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If you have sold or otherwise transferred all of your shares in Ground Rents Income Fund plc, please send this document, together with the accompanying documents, at once to the purchaser or transferee or to the stockbroker, bank, or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold or transferred only part of your holding of shares in Ground Rents Income Fund plc you should consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

This document does not constitute or form part of any offer or invitation to sell or issue, or solicitation of any offer to purchase or subscribe for, securities in the Company.

You are reminded that any purchase of or subscription for securities in the Company must only be made solely on the basis of the information contained in the listing document relating to the Company. No reliance for any purchase of or subscription for securities in the Company may be placed for any purposes whatsoever on the information contained in this document or on its completeness. No representation or warranty, express or implied, is given by or on behalf of the Company or any of its advisers as to the accuracy or fairness or completeness of the information or the opinions contained in this document and no liability is accepted for any such information or opinions.

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# **Ground Rents Income Fund plc**

*(incorporated in England and Wales with company no. 8041022)*

## **PROPOSED PLACING OF 38,550,000 NEW CONVERTIBLE PREFERENCE SHARES**

**and**

## **NOTICE OF GENERAL MEETING**

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**Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 5 to 9 of this document and which recommends you to vote in favour of the Resolutions to be proposed at the General Meeting which is referred to below. Please read the whole of this document and, in particular, the information set out at Part 2 of this document.**

Notice of a General Meeting of the Company, to be held at the offices of the Company, 111 Park Street, London W1K 7JL at 10.30 a.m. on 23 May 2013, is set out at on pages 17 to 23 of this document. To be valid, the accompanying Form of Proxy for use in connection with the General Meeting should be completed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by not later than 10.30 a.m. on 21 May 2013. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates set out below are subject to change without further notice. All times are London times unless otherwise stated.

	2013
Publication of this document, the Placing Announcement and the Listing Document	3 May
Latest time and date for receipt of individual Forms of Proxy for General Meeting	10.30 a.m. on 21 May
General Meeting	10.30 a.m. on 23 May
Admission and commencement of dealings in the Convertible Preference Shares on CISX and SETSqx	8.00 a.m. on 24 May
CREST accounts expected to be credited with Convertible Preference Shares to be held in uncertificated form	24 May
Despatch of definitive share certificates (if applicable) in respect of Convertible Preference Shares to be held in certificated form*	The week commencing 10 June
Long stop date for calculation of Convertible Preference Share Conversion Ratio	24 May 2014

*\* or as soon as practicable thereafter. No temporary documents of title will be issued.*

## PLACING STATISTICS

Placing Price per Convertible Preference Share	100p
Initial Net Asset Value per Convertible Preference Share	98p
Number of Convertible Preference Shares being placed	38,550,000
Number of existing Ordinary Shares in issue	48,242,300
Convertible Preference Share SEDOL	CISX: B8Y5RC7
	SETSqx: B8DWRG3
Convertible Preference Share ISIN	GB00B8DWRG34
Ticker	GRIP

## PART 1

# LETTER FROM THE CHAIRMAN OF GROUND RENTS INCOME FUND PLC

## GROUND RENTS INCOME FUND plc

(incorporated in England and Wales with company no. 8041022)

*Directors:*

Malcolm Naish (*Chairman*)  
Paul Craig  
Simon Wombwell

*Registered Office:*

111 Park Street  
London W1K 7JL

3 May 2013

Dear Shareholder,

### PROPOSED PLACING OF 38,550,000 NEW CONVERTIBLE PREFERENCE SHARES AND NOTICE OF GENERAL MEETING

#### 1. Introduction

Further to the announcement on 3 April 2013, the Board announced earlier today that it proposes to raise approximately £38.6 million (£37.8 million net of expenses) by way of a conditional placing of 38,550,000 new Convertible Preference Shares at a price of 100 pence per Convertible Preference Share. The Placing is being carried out by way of a non-pre-emptive placing to institutional and other professional investors and is being arranged by N+1 Singer pursuant to, and conditional upon, the terms of the Placing Agreement.

The Placing is conditional, *inter alia*, upon the Company obtaining approval from its Shareholders. Accordingly, your Board has convened a general meeting, notice of which appears on pages 17 to 23 of this document to be held at 10.30 a.m. at the offices of the Company, 111 Park Street, London W1K 7JL at 10.30 a.m. on 23 May 2013, the purpose of which is to consider and if thought fit pass the Resolutions.

**The purpose of this document is to explain the background to and reasons for the Placing, to provide you with details of the Resolutions and to explain why the Directors consider the Placing and Resolutions to be in the best interests of the Company and the Shareholders as a whole, and are unanimously recommending that you vote in favour of the Resolutions to be proposed at the General Meeting.**

**The contents of this letter are important and I would urge you to read it carefully and to sign and return the enclosed Form of Proxy in accordance with the instructions given thereon and in paragraph 9 below headed "Action to be taken" as soon as possible.**

#### 2. Information on the Company

The Company is a closed-ended real estate investment trust (**REIT**) incorporated in England and Wales on 23 April 2012, and tax resident in the United Kingdom. The Company was admitted to the Official List of the CISX and to trading on the SETSqx platform of the London Stock Exchange plc in August 2012 and raised approximately £48.2 million at that time through a placing and offer for subscription of Ordinary Shares with warrants attached on a one for five basis.

#### 3. Background to and reasons for the Placing

Since First Admission the Company has invested 74 per cent. of the net proceeds from the First Placing into a diversified portfolio of Ground Rents assets and has identified a strong pipeline of opportunities for completion in 2013.

The Board believes that there is further existing and new investor demand for investment in the Company and, accordingly, the Directors believe it is in the best interests of Shareholders and the Company to raise further monies by way of the Placing in order to capitalise on the opportunities available to the Company.

The Placing will consist of the issue of 38,550,000 Convertible Preference Shares. Convertible Preference Shares are designed to minimise the cash drag on the Company's financial performance, and to protect the income returns for existing shareholders.

The Convertible Preference Shares will, on issue, be entitled to a fixed cumulative preferential dividend at an annual rate of 2 (two) per cent. of the amount paid up on the Convertible Preference Shares. Such dividend shall be payable quarterly. The Convertible Preference Shares will be treated as a liability of the Company for accounting purposes and the dividend will be treated as an interest charge, but the Convertible Preference Shares will not form part of the Company's borrowings for the purpose of calculating gearing. The Convertible Preference Shares are freely transferable, confer no right of redemption, and are non-voting, save where the dividend referred to above is unpaid.

