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This document comprises an admission document prepared in accordance with the AIM Rules for Companies. It does not constitute a prospectus for the purposes of the Financial Services and Markets Act 2000 and has not been approved by, or filed with, the UK Financial Conduct Authority ("FCA").

The Company and the Directors, whose names and functions are set out in Part 1 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**Application has been made for the whole of the ordinary share capital of Duke Royalty Limited (the "Company") in issue immediately following the Placing and Subscription (the "Fundraising") to be admitted to trading on AIM, the market operated by the London Stock Exchange.**

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority.**

**A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.**

**Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The Nominated Adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule two to the AIM Rules for Nominated Advisers.**

**The London Stock Exchange has not itself examined or approved the contents of this document.**

**It is expected that dealings in the Ordinary Shares will commence trading on AIM on 23 March 2017. The Ordinary Shares will not be dealt in on any other recognised investment exchange and no other such application has been made.**

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# Duke Royalty Limited

*(Incorporated in Guernsey with registered number 54697)*

**Placing of 25,562,635 new Ordinary Shares at 40 pence per share  
Subscription for 11,937,365 new Ordinary Shares at 40 pence per Share  
and  
Admission to trading on AIM**

**Grant Thornton UK LLP**

*Nominated Adviser*

**Cantor Fitzgerald Europe**  
*Joint Bookrunner and Corporate Broker*

**Mirabaud Securities LLP**  
*Joint Bookrunner and Corporate Broker*

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Upon Admission, the Ordinary Shares being issued pursuant to the Fundraising (the "New Shares") will rank *pari passu* in all respects with the existing issued Ordinary Shares of the Company and will rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company.

Grant Thornton UK LLP, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for the Company and no-one else in connection with the Placing and Admission. It will not regard any other person (whether or not a recipient of this document) as a client in relation to the Placing and Admission and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Grant Thornton UK LLP or for the Placing and Admission or any transaction or arrangement referred to in this document. Grant Thornton UK LLP has not authorised the contents of any part of this document for the purposes of the Prospectus Rules. Grant Thornton UK LLP's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person. No representation or warranty, express or implied, is made by Grant Thornton UK LLP as to, and no liability whatsoever is accepted by Grant Thornton UK LLP in respect of, any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

Cantor Fitzgerald Europe, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for the Company and no-one else in connection with the Placing and Admission. It will not regard any other person (whether or not a recipient of this document) as a client in relation to the Placing and Admission and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Cantor Fitzgerald Europe or for the Placing and Admission or any transaction or arrangement referred to in this document. Cantor Fitzgerald Europe has not authorised the contents of any part of this document for the purposes of the Prospectus Rules.

Mirabaud Securities LLP, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for the Company and no-one else in connection with the Placing and Admission. It will not regard any other person (whether or not a recipient of this document) as a client in relation to the Placing and Admission and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Mirabaud Securities LLP or for the Placing and Admission or any transaction or arrangement referred to in this document. Mirabaud Securities LLP has not authorised the contents of any part of this document for the purposes of the Prospectus Rules.

**An investment in the Company involves a significant degree of risk and may not be suitable for all recipients of this document. A prospective investor should consider carefully whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him. Your attention is drawn to the section entitled 'Risk Factors' in Part 3 of this document.**

Prospective investors should rely only on the information contained in this document. No person has been authorised to give any information or to make any representations other than as contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Directors, Grant Thornton UK LLP, Cantor Fitzgerald Europe or Mirabaud Securities. Recipients of this document are authorised to use it solely for the purpose of considering the acquisition of New Shares and may not reproduce or distribute this document or use any information herein for any purpose other than considering an investment in New Shares. Such recipients of this document agree to the foregoing by accepting delivery of this document.

## **Information not contained in this document**

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct as of any time subsequent to the date hereof.

## IMPORTANT INFORMATION

### General

This document does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or to subscribe for, Ordinary Shares in any jurisdiction in which such an offer or solicitation is unlawful and this document is not for distribution in or into any jurisdiction where action to that purpose is required. The Ordinary Shares have not nor will they be registered under the US Securities Act or with any securities regulatory authority or under the applicable securities laws of any state or other jurisdiction and, unless an exemption under such act or laws is available, may not be offered for sale or subscription or sold or subscribed directly or indirectly within any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations for the account or benefit of any national, resident or citizen of such jurisdictions. The distribution of this document may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

Investors should rely only on the information in this document. No person has been authorised to give any information or to make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors, Grant Thornton, Cantor Fitzgerald Europe or Mirabaud. No representation or warranty, express or implied, is made by Grant Thornton, Cantor Fitzgerald Europe or Mirabaud or any selling agent as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by Grant Thornton, Cantor Fitzgerald Europe or Mirabaud or any selling agent as to the past, present or future. Neither the delivery of this document nor any sale made under this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company and/or its Subsidiary since the date hereof or that the information contained herein is correct as of any time subsequent to the earlier of the date hereof and any earlier specified date with respect to such information.

