

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in doubt as to what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other appropriately authorised professional adviser (authorised under the Financial Services and Markets Act 2000, or otherwise).

If you have sold or transferred all of your registered holding of Ordinary Shares, please forward this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank manager or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

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# CRAVEN HOUSE CAPITAL PLC

(Registered in England and Wales with no. 05123368)

## NOTICE OF GENERAL MEETING

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This Circular does not constitute a prospectus for the purposes of the Prospectus Rules and, accordingly, this Circular has not been approved by, or filed with, the FCA or the London Stock Exchange.

Notice of a general meeting of the Company to be held at 60 Cannon Street, London EC4N 6NP on 20 July 2016 at 2.00 p.m. is set out at Part VI of this document.

The recommendation of the Board is set out on page 11.

A Form of Proxy for use at the General Meeting is enclosed. However, a proxy may also be appointed for CREST members, by using the CREST electronic proxy appointment service. To be valid, any instrument appointing a proxy must be received by Capita Asset Services, PXS1, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible but in any event so as to arrive no later than 2.00 p.m. on 18 July 2016. The completion and return of a Form of Proxy will not prevent you from attending and voting at the General Meeting or any adjournment thereof in person if you wish to do so.

The distribution of this Circular in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and, therefore, persons into whose possession this Circular comes should inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. This Circular does not constitute an offer or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to this Circular or otherwise in any jurisdiction in which such offer or solicitation is unlawful.

No person has been authorised to make any representation on behalf of the Company or the Investment Manager concerning the proposals described in this Circular which is inconsistent with the statements contained in this Circular and any such representation, if made, may not be relied upon as having been so authorised. Shareholders should not construe the contents of this Circular as legal, accounting, tax or financial advice and should consult with their own advisers as to the matters described in this Circular.

Certain statements contained in this Circular are or may constitute "forward-looking statements". Such forward-looking statements involve risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include, among others: general economic and business conditions, changes in exchange rates, currency controls, government policy and the ability to attract and retain personnel. These forward-looking statements speak only as at the date of this Circular. Except as required by law or the AIM Rules, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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## PART I - DEFINITIONS

### Definitions

The following definitions apply throughout this Circular unless the context otherwise requires:

<b>"AIM"</b>	the AIM market of the London Stock Exchange
<b>"AIM Rules"</b>	the rules for AIM Companies issued by the London Stock Exchange
<b>"Board" or "Directors"</b>	the directors of the Company
<b>"Business Day"</b>	a day on which the London Stock Exchange and banks in England and Wales are normally open for business
<b>"C Shares"</b>	C Shares of US\$1.00 each in the capital of the Company, having the rights set out in the New Articles
<b>"Capita Asset Services"</b>	a trading name of Capita Registrars Limited, a company incorporated with limited liability under the laws of England and Wales with registered number 02605568
<b>"Companies Act"</b>	the UK Companies Act 2006, as amended
<b>"Company"</b>	Craven House Capital plc, a company incorporated with limited liability under the laws of England and Wales with registered number 05123368
<b>"Consolidation"</b>	the proposed consolidation of Ordinary Shares immediately following the Redenomination, conditional on the passing of Resolution 2 and as more fully described in Part III of this Circular
<b>"CREST"</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations)
<b>"CREST Regulations"</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755) of the UK
<b>"EEA"</b>	the European Economic Area
<b>"Existing Articles"</b>	the articles of association of the Company in force as at the date of this Circular
<b>"Existing Ordinary Shares"</b>	the ordinary shares of £0.001 each in the capital of the Company
<b>"FCA"</b>	the Financial Conduct Authority of the UK
<b>"Form of Proxy"</b>	the form of proxy enclosed with this Circular for use in connection with the Meeting
<b>"FSMA"</b>	the Financial Services and Markets Act 2000, as amended from time to time
<b>"General Meeting"</b>	the general meeting of the Company to be held at 2.00 p.m. on 20 July 2016 at 60 Cannon Street, London EC4N 6NP, a notice of which is set out in Part VI of this Circular
<b>"Investment Manager"</b>	Desmond Holdings Limited, a company incorporated with limited liability under the laws of Hong Kong with registered number 1469771
<b>"London Stock Exchange"</b>	London Stock Exchange plc
<b>"Main Market"</b>	the London Stock Exchange's regulated market for securities admitted to trading

