) above) in connection with an offer by way of a rights issue:

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply until the end of next year's AGM (or, if earlier, until the close of business on 19 August 2018) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

21. That if resolution 20 is passed, the Board be given power to allot equity securities (as defined in section 560(1) of the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to be limited:

(A) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (B) of resolution 20, by way of a rights issue only):

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) to holders of other equity securities, as required by the rights of those securities or, as the Board otherwise considers necessary,

and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter;

(B) in the case of the authority granted under paragraph (A) of resolution 20 and/or in the case of any sale of treasury shares for cash, to the allotment of equity securities or sale of treasury shares in connection with a scrip dividend scheme or similar arrangement implemented in accordance with the Articles of Association of the Company; and

(C) in the case of the authority granted under paragraph (A) of resolution 20 and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than under paragraphs (A) and (B) above) of equity securities or sale of treasury shares up to a nominal amount of £278,476,

such power to apply until the end of next year's AGM (or, if earlier, until the close of business on 19 August 2018) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

22. That if resolution 20 is passed, the Board be given power in addition to any power granted under resolution 21 to allot equity securities (as defined in section 560(1) of the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be:

- (A) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £278,476; and
- (B) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors of the Company determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such power to apply until the end of next year's AGM (or, if earlier, at the close of business on 19 August 2018) but, in each case, during this period the Company may make offers, and enter into agreements which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

23. That the Company be authorised for the purposes of section 701 of the Companies Act 2006 to make one or more market purchases (as defined in section 693(4) of the Companies Act 2006) of its ordinary shares of 5 pence each, provided that:

- (A) the maximum number of ordinary shares hereby authorised to be purchased is 11,139,059;
- (B) the minimum price which may be paid for an ordinary share is 5 pence and the maximum price which may be paid for an ordinary share is the highest of:
  - (i) an amount equal to 5 per cent. above the average market value of an ordinary share for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and
  - (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out at the relevant time,in each case, exclusive of expenses;

such authority to apply until the end of next year's AGM (or, if earlier, 19 August 2018) but in each case so that during this period the Company may enter into a contract to purchase ordinary shares which would, or might be, completed or executed wholly or partly after the authority ends and the Company may purchase ordinary shares pursuant to any such contract as if the authority had not ended.

24. That a general meeting other than an AGM may be called on not less than 14 clear days' notice.

By order of the Board



T. J. Kite, ACA  
Company Secretary

Registered Office:

Derwent London plc  
25 Savile Row  
London W1S 2ER

Registered in England and Wales No. 1819699

12 April 2017

## Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact Equiniti on 0371 384 2192 (UK). Calls to 03 numbers cost no more than a national rate call to a 01 or 02 number. The Equiniti overseas helpline number is +44 (0)121 415 7047. Lines are open 8.30a.m. to 5.30p.m. (UK time), Monday to Friday (excluding public holidays in England and Wales).
2. To be valid any Form of Proxy or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA or at [www.sharevote.co.uk](http://www.sharevote.co.uk), in each case no later than 10.30a.m. on 17 May 2017.
3. The return of a completed Form of Proxy, other such instrument or any CREST Proxy Instruction (as described in paragraph 8 below) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
5. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
6. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.30p.m. on 17 May 2017 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting. In the case of a joint shareholder, only the vote of the most senior shareholder present (in person or by proxy) at the AGM (as determined by the order in which the names are listed on the register of members) shall be accepted.
7. As at 7 April 2017 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consists of 111,390,587 ordinary shares, carrying one vote each. The Company holds no treasury shares, and, therefore, the total voting rights in the Company as at 7 April 2017 are 111,390,587.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a 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.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to an instruction



given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by 10.30a.m. on 17 May 2017. 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 Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
13. Under section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual report and accounts were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.
14. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
15. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found in the investors section of the Company's website at [www.derwentlondon.com](http://www.derwentlondon.com).
16. You may not use any electronic address provided either in this notice of meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.
17. Except as provided above, members who have general queries about the AGM should either email [investors@derwentlondon.com](mailto:investors@derwentlondon.com) or call the Company Secretary on 020 7659 3000.

