

## **THIS DOCUMENT IS IMPORTANT AND REQUIRES IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of the proposal referred to in this document or as to the action you should take you are recommended to seek your own independent advice immediately from a stockbroker, solicitor, accountant or other independent Adviser authorised under the Financial Services and Markets Act 2000 (as amended) (“**FSMA**”). If you have sold or otherwise transferred all of your Shares, please pass this document together with all accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass them to the person who now owns the Shares.

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### **Circular to Shareholders of**

## **HAZEL RENEWABLE ENERGY VCT2 PLC**

(Incorporated in England and Wales under the Companies Act 2006 with registered number 07378395)

(the “**Company**”)

and

### **Notice of General Meeting**

of the shareholders of the Company to be held at  
Downing LLP’s offices at  
**6th Floor, St. Magnus House,  
3 Lower Thames Street, London, EC3R 6HD**  
on 7 November 2017 at 10:45 a.m.  
in connection with proposals for the  
reorganisation of the Company

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#### **IMPORTANT NOTICE**

Whether or not you plan to attend the General Meeting, please complete and submit a proxy form in accordance with the instructions printed on the enclosed form. All proxy forms must be received by 10:45 am 3 November 2017. No person has been authorised to give any information or representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised.

Your attention is drawn to the letter from the Chairman of the Company set out on pages 1 to 16 which contains a recommendation as to how to vote in respect of the resolution to be proposed at the General Meeting.



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## Letter from the Chairman of the Company

**Hazel Renewable Energy VCT2 plc**

**Directors**

Christian Yates (Chairman)

Matthew Evans

16 October 2017

Dear Shareholder,

### **Introduction**

As you will be aware from the last Half Yearly Report published by the Company in June 2017, a resolution seeking approval for the Company to continue as a Venture Capital Trust ("VCT") which was put to Shareholders at a general meeting in January 2017 (the "Continuation Vote") was not carried. 58.6% of votes cast were not in favour of the resolution to continue and, in accordance with the Company's Articles of Association, the Directors have been obliged to draw up proposals for the "voluntary liquidation, reconstruction or other reorganisation of the Company".

### **Background**

The Company was established in 2010 and, along with its sister company, Hazel Renewable Energy VCT1 plc ("Hazel 1"), raised total gross proceeds of £41.5 million under an initial offer for subscription. Further "top-up" fundraisings were launched by the two companies in 2012 and 2014 raising gross proceeds of £4.0 million and £3.6 million respectively.

In line with their investment strategy, the Company invested their funds in a portfolio of renewable energy assets, including ground-mounted solar, roof-top solar and small wind projects. In 2014, the ground-mounted solar assets from the portfolio were reorganised and refinanced making it possible to pay an exceptional dividend to Shareholders in February 2014. In early 2016, rooftop solar assets from the portfolio were also refinanced. The Company now hold investments in 15 companies with a current estimated unaudited fair value of approximately £30.9 million (see the Half Yearly Report to 31 March 2017).

Each investor that subscribed for shares in the Company under one of the fundraisings received one A Share for every Ordinary Share that was allotted. To date, the Company has paid dividends of 39.5p on a holding of one Ordinary Share and one A Share ("Combined Share"). The most recently published unaudited net asset value per Combined Share ("NAV") was as at 31 March 2017 and, after being adjusted for the dividend paid in September 2017, was 111.6p.

Shareholders who subscribed in the original offer for subscription paid 100p per Combined Share and had a net investment (after deducting VCT income tax relief at 30%) of 70p per Combined Share. To date Total Return to Shareholders (being total dividends paid to date plus the NAV) is 150.1p per Combined Share.

### **Process undertaken following Continuation Vote**

Since the Continuation Vote, there have been changes to the boards of both VCTs. At the end of January, Matthew Evans joined the Board of Hazel 2. Matthew is well-known to some Shareholders as a director of JL Strategies Limited, a founding partner of LGT Vestra and, more recently, a founding partner of CH1 Investment Partners. Similarly, Stuart Knight has joined the board of Hazel 1 and is also well known to some shareholders as a cofounding partner of Haibun Partners LLP, a London based FCA-registered wealth manager. Both Matthew and Stuart have been very helpful throughout this process in gaining a clear understanding of the some of the key requirements of Shareholders.