The Directors shall establish a separate pool of assets and liabilities which they shall attribute to the issue proceeds of the Convertible Preference Shares, and a single separate pool of assets and liabilities which they shall attribute to the issue proceeds of the Ordinary Shares (each, a **Pool**). The Directors shall maintain all the assets, income, earnings, liabilities, expenses and costs of each Pool separate and separately identifiable from all other assets, income, earnings, liabilities, expenses and costs of the Company and other the other Pool. Such Pools will be the basis on which Net Asset Value per Convertible Preference Share and the Net Asset Value per Ordinary Share are calculated.

The Convertible Preference Shares will convert into Ordinary Shares at the Convertible Preference Share Conversion Time. The number of Ordinary Shares to be issued on conversion will be calculated by the ratio based on the Net Asset Value per Convertible Preference Share and the Net Asset Value per Ordinary Share at the Convertible Preference Share Conversion Time. To the extent that income earned between Admission and the date of conversion on the assets which are in the Pool attributable to the Convertible Preference Shares differs from the 2 per cent. coupon paid to the holders of Convertible Preference Share, the Net Asset Value per Convertible Preference Share will be increased or decreased for the purpose of the conversion ratio to reflect such difference.

The Directors confirm that, save where they otherwise consider it to be in the best interests of the Company to do so, they do not intend to convert the Convertible Preference Shares into Ordinary Shares until the earlier of (a) 12 months after Admission and (b) such time as the Property Manager has given notice to the Directors that 90 per cent. of the subscription monies attributable to the Placing have been invested or committed to be invested.

Further details of the rights attaching to the Convertible Preference Shares to be issued pursuant to the Placing are set out in Part 2 of this document.

#### **4. Use of proceeds**

The Directors intend to use the net proceeds of the Placing, estimated at approximately £37.8 million in aggregate after expenses, to fund future Ground Rent investments as well as to fund the Company's operational expenses. Such expenses are expected to include (i) acquisition costs and expenses (such as due diligence costs, legal, tax advice and taxes); (ii) Directors' fees; (iii) fees payable to the Investment Adviser; and (iv) other operational costs and expenses.

Suitable acquisition opportunities may not be immediately available. It is likely, therefore, that for a period following Admission and at certain other times (for example, following the disposal of an acquired property), the Company will have surplus cash.

#### **5. The Placing**

Pursuant to the terms of the Placing Agreement, N+1 Singer has, as agent of the Company, conditionally placed with institutional and other professional investors 38,550,000 Convertible Preference Shares at a price

of 100 pence per Convertible Preference Share, to raise approximately £38.6 million (approximately £37.8 million net of expenses).

The Company has entered into the Placing Agreement dated 2 May 2013, with the Investment Adviser, and N+1 Singer, pursuant to which, subject to certain conditions, N+1 Singer has agreed to use reasonable endeavours to procure subscribers for Convertible Preference Shares at the Placing Price. The Placing Agreement may be terminated by N+1 Singer in certain customary circumstances prior to Admission.

The obligation of the Company to issue the Convertible Preference Shares and the obligation of N+1 Singer to use its reasonable endeavours to procure subscribers for Convertible Preference Shares is subject to certain conditions that are typical for an agreement of this nature. These conditions include, among others: (i) Admission occurring and becoming effective by 8.00 a.m. London time on or prior to 24 May 2013 (or such later time and/or date, not being later than 30 June 2013, as the Company and N+1 Singer may agree); and (ii) the Placing Agreement not having been terminated in accordance with its terms.

The Company and the Investment Adviser have given warranties to N+1 Singer concerning, *inter alia*, the accuracy of the information contained in the Listing Document. The Company and the Investment Adviser have also given indemnities to N+1 Singer. The warranties and indemnities given by the Company and the Investment Adviser are standard for an agreement of this nature.

Under the terms of the Placing Agreement the Company is required to pay the expenses of the Placing and Admission, (such amounts being **Expenses**). In addition to the Expenses the Company is required to pay to N+1 Singer an amount equal to the amount by which the Expenses are less than 2 per cent. of the aggregate amount raised pursuant to the Placing. N+1 Singer have agreed to pay an agreed percentage of this amount to the Investment Adviser, calculated on the extent of the participation in the Placing of certain investors identified in the Placing Agreement.

The Placing Agreement is governed by the laws of England and Wales.

## **6. Brooks Macdonald's participation in the Placing**

Certain members of the Brooks Macdonald Group have agreed to subscribe for in aggregate, 4,000,000 Convertible Preference Shares at the Placing Price on behalf of funds managed by them.

## **7. Appointment of the Investment Adviser**

The Alternative Investment Funds Management Directive (**AIFMD**) comes into effect in July 2013. Under AIFMD there is a requirement for the fund manager of any Alternative Investment Fund (as defined in AIFMD) to be a regulated entity. The Company will be deemed an "Alternative Investment Fund" for the purposes of AIFMD. The Directors will appoint Brooks Macdonald Funds Limited as the Investment Adviser, which is authorised by the FCA as a fund manager and operator of collective investment schemes on Admission. It is a sister company of the existing adviser, the Property Manager, and shares a number of common directors. The Investment Adviser will delegate the collection of income from Ground Rents to the Property Manager.

The Investment Adviser will enter into an agreement on the same terms as the Property Adviser Agreement, save that for each one year period of the Investment Adviser Agreement, the Investment Adviser will be entitled to an initial fee of £210,000 per annum on Admission, increasing to £270,000 per annum once 50 per cent. of the subscription monies attributable to the Placing have been invested, payable monthly in arrears. In common with the Property Adviser Agreement, the Investment Adviser will also be entitled to retain 50 per cent. of all insurance commission relating to the properties. In each accounting period where the then current fee plus the amount of insurance commission the Investment Adviser retains is in excess of 0.55 per cent. of the average market capitalisation of the Company for that accounting period, the Investment Adviser will pay an amount equal to the excess to the Company by way of refund from the fee. In addition, upon completing the purchase of a property which has been introduced by the Investment Adviser and where no other agency fees are payable, the Investment Adviser shall be entitled to an agency fee of 2 per cent. of the purchase price of such property. Where the third party fee is less than 2 per cent. of the purchase price for the Property, the Investment Adviser will be entitled to an additional agency fee equal to 50 per cent. of the

difference between 2 per cent. of the purchase price and the third party agency fee. The Property Manager's fees will not be an additional charge on the Company, as the Investment Adviser will pay the Property Manager for its services out of the Management Fee.