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person regarding the Fundraising, the Company and/or its Subsidiary. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

As required by the AIM Rules for Companies, the Company will update the information provided in this document by means of a supplement to it if a significant new factor that may affect the evaluation by prospective investors of the Fundraising occurs prior to Admission or if it is noted that this document contains any mistake or substantial inaccuracy. This document and any supplement thereto will be made public in accordance with the AIM Rules for Companies.

The contents of this document are not to be construed as legal, financial, business or tax advice. Each prospective investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial, business or tax advice in relation to any purchase or proposed purchase of Ordinary Shares. Each prospective investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold shares under applicable legal investment or similar laws or regulations. Investors should be aware that they may be required to bear the financial risks of an investment in Ordinary Shares for an indefinite period of time.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, Grant Thornton, Cantor Fitzgerald Europe or Mirabaud or any of their representatives that any recipient of this document should subscribe for or purchase any of the New Shares.

Prior to making any decision as to whether to subscribe for or purchase any Ordinary Shares, prospective investors should read the entirety of this document and, in particular, the section headed "Risk Factors".

Investors should ensure that they read the whole of this document and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination (or the examination of the prospective investor's lawyers, financial advisers or tax

advisers) of the Company and the terms of this document, including the risks involved. Any decision to purchase Ordinary Shares should be based solely on this document and the prospective investor's (or such prospective investor's lawyers, financial advisers or tax advisers) own examination of the Company.

Investors who subscribe for or purchase Ordinary Shares in the Fundraising will be deemed to have acknowledged that: (i) they have not relied on Grant Thornton, Cantor Fitzgerald Europe or Mirabaud or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this document for their investment decision; and (ii) they have relied only on the information contained in this document, and no person has been authorised to give any information or to make any representation concerning the Company or the Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by or on behalf of the Company, the Directors, Grant Thornton, Cantor Fitzgerald Europe or Mirabaud.

None of the Company, the Directors, Grant Thornton, Cantor Fitzgerald Europe or Mirabaud or any of their representatives is making any representation to any subscriber or purchaser of Ordinary Shares regarding the legality of an investment by such subscriber or purchaser.

In connection with the Placing, Grant Thornton, Cantor Fitzgerald Europe or Mirabaud and any of their affiliates, acting as investors for their own accounts, may acquire Ordinary Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of the Company or related investments in connection with the Placing or otherwise.

Accordingly, references in this document to the Ordinary Shares being offered, subscribed, acquired, placed or otherwise dealt with should be read as including any offer to, or subscription, acquisition, dealing or placing by, Grant Thornton, Cantor Fitzgerald Europe or Mirabaud and any of their affiliates acting as investors for their own accounts. Grant Thornton, Cantor Fitzgerald Europe or Mirabaud do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Grant Thornton, Cantor Fitzgerald Europe or Mirabaud and any of their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to the Company, for which they would have received customary fees. Grant Thornton, Cantor Fitzgerald Europe or Mirabaud and any of their respective affiliates may provide such services to the Company and any of its affiliates in the future.

### **Forward-looking statements**

All statements, other than statements of historical facts, included in this document, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations or statements relating to expectations in relation to dividends or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance, achievements of or dividends paid by the Company to be materially different from actual results, performance or achievements, or dividend payments expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's net asset value, present and future business strategies and income flows and the environment in which the Company will operate in the future.

These forward-looking statements speak only as of the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

Prospective investors should read the risk factors set out in Part 3 of this document for a more complete discussion of the factors that could affect the Company's future performance and the industry in which the Company operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur.

### **Selling Restrictions**

The distribution of this document and the offering of New Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction that would permit a public offering of the New Shares, or possession or distribution of this document or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the New Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisement in connection with the New Shares may be distributed or published in or from any country or jurisdiction, except in circumstances that will result in compliance with all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer of New Shares contained in this document. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to subscribe for or purchase any of the New Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

### **Notice to Prospective Investors in Canada**

The distribution of New Shares in Canada is being made on a private placement basis exempt from the requirement that we prepare and file a prospectus with the securities regulatory authorities in each province where trades of these securities are made. Any resale of the New Shares in Canada must be made under applicable securities laws which may vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the securities.

### **Notice to Prospective Investors in Switzerland**

This document is not intended to constitute an offer or solicitation to purchase or invest in the New Shares described herein. The New Shares may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus as such term is defined in the Swiss Collective Investment Schemes Act, and neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, us or the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA ("FINMA"), and the offer of New Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of New Shares.

### **Notice to Prospective Investors in Guernsey**

The New Shares may not be offered directly by the Company to the public in or from within the Bailiwick of Guernsey other than to persons regulated under any of Guernsey's financial services regulatory laws including, without limitation, a person licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended).

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS<sup>(1)(2)</sup>

<b>Event</b>	<b>Time and/or date</b>
Publication of this document	20 March 2017
Admission effective and commencement of dealings in Ordinary Shares on AIM	23 March 2017
CREST accounts expected to be credited in respect of New Shares	23 March 2017
Despatch of share certificates for New Shares in certificated form (where applicable)	within 10 business days of Admission

### Notes

<sup>(1)</sup> References to times in this document are to London time unless otherwise stated.