Drawing up proposals for a voluntary liquidation, reconstruction or other reorganisation of the Company has, however, proved to be a challenging exercise, made more difficult by the fact that the shareholders of Hazel 1 voted in the opposite way and supported the proposals for Hazel 1 to continue as a VCT. The Company and Hazel 1 hold identical investment portfolios and work closely together. The Board and that of Hazel 1 were able to agree at an early stage that it was in the best interests of all Shareholders that the two companies work together to find a common plan for the future which the boards believe deliver the key requirements to both sets of shareholders. Accordingly, your Board has worked with the Hazel 1 board since January 2017 to prepare these proposals, and the Hazel 1 board is in agreement with and supportive of these proposals.

The approach taken by the Board has been to consider all reasonable routes open to the Company for its future, including winding up and examining alternative options for the future management of the Company which might address the concerns of Shareholders which resulted in the negative vote in January.

### **Voluntary liquidation option**

In considering proposals for the liquidation of the Company a number of major challenges became evident.

1. A number of investors invested in the Company in 2014 and must, therefore, hold their shares until at least 2019 to ensure that they do not have the initial upfront tax relief on their investment withdrawn. Any proposals to wind up the Company over a shorter period potentially jeopardise their initial income tax relief.
2. The Hazel 1 Board received a clear mandate from Shareholders to continue as a VCT and that board's intentions to this end were firm. A realisation of investments by Hazel 2 would involve the sale of 50% stakes in renewable energy assets. It is clear that any such sales would likely be at significantly lower prices than if 100% stakes were being sold. The Board, therefore, concluded that a liquidation independently by Hazel 2 would result in significantly reduced returns for Shareholders.
3. The Company holds its investments in a very tax efficient VCT wrapper, which allows tax free dividends (see Appendix 3) and capital gains. Following a series of changes to the VCT regulations which commenced in 2011, VCTs can now no longer invest in renewable energy assets and so it is now impossible to recreate a similar entity with the same attractive tax structure.

A combination of the above has led the Board to conclude that, if possible, it should try to draw up proposals that do not involve the outright liquidation of the Company and a sale of its investments, which would likely result in a reduced return for Shareholders. The focus has therefore been on identifying a reorganisation of the Company which addresses the main concerns of those Shareholders that voted negatively in the Continuation Vote, provide Shareholders with flexibility where needed and maximise value for all Shareholders.

### **An alternative reorganisation**

In the Circular published in December 2016 ahead of the Continuation Vote, the Board undertook to review the management arrangements of the Company regardless of the outcome of the Continuation Vote.

In line with this undertaking the Board, along with the Hazel 1 board, engaged with a number of potential new investment advisers. Formal proposals were requested from three advisers including the incumbent investment adviser, Hazel Capital LLP.

The process produced three very differing proposals all of which to some extent addressed the objectives that had been set out by the Board.

In May 2017, Gresham House plc (“Gresham House”), an AIM-quoted specialist asset management group, announced plans to acquire Hazel Capital LLP. The Board considered this to be a significant event and have spent some time in discussion with the management of Gresham House to determine what this might mean for the Hazel VCTs. I am pleased to report that these discussions have been very productive and have resulted in what the Board believe is an optimal proposal for Shareholders.

I would like to take this opportunity to thank the various investment advisers that were involved in this process and significant efforts they made but which ultimately resulted in an unsuccessful outcome for them.

### **Gresham House proposals**

Although Gresham House is proposing to acquire the business Hazel Capital LLP, the Board decided to engage directly with the senior management at Gresham House to ensure that the requirements of the Hazel 2 Shareholders were clearly set out.

The key features that the Board have sought are summarised as follows:

- A significant reduction in Investment Advisory fees charged to the VCT (expected savings of approximately £225,000 per annum for Hazel 2 from year 2 onwards)
- To impose an absolute cap on fees charged to investee companies
- A firm commitment to support liquidity in the Shares to allow those Shareholders that wish to exit to do so at any time and without suffering any significant discount to current NAV
- A commitment to strengthen the management resources and Advisory team looking after the Company’s assets
- Enhanced investors relations and reporting
- Dealflow of investment opportunities to further enhance value for Shareholders

A proposal has been submitted to the Company by Gresham House Asset Management Limited, the wholly-owned FCA regulated asset management company of Gresham House plc, (also referred to as Gresham House hereinafter) which, the Board believes, fully addresses each of these points. This is summarised in Appendix 1.