Further details on the Investment Adviser are contained in the Listing Document which accompanies this Circular.

## **8. General Meeting**

A general meeting of the Company, notice of which is set out on pages 17 to 23 of this document, is to be held on 23 May 2013 at 10.30 a.m. at the offices of the Company, 111 Park Street, London W1K 7JL for the purpose of considering and, if thought fit, passing the Resolutions. The Placing is conditional on the Resolutions as set out in the notice of General Meeting being passed without amendment.

The Directors are seeking authority from Shareholders to create and allot the Convertible Preference Shares pursuant to the Placing, to disapply statutory pre-emption rights in respect of such Convertible Preference Shares and to amend the Articles to create the rights attaching to the Convertible Preference Shares.

A Form of Proxy for use at the General Meeting is enclosed with this document (see paragraph 9 below headed "**Action to be taken**").

Shareholders have the right to attend, speak and vote at the General Meeting (or, if they are not attending the meeting, to appoint someone else as their proxy to vote on their behalf) if they are on the Register at the Voting Record Time (being 6.00 p.m. on 21 May 2013). Changes to entries in the Register after the Voting Record Time will be disregarded in determining the rights of any person to attend and/or vote at the General Meeting. If the General Meeting is adjourned, only those Shareholders on the Register at 6.00 p.m. on the day which is two days before the date of the adjourned General Meeting will be entitled to attend, speak and vote or to appoint a proxy.

**The number of Ordinary Shares a Shareholder holds as at the Voting Record Time will determine how many votes a Shareholder or his/her proxy will have in the event of a poll.**

### *Explanation of the Resolutions to be proposed at the General Meeting*

The notice convening the General Meeting sets out the Resolutions which will be proposed at it. An explanation of these Resolutions is set out below:

#### *Resolution 1*

This ordinary resolution authorises the Directors to allot shares, including the Convertible Preference Shares pursuant to the Placing, up to an aggregate nominal amount of £27,275,000. Such authority, if given, will expire on the conclusion of the Company's next annual general meeting.

#### *Resolution 2*

This special resolution disapplies the statutory pre-emption rights set out in the Companies Act to permit the Directors to allot (i) Convertible Preference Shares pursuant to the Placing, and/or (ii) Shares to existing Shareholders, where such offer is made in proportion to their existing holdings, and/or (iii) Shares otherwise up to an aggregate nominal amount of £2,400,000, in each case as if the statutory pre-emption rights set out in the Companies Act did not apply to any such allotment.

#### *Resolution 3*

This special resolution amends the Articles, so that the Company is able to issue the Convertible Preference Shares on the terms set out in Part 2 of this document.

If all the Resolutions are not passed, the Placing will not proceed.



**9. Action to be taken**

**A Form of Proxy for use at the General Meeting accompanies this document. The Form of Proxy should be completed in accordance with the instructions therein and returned to the Company's registrars, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event so as to be received by 10.30 a.m. on 21 May 2013. The completion and return of a Form of Proxy will not preclude a Shareholder from attending the General Meeting and voting in person should they so wish.**

**10. Recommendation**

**The Directors consider the Placing to be in the best interests of the Company and its Shareholders as a whole and accordingly recommend unanimously that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.**

Yours faithfully

**Malcolm Naish**  
*Chairman*

## PART 2

### SUMMARY OF RIGHTS OF CONVERTIBLE PREFERENCE SHARES

The Convertible Preference Shares are being made available for subscription pursuant to the Placing. The rights attaching to the Convertible Preference Shares are as follows:

#### 1. Definitions

The following definitions apply (for the purposes of this Part 2 only) in addition to or (where applicable) in substitution for, the definitions applicable elsewhere in this document:

- (a) **Accountants Report** has the meaning given in paragraph 4(a) below.
- (b) **Class** means any class of shares from time to time created by the Company.
- (c) **Convertible Preference Share Conversion** means the conversion of that Class of Convertible Preference Shares into Ordinary Shares.
- (d) **Convertible Preference Share Conversion Ratio** means the ratio set out in paragraph 4(c) below.
- (e) **Payment Date** has the meaning given in paragraph 2(d) below.
- (f) **Pool** means a separate pool of assets and liabilities as described in paragraph 3(a) below created for a Class of shares.

#### 2. Convertible Preference Shares

- (a) If there are in issue at the same time Convertible Preference Shares carrying different rights, each shall be deemed to be a separate Class. The Directors may if they so decide, designate each Class of Convertible Preference Shares in such a manner as they see fit in order that each Class of Convertible Preference Shares can be identified.
- (b) At a Convertible Preference Share Conversion Time, the relevant Class of Convertible Preference Shares shall be converted into Ordinary Shares in accordance with the provisions of paragraph 4 below.
- (c) Any Class of Convertible Preference Shares shall rank *pari passu* with each other Class of Convertible Preference Shares in issue from time to time.
- (d) The Company shall, without resolution of the Board or of the Company in general meeting and before application of any profits to reserve or for any other purpose first, but subject always to the Articles pay in respect of each Convertible Preference Share, the Convertible Preference Share Dividend in four equal instalments on 31 March, 30 June, 30 September and 31 December (each a **Payment Date**) in each year to the person registered as the holder of such Convertible Preference Share at the relevant Payment Date and which shall accrue daily and be calculated in respect of the period to and including such Payment Date assuming a 365 day year. The first payment in respect of a Class of Convertible Preference Share shall be made for the period from and excluding the date of issue of the relevant Class of Convertible Preference Share until and including the next Payment Date.
- (e) Convertible Preference Shareholders shall have the right to attend, speak and vote at:
  - (i) meetings or general meetings of the relevant Class of Convertible Preference Shareholders in accordance with the provisions of the Articles; and