<b>"Migration"</b>	the cancellation of the Company's AIM quotation and SFS Admission
<b>"New Articles"</b>	the proposed new articles of association of the Company
<b>"New Ordinary Shares"</b>	the ordinary shares of US\$1.00 each which will be in issue following the completion of the Ordinary Share Reorganisation, having the rights set out in the New Articles
<b>"Notice"</b>	the notice of the General Meeting set out in Part VI of this Circular
<b>"Offer for Subscription"</b>	the proposed offer for subscription for Shares on the terms and conditions to be set out in the Prospectus
<b>"Ordinary Share Reorganisation"</b>	the Redenomination and the Consolidation
<b>"Ordinary Shares"</b>	as the context requires, Existing Ordinary Shares or New Ordinary Shares
<b>"Portfolio Companies"</b>	companies which have issued the securities comprising the portfolio of investment assets held directly or indirectly by the Company
<b>"Prospectus"</b>	the Prospectus which is proposed to be published by the Company in connection with the Migration and the Offer for Subscription
<b>"Redenomination"</b>	the proposed redenomination of each of the Existing Ordinary Shares as ordinary shares of US\$0.0013626 <sup>1</sup> each, conditional on the passing of Resolution 1 and as more fully described in Part III of this Circular
<b>"Resolutions"</b>	the resolutions set out in the Notice
<b>"RIS announcement"</b>	a regulatory information service that is on the list of the regulatory information services maintained by the FCA
<b>"SFS"</b>	the Specialist Fund Segment of the Main Market of the London Stock Exchange
<b>"SFS Admission"</b>	the proposed admission of the entire issued share capital of the Company to the SFS pursuant to the Migration
<b>"SFS Admission Date"</b>	the date of the SFS Admission, subject to the approval of the Prospectus by the UKLA and approval of the SFS Admission by the London Stock Exchange
<b>"Shareholder"</b>	a holder of Existing Ordinary Shares
<b>"Shares"</b>	Ordinary Shares and any C Shares to be issued pursuant to the Offer for Subscription
<b>"UK"</b>	the United Kingdom of Great Britain and Northern Ireland
<b>"UKLA"</b>	the FCA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of SFS Admission
<b>"US\$"</b>	US dollars

All references to times in this Circular are to UK time.

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<sup>1</sup> This number is chosen such that on consolidation the nominal value of New Ordinary Shares will become US\$1.00.

## PART II - EXPECTED TIMETABLE

### 2016

Latest time and date for receipt of Forms of Proxy	2.00 p.m. on 18 July
Voting record time	2.00 p.m. on 18 July
General Meeting	2.00 p.m. on 20 July
Latest time and date for dealings in Existing Ordinary Shares	5.00 p.m. on 29 July
Record date and time for Ordinary Share Reorganisation, Existing Ordinary Share register closed and Existing Ordinary Shares disabled in CREST	5.00 p.m. on 29 July
Cancellation of AIM quotation	1 August
Ordinary Share Reorganisation completed	1 August
Admission and dealings in Shares expected to commence on the SFS	8.00 a.m. on 1 August
CREST accounts credited with New Ordinary Shares in uncertificated form	8.00 a.m. (or as soon as practicable thereafter) on 1 August
Dispatch of definitive share certificates in respect of New Ordinary Shares to be issued in certificated form	Week beginning 8 August

## PART III - LETTER TO SHAREHOLDERS

### CRAVEN HOUSE CAPITAL PLC

(Registered in England and Wales with no. 05123368)

#### Directors

Mark Pajak (Chairman)

Balbir Bindra

Calum Morrison

#### Registered Office

60 Cannon Street

London

EC4N 6NP

27 June 2016

Dear Shareholder

#### Introduction

Further to the Company announcement dated 27 June 2016 regarding the proposed migration of the Company's shares from trading on AIM to trading on the Specialist Fund Segment of the Main Market, I write to you on behalf of the Board which seeks your approval for the Migration and certain related matters.