After a lengthy process, the Board have firmly concluded that the Gresham House proposals represent the best option for Shareholders. The agreed reduction in investment Advisory fees will enhance returns and Shareholders will have the option to sell their Shares without suffering any significant discount to NAV if they so wish. The Board believes that the appointment of Gresham House will ensure that the Company's assets are managed by a fully resourced team that will be able to continue the work done by Hazel Capital in steadily improving the efficiency of the Company's assets.

### **Future Continuation Votes**

The original Continuation Vote should have taken place at the AGM in 2016 and then at five yearly intervals. Assuming that the proposals are supported by Shareholders, the Board will retain this requirement with the next Continuation Votes scheduled for the AGM in 2021. This provides Shareholders with an opportunity to review and vote on the future of the Company at regular intervals on an ongoing basis.

### **Other Matters**

If Shareholders vote in favour of the above proposals, the Board intends to appoint a new non-executive director to return the Board back to having three members. During the recent process Giles Clark has acted as a consultant to the Board and assisted greatly with the process. Giles has significant experience in the solar sector and has complimented the existing Directors well in engaging with potential investment Advisers. Giles has indicated that he would be willing to join the Board as a non-executive director should the proposals be supported by Shareholders. A short biography for Giles is included in Appendix 4.

In reviewing plans for the future of the Company, the Board have also reviewed the Directors fees and had discussions with the administration manager about their fees. There have been no increases to the basic directors' fees since the Company's launch in 2010. Should Shareholders approve the proposals, the Board intends to increase the basic annual fee of the Chairman from £20,000 to £25,000 and that of the other non-executive directors from £15,000 to £20,000. The Board feels that the revised levels are reasonable and not out of line with other VCTs. Similarly, it is proposed to implement an increase in the fees paid to Downing LLP as administration manager from £35,000 p.a. to £40,000 p.a. (approximately 14%). These fees have also not been changed since the launch of the Company.

As Shareholders will probably realise, the Directors and administration manager have had to undertake a significant level of additional work in evaluating the various options and arriving at the Gresham House proposals. In some cases, third parties have been used to assist the Board, but much of the work has been undertaken by the Directors, assisted by the administration manager. In view of this, the Board has agreed to pay one off additional fees to Christian Yates (in respect of the period from 1 February 2016 to 30 September 2017) of £25,000 plus VAT and to Matthew Evans (in respect of the period from 1 February 2017 to 30 September 2017) of £10,000 plus NI. The Board has also agreed an additional one off fee to Downing LLP of £15,000 for the additional work undertaken by the Company Secretary and other Downing LLP staff.

### **Recommendation**

The Board unanimously recommends to Shareholders that they vote in favour of the Resolution to support the proposals for the reorganisation of the Company as set out in this Circular, including the appointment of Gresham House as investment adviser to the Company.

The Directors believe these proposals to be in the best interests of Shareholders as a whole in that they enhance value for Shareholders (whether holding or selling shares) and minimise risk by maintaining the existing investment team and enhancing that with additional resources.

The Directors intend to vote in favour of the Resolution in respect of their own shares in the Company which total 19,673 Ordinary Shares and 2,616,069 A Shares, representing 0.1% of the total votes.

### **A vote in support of the proposals**

Following a vote in support of the proposals, the Board will take steps to transfer the Investment Advisory agreement to Gresham House and vary the agreement in line with the proposals. The Board of Hazel 1 has indicated that it will take the same steps.

The Board expects to publish the Annual Report covering the year to 30 September 2017 before the end of year. As soon as this is published, the Board will notify the Company's broker Panmure Gordon, that it will be prepared to purchase any Shares that become available in the market at a price equal to approximately a 2% discount to the last published NAV, subject to available cash, distributable reserves and applicable rules and regulation. Shareholders that wish to sell their holdings in the Company should then be able to do so by instructing a stockbroker to sell their Shares on their behalf. Shareholders are reminded that they must hold their Shares for a minimum of five years in order to retain upfront tax relief that they are likely to have claimed at the time of their investment.

### **A vote against continuing as VCTs**

Should Shareholders vote against the proposals, the Board will consider what options are available. However, it seems likely that there would be little choice but to seek to liquidate the Company and return funds to Shareholders. The Directors believe that this could take some time to achieve and may result in Shareholders receiving final proceeds that are significantly lower than the current NAV. The Board of Hazel 1 has indicated that, in this event, it may also conclude that it also has little choice but to seek to liquidate Hazel 1.



**Action to be taken**

Enclosed with this document is a form of proxy for use at the General Meeting.