## **EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING**

The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 20 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 21 to 24 (inclusive) are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

### **Resolution 1: Directors' report and accounts**

For each financial year, the Directors must present the Directors' report, the audited accounts and the independent auditor's report to shareholders at a general meeting. Those to be presented at the AGM are in respect of the year ended 31 December 2016.

### **Resolution 2: The Directors' Remuneration Policy**

Under section 439A of the Companies Act 2006, the Director's Remuneration Policy must be approved by shareholders. The Directors' Remuneration Policy is set out in the second part of the Directors' Remuneration Report, on pages 88 to 93 of the 2016 Annual Report and Accounts.

If approved by shareholders the policy is intended to be valid for a period of three years from the date of the AGM barring any unforeseen requirement to change the policy before then. Once the policy is effective, the Company will not be able to make remuneration payments to a prospective or current director, or loss of office payments to a current or past director, unless any such payment is consistent with the approved policy or has otherwise been approved by shareholders.

### **Resolution 3: Annual Report on Directors' Remuneration**

Under section 439 of the Companies Act 2006, the Company is required to seek the approval of shareholders of its annual report on remuneration practice, which details the remuneration of the directors for the year under review.

Resolution 3 seeks shareholder approval for the Annual Report on Directors' Remuneration (including the Annual Statement by the Chairman of the Remuneration Committee) as set out on pages 85 and 94 to 103 of the 2016 Annual Report and Accounts. The vote on the Annual Report on Directors' Remuneration will be advisory.

### **Resolution 4: Final Dividend**

Shareholders are being asked to approve a final dividend of 38.5p per ordinary share for the year ended 31 December 2016 of which 32.7p will be paid as a Property Income Distribution ('PID') and 5.8p will be paid as a conventional dividend.

### **Resolution 5: Special Dividend**

Shareholders are being asked to approve the payment of a special dividend of 52.0p per share.

### **Resolutions 6 to 17: Re-election of Directors**

In accordance with the provisions of the UK Corporate Governance Code, all Directors of Derwent London plc, with the exception of Stuart Corbyn who will be retiring at the end of the AGM, will be presenting themselves for re-election. Biographies of the Directors are given on pages 74 and 75 of the 2016 Annual Report and Accounts.

### **Resolutions 18 and 19: Auditor**

The Company is required to appoint auditors at each general meeting at which its report and accounts are presented to shareholders. On the recommendation of the Audit Committee, resolution 18 proposes the re-appointment of PricewaterhouseCoopers LLP as auditor (to hold office until the conclusion of next year's AGM). In accordance with normal practice, resolution 19 authorises the Board to determine the auditor's remuneration. You are asked to approve the re-appointment of PricewaterhouseCoopers LLP and, following normal practice, to authorise the Board to determine the remuneration of the auditor.

## **Resolution 20: Authority to allot relevant securities**

Paragraph (A) of this resolution would give the Directors the authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount equal to £1,856,509 (representing 37,130,180 ordinary shares of 5 pence each). This amount represents approximately one-third of the issued ordinary share capital (excluding treasury shares) of the Company as at 7 April 2017, the latest practicable date prior to publication of this notice.

In line with guidance issued by the Investment Association, paragraph (B) of this resolution would give the Directors authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £3,713,019 (representing 74,260,380 ordinary shares of 5 pence each), as reduced by the nominal amount of any shares issued under paragraph (A) of this resolution. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital (excluding treasury shares) of the Company as at 7 April 2017, the latest practicable date prior to publication of this notice.

The authorities sought under paragraphs (A) and (B) of this resolution will expire at the earlier of 19 August 2018 and the conclusion of the AGM of the Company held in 2018.

The Directors have no present intention to exercise either of the authorities sought under this resolution, other than to allot ordinary shares as share dividends instead of cash dividends and following the exercise of options and awards under the Company's share schemes. However, if they do exercise the authorities, the Directors intend to follow Investment Association recommendations concerning their use (including as regards the Directors standing for re-election in certain cases).

As at 7 April 2017, the latest practicable date prior to the publication of this notice, no ordinary shares are held by the Company in treasury.