<sup>(2)</sup> The times and dates set out in the expected timetable of principal events above and mentioned throughout this document may be adjusted by the Company in which event the Company will make an appropriate announcement to a Regulatory Information Service giving details of any revised dates and the details of the new times and dates will be notified to the London Stock Exchange and, where appropriate, Shareholders. Shareholders may not receive any further written communication.

## KEY STATISTICS

Closing Price per Existing Ordinary Share on 16 March 2017 (being the last practicable day prior to announcement of the Fundraising)	47.5 pence
Number of Existing Ordinary Shares in issue prior to the Fundraising	7,877,459
Number of options in issue pursuant to the Share Option Scheme	760,000 <sup>(1)</sup>
Issue price of New Shares	40 pence
Number of Placing Shares being issued pursuant to the Placing	25,562,635
Number of Subscription Shares being issued pursuant to the Subscription	11,937,365
Number of Ordinary Shares in issue following the Fundraising	45,377,459
New Shares as a percentage of Enlarged Share Capital	82.64 per cent.
Gross proceeds of the Fundraising	£15,000,000
Estimated net proceeds of the Fundraising (after expenses)	£13,801,848
ISIN of Existing Ordinary Shares and New Shares	GG00BYZSSY63
SEDOL of Existing Ordinary Shares and New Shares	BYZSSY6
Trading symbol for Ordinary Shares on AIM	DUKE
Exchange rate of Pounds sterling to Canadian dollar (£:C\$)	1:1.653
Exchange rate of Pounds sterling to US dollar (£:\$)	1:1.239
Exchange rate of Pounds sterling to Euro (£:€)	1:1.1529

<sup>(1)</sup> All of the options were granted and vested on 4 September 2015, have an exercise price of £0.75 per Ordinary Share and expire on 3 September 2020.

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Nigel Birrell ( <i>Non-executive Chairman</i> ) Neil Johnson ( <i>Chief Executive Officer and Executive Director</i> ) Charlie Cannon-Brookes ( <i>Executive Director</i> ) Jim Ryan ( <i>Non-executive Director</i> ) Mark Le Tissier ( <i>Non-executive Director</i> )
<b>Registered and Head Office</b>	4th Floor, West Wing St Peter Port Guernsey GY1 2JA +44 (0)1481 727 571
<b>Company Secretary</b>	Trident Trust Company (Guernsey) Limited 4th Floor, West Wing Trafalgar Court Admiral Park St Peter Port Guernsey GY1 2JA
<b>Nominated Adviser</b>	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
<b>Joint Bookrunner and Corporate Broker</b>	Cantor Fitzgerald Europe One Churchill Place London E14 5RB
<b>Joint Bookrunner and Corporate Broker</b>	Mirabaud Securities LLP 33 Grosvenor Place London SW1X 7HY
<b>Reporting Accountant</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Auditor to the Company</b>	BDO Limited Place du Pre Rue du Pre St Peter Port Guernsey GY1 3LL
<b>Legal Advisers to the Company (as to matters of Guernsey law)</b>	MJ Hudson (Guernsey) LLP Hadsley House Lefebvre Street St Peter Port Guernsey GY1 2JP
<b>Legal Advisers to the Company (as to matters of UK and Canadian law)</b>	McCarthy Tétrault 26th Floor 125 Old Broad Street London EC2N 1AR

**Legal Advisers to the Nominated Adviser  
and Joint Brokers**

Charles Russell Speechlys LLP  
5 Fleet Place  
London  
EC4M 7RD

**Registrar**

Computershare Investor Services (Guernsey) Limited  
3rd Floor, NatWest House  
Le Truchot  
St Peter Port  
Guernsey  
GY1 1WD

**Company website**

[www.dukeroyalty.com](http://www.dukeroyalty.com)



## DEFINITIONS

The following words and expressions shall have the following meanings in this document unless the context otherwise requires:

<b>Abingdon</b>	Abingdon Capital Corporation, incorporated in Ontario with registered number 2433875;
<b>Admission</b>	the admission of the Ordinary Shares to trading on AIM;
<b>AIM</b>	AIM, the market of that name operated by the London Stock Exchange;
<b>AIM Rules</b>	the AIM Rules for Companies published by the London Stock Exchange from time to time (including, without limitation, any guidance notes or statements of practice) and those other rules of the London Stock Exchange which govern the admission of securities to trading on, and the regulation of AIM;
<b>Arlington</b>	Arlington Group Asset Management Limited, incorporated in England and Wales with registered number 2359077;
<b>Articles</b>	the articles of incorporation of the Company;
<b>Audit Committee</b>	the audit committee established by the Company, as described at paragraph 12 of Part 1 of this document;
<b>Board</b>	the board of Directors of the Company;
<b>CAGR</b>	compound annual growth rate;
<b>Cantor Fitzgerald Europe</b>	Cantor Fitzgerald Europe, Joint Broker to the Company;
<b>Closing Price</b>	the closing middle market price of an Ordinary Share as derived from the AIM Appendix to the Daily Official List;
<b>Companies Law</b>	the Companies (Guernsey) Law, 2008 as amended;
<b>Company or Duke</b>	Duke Royalty Limited;
<b>CREST</b>	the relevant system (as defined by the Uncertificated Securities (Guernsey) Regulations 2009, as amended) in respect of which Euroclear is the Authorised Operator (as defined by the above mentioned regulations) in accordance with which securities may be held and transferred in uncertificated form;
<b>CRO</b>	Contract Research Organisation;
<b>Directors</b>	the directors of the Company from time to time;
<b>DTR</b>	the Disclosure Guidance and Transparency Rules sourcebook containing the disclosure guidance, transparency rules, corporate governance rules and the rules relating to primary information providers;
<b>Duke UK</b>	Duke Royalty UK Limited;
<b>Enlarged Share Capital</b>	the issued share capital of the Company immediately following Admission comprising the Existing Ordinary Shares and the New Shares;
<b>Euroclear</b>	Euroclear UK & Ireland Limited, the operator of CREST;

<b>Executive Director</b>	Neil Johnson, Charlie Cannon-Brookes and any other Director of the Company appointed as an executive director from time to time;
<b>Executive Plans</b>	the management incentive plans managed and administered by the Board as more particularly described in paragraph 10.2 of Part 5 of this document;
<b>Existing Ordinary Shares</b>	the 7,877,459 Ordinary Shares in issue at the date of this document;
<b>FCA</b>	the Financial Conduct Authority;
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended;
<b>Fundraising</b>	the Placing and the Subscription;
<b>Grant Thornton</b>	Grant Thornton UK LLP, the Nominated Adviser to the Company;
<b>Investing Company</b>	an AIM company which has as its primary business or objective the investing of funds in securities, businesses or assets of any description;
<b>Investing Policy</b>	the investing policy of the Company adopted by the Shareholders on 16 June 2015;
<b>Investment Committee</b>	the investment committee established by the Company, as described at paragraph 5.2 of Part 1 of this document;
<b>Issue Price</b>	£0.40 per New Share;
<b>Joint Brokers</b>	Mirabaud and Cantor Fitzgerald Europe;
<b>Latest Practicable Date</b>	16 March 2017;
<b>London Stock Exchange or LSE</b>	London Stock Exchange plc;
<b>LTIP</b>	the long-term incentive plan of the Company and as described at paragraph 10.2 of Part 5 of this document;
<b>LTIP Award</b>	has the meaning set out in paragraph 10.2 of Part 5 of this document;
<b>MAR</b>	the Market Abuse Regulation (EU 596/2014) and the regulations, rules and guidelines promulgated thereunder, including but not limited to the amended AIM Rules for Companies (as amended pursuant to the consultation notified in AIM Notice 45 in connection with MAR);
<b>Mirabaud</b>	Mirabaud Securities LLP, Joint Broker to the Company;
<b>New Shares</b>	37,500,000 Ordinary Shares to be issued pursuant to the Fundraising, being the Placing Shares and the Subscription Shares;
<b>Nil-Cost Options</b>	has the meaning set out in paragraph 10.2 of Part 5 of this document;
<b>Non-executive Directors</b>	Nigel Birrell, Jim Ryan and Mark Le Tissier and any other Director of the Company appointed as a non-executive director from time to time;
<b>Official List</b>	the official list of the UK Listing Authority;

<b>Oliver Wyman</b>	Oliver Wyman Limited, a limited liability company incorporated under the laws of England and Wales with registration number 2995605;
<b>Ordinary Shares</b>	Ordinary Shares of no par value in the capital of the Company;
<b>Panel</b>	the UK Panel on Takeovers and Mergers;
<b>PCA</b>	person closely associated as defined in Article 3(26) of MAR;
<b>PDMR</b>	a person discharging managerial responsibilities as defined in Article 3(25) of MAR;
<b>Placing</b>	the proposed placing of 25,562,635 Ordinary Shares at the Issue Price;
<b>Placing Agreement</b>	the conditional placing agreement dated 16 March 2017 made between the Company, Grant Thornton, Cantor Fitzgerald Europe and Mirabaud relating to the Placing and which is summarised in paragraph 15 of Part 5 of this document;
<b>Placing Shares</b>	25,562,635 Ordinary Shares to be offered pursuant to the Placing;
<b>Prospectus Rules</b>	the prospectus rules of the UK Listing Authority made pursuant to section 73A of the Financial Services and Markets Act 2000, as amended;
<b>QCA Code</b>	QCA Corporate Governance Guidelines for Small and Mid-size Quoted Companies;
<b>Registrar</b>	Computershare Investor Services (Guernsey) Limited;
<b>Regulatory Information Service</b>	one of the regulatory information services authorised by the UK Listing Authority to receive, process and disseminate regulatory information in respect of listed companies;
<b>Remuneration Committee</b>	the Company's remuneration committee comprising of the Non-executive Directors;
<b>Royalty or Royalty Financing</b>	any alternative financing, including royalty financing, made from time to time by the Company in accordance with the Investing Policy;
<b>Royalty Agreement</b>	the definitive agreement(s) setting out the terms of a Royalty Financing entered into between the Company (or a subsidiary thereof) and a Royalty Partner;
<b>Royalty Partners</b>	those companies or legal entities to which the Company will from time to time provide Royalty Financing pursuant to the Company's Investing Policy;
<b>Service Providers</b>	Arlington and Abingdon (or either of them);
<b>Share Option Scheme</b>	the Company's share option scheme for the benefit of Directors, staff, consultants and other advisers;
<b>Shareholders</b>	holders of Ordinary Shares;
<b>SMEs</b>	small and medium-sized enterprises;
<b>STIP</b>	the short term incentive plan, which operates as the Company's short term incentive plan and as described at paragraph 10.2 of Part 5 of this document;