Shareholders are asked to complete and return the form of proxy for the General Meeting to the Company's registered office c/o Downing LLP, 6th Floor, St Magnus House, 3 Lower Thames Street, London, EC3R 6HD or in the reply paid envelope provided to Downing LLP, Ergon House, Horseferry Road, London SW1P 2AL to be received as soon as possible and, in any event, to arrive no later than 10:45 am on 3 November 2017.

Completion and return of a form of proxy will not affect a Shareholder's right to attend and vote at the General Meetings should they wish to do so.

Yours sincerely

**Christian Yates**

Chairman of Hazel Renewable Energy VCT2 plc  
6th Floor, St Magnus House, 3 Lower Thames Street, London, EC3R 6HD

## Appendix 1

### Gresham House Proposals

#### Background on Gresham House

Incorporated in 1857, Gresham House plc (“Gresham House”) is an AIM-quoted Alternative asset manager providing funds, direct investments and tailored investment solutions including co-investment across a range of highly differentiated investment strategies which include, strategic public and private equity, timber, renewable energy, housing and infrastructure. With current assets under management of more than £0.5 billion, the company’s objective is to grow through a combination of acquisitions and organic growth.

As part of this strategy, Gresham House has announced plans to acquire the business of Hazel Capital LLP. This acquisition is expected to complete in October.

#### Advisory arrangements with the Hazel VCTs

Under the proposals with the Hazel VCTs, the investment Advisory agreements with Hazel Capital LLP would be novated and varied. The day to day work on the VCTs assets will initially continue to be undertaken by members of the same executive team as have undertaken this role at Hazel Capital LLP.

A new investment committee will be formed by Gresham House for the Hazel VCTs which will be chaired by Tim Farazmand. Tim has nearly 30 years’ experience in private equity and has held a number of high profile roles including being chairman of the BVCA in 2014-15. Anthony (Tony) Dalwood, Chief Executive of Gresham House, is also to be a key member of the expanded investment team. Brief biographies of Tim and Tony are included in Appendix 2.

Rupert Robinson, Managing Director of Gresham House Asset Management, will be the primary individual that is accountable to the Hazel VCT Boards under these proposals. This will be a welcome expansion to the team.

#### Fees

It is proposed that the investment Advisory fee payable to Gresham House is reduced from 2.0% of net assets per annum to **1.4% p.a. for the first year**, followed by a further reduction to **1.15% p.a. thereafter**. Out of these fees, Gresham House will be responsible for paying trail commission payable to introducing intermediaries. This fee level is substantially below the typical rate for VCTs and the Board believes to be a good outcome. This reduction will result in a saving of approximately £170,000 in the first year and £240,000 p.a. in subsequent years.

In addition to the fees charged directly to the Hazel VCTs, other services are provided to the investee companies by the investment Adviser, particularly in relation to the third party borrowings. An absolute cap has been agreed on these fees (based on the current portfolio). This will ensure that such fees do not get inflated when the lower headline fee rate charged to the VCTs decreases.

No changes are proposed to the performance incentive arrangements under which, subject to some conditions, certain members of the investment Advisory team receive an incentive equal to 20% of the surplus when dividends exceed 5p per share for a financial year (and 30% when dividends exceed 10p per share).

The Board was offered a lower investment Advisory fee rate from another potential manager/adviser and this was given extensive consideration. It was, however, clear that there were some significant risks and costs in moving the management to a completely new team. The Board concluded that the potential additional savings did not outweigh these risks and one-off costs.

### **Running cost cap**

The Investment Adviser currently provides an annual running cost cap to the VCTs such that if total running costs for the year exceed 3.5% of net assets, the Investment Adviser bears the cost of any surplus. Under the proposals, the cap will be reduced to **3.0% of net assets** per annum.

### **Liquidity for Shareholders**

With the support of the Investment Adviser, the Board will introduce a revised buyback policy whereby the Company will undertake to acquire shares in the market at approximately a **2% discount to the latest published NAV**.

The Board believes that this policy will be sustainable using funds that are available in the investee companies and further funding from other sources if required. The small discount to NAV should ensure that the costs of share buybacks are covered and that ongoing shareholders do not suffer any dilution.