## **Resolutions 21 and 22: Disapplication of pre-emption rights**

These resolutions will be proposed as special resolutions, which require a 75 per cent. majority of the votes cast to be in favour.

Under resolution 21, it is proposed that the Directors be authorised to issue shares for cash and/or sell any treasury shares without offering them first to existing shareholders in proportion to their current holdings. Such authority would be limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the Board otherwise considers necessary, in connection with a scrip dividend scheme or similar arrangement where the scrip election is made after the declaration (but before payment) of a final dividend, or otherwise up to an aggregate nominal amount of £278,476 representing 5,569,520 ordinary shares of 5 pence each. This aggregate nominal amount represents 5 per cent. of the issued share capital of the Company (excluding treasury shares) as at 7 April 2017, the latest practicable date prior to the publication of this notice.

Under resolution 22, it is proposed that the Directors (in addition to the authority referred to in resolution 21) be authorised to disapply statutory pre-emption rights in respect of an issuance of shares for cash/sale of treasury shares up to an aggregate nominal amount of £278,476 representing 5,569,520 ordinary shares of 5 pence each. This aggregate nominal amount represents 5 per cent. of the issued share capital of the Company (excluding treasury shares) as at 7 April 2017, the latest practicable date prior to the publication of this notice. In accordance with the Pre-Emption Group's Statement of Principles, the Directors confirm that this authority will only be used in connection with one or more acquisitions or specified capital investments that are announced contemporaneously with the issue, or that shall have taken place in the preceding six-month period and is disclosed in the announcement of the issue.

In line with the Pre-Emption Group's Statement of Principles, the Directors confirm their intention that (except in relation to an issue pursuant to the additional 5 per cent. referred to in resolution 22) no more than 7.5 per cent of the issued share capital will be issued for cash on a non-pre-emptive basis during any rolling three-year period without prior consultation with shareholders.

The authorities conferred by resolutions 21 and 22 will expire at the earlier of 19 August 2018 and the conclusion of the AGM of the Company held in 2018.

### **Resolution 23: Authority to undertake market purchase of own shares**

Resolution 23 is another special resolution and renews the Directors' authority granted by the shareholders at previous AGMs to make market purchases of up to 10 per cent of the Company's issued ordinary shares (excluding any treasury shares).

The Company may make purchases of its own shares if, having taken account of all major factors such as the effect on earnings and net asset value per share, gearing levels and alternative investment opportunities, such purchases are considered to be in the Company's and shareholders' best interests while maintaining an efficient capital structure.

If the Company purchases any of its ordinary shares pursuant to resolution 23, the Company may cancel these shares or hold them in treasury. Such decision will be made by the Directors at the time of purchase. The minimum price, exclusive of expenses, which may be paid for an ordinary share is 5 pence. The maximum price, exclusive of expenses, which may be paid for an ordinary share is the highest of: (i) an amount equal to 5 per cent. above the average market value for an ordinary share for the five business days immediately preceding the date of the purchase; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out at the relevant time.

At last year's AGM, the Company was given authority to make market purchases of up to 11,117,210 shares. No shares have been purchased by the Company in the market since then.

Options to subscribe for a total of 1,168,900 shares, being 1.05 per cent. of the issued ordinary share capital (excluding treasury shares), were outstanding at 7 April 2017 (being the latest practicable date prior to the publication of this notice). If the existing authority given at the 2016 AGM and the authority being sought under resolution 23 were to be fully used, these would represent 1.31 per cent. of the Company's issued ordinary share capital (excluding treasury shares) at that date.

The Directors do not have any current plans to exercise the authority to be granted pursuant to resolution 23. The Directors will exercise this authority only when to do so would be in the best interest of the Company, and of its shareholders generally.

The authority will expire at the earlier of 19 August 2018 and the conclusion of the AGM of the Company held in 2018.

### **Resolution 24: Notice of general meetings**

Changes made to the Companies Act 2006 by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. AGMs will continue to be held on at least 21 clear days' notice.

Before the Shareholders' Rights Regulations came into force, the Company was able to call general meetings other than an AGM on 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, resolution 24, which is a special resolution, seeks such approval. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

Note that the changes to the Companies Act 2006 mean that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.