- (ii) general meetings of the Company in accordance with the provisions of the Articles only where the Convertible Preference Shares Dividend has been outstanding and unpaid for a period of 2 months and remains so at the date of the relevant general meeting.
- (f) The Convertible Preference Shares shall be transferable in accordance with the Articles.
- (g) The Convertible Preference Shares shall confer no right of redemption.
- (h) On a winding up or other return of capital (other than on a purchase by the Company of Convertible Preference Shares), the holders of the Convertible Preference Shares shall be entitled to receive an amount per Convertible Preference Share equal to:
  - (i) the nominal amount of a Convertible Preference Share together with such premium (if any) as may be determined by the Directors (or by such procedure, mechanism or formula determined by the Directors) prior to the allotment thereof (provided that the Directors shall have regard to the amount which is reasonably comparable to a return on capital generally expected for a share entitled to a fixed dividend which is listed on a recognised stock exchange, and any such premium shall not exceed such specified amount as may be determined by the Directors prior to the allotment thereof); and
  - (ii) all arrears and accruals (if any) of the Convertible Preference Share Dividend payable thereon, whether or not such Convertible Preference Share Dividend has been earned or has become due and payable, to be calculated up to and including the day of such return of capital.
- (i) Convertible Preference Shares shall rank on a winding up in priority to all other shares of the Company from time to time in issue.

### 3. Net Asset Value of Shares

- (a) If at any time a Class of Convertible Preference Shares is in issue, the Directors shall establish a separate pool of assets and liabilities attributable to each such Class of Convertible Preference Shares, and a single separate pool of assets and liabilities attributable to the Ordinary Shares (each, a **Pool**). For the avoidance of doubt, if a number of Classes of Convertible Preference Shares are in issue, a separate Pool shall be established for each such Class. The Directors shall maintain all the assets, income, earnings, liabilities, expenses and costs of each Pool separate and separately identifiable from all other assets, income, earnings, liabilities, expenses and costs of the Company and other Pools and the following provisions shall apply thereto:
  - (i) any consideration received on, or proceeds from, the allotment and issue of shares of a particular Class shall be applied to the Pool which relates to such Class of shares, and the assets, liabilities, income and expenditure attributable thereto shall be applied only to that Pool subject to the following sub-paragraphs of this Article. On a repurchase of any shares of a particular Class, the assets of the Pool which relates to such Class of shares shall be reduced by an amount equal to the repurchase monies;
  - (ii) for each Pool, the Company shall keep separate books and records in which all transactions relating to that Pool shall be recorded;
  - (iii) any asset derived from any other asset or assets (whether cash or otherwise) comprised in any Pool shall be applied in the books and records of the Company to the same Pool as the asset or assets from which it was derived any increase or diminution in the value of an asset comprised in a Pool shall be applied to that Pool;
  - (iv) in the event that there is any asset of the Company which the Directors do not consider readily attributable to a particular Pool, the Directors shall allocate such asset in such manner and on such basis as they in their discretion deem fair and equitable and the Directors shall have the power to, and may at any time and from time to time, vary such basis in respect of any asset not previously allocated;

- (v) the Directors shall have discretion to determine the basis upon which any liability shall be allocated between the Pools (including conditions as to subsequent allocations thereof if circumstances so permit or require) and shall have power at any time and from time to time to vary such basis;
  - (vi) subject as otherwise provided in these Articles, the assets held for each Pool shall be applied solely in respect of the Class of shares of the Pool for which the relevant Pool was established and these Articles shall be construed accordingly; and
  - (vii) notwithstanding the foregoing, if a Pool has insufficient funds or assets to meet the debts and liabilities attributable to such Pool, any such shortfall shall be paid out of the assets attributable to the other Pools in proportion to the respective net assets of the Pools.
- (b) To the extent that net income earned on the assets of a Pool attributable to a Class of Convertible Preference Shares between the date of issue of such Class of Convertible Preference Shares and the date of the relevant Convertible Preference Share Conversion differs from the amount of Convertible Preference Share Dividend paid to the holders of the relevant Class of Convertible Preference Shares during such period, this will be reflected in the calculation of Net Asset Value per Convertible Preference Share for the purpose of the conversion ratio set out in paragraph 4(c), so that if such net income is:
- (i) greater than the amount of the relevant Convertible Preference Share Dividend, the calculation of Net Asset Value will be increased by such excess; and
  - (ii) less than the amount of the relevant Convertible Preference Share Dividend, the calculation of Net Asset Value will be decreased by such shortfall.
- (c) The Company shall give appropriate instructions to the Adviser to manage the Company's assets so that such undertakings can be complied with by the Company.

#### 4. **Convertible Preference Share Conversion**

- (a) At a Convertible Preference Share Calculation Time, the Directors shall instruct a firm of chartered accountants or such other person as the Directors shall reasonably see fit to deliver a report (the **Accountants Report**) within 20 Business Days after the Convertible Preference Share Calculation Time stating:
- (i) that the provisions of the Articles have been complied with in respect of the relevant Convertible Preference Share Conversion; and
  - (ii) the number of Ordinary Shares which shall be issued at the Convertible Preference Share Conversion Time in respect of the relevant Class of Convertible Preference Shares,

whereupon the Convertible Preference Share Conversion shall become final and binding on the Company and all holders of Ordinary Shares and the relevant Class of Convertible Preference Shareholders at the Convertible Preference Share Conversion Time.

- (b) As soon as possible following receipt of the Accountants Report, the Company shall make an announcement advising shareholders of the relevant Convertible Preference Share Conversion Time, the relevant conversion ratio for the relevant Class of Convertible Preference Shares, and the aggregate number of Ordinary Shares to which holders of the relevant Class of Convertible Preference Shares are entitled to on the Convertible Preference Share Conversion.

- (c) The following provisions shall apply to a Convertible Preference Share Conversion:
- (i) the number of new Ordinary Shares to be issued on a Convertible Preference Share Conversion shall be determined by the Directors in accordance with the following formula:

$$NS = \frac{(A \times B)}{C}$$

Where:

- NS is the number of new Ordinary Shares which will be issued at the relevant Convertible Preference Share Conversion Time
- A is the number of Convertible Preference Shares to be converted
- B is the relevant Net Asset Value per Convertible Preference Share at the relevant Convertible Preference Share Calculation Time
- C is the Net Asset Value per Ordinary Share at the relevant Convertible Preference Share Calculation Time
- (d) Upon completion of a Convertible Preference Share Conversion, the assets, liabilities, income, expenditure and liabilities attributable to the relevant Class of Convertible Preference Shares in accordance with paragraph 3 shall be allocated to the Ordinary Shares.
- (e) The Convertible Preference Share Conversion shall be effected by way of redesignation of the relevant Class of Convertible Preference Shares into Ordinary Shares or in such other manner as the Directors may determine in accordance with the applicable law. Fractions of Ordinary Shares arising on such Convertible Preference Share Conversion will be rounded down to the nearest whole share. Any remaining Convertible Preference Shares of the relevant Class will be redeemed by the Company for nominal consideration.