### **Term of the contract**

The current Investment Advisory Agreement has a notice period of 12 months and a requirement that Shareholder approval be obtained for notice to be served by the Company on the Investment Adviser. Under the new proposals, the notice period will be reduced to nine months and there will be no requirement for such notice to be approved by Shareholders. Notice under the new proposals cannot be given within two years of the commencement date. In the event that Shareholders do not pass a future continuation vote, the Company will have the option to terminate the Agreement with four months' notice.

The Board believes that this added flexibility is attractive, particularly if the Company were to decide to wind up at some point in the future.

## **Appendix 2**

### **Biography of Tim Farazmand**

#### **Proposed head of Gresham House VCT Investment Committee**

Tim has spent 30 years in private equity and until recently was a managing director at LDC, the private equity arm of Lloyds Bank, for 12 years. He previously worked at 3i Group plc for 7 years and Royal Bank of Scotland Private Equity for 8 years.

Tim now chairs the Palatine Impact Fund; is a member of the LMS Investment Committee; sits on the Advisory boards of Beechbrook Capital as well as the family office investment companies Westminster Group and Eternity Capital. He also sits on the boards of ClearlySo and the Ethical Property Company as an independent NED.

Tim was Chairman of the British Private Equity & Venture Capital Association (BVCA) for the 2014 - 2015 term.

### **Biography of Anthony (Tony) Dalwood**

#### **Proposed member of Gresham House VCT Investment Committee**

With over 20 years in the industry, Tony is an experienced investor and has also advised numerous public and private equity businesses. In December 2014, Tony became CEO of Gresham House and brought in a new management team that has transformed the company from an investment trust into an AIM listed specialist asset management group.

Tony started his career at Phillips & Drew Fund Management (later UBS Global Asset Management), one of the UK's most prominent value investment firms with £60 billion in assets at its peak. He was a member of the UK Equity Investment Committee with responsibility for managing over £1.5 billion of UK equities.

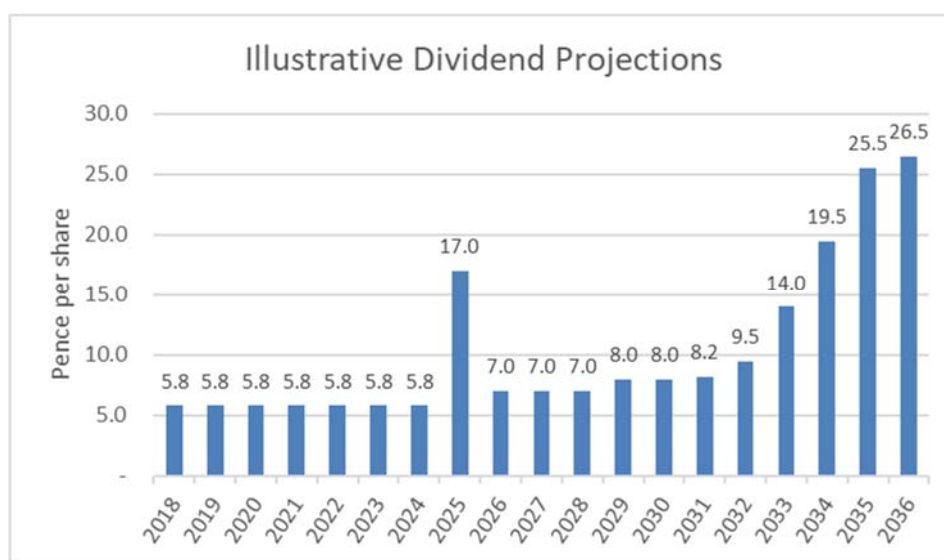
In 2002 Tony founded and became CIO of SVG Investment Managers and CEO of SVG Advisers (formerly Schroder Ventures (London) Limited), the global private equity funds business and specialist alternatives manager. He established and led the growth of SVG Investment Managers, before launching Strategic Equity Capital plc, a London listed Investment Trust in 2005.

Tony currently Chairs the London Pension Fund Authority's Investment Panel, which oversees £4.6 billion in AUM. He is also an Independent non-executive of JPEL plc (formerly JP Morgan Private Equity Limited plc) and advises St Edmund College's Endowment Fund.

### Appendix 3 Dividend illustrations

The following is a reproduction of the illustrative projections presented in the circular issued by the Company on 22 December 2016 (updated to take account of the dividend paid since then.) The Directors do not believe there is any material change to the values presented since that date.

The chart below shows an illustrative dividend profile under the new proposals.