The Board unanimously recommends that you vote in favour of the Resolutions at the General Meeting. Whether or not you intend to attend the Meeting, you are asked to complete the enclosed Form of Proxy and return it to Capita Asset Services, PXS1, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by no later than 2.00 p.m. on 18 July 2016.

#### Background to the Migration

The Company was originally listed on AIM in August 2004 as Medsea Estates Group plc, a property estate agency based in Spain. Since the original AIM quotation, the Company's operations have changed significantly, and the Company is now is an externally managed investment company, focusing on investments in frontier and emerging markets, which operates with the strategy and ethos of a merchant bank in the 18th and 19th Century context of the term.

In light of the changes in management, personnel and the nature of the Company over the last decade, and considering the Company's future fundraising intentions, the Board has reviewed the suitability of the Company's AIM quotation compared with alternative trading venues for the Shares. As announced on 27 June 2016, following this review the Board has concluded that the SFS is a more appropriate trading venue for the Shares. The Board has therefore convened the General Meeting to seek Shareholder approval for the Migration.

#### Recent fundraising

As announced on 27 June 2016, the Company has entered into conditional agreements with an investor for subscriptions of up to US\$150 million in new ordinary shares, at 1.25p per share on a pre-consolidation basis. The Company intends that such investments would be made after the Migration over the next six months conditional on regulatory approval and execution of binding subscription agreements. There can be no guarantee that any capital investment in the Company will be made and further updates will be provided to the market in due course.

The Company has also recently undertaken equity fundraisings on a private placement basis, as set out in the Company's announcements dated 17 May and 16 June 2016. The Board hopes to conclude further share issues on the same basis before the date of the General Meeting. In the event of such further placings of Ordinary Shares, the Company will continue to make appropriate RIS announcements.

## **The SFS**

The SFS (formerly the Specialist Fund Market) is a segment of the Main Market and is designed for highly specialised investment entities that wish to target institutional, highly knowledgeable investors or professionally advised investors only. The Directors consider that the SFS represents a more mature and suitable market for the Company than AIM, considering the Company's current and targeted investor base.

The Main Market of the London Stock Exchange hosts over 2,600 companies from 60 countries across 40 sectors, including many of the world's largest, most successful and most dynamic companies.

### **Matters requiring approval**

As noted above, the purpose of the General Meeting is to seek shareholder approval for the Migration, as well as certain other matters in connection with the Migration, as set out below:

#### ***Migration***

The Board considers that the Migration would increase the Company's profile and provide a more liquid market for the Shares, increasing the Company's attractiveness to institutional and other investors who are considering subscribing for Shares pursuant to the proposed Offer for Subscription (described further below), which the Company intends to launch with effect from the date of publication of the Prospectus.

It is currently expected that Shares will commence trading on the SFS and simultaneously be cancelled from AIM with effect from 8.00 a.m. on the SFS Admission Date, currently anticipated to be on or around 1 August 2016.

SFS Admission is, subject to the receipt of approvals from:

- (i) the UKLA for the Prospectus; and
- (ii) the London Stock Exchange for SFS Admission.

If there is any delay in the proposed SFS Admission Date, the Company will make a further RIS announcement. The Company intends to publish the Prospectus in connection with SFS Admission prior to the SFS Admission Date. The proposed cancellation of the Company's AIM quotation is conditional on SFS Admission occurring.

In accordance with AIM Rule 41, the cancellation of the Company's AIM quotation requires the consent of Shareholders by special resolution. The cancellation of the Company's AIM quotation, and the Migration in general, are therefore conditional on the approval of Resolution 6.

#### ***The Offer for Subscription***

Simultaneously with the Migration, the Board intends to launch an offer for subscription in order to raise additional capital to invest according to the Company's investment policy.