## PART 3

### DEFINITIONS

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

<b>“Admission”</b>	admission of the Convertible Preference Shares to CISX becoming effective in accordance with the CISX Listing Rules;
<b>“AIFMD”</b>	has the meaning given in paragraph 7 of Part 1 of this document;
<b>“Articles”</b>	the articles of association of the Company in force as at the date of this document;
<b>“Board” or “Directors”</b>	the directors of the Company from time to time;
<b>“Brooks Macdonald”</b>	Brooks Macdonald Group plc, a company incorporated in England and Wales with registered number 4402058;
<b>“Brooks Macdonald Group”</b>	Brooks Macdonald and its subsidiaries from time to time;
<b>“Capita Registrars”</b>	a trading name of Capita Registrars Limited;
<b>“certificated” or “in certificated form”</b>	in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in certificated form (that is, not in CREST);
<b>“CISX”</b>	the Channel Islands Stock Exchange, LBG;
<b>“CISX Listing Rules”</b>	the listing rules produced by the CISX for companies whose securities are listed on the CISX, as amended from time to time;
<b>“Companies Act”</b>	UK Companies Act 2006;
<b>“Company”</b>	Ground Rents Income Fund plc, a company incorporated in England and Wales with registered number 8041022;
<b>“Convertible Preference Shares”</b>	38,550,000 convertible preference shares to be issued pursuant to the Placing of 50 pence nominal value;
<b>“Convertible Preference Share Calculation Time”</b>	the earlier of: (a) 5.00 p.m. on the date falling 12 months after the Admission; and (b) 5.00 p.m. on such Business day as the Directors may otherwise determine in their sole discretion;
<b>“Convertible Preference Share Conversion Ratio”</b>	has the meaning given in Part 2 of this document;
<b>“Convertible Preference Share Conversion Time”</b>	the last Business Day in a calendar month falling after the Convertible Preference Share Calculation Time;
<b>“Convertible Preference Shareholders”</b>	holders of Convertible Preference Shares from time to time;

<b>“Convertible Preference Share Dividend”</b>	a fixed cumulative preferential dividend at the annual rate of 2 (two) per cent. per annum of the amount paid up on the Convertible Preference Shares;
<b>“Corporation Tax Act”</b>	the Corporation Tax Act 2010, as amended from time to time;
<b>“CREST”</b>	the relevant system (as defined in the Uncertificated Securities Regulations 2001) to facilitate the transfer of title to shares in uncertificated form in respect of which Euroclear UK & Ireland Limited is the operator (as defined in the Uncertificated Securities Regulations 2001);
<b>“Euroclear UK &amp; Ireland Limited”</b>	the operator of the CREST system;
<b>“Expenses”</b>	has the meaning given in paragraph 6 of Part 1 of this document;
<b>“FCA”</b>	the UK Financial Conduct Authority or any successor body;
<b>“First Admission”</b>	the admission on 13 August 2012 of the Ordinary Shares and warrants (issued and to be issued) to listing on the Daily Official List of the CISX;
<b>“Form of Proxy”</b>	the form of proxy accompanying this document for use at the General Meeting;
<b>“General Meeting”</b>	the general meeting of the Company to be held on 23 May 2013 at 10.30 a.m. at the offices of the Company, 111 Park Street London W1K 7JL, or any adjournment or postponement thereof, notice of which is set out at the end of this document;
<b>“Ground Rents”</b>	the right to receive an annual, pre-determined payment made by a lessee of a property to the freeholder or head leaseholder of that property;
<b>“Group”</b>	the Company and its subsidiaries from time to time;
<b>“Investment Adviser”</b>	the property and investment adviser Brooks Macdonald Funds Limited, a company incorporated in England and Wales with registered number 5730097;
<b>“Listing Document”</b>	the listing document published by the Company on the date of this document, which complies with the requirements of the CISX Listing Rules;
<b>“N+1 Singer”</b>	Nplus1 Singer Advisory LLP, financial adviser and placing agent to the Company, trading as N+1 Singer;
<b>“Net Asset Value” or “NAV”</b>	the value of the assets of the Group attributed to a class or classes of its Shares less its liabilities, calculated in accordance with the accounting principles adopted by the Group from time to time;
<b>“Net Asset Value per Convertible Preference Share”</b>	the Net Asset Value of the assets the Directors attribute to the Convertible Preference Shares divided by the number of Convertible Preference Shares in issue or deemed to be in issue at the time of such valuation;
<b>“Net Asset Value per Ordinary Share”</b>	the Net Asset Value of the assets the Directors attribute to the Ordinary Shares divided by the number of Ordinary Shares in issue or deemed to be in issue at the time of such valuation;