<b>STIP Award</b>	has the meaning set out in paragraph 10.2 of Part 5 of this document;
<b>STIP Share Award</b>	has the meaning set out in paragraph 10.2 of Part 5 of this document;
<b>Subscription</b>	the direct subscription by certain investors for Subscription Shares pursuant to separate subscription agreements between the Company and each such investor;
<b>Subscription Shares</b>	11,937,365 Ordinary Shares to be issued pursuant to the Subscription;
<b>Subsidiary</b>	Duke UK and any other company or undertaking in which the Company holds more than 50% of the voting rights;
<b>Takeover Code or City Code</b>	the City Code on Takeovers and Mergers;
<b>UK Corporate Governance Code</b>	the principles of good governance and code of best practice issued by the Financial Reporting Council;
<b>UK Listing Authority</b>	the FCA acting in its capacity as the competent authority for the purpose of Part VI of FSMA;
<b>uncertified or in uncertified form</b>	a share or shares recorded on the register of members as being held in uncertified form in CREST, entitlement to which by virtue of the Uncertified Securities Regulations, may be transferred by means of CREST;
<b>United States or US</b>	The United States of America;
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>£</b>	Pounds sterling, the lawful currency of the United Kingdom;
<b>C\$</b>	Canadian dollars, the lawful currency of Canada;
<b>\$</b>	American dollar, the lawful currency of the United States of America;
<b>€</b>	Euro, the lawful currency of the member states of the European Union that adopt the single currency.

## PART 1

### INFORMATION RELATING TO THE COMPANY

#### 1. Introduction

Duke was incorporated as Praetorian Resources Limited in 2012 in Guernsey and established as a natural resource investment vehicle. On 16 June 2015, Shareholders resolved to amend the Company's investing policy to invest in a diversified portfolio of royalty finance and related opportunities and to change its name to Duke Royalty Limited. On 29 March 2016, the Company announced the sale of the last of its natural resource investments and is now seeking to raise £15 million in conjunction with a re-admission to AIM, to enable it to implement its investing policy.

The Directors believe that royalty finance is an attractive funding opportunity for privately owned businesses in the hospitality, leisure & gaming, technology & media, health & life sciences, power & utilities and other industrial sectors, with the potential to generate attractive returns for the Company, uncorrelated to general equity market performance. The Directors believe that there is a substantial addressable market for royalty finance and that the Company will benefit from the combined talent and experience of the Board and executive team, coupled with the exclusive collaboration that the Company has with Oliver Wyman to assist it to source and assess royalty funding opportunities as described in paragraph 6 of this Part 1 and paragraph 15.2 of Part 5 of this document.

The Directors' strategy is to build a diversified royalty portfolio, focusing on income growth through the deployment of the Fundraising proceeds to take advantage of a pipeline of near term royalty opportunities in the SME market. It is an objective of the Company to pay a significant proportion of its free cash flow from the royalty revenues it receives to Shareholders as dividends.

#### 2. The Royalty Finance Opportunity

The Company has identified an underserved segment in the European capital markets that lies between traditional debt and equity financing which it is seeking to service through offering royalty financing. Royalty financing has been used extensively in North American capital markets, and has resulted in a £45 billion sector with an established ecosystem of public companies, executives and advisors. However, the royalty financing sector is significantly smaller and much less developed in the European market. The Board has therefore identified an opportunity to apply the North American royalty finance model in Europe, which they believe is a large potential market with limited competition. The Directors believe that the Company's experienced executive team has the ability to generate substantial returns for shareholders through bringing the best of breed characteristics of the North American royalty financing model to the European corporate market.

Royalty financing, as a viable financing structure, has been in existence since the 1980s. Initially used as an alternative source of finance in the mining and energy sectors in North America, it became more widespread in the pharmaceutical sector during the 1990s before expanding in the mid-2000s into a number of other sectors such as the restaurant sector and the diversified sectors. In Canada, the royalty finance market is well established and there are already a number of successful publicly quoted royalty finance companies. The Directors believe that the share price performance of these listed royalty finance companies (comprising six commodity streaming companies, two healthcare royalty companies, three restaurant royalty income funds and the two largest diversified royalty financing companies) has reflected the high level of scalability and the excellent returns capable of being generated for investors from the royalty financing model. These companies have achieved an average annualised growth rate of 15.1 per cent. in their share value since their initial public offerings and they are currently paying an average 24.7 per cent. dividend yield based on the price of those shares at their initial public offering.