#### ***Reasons for the Offer for Subscription***

The Board believes that the issue of further Shares pursuant to the Offer for Subscription would offer significant benefits for all Shareholders as noted below:

- (i) the proceeds raised from issues of Shares pursuant to the Offer for Subscription will offer the Company the opportunity to acquire further interests in existing and potential Portfolio Companies identified by the Investment Manager, thereby further diversifying the Company's portfolio;
- (ii) the consequential increased market capitalisation of the Company should increase the liquidity in the Company's Shares; and
- (iii) the Company's fixed costs would be spread over a larger asset base and therefore the total expense ratio of the Company would be reduced.

If launched, the Offer for Subscription will not be underwritten. The Offer for Subscription would be designed to be suitable for institutional, professional and highly knowledgeable investors (including those who are professionally advised) seeking exposure to investments in small and mid-sized companies in frontier and emerging markets.

Shares would be available only to certain categories of investor under the Offer for Subscription. The Offer for Subscription would not be available to investors resident in the UK or any other EEA member state.

The full terms and conditions of application under the Offer for Subscription will be published in the Prospectus. This Circular does not constitute an offer or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any Shares.

Under section 551 of the Companies Act, the Board requires shareholder approval by ordinary resolution to allot the Shares proposed to be issued pursuant to the Offer for Subscription. Further, under section 570 of the Companies Act, the Board requires shareholder approval by special resolution to allot such shares on a non pre-emptive basis. The Offer for Subscription is therefore conditional on the approval of Resolutions 3 and 4, as well as on publication of the Prospectus.

### ***Preparatory corporate matters***

#### *New Articles*

The Board considers that, in anticipation of the Migration, it is appropriate that the Company adopts new Articles of Association which are appropriate for a Company listed on the SFS and having the market capitalisation which the Company intends to reach in the short to medium term pursuant to the Offer for Subscription.

The New Articles are broadly similar to the Existing Articles, but a summary of some of the key differences are as follows:

(i) The New Articles contain provisions relating to a proposed new class of Shares, called C Shares, which the Board may decide to issue pursuant to the Offer for Subscription or otherwise in future. The C Shares are designed to be issued instead of Ordinary Shares at any time when the market price of the Ordinary Shares is less than the Board's view of their intrinsic value. The C Shares (if and when issued) will be managed as a separate pool of shares issued with assets attributable to the C Shares being ring-fenced from other cash and assets of the Company. Once the proceeds of any C Share issue are fully invested in investment assets, the C Shares will convert into Ordinary Shares on a relative net asset value basis. A summary of key rights attaching to the New Ordinary Shares and C Shares is set out at Part V of this Circular.

(ii) The New Articles provide that the Company may provide financial assistance for the acquisition of shares in itself, subject to compliance with the Companies Act.

(iii) The New Articles provide a greater scope for borrowing, raising the £5 million borrowing cap which is provided for in the Existing Articles. The proposed new borrowing cap will be 1000 times the adjusted capital and reserves of the Company. The Board considers that the proposed new borrowing cap will provide the Company with ample flexibility to borrow to the extent that the Board, in consultation with the Investment Manager, considers the use of borrowing to be in the Company's best interests.

(iv) The New Articles increase the cap on the aggregate director fees from £150,000 to £500,000 per annum. The Board considers that such an increased cap will allow the Company the flexibility to attract and recruit a high calibre of experienced directors if the Board considers such recruitment to be in the Company's best interests. It should be noted however that, at present, the Board has no plans to recruit further Directors or to increase existing Directors' fees.

(v) The New Articles set out in greater clarity the Company's director indemnification provisions. The Board considers that, since the Company intends to substantially increase its market capitalisation in the short to medium term pursuant to the Offer for Subscription, it is important that the Board and future Directors have clarity that they will be indemnified to what the Board would consider to be a market standard.



A copy of the New Articles is available on the Company's website, [www.cravenhousecapital.com](http://www.cravenhousecapital.com), and will be made available at the General Meeting.