<b>“Ordinary Shares”</b>	ordinary shares of 50 pence nominal value in the capital of the Company;
<b>“Placing”</b>	the conditional placing by N+1 Singer, as agent for the Company, of the Convertible Preference Shares at the Placing Price as described in this document;
<b>“Placing Agreement”</b>	the conditional placing agreement dated 2 May 2013 between the Company, the Investment Adviser and N+1 Singer further details of which are set out at paragraph 5 of Part 1 of this document;
<b>“Placing Announcement”</b>	the announcement by the Company of the Placing released on the date hereof;
<b>“Placing Price”</b>	100p per Convertible Preference Share;
<b>“Pool”</b>	has the meaning given in paragraph 3 of Part 1 of this document;
<b>“Property Adviser Agreement”</b>	the Property Adviser Agreement dated 13 August 2012 between the Company and the Property Manager;
<b>“Property Manager”</b>	the property manager Braemar Estates (Residential) Limited, a company incorporated in England and Wales with registered number 4178736;
<b>“Register”</b>	the register of members of the Company;
<b>“Registrar”</b>	Capita Registrars;
<b>“REIT”</b>	a company or group to which Part 12 of the Corporation Tax Act applies;
<b>“Resolutions”</b>	the Resolutions to be proposed at the General meeting, as set out in the notice of General Meeting on pages 17 to 23 of this document;
<b>“SETSqx”</b>	the London Stock Exchange Electronic Trading service (quotes and crosses) trading platform;
<b>“Shareholders”</b>	the holders of Shares from time to time;
<b>“Shares”</b>	the Ordinary Shares and/or the Convertible Preference Shares as the context requires;
<b>“Sponsor”</b>	Appleby Securities (Channel Islands) Limited;
<b>“subsidiary”</b>	as construed in accordance with section 1261 Companies Act;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“uncertificated” or “in uncertificated form”</b>	in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form (that is, in CREST) and title to which may be transferred by using CREST; and
<b>“Voting Record Time”</b>	in relation to the General Meeting, 6.00 p.m. on 21 May 2013, or if the General Meeting is adjourned, 6.00 p.m. on the day which is two working days before the date of the adjourned meeting.



# NOTICE OF GENERAL MEETING

## Notice of General Meeting

of

## Ground Rents Income Fund plc

*(incorporated in England and Wales with company no. 8041022)*

Notice is hereby given that a general meeting (**General Meeting**) of members of Ground Rents Income Fund plc (the **Company**) will be held on 23 May 2013 at 10.30 a.m. at the offices of the Company, 111 Park Street London W1K 7JL for the purpose of considering and, if thought fit, passing the following resolutions:

### ORDINARY RESOLUTION

1. THAT, subject to and conditional on Resolution 3 in the notice of this meeting being passed, the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the **Act**) to exercise all or any of the powers of the Company to allot shares in the capital of the Company or grant rights to subscribe for or to convert any security into shares in the Company (**Rights**) to such persons and at such times and on such terms as they think proper up to an aggregate nominal amount of £27,275,000 provided that this authority shall expire on the conclusion of the Company's Annual General Meeting in 2014, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this Resolution has expired, and provided also that all authorities vested in the Directors on the date of the notice of this meeting to allot shares or to grant Rights that remain unexercised at the commencement of this meeting are revoked.

### SPECIAL RESOLUTIONS

2. THAT subject to and conditional on Resolution 3 in the notice of this meeting being passed, in substitution for all existing authorities, the Directors be generally empowered in accordance with section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by Resolution 1 in the notice of this meeting, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
  - (a) allotments made in connection with offers of equity securities to the holders of ordinary shares in proportion (as nearly as may be) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of any overseas territory or the requirements of any recognised regulatory body or stock exchange in any territory;
  - (b) the allotment of equity securities up to an aggregate nominal amount of £19,275,000 in respect of the Convertible Preference Shares pursuant to the Placing (as such terms are defined in the circular to shareholders of the Company dated 3 May 2013); and
  - (c) the allotment (other than pursuant to sub-paragraphs (a) and (b) above) of further equity securities up to an aggregate nominal amount of £2,400,000,

and the power hereby granted shall expire at the conclusion of the Company's Annual General Meeting in 2014 save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power confirmed by this resolution has expired.

3. THAT the articles of association of the Company be amended by the inclusion of the following articles:

**“138 Definitions**

For the purposes of Articles 138 to 141 (inclusive) only, the following words and expressions shall bear the following meanings (notwithstanding that a different meaning may be given to any such word or expression in another provision of these Articles)

**Accountants Report** has the meaning given in Article 141(A)

**Admission** means admission of the relevant shares of the Company:

- (a) to listing on the Daily Official List of CISX becoming effective in accordance with the CISX Listing Rules; and
- (b) to trading on the SETSqx platform of the London Stock Exchange becoming effective in accordance with London Stock Exchange rules

**Adviser** means any investment and asset manager of the Company from time to time

**Business Day** means any day where banks in London and the Channel Islands are open for business (excluding Saturdays, Sundays and public holidays)

**CISX** means the Channel Islands Stock Exchange, LBG;

**CISX Listing Rules** the listing rules produced by CISX for companies whose securities are listed on CISX, as amended from time to time

**Class** means any class of shares from time to time created by the Company

**Convertible Preference Shares** means shares of 50 pence nominal value each in the Company designated as Convertible Preference Shares

**Convertible Preference Shareholder** means a person who is a holder of Convertible Preference Shares

**Convertible Preference Share Calculation Time** means the earliest of:

- (a) 5.00 p.m. on the day falling 12 months after Admission, or if such day is not a Business Day, the first Business Day thereafter; and
- (b) 5.00 p.m. on such Business Day as the Directors may otherwise determine in their sole discretion

**Convertible Preference Share Conversion Time** means in relation to any Class of Convertible Preference Shares, the last Business Day in the calendar month which falls immediately after the calendar month in which the relevant Convertible Preference Share Calculation Time falls

**Convertible Preference Share Conversion** means in relation to any Class of Convertible Preference Shares, the conversion of that Class of Convertible Preference Shares into Ordinary Shares, in accordance with the provisions of Article 141

**Convertible Preference Share Dividend** means a fixed cumulative preferential dividend at the annual rate of 2 (two) per cent. of the amount paid up on the relevant Class of Convertible Preference Shares

**Net Asset Value per Convertible Preference Share** means the value of the assets of the Group attributable to the relevant Class of Convertible Preference Shares less the liabilities attributable to the relevant Class of Convertible Preference Shares, divided by the number of Convertible Preference Shares in issue or deemed to be in issue at the time of such valuation, calculated by the Directors in accordance with the accounting principles adopted by the Group from time to time

**Net Asset Value per Ordinary Share** means the value of the assets of the Group attributable to the Ordinary Shares less the liabilities attributable to the Ordinary Shares, divided by the number of Ordinary Shares in issue or deemed to be in issue at the time of such valuation calculated by the Directors in accordance with the accounting principles adopted by the Group from time to time