The illustrations show steady dividends of 5.8p per Combined Share per annum initially, with a special dividend in 2025 arising from the release of various reserves held as a requirement of the financing arrangements. Dividends are expected to increase significantly in the later years when the financing costs fall away.

This dividend profile equates to a **forward-looking** tax-free IRR which is summarised as follows:

	IRR Based on Latest NAV less 5p	IRR Based on estimated realisable value of 90p per Combined Share
Forward-looking IRR (net of all taxes)	5.6%	7.3%
Equivalent for higher rate (40%) tax payer	9.7%	11.8%
Equivalent for top rate (45%) tax payer	10.8%	13.0%

Due to the long period over which dividends are projected, shareholders should benefit from significant **cumulative net dividends of 197.8p per Combined Share over the remaining life of the assets**, based on the illustration above.

**It should be stressed that these illustrations do not represent a forecast or projection and none should be implied or inferred.**

**Appendix 4**  
**Biography of Giles Clark**  
**Proposed additional Non-Executive Director of the Company**

Giles has worked on solar projects across Europe since 2006, focusing on UK projects since 2010.

In 2006, he co-founded SunRay Renewable Energy, where he was CFO, developing large utility scale solar projects across southern Europe. SunRay had built a pipeline of 1.4GWp of projects by the time it was acquired by SunPower Corporation for \$277m in 2010.

From 2013 to 2016 Giles was a founding shareholder and Chairman of Solstice Renewables which developed and sold 100 MWp of ground mounted solar farms in the UK.

From 2013 to 2017 Giles was the founder and CEO of Primrose Solar which acquired and built 253 MW of ground mounted solar farms in the UK. The completed projects were sold in 2016 to Bluefield, Greencoat and Equitix.

Giles has a BA in PPE from Oxford and an MBA from the London Business School.

## Appendix 5 Definitions

In this Circular and in the notice attached the following expressions have the following meanings:

<b>“A Shares”</b>	A Shares of 0.1p each in the capital of Hazel Renewable Energy VCT2 plc;
<b>“Adviser” or “Investment Adviser”</b>	Hazel Capital LLP, an English limited liability partnership with the registered number OC327915 and whose registered address is 2 <sup>nd</sup> Floor, 227 Shepherds Bush Road, London W6 7AS, and which is authorised and regulated by the Financial Conduct Authority;
<b>“Articles”</b>	the articles of association of the Company;
<b>“Board” or “Directors”</b>	the board of directors of the Company;
<b>“Combined Share”</b>	a holding of one Ordinary Share and one A Share;
<b>“Company”</b>	Hazel Renewable Energy VCT2 plc;
<b>“General Meeting”</b>	the meeting of Shareholders convened in accordance with the notices enclosed with this circular, or any adjournments thereof;
<b>“Hazel1”</b>	Hazel Renewable Energy VCT1 Plc, a public limited company incorporated in England with the registered number 07378392 and whose registered address is St Magnus House, 3 Lower Thames Street, London, EC3R 6HD;
<b>“Hazel2”</b>	Hazel Renewable Energy VCT2 Plc, a public limited company incorporated in England with the registered number 07378395 and whose registered address is St Magnus House, 3 Lower Thames Street, London, EC3R 6HD;
<b>“NAV”</b>	net asset value per Combined Share;
<b>“Ordinary Shares”</b>	Ordinary Shares of 0.1p each in the capital of the Company;
<b>“Resolution”</b>	the ordinary resolution to be proposed at the General Meeting;
<b>“Shareholders”</b>	holders of Shares;
<b>“Share(s)”</b>	Ordinary Share(s) and/or A Share(s);
<b>“Total Return”</b>	NAV plus cumulative dividends received to date;
<b>“Venture Capital Trust” or “VCT”</b>	a venture capital trust as defined in Section 259 of the Income Tax Act 2007, as amended.

## **Hazel Renewable Energy VCT2 plc (the “Company”) Notice of General Meeting**

**Notice is hereby** given that a general meeting of Hazel Renewable Energy VCT2 plc will be held at Downing LLP’s offices at **6th Floor, St Magnus House, 3 Lower Thames Street, London, EC3R 6HD** on 7 November 2017 at 10:45 am for the purposes of considering and, if thought fit, passing the following resolution to be proposed as a special resolution of the shareholders of the Company:-

**THAT**, the Company adopt the proposals and appoint Gresham House plc as the Company’s Investment Adviser substantially on the terms set out in the circular sent to shareholders on 16 October 2017.