### *Ordinary Share Reorganisation*

In preparation for the Migration, the Board considers it beneficial to reorganise the share capital of the Company such that the Company's share price after SFS Admission is over US\$10. The Board therefore proposes, prior to completion of the Migration, (i) that the Existing Ordinary Shares be redenominated in US dollars, and (ii) immediately thereafter consolidating the Existing Ordinary Shares such that each Ordinary Share has a nominal value of US\$1.00. The Board believes that a consolidated share register and a quotation in US dollars is more suitable for international institutional and other investors and more reflective of the Company's global portfolio, the majority of which is valued in US dollars.

#### Redenomination

At present, the Company has 1,349,781,519 Existing Ordinary Shares in issue, each having a nominal value of £0.001. Considering the expectations and preferences of potential new investors in the Company, the Board proposes that the Ordinary Shares be redenominated in US dollars, at the spot exchange rate of US\$1.3626:£1, being the spot exchange rate as at the close of business on 24 June 2016 published in the Financial Times.

#### Consolidation

Immediately following the Redenomination, the Board proposes to undertake the Consolidation, pursuant to which every block of 734 Existing Ordinary Shares will be exchanged for one New Ordinary Share.

Subject to completion of the Ordinary Share Reorganisation, each Shareholder who holds his Existing Ordinary Shares in certificated form will be issued with a new share certificate in respect of his New Ordinary Shares on or shortly after the SFS Admission Date. Each Shareholder who holds his Existing Ordinary Shares in uncertificated form will have his CREST account credited with New Ordinary Shares under ISIN GB00BD4FQ360 on the SFS Admission Date. Application to have the New Ordinary Shares admitted to CREST will be made to Euroclear UK & Ireland Limited in due course.

The Board proposes to undertake the Ordinary Share Reorganisation in accordance with the authority contained in the New Articles. The Redenomination and the Consolidation each requires the approval of Shareholders by way of ordinary resolution. The Ordinary Share Reorganisation is therefore conditional on the passing of Resolutions 1, 2 and 5.

### **Summary of Resolutions**

Resolution 1, to be proposed as an ordinary resolution, seeks Shareholder approval for the Redenomination.

Resolution 2, to be proposed as an ordinary resolution, seeks Shareholder approval for the Consolidation.

Resolution 3, to be proposed as an ordinary resolution, seeks Shareholder approval for the Directors to issue up to 50 million Shares pursuant to the proposed Offer for Subscription.

Resolution 4, to be proposed as a special resolution, seeks Shareholder approval for the disapplication of statutory pre-emption rights which would otherwise apply to Shares issued pursuant to the Offer for Subscription.

Resolution 5, to be proposed as a special resolution, seeks Shareholder approval for the adoption of the New Articles.

Resolution 6, to be proposed as a special resolution, seeks Shareholder approval for the cancellation of the Company's AIM quotation and the Migration in general.

## **General Meeting**

The General Meeting will be held at 60 Cannon Street, London on 20 July 2016 at 2.00 p.m. Notice of the General Meeting is given in Part VI of this Circular.

## **Action to be taken**

You are asked to either:

- 1 complete the attached Form of Proxy and return it, together with any power of attorney or other authority under which it is signed or a notarially certified or office copy thereof, to Capita Asset Services, PXS1, The Registry 34 Beckenham Road, Beckenham, Kent, BR3 4TU, so as to arrive no later than 2.00 p.m. on 18 July 2016; or
- 2 if you hold your Ordinary Shares in uncertificated form, use the CREST electronic proxy appointment service as described below.

Completion of the Form of Proxy or appointment of a proxy through CREST does not prevent a member from attending and voting in person at the General Meeting.

## **Shares held in uncertificated form – electronic proxy appointment through CREST**

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent, Capita Asset Services (CREST Participant ID RA10), by no later than 48 hours (excluding non-business days) before the time of the General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

**Recommendation**

The Board believes that the Resolutions to be put to the General Meeting are in the best interests of the Shareholders as a whole and, accordingly, recommends that Shareholders vote in favour of the Resolutions.