**Payment Date** has the meaning given in Article 139(E)

**Pool** means a separate pool of assets and liabilities as described in Article 140(A) created for a Class of shares

**SETSqx** means the London Stock Exchange Electronic trading service (quotes and crosses) trading platform

### **139 Convertible Preference Shares**

- (A) The Convertible Preference Shares have attached to them the rights set out in these Articles, and save as stated in these Articles have no further right of participation in the profits and assets of the Company.
- (B) If there are in issue at the same time Convertible Preference Shares carrying different rights, each shall be deemed to be a separate Class. The Directors may if they so decide, designate each Class of Convertible Preference Shares in such a manner as they see fit in order that each Class of Convertible Preference Shares can be identified.
- (C) At the Convertible Preference Share Conversion Time, the relevant Class of Convertible Preference Shares shall be converted into Ordinary Shares in accordance with the provisions of Article 141(A).
- (D) Any Class of Convertible Preference Shares shall rank *pari passu* with each other Class of Convertible Preference Shares in issue from time to time.
- (E) The Company shall, without resolution of the Board or of the Company in general meeting and before application of any profits to reserve or for any other purpose first, but subject always to Article 137 pay in respect of each Convertible Preference Share for the period prior to the relevant Convertible Preference Share Conversion, the Convertible Preference Share Dividend in four equal instalments on 31 March, 30 June, 30 September and 31 December (each a **Payment Date**) in each year to the person registered as the holder of such Convertible Preference Share at the relevant Payment Date and which shall accrue daily and be calculated in respect of the period to and including such Payment Date assuming a 365 day year. The first payment in respect of a Class of Convertible Preference Share shall be made for the period from and excluding the date of issue of the relevant Class of Convertible Preference Share until and including the next Payment Date.
- (F) Convertible Preference Shareholders shall have the right to attend, speak and vote at:
  - (i) meetings or general meetings of the relevant Class of Convertible Preference Shareholders in accordance with the provisions of the Articles; and
  - (ii) general meetings of the Company in accordance with the provisions of the Articles only where the Convertible Preference Shares Dividend has been outstanding and unpaid for a period of 2 months and remains so at the date of the relevant general meeting.
- (G) The Convertible Preference Shares shall be transferable in accordance with Article 35.
- (H) The Convertible Preference Shares shall confer no right of redemption other than in accordance with Article 141(F).
- (I) On a winding up or other return of capital (other than on a purchase by the Company of Convertible Preference Shares) or following the Convertible Preference Share Conversion, the holders of the Convertible Preference Shares shall be entitled to receive an amount per Convertible Preference Share equal to:

- (i) the nominal amount of a Convertible Preference Share together with such premium (if any) as may be determined by the Directors (or by such procedure, mechanism or formula determined by the Directors) prior to the allotment thereof (provided that the Directors shall have regard to the amount which is reasonably comparable to a return on capital generally expected for a share entitled to a fixed dividend which is listed on a recognised stock exchange, and any such premium shall not exceed such specified amount as may be determined by the Directors prior to the allotment thereof); and
  - (ii) all arrears and accruals (if any) of the Convertible Preference Share Dividend payable thereon, whether or not such Convertible Preference Share Dividend has been earned or has become due and payable, to be calculated up to and including the day of such return of capital.
- (J) Convertible Preference Shares shall rank on a winding up in priority to all other shares of the Company from time to time in issue.

#### **140 Net Asset Value of Shares**

- (A) If at any time a Class of Convertible Preference Shares is in issue, the Directors shall establish a separate pool of assets and liabilities attributable to each such Class of Convertible Preference Shares, and a single separate pool of assets and liabilities attributable to the Ordinary Shares (each, a **Pool**). For the avoidance of doubt, if a number of Classes of Convertible Preference Shares are in issue, a separate Pool shall be established for each such Class. The Directors shall maintain all the assets, income, earnings, liabilities, expenses and costs of each Pool separate and separately identifiable from all other assets, income, earnings, liabilities, expenses and costs of the Company and other Pools and the following provisions shall apply thereto:
- (i) any consideration received on, or proceeds from, the allotment and issue of shares of a particular Class shall be applied to the Pool which relates to such Class of shares, and the assets, liabilities, income and expenditure attributable thereto shall be applied only to that Pool subject to the following sub-paragraphs of this Article. On a repurchase of any shares of a particular Class, the assets of the Pool which relates to such Class of shares shall be reduced by an amount equal to the repurchase monies;
  - (ii) for each Pool, the Company shall keep separate books and records in which all transactions relating to that Pool shall be recorded;
  - (iii) any asset derived from any other asset or assets (whether cash or otherwise) comprised in any Pool shall be applied in the books and records of the Company to the same Pool as the asset or assets from which it was derived and any increase or diminution in the value of an asset comprised in a Pool shall be applied to that Pool;
  - (iv) in the event that there is any asset of the Company which the Directors do not consider readily attributable to a particular Pool, the Directors shall allocate such asset in such manner and on such basis as they in their discretion deem fair and equitable and the Directors shall have the power to, and may at any time and from time to time, vary such basis in respect of any asset not previously allocated;
  - (v) the Directors shall have discretion to determine the basis upon which any liability shall be allocated between the Pools (including conditions as to subsequent allocations thereof if circumstances so permit or require) and shall have power at any time and from time to time to vary such basis;
  - (vi) subject as otherwise provided in these Articles, the assets held for each Pool shall be applied solely in respect of the Class of shares of the Pool for which the relevant Pool was established and these Articles shall be construed accordingly; and

- (vii) notwithstanding the foregoing, if a Pool has insufficient funds or assets to meet the debts and liabilities attributable to such Pool, any such shortfall shall be paid out of the assets attributable to the other Pools in proportion to the respective net assets of the Pools.
- (B) To the extent that net income earned on the assets of a Pool attributable to a Class of Convertible Preference Shares between the date of issue of such Class of Convertible Preference Shares and the date of the relevant Convertible Preference Share Conversion differs from the aggregate amount of Convertible Preference Share Dividend paid to the holders of the relevant Class of Convertible Preference Shares during such period, this will be reflected in the calculation of Net Asset Value per Convertible Preference Share for the purpose of the conversion ratio set out in Article 141(C) so that if such net income is:
  - (i) greater than the aggregate amount of the relevant Convertible Preference Share Dividend, the calculation of Net Asset Value will be increased by such excess; and
  - (ii) less than the aggregate amount of the relevant Convertible Preference Share Dividend, the calculation of Net Asset Value will be decreased by such shortfall.
- (C) The Company shall give appropriate instructions to the Adviser to manage the Company's assets so that such undertakings can be complied with by the Company.