Whilst there is now a well-established publicly quoted royalty finance sector in the North American market, especially within the more mature commodity sector where it was first established, at present, there is only one UK quoted royalty company and it is solely focused on the natural resources sector. The Directors therefore believe that the Company is the only UK quoted royalty finance company that specifically targets companies within the hospitality, leisure & gaming, technology & media, health & life sciences, power & utilities and other industrial sectors so as to build a portfolio with a diversified risk profile. The Directors believe that, based on discussions with a number of European SMEs and their

advisors, there is sufficient demand for royalty finance in the UK and mainland Europe for the Company to build a diversified portfolio of Royalties.

The Directors believe that there are two differentiating aspects of the Company’s business model relative to other royalty financing companies. The first is the exclusive royalty financing sourcing collaboration between the Company and Oliver Wyman as described in paragraph 6 of this Part 1, and paragraph 15.2 of Part 5. Oliver Wyman is a global management consulting firm wholly-owned by Marsh & McLennan (NYSE: MMC) with more than 35 years of experience consulting with leading companies in industries such as financial services, health & life sciences, media and technology, leisure and energy. The second is that by creating a group structure with a low cost base and a tax-efficient domicile, the Company will be able to deliver high margin post-tax returns.

It is the Directors’ current intention to start paying dividends during the financial year ending 31 March 2018 and that the Company will, in normal circumstances, pay out approximately 80 per cent. to 100 per cent. of its free cash flow to its shareholders in the form of dividends. With the net proceeds of the Fundraising, the Company is targeting an annualised dividend yield ranging between seven and eight per cent. once fully invested with a minimum target initial dividend yield of five per cent. in the financial year to 31 March 2018<sup>(1)</sup>. It is intended that any dividend paid by the Company will be paid on a quarterly basis on, or around, the end of each calendar quarter. Payment of dividends on the Ordinary Shares will be subject to the discretion of the Board and will depend upon the Company’s future earnings, cash flows, acquisition capital requirements, financial condition and other relevant factors and there can be no assurance that the Company will pay dividends.

<sup>(1)</sup> **This is a target only and not a profit forecast. There can be no assurance that the target can or will be met in this timescale or at all and should not be taken as an indication of the Company’s expected or actual future results. Accordingly, potential investors should not place any reliance on this target in deciding whether or not to invest in the Company or assume that the Company will make any distributions at all and should decide for themselves whether or not the target dividend yield is reasonable or achievable.**

**3. Advantages of Royalty Financing**

The Directors believe that for many SMEs, royalty financing has a number of significant advantages with respect to cost and contractual terms compared with traditional debt and private equity finance.

The salient terms of a typical royalty financing structure as envisaged by the Company compared with conventional debt and private equity financing are as follows:

	<b>Royalty Financing</b>	<b>Debt Financing</b>	<b>Private Equity Financing</b>
<b>Term</b>	Typically very long-term (in excess of 25 years) or even perpetual	Short to medium term	Permanent Dilution
<b>Refinancing Risk</b>	None	Significant	Pressure to Exit
<b>Control</b>	Passive	Passive	Loss of Control
<b>Covenants</b>	Covenant-light	Significant	Covenant-light
<b>Cost of financing/debt</b>	12 – 15 per cent.	Senior: 4 – 8 per cent. Mezzanine: 15 – 20 per cent.+	20 per cent.+
<b>Security</b>	Senior	Typically Senior	None

From a Royalty Partner’s perspective, Duke’s royalty financing model typically carries a lower cost of capital than private equity and is designed to better align Duke’s interest with the Royalty Partner due to the long term nature of a royalty financing agreement.

Other potential advantages that Royalty Partners would enjoy from utilising royalty financing from Duke, relative to other financing methods could include:

1. retention of a greater proportion of the upside of growth;
2. retention of the ability to issue equity and, in certain circumstances, additional debt; and
3. ability to access additional capital from the Company at a later date if needed, due to the long term nature of the agreement.

The Directors envisage that royalty financing will be an attractive alternative source of capital to potential Royalty Partners in transactions which include:

- growth capital;
- acquisition financing;
- minority, management or private equity shareholder buy-out;
- balance sheet recapitalisation/debt refinancing;
- estate planning; and
- take-private transactions.