Yours sincerely

**Mark Pajak**

**Chairman**

## PART IV - UK TAXATION

### United Kingdom taxation

The following summary is intended as a general and non-exhaustive guide only and does not constitute tax advice. The summary sets out the Directors' understanding of certain limited aspects of current UK tax legislation in force at the date of this Circular and the published practice of HMRC in the UK (which, in each case, are subject to change, possibly with retrospective effect) regarding the UK tax position of Shareholders resident and (in the case of individuals) domiciled for tax purposes in the UK, who are absolute beneficial owners of their Ordinary Shares and who hold their Ordinary Shares as an investment (otherwise than under an individual savings account) as regards certain of the proposals outlined in this Circular. This summary does not address the position of certain classes of Shareholders who (together with associates) have a 10 per cent. or greater interest in the Company, or Shareholders who are subject to special rules such as dealers in securities, market makers, brokers, intermediaries, collective investment schemes, pension funds, charities or insurance companies.

The position of Shareholders who are officers or employees of the Company or others who provide investment management services to the Company is also not considered. Such Shareholders may be subject to an alternative tax regime and should therefore seek tax advice specific to their individual circumstances.

**Any Shareholder who is in any doubt as to his tax position or who is subject to tax in a jurisdiction other than the UK should consult his professional advisers immediately as to the tax consequences of the proposals outlined in this Circular.**

### UK taxation on chargeable gains

It is expected that in practice, the proposed Ordinary Share Reorganisation should be treated as a reorganisation of the Company's share capital for the purposes of section 126 of the Taxation of Chargeable Gains Act 1992. On this basis, for the purposes of UK taxation of chargeable gains, to the extent that a Shareholder is credited with New Ordinary Shares under the proposed Ordinary Share Reorganisation, they should not be treated as making a disposal of any of their Existing Ordinary Shares or an acquisition of New Ordinary Shares. The New Ordinary Shares will be treated as the same asset as, and as having been acquired at the same time and for the same aggregate cost as, the holding of Existing Ordinary Shares from which they derive.

As the proceeds of the sale of the New Ordinary Shares representing fractional entitlements of Shareholders are expected to be de minimis, these are not considered here.

### UK stamp duty and Stamp Duty Reserve Tax ("SDRT")

**The statements below are intended as a general guide to the current position. They may not apply to certain intermediaries who are not liable to stamp duty or SDRT, or to persons connected with depositary arrangements or clearance services, who may be liable at a higher rate.**

No liability to stamp duty or SDRT will be incurred by Shareholders as a result of the proposed Ordinary Share Reorganisation.

#### *Current position – AIM*

Finance Act 2014 abolished stamp duty and SDRT on shares admitted to trading on "recognised growth markets" and not listed on any market. AIM is a recognised growth market for these purposes and the Existing Ordinary Shares are not listed on any market. Therefore, currently, a conveyance or transfer on a sale of Existing Ordinary Shares will not be subject to stamp duty and any agreement to transfer Existing Ordinary Shares will not be subject to SDRT.

#### *Future position – Main Market*

It is proposed that the New Ordinary Shares be listed on the SFS of the Main Market, which is not a recognised growth market for the purposes of the stamp duty/SDRT exemption referred to above.

Therefore, going forwards, any conveyance or transfer on a sale of New Ordinary Shares will usually be subject to stamp duty on the instrument of transfer at a rate of 0.5 per cent. of the amount or value of the consideration (rounded up, if necessary, to the nearest £5). A charge to SDRT at the rate of 0.5 per cent. will arise in relation to an unconditional agreement to transfer such shares. However, where within six years of the date of the agreement (or, if the agreement was conditional, the date the agreement became unconditional) an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to SDRT will be cancelled or repaid. The liability to pay stamp duty or SDRT is generally satisfied by the purchaser or transferee.

A transfer of shares effected on a paperless basis through CREST (where there is a change in the beneficial ownership of the shares) will generally be subject to SDRT at the rate of 0.5 per cent. of the value of the consideration given. CREST is obliged to collect SDRT on relevant transactions settled within the system.

## **PART V - SUMMARY OF SHARE RIGHTS**

The proposed New Articles are available on the Company's website. A summary of certain provisions contained in the New Articles, relating to key rights attaching to the Ordinary Shares and C Shares (if issued), is set out below:

### *(a) Voting rights*

On a poll, every shareholder present in person or by proxy will have one vote for every Share of which he is the holder.