By order of the Board

**Grant Whitehouse**  
Company Secretary

6th Floor  
St Magnus House,  
3 Lower Thames Street,  
London,  
EC3R 6HD

16 October 2017



## Notes for the Notice of the General Meeting

(a) A shareholder of the Company entitled to attend and vote at the General Meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of that shareholder. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy may demand, or join in demanding, a poll. A proxy need not be a shareholder of the Company but must attend the General Meeting in order to represent his appointor. A shareholder entitled to attend and vote at the General Meeting may appoint the Chairman or another person as his proxy although the Chairman will not speak for the shareholder. A shareholder who wishes his proxy to speak for him should appoint his own choice of proxy (not the Chairman) and give instructions directly to that person. If you are not a shareholder of the Company but you have been nominated by a shareholder of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in these Notes. Please read Note (h) below. Under section 319A of the Companies Act 2006 ("Act"), the Company must answer any question a shareholder asks relating to the business being dealt with at the General Meeting unless:

- answering the question would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

(b) To be valid, a Form of Proxy and the power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered to Downing LLP, St Magnus House, 3 Lower Thames Street, London, EC3R 6HD, in the reply paid envelope provided to Downing LLP, Ergon House, Horseferry Road, London SW1P 2AL or electronically at [proxy@downing.co.uk](mailto:proxy@downing.co.uk), in each case not less than 48 hours (excluding weekends and public holidays) before the time appointed for holding the General Meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote. In the case of a poll taken more than 48 hours (excluding weekends and public holidays) after it is demanded, the document(s) must be delivered as aforesaid not less than 24 hours (excluding weekends and public holidays) before the time appointed for taking the poll, or where the poll is taken not more than 48 hours (excluding weekends and public holidays) after it was demanded, be delivered at the meeting at which the demand is made.

(c) In order to revoke a proxy instruction a shareholder will need to inform the Company using one of the following methods:

- by sending a signed hard copy notice clearly stating the intention to revoke the proxy appointment to the receiving agent Downing LLP, St Magnus House, 3 Lower Thames Street, London, EC3R 6HD; In the case of a shareholder 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 notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- by sending an e-mail to [proxy@downing.co.uk](mailto:proxy@downing.co.uk).

In either case, the revocation notice must be received at the Company's registered office before the General Meeting or the holding of a poll subsequently thereto. If a shareholder attempts to revoke his or her proxy appointment but the revocation is received after the time specified then, subject to Note (d) directly below, the proxy appointment will remain valid.

(d) Completion and return of a Form of Proxy will not preclude a shareholder of the Company from attending and voting in person. If a shareholder appoints a proxy and that shareholder attends the General Meeting in person, the proxy appointment will automatically be terminated.

(e) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those holders of the Company's shares registered on the Register of Members of the Company as at 10:45 a.m. on 3 November 2017 or, in the event that the General Meeting are adjourned, on the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the said General Meeting in respect of such shares registered in their name at the relevant time. Changes to entries on the Register of Members after 10:45 a.m. on 3 November 2017 or, in the event that the General Meeting is adjourned, on the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the right of any person to attend and vote at the General Meeting.

(f) As at 9:00 am on 16 October 2017, the Company's issued share capital comprised 23,638,058 Ordinary Shares and 35,977,774 A Shares. The total number of voting rights in the Company is 23,674,035,774 comprising one thousand votes per Ordinary Share and one vote per A Share. Information on the number of shares and voting rights can be found on the administration manager's website, [www.downing.co.uk](http://www.downing.co.uk)

- (g) If you are a person who has been nominated under section 146 of the Act to enjoy information rights:
- You may have a right under an agreement between you and the shareholder of the Company who has nominated you to have information rights ("Relevant Shareholder") to be appointed or to have someone else appointed as a proxy for the General Meeting;
  - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Shareholder to give instructions to the Relevant Shareholder as to the exercise of voting rights;
  - Your main point of contact in terms of your investment in the Company remains the Relevant Shareholder (or, perhaps your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
- (h) A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a shareholder provided that no more than one corporate representative exercises powers over the same share.
- (i) 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, the proxy will vote or abstain from voting at his or her discretion. The proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
- (j) Except as provided above, shareholders who have general queries about the General Meeting should write to the Chairman at the registered office set out above.
- (k) Shareholders may not use any electronic address provided either in this notice of General Meeting, or any related documents (including the Chairman's letter and Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.