*The Duke Royalty Financing model*

Duke's Royalty Financing structure is a simple one. Duke will provide Royalty Partners with long term financing (typically growth funding but also potentially as part of a refinancing package) which is expected to have a term of between 25 and 40 years (or even, in certain circumstances, a perpetual term). The contemplated terms of the Royalty Agreements are such that in the first year, the Royalty Partner would typically pay Duke a monthly distribution or royalty (typically equal to 12-15 per cent. per annum of the financing amount). In the second year, and each year going forward, the monthly distribution would then be linked to the year on year growth in the revenue of the Royalty Partner collared at six per cent. per year of the total increase or decrease in revenue over the prior year. To illustrate, below is a table contemplating a typical Royalty Financing structure for a hypothetical £10 million Royalty Financing. If the Company provides a Royalty Partner with £10 million of funding having an initial distribution in year one of 13 per cent., the annual distribution or royalty to be paid to Duke in year one would be £1.3 million. Assuming the revenue in year one was five per cent. higher from the previous year, Duke is entitled to an annual payment which is five per cent. more than year one's payment (i.e. an annual distribution of approximately £1.37 million in the second year). In the third year, as the Royalty Partner's revenue increases by 17 per cent., the distribution or royalty payable to Duke would only be increased by six per cent. on the prior year's payment (i.e. an annual distribution of approximately £1.45 million in the third year). Below is an illustration of the effects of differing growth rates of a Royalty Partner, including where a year's revenue is below the prior year's revenue:

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Hypothetical Royalty Financing by Duke</b>	<b>£10 million</b>				
<b>Hypothetical revenue of Royalty Partner</b>	<b>£50 million</b>	<b>£58.5 million</b>	<b>£64.4 million</b>	<b>£63.1 million</b>	<b>£65.6 million</b>
<b>Hypothetical change in Royalty Partner revenue from previous year</b>	<b>5%</b>	<b>17%</b>	<b>10%</b>	<b>-2%</b>	<b>4%</b>
<b>Change in distribution (Collar +/-6%) for Following Year</b>	<b>5%</b>	<b>6%</b>	<b>6%</b>	<b>-2%</b>	<b>4%</b>
<b>Hypothetical yearly royalties based on initial 13% cash-on-cash yield</b>	<b>£1.30 million</b>	<b>£1.37 million</b>	<b>£1.45 million</b>	<b>£1.53 million</b>	<b>£1.50 million</b>
<b>Annual cash-on-cash yield to Duke per year</b>	<b>13.0%</b>	<b>13.7%</b>	<b>14.5%</b>	<b>15.3%</b>	<b>15.0%</b>
<b>Cumulative return for Duke</b>	<b>13.0%</b>	<b>26.7%</b>	<b>41.2%</b>	<b>56.5%</b>	<b>71.5%</b>

The Company's Royalty Financing structure is designed to attract potential Royalty Partners by offering finance at a reasonable cost of capital that is both non-dilutive to their existing owners and which does not result in refinancing risks. In addition, the Company's royalty finance model allows current owners and managers to stay in control of their businesses due to passive management involvement by Duke and through monthly reporting. Furthermore, for such potential Royalty Partners, the Royalty Financing would also provide capital on day one, a repayment model that is scheduled over the long term, usually between 25 and 40 years (thereby minimising short or medium term refinancing risk). Duke would be provided with monthly operating and financial reports but typically funding would have fewer negative covenants relative to debt.

In addition, unlike private equity financing, it is expected that there will be no pressure imposed by the Company to exit the Royalty Financing arrangement but Royalty Partners would typically retain a buyback option during the life of the Royalty Agreement to redeem up to 100 per cent. of the Royalty provided by Duke to the Royalty Partner. Duke expects that this buyback payment will typically be the greater of (i) a pre-determined fixed amount specified in the Royalty Agreement and (ii) a multiple of the annualised royalty payment from the Royalty Partner to Duke on the date of exercise of the buyback option.

The Company has built a near-term pipeline of potential Royalties, which are described in Part 2 of this document.

#### **4. Target Market**

Royalty financing and the sale of revenue streams have, for a number of years, been a major alternative source of funding in the mining, oil & gas, pharmaceutical and agriculture business sectors in North America. Royalty financing companies have also been successful in providing alternative capital to healthcare services, consumer services and commercial businesses, industrial and technology firms as well as the restaurant and leisure sectors.

While there are a number of major European resource companies that the Directors believe could benefit from royalty finance, the Company has taken the decision to target Royalties primarily in non-resource private companies in Europe and North America, in order to generate more stable revenues by removing the effect of commodity price movements from the Company's returns.

The Directors aim to mitigate Royalty Partner specific risk and concentration risk by diversifying the industries, jurisdictions and number of Royalty Partners to which the Company provides Royalty Financing. The Company's preferred sectors for Royalties include the hospitality, leisure & gaming, technology & media, health & life sciences, power & utilities and other industrial sectors. The Directors believe that there are a number of SMEs within these sectors whose business characteristics as well as revenue and cash flow profiles will enable the Company to offer Royalty Financing in line with its Investing Policy.

#### **5. Royalty and Operational Process**

##### **5.1 Deal Flow**

The Company will source potential opportunities primarily by utilising and leveraging the extensive contacts of the Board, the Service Providers and through the Company's exclusive collaboration with Oliver Wyman which is described in more detail in paragraph 6 of this Part 1.