If there are C Shares in issue, the voting rights of holders of C Shares will be the same as those applying to holders of Ordinary Shares as if the C Shares and Ordinary Shares were a single class.

### *(b) Dividend rights*

The Company does not currently propose to pay any dividends. As the Ordinary Shares are a different class of shares to the C Shares, any dividends declared could be declared on one class of Shares or the other, or both. The dividends paid would reduce the assets held on behalf of the relevant class of Shares.

As all of the Ordinary Shares are fully paid, Ordinary Shareholders are entitled to participate in dividends declared on the Ordinary Shares pro rata to the number of Ordinary Shares held by them.

If there are C Shares in issue, C Shareholders would be similarly entitled to participate in dividends declared on the C Shares pro rata to the number of C Shares held by them.

### *(c) Rights on return of capital*

The surplus capital and assets of the Company on a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares) at a time when any C Shares are for the time being in issue and prior to the Date on which C Shares convert into Ordinary Shares will be applied amongst the holders of the Ordinary Shares and the C Shares on a relative net asset basis in accordance with the provisions set out in the New Articles.

## PART VI - NOTICE OF GENERAL MEETING

### CRAVEN HOUSE CAPITAL PLC

(Registered in England and Wales with no. 05123368)

**NOTICE** is hereby given that a general meeting of Craven House Capital plc (the "**Company**") will be held at 60 Cannon Street, London EC4N 6NP on 20 July 2016 at 2.00 p.m. for the transaction of the following business:

To consider and, if thought fit, to pass the following resolutions:

#### ORDINARY RESOLUTIONS

1. THAT, conditional upon the passing of Resolutions 2 and 5 below, in accordance with section 622 of the Companies Act 2006 (the "**Companies Act**") (using the US dollar: Pound Sterling spot rate of exchange prevailing as at 24 June 2016 (US\$1.3626:£1)), on a date to be determined by the Directors not more than 28 days after the passing of this resolution, each existing ordinary share of £0.001 each in the capital of the Company shall be redenominated as an ordinary share of US\$0.0013626 in the capital of the Company.

2. THAT, conditional upon the passing of Resolutions 1 and 5, immediately following the redenomination of the Company's share capital pursuant to Resolution 1 above, in accordance with Article 81 of the articles of association described in Resolution 5 below (the "**New Articles**"), every 734 issued ordinary shares of US\$0.0013626 in the capital of the Company, held by any holder or joint holders of the 1,349,781,519 ordinary shares in issue, shall be consolidated into one ordinary share of US\$1.00 each in the capital of the Company and, in accordance with Article 83 of the New Articles, the Directors be and hereby are authorised to sell any fractional shares arising from the consolidation at the best price reasonably obtainable and to donate the net proceeds of such sale to Mind (the National Association for Mental Health) of 15-19 Broadway, Stratford, London E15 4BQ, being a charity registered in England and Wales with registered number 219830.

3. THAT the Directors be and are generally and unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to issue and allot up to 50 million Shares in aggregate, in any combination of Ordinary Shares and C Shares pursuant to the Offer for Subscription, such authority to expire at the conclusion of the annual general meeting of the Company to be held in 2017 or after a period of 18 months from the date of the passing of this resolution, whichever is the earlier, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of Shares in pursuance of such an offer or agreement as if such authority had not expired.

#### SPECIAL RESOLUTIONS

4. THAT the Directors be and are empowered (pursuant to sections 570 and 573 of the Companies Act) to allot Ordinary Shares and C Shares and to sell Ordinary Shares and C Shares from treasury for cash pursuant to the authority referred to in Resolution 3 above as if section 561 of the Companies Act did not apply to any such allotment or sale, such power to expire at the conclusion of the annual general meeting of the Company to be held in 2017 or after a period of 18 months from the date of the passing of this resolution, whichever is the earlier, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or agreement as if such power had not expired. Notwithstanding this authority, no Ordinary Shares or C Shares will be issued under this authority (whether on a pre-emptive basis to existing Shareholders or otherwise) at a gross price which is less than the Net Asset Value per Ordinary Share or US\$10.00 per C Share (as applicable) at the time of their issue.