#### **141 Convertible Preference Share Conversion**

- (A) At a Convertible Preference Share Calculation Time, the Directors shall instruct a firm of chartered accountants or such other person as the Directors shall reasonably see fit to deliver a report (the **Accountants Report**) within 10 Business Days after the Convertible Preference Share Calculation Time stating:
  - (i) that the provisions of the Articles have been complied with in respect of the relevant Convertible Preference Share Conversion; and
  - (ii) the number of Ordinary Shares which shall be issued at the Convertible Preference Share Conversion Time in respect of the relevant Class of Convertible Preference Shares,

whereupon the Convertible Preference Share Conversion shall become final and binding on the Company and all holders of Ordinary Shares and the relevant Class of Convertible Preference Shareholders at the Convertible Preference Share Conversion Time.

- (B) As soon as possible following receipt of the Accountants Report, the Company shall make an announcement advising shareholders of the relevant Convertible Preference Share Conversion Time, the relevant conversion ratio for the relevant Class of Convertible Preference Shares, and the aggregate number of Ordinary Shares to which holders of the relevant Class of Convertible Preference Shares are entitled as a Class on the Convertible Preference Share Conversion.
- (C) The following provisions shall apply to a Convertible Preference Share Conversion:

The number of new Ordinary Shares to be issued on a Convertible Preference Share Conversion shall be determined by the Directors in accordance with the following formula:

$$NS = \frac{(A \times B)}{C}$$

Where:

- NS is the number of new Ordinary Shares which will be issued at the relevant Convertible Preference Share Conversion Time
- A is the number of Convertible Preference Shares to be converted
- B is the relevant Net Asset Value per Convertible Preference Share at the relevant Convertible Preference Share Calculation Time

- C is the Net Asset Value per Ordinary Share at the relevant Convertible Preference Share Calculation Time
- (D) Upon completion of a Convertible Preference Share Conversion, the assets, liabilities, income, expenditure and liabilities attributable to the relevant Class of Convertible Preference Shares in accordance with Article 140 shall be allocated to the Ordinary Shares.
- (E) The Convertible Preference Share Conversion shall be effected by way of redesignation of the relevant number of the relevant Class of Convertible Preference Shares into the relevant number of Ordinary Shares or in such other manner as the Directors may determine in accordance with the applicable law without any further resolution of the Company. Fractions of Ordinary Shares arising on such Convertible Preference Share Conversion will be rounded down to the nearest whole share. If the Conversion requires:
- (i) more Ordinary Shares to be issued than the number of the relevant Class of Convertible Preference Shares which are in issue, the Directors shall issue additional Ordinary Shares to satisfy the Company's obligations under this Article 141; and
  - (ii) fewer Ordinary Shares to be issued than the number of the relevant Class of Convertible Preference Shares which are in issue, the rights of the remaining Convertible Preference Shares of such Class shall be amended at the time of the relevant Convertible Preference Share Conversion to the rights set out in Article 141(F).
- (F) The rights of any Convertible Preference Shares which in accordance with Article 141(E)(ii) remain in issue following the Convertible Preference Share Conversion of the other Convertible Preference Shares of the same Class shall with effect from the Convertible Preference Share Conversion Time be amended so that on a return of assets on a winding up or otherwise, they entitle the holder only to payment of 1 penny in respect of his entire holding of such Convertible Preference Shares after the repayment of the capital paid up on the Ordinary Shares and the payment of £5,000.00 on each Ordinary Share and shall entitle the holder to the payment of a fixed cumulative preferential dividend of 0.000000001 pence per Convertible Preference Share payable annually. The holders of such Convertible Preference Shares shall not be entitled to receive notice of or attend or vote at any general meeting of the Company. With effect from the relevant Convertible Preference Share Conversion, each holder of Convertible Preference Shares grants an irrevocable authority on the Company at any time thereafter to appoint any person to execute on behalf of the holders of such Convertible Preference Shares a transfer thereof (and/or an agreement to transfer the same) to such person(s) as the Company may determine as custodian thereof and/or to purchase the same itself (in accordance with the provisions of the Act), in any such case for 1 penny for all such Convertible Preference Shares held by any member, without obtaining any further sanction of the holder or holders thereof and pending such transfer and/or purchase to retain the certificate for such Convertible Preference Shares. Subject to the Act, the Company shall on the relevant Convertible Preference Share Conversion (or as soon as practicable thereafter) redeem all of the relevant Convertible Preference Shares then in issue, at a price of 1 penny in aggregate for all the such Convertible Preference Shares held by any member and redeemed at any one time, and shall give the registered holders of such shares not less than 10 Business Days' previous notice in writing of its intention so to do, fixing a time and place for the redemption. Failure to give such notice shall not invalidate the redemption.

By order of the Board

Dated: 3 May 2013

**Martin Robinson**

*Company Secretary*

*Registered Office:*

111 Park Street

London

W1K 7JL

**Notes:**

1. Only those shareholders registered in the shareholders' register of the Company as at 6.00 p.m. on 21 May 2013 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
2. A shareholder of the Company who is entitled to attend and vote at the meeting convened by this notice shall be entitled to appoint another person or two or more persons in respect of different shares held by him, as his proxy to exercise all or any of his rights to attend and speak and to vote in his place at the meeting. Such proxy need not be a shareholder of the Company.
3. A form of proxy in respect of this meeting is 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 copy of such power or authority) must be completed in accordance with the instructions set out on the form and returned to Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by not later than 10.30 a.m. on 21 May 2013. Appointing a proxy will not prevent a shareholder from attending and voting in person at the meeting should he so wish.
4. CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in "the CREST voting service" section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, 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 or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (a "CREST proxy appointment instruction") must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & Ireland Limited ("Euroclear"), and must contain all the relevant information required by the CREST Manual. To be valid, the message (regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by Capita Registrars, as the Company's "issuer's agent" (ID: RA10), by 10.30 a.m. on 21 May 2013. After this time any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of the message's receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer's agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on "Practical limitations of the system". In certain circumstances the Company may, in accordance with the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid.
5. A member that is a corporation can only attend and vote at the meeting in person through one or more duly appointed representatives. Any such representative should bring to the meeting written evidence of his appointment, such as a certified copy of a board resolution of, or a letter from, the corporation concerned confirming the appointment.