5. THAT the articles of association presented to the meeting and initialled by the Chairman for the purposes of identification be and are adopted as the Company's articles of association with immediate effect, in substitution for and to the exclusion of the Company's existing articles of association.

6. THAT the Migration (as defined and further described in the Circular, including without limitation the cancellation of the Company's AIM quotation subject to the admission of the Company's shares to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange) be and is hereby approved and the Directors be and are generally and unconditionally authorised to undertake the Migration.

BY ORDER OF THE BOARD

Secretary: Alexandra Eavis

Date 27 June 2016

Registered Office: 60 Cannon Street, London EC4N 6NP

**Notes:**

- (i) A member entitled to attend and vote at the General Meeting convened by the above Notice is entitled to appoint a proxy to exercise all or any of the rights of the member to attend and speak and vote on his behalf. A proxy need not be a member of the Company. A member 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 member. The right to appoint a proxy does not apply to any person to whom this Notice is sent who is a person nominated under section 145 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**").
- (ii) To appoint a proxy you may:
  - (a) use the Form of Proxy enclosed with this Notice of General Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be received by post or (during normal business hours only) by hand to Capita Asset Services at PXS1, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU no later than no later than 2.00 p.m. on 18 July 2016; or
  - (b) if you hold your shares in uncertificated form, use the CREST electronic proxy appointment service as described on page 10 of the circular accompanying this Notice of General Meeting.

Further details on how to direct your proxy to vote on resolutions or withhold their vote are set out in the notes to the Form of Proxy.

- (iii) Completion of the Form of Proxy or appointment of a proxy through CREST will not prevent a member from attending and voting in person.
- (iv) Any corporation which is a shareholder in the Company may appoint one or more corporate representatives who may exercise on its behalf all of that corporation's powers as a shareholder of the Company provided that, where there is more than one corporate representative appointed, they do not attempt to exercise the corporation's rights in respect of the same shares.
- (v) Any member or his corporate representative or proxy attending the Meeting has the right to ask any question at the General Meeting relating to the business of the General Meeting.
- (vi) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only shareholders registered in the register of members of the Company as 2.00 p.m. on 18 July 2016 shall be entitled to attend and vote at the General Meeting in respect of the number of shares registered in their name at such time. If the General Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned General Meeting is at close of business two days before the time fixed for the adjourned General Meeting. Changes to the register of members after the relevant



times shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.

- (vii) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (viii) Save as set out in these notes, members who have general queries relating to the General Meeting should contact Capita Asset Services on 0871 664 0300. Calls cost 12p per minute plus your phone company's access charge. If you are outside the UK, please call +44 371 664 0300. Calls outside the UK will be charged at the applicable international rate. Lines are open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales (no other methods of communication accepted). Please note that you may not use any electronic address or other contact details provided in this Notice of General Meeting, or any related documents (including the Chairman's letter and Form of Proxy), for any purpose other than those expressly stated.
- (ix) As at 24 June 2016 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 1,349,781,519 ordinary shares, carrying one vote each, and 155,958,824 deferred shares, carrying zero votes each. Therefore, the total voting rights in the Company as at 24 June 2016 are 1,349,781,519.
- (x) A Nominated Person may under an agreement between him/her and the member who nominated him/her, have a right to be appointed (or to have someone else appointed) as a proxy entitled to attend and speak and vote at the General Meeting. Nominated Persons are advised to contact the member who nominated them for further information on this and the procedure for appointing any such proxy.
- (xi) If a Nominated Person does not have a right to be appointed, or to have someone else appointed, as a proxy for the General Meeting, or does not wish to exercise such a right, he/she may still have the right under an agreement between himself/herself and the member who nominated him/her to give instructions to the member as to the exercise of voting rights at the General Meeting. Such Nominated Persons are advised to contact the members who nominated them for further information on this.