In addition, the Company may also use third parties to source potential opportunities. In such circumstances, the Company has and may in the future enter into finder's fee arrangements with certain third parties whereby a success fee would be payable by the Company to the extent it successfully completed a Royalty Financing with a Royalty Partner which was introduced to the Company by such third party. Generally such a success fee would not exceed one per cent. of the Royalty value if the Royalty is of \$20 million or less and 0.5 per cent. of the Royalty value if the Royalty is more than \$20 million. To date, the Company has not paid any fees under any such finder's fee arrangements.

##### **5.2 Investment Committee**

The Company and Oliver Wyman have also set up an Investment Committee, which is made up of members nominated by the Company and by Oliver Wyman and currently includes one independent member (Mr. Andrew Carragher). The current members of the Investment Committee are:

1. Mr. Neil Johnson, Executive Director and Chief Executive Officer of Duke;



2. Mr. Jim Webster, Chief Investment Officer of Duke;
3. Mr. Justin Cochrane, Executive Vice President of Corporate Development of Abingdon;
4. Mr. David Campbell, Partner in the Health & Life Sciences practice of Oliver Wyman;
5. Mr. John Romeo, Managing Partner for North America and Global Head of Corporate Finance and Restructuring at Oliver Wyman;
6. Mr. Andrew Chadwick-Jones, Partner at Oliver Wyman's London office, specialising in health delivery systems; and
7. Mr. Andrew Carragher, a founder and Managing Partner of DW Healthcare Partners, a private equity firm founded in 2002 with over \$750 million under management.

The Investment Committee is responsible for:

1. reviewing the pipeline of all proposed opportunities;
2. assisting and advising on royalty terms;
3. identifying and managing potential conflicts of interests;
4. assessing the individual capital requirements for each potential opportunity;
5. making recommendations to the Board; and
6. reviewing the performance and outlook of the portfolio.

Thus far, the Investment Committee has been involved with the review of six late stage royalty opportunities within Duke's targeted sectors.

The Investment Committee has no power to bind the Company to any potential transaction, and the Company is not bound to follow any advice or recommendation of the Investment Committee. Every proposed Royalty Financing will be decided by the Board.

Details of share option arrangements and other compensation for members of the Investment Committee is set out in paragraph 10 of Part 5 of this document.

### 5.3 Decision Making Process

Having identified potential opportunities, the Board, together with the Company's management team, the Investment Committee and the Service Providers will apply a rigorous selection process designed to identify companies and Royalties that satisfy the Company's key criteria. This selection policy has been designed to ensure that Duke enters into Royalty Agreements with Royalty Partners which the Board and the Investment Committee believe demonstrate the ability to deliver stable, long-term revenues combined with a reasonable opportunity for growth. This selection methodology is significantly different from the traditional forward-looking venture capital model, with a key focus on the age, historical track record and stability of potential Royalty Partners. Given that the Company will generally be exposed to risks which are principally related to a potential Royalty Partner's top-line revenue and free cash flow generation, the due diligence process is principally focused having regard for the overall sustainability and growth prospects of the potential Royalty Partners' revenue stream and free cash flow.

The selection policy takes into account, *inter alia*:

1. Quality of the Royalty Partner's management team;
2. Level of ownership investment by the Royalty Partner's management team;
3. Specific criteria regarding historical revenues;
4. Revenue pipeline demonstrating the Royalty Partner's ability to meet its distribution obligations under the Royalty Agreement;
5. Coverage ratio requiring that the operating cash flow of a Royalty Partner be twice the royalty payment where practicable;

6. Where intellectual property (“IP”) is an important asset, ability to defend the IP assets;
7. Cash flow control, particularly with respect to the flexibility with which a Royalty Partner can reduce operating expenses under adverse revenue circumstances; and
8. Portfolio diversification, with the intention that new Royalties will reduce any concentration risk related to sector or geography.

Once a potential Royalty Financing has passed an initial screening process, the Company will generally enter into a non-binding term sheet or letter of intent with a potential Royalty Partner, following which the remaining due diligence will be completed. Due diligence is generally tailored to the specific circumstances of each potential Royalty Financing.

Where the due diligence exercise does not identify any significant concerns in respect of a potential Royalty Financing opportunity, it will be taken to the Investment Committee for consideration and, if approved by the Investment Committee, submitted to the Board for consideration. If approved, a Royalty Agreement will be negotiated and entered into in respect of such Royalty Financing.

#### **5.4 Monitoring Royalties**

It is expected that the Company and the Service Providers will monitor the Company’s Royalties primarily through contractual rights of information providing, amongst other things, access to monthly management financial and operating statements, annual budgets, quarterly unaudited statements and annual audited financial statements.

In the event of a material default, it is the current intention that Royalty Agreements will typically provide the Company with the right to demand full repayment of its invested capital and, in the circumstance of continued default of payment obligations, the Company could also seek redress through the exercise of its security interest, if any, and/or legal action.

#### **5.5 Competitive Advantages**

The Directors’ believe that the Company’s structure provides competitive advantages over comparable diversified royalty financing companies. These include:

##### ***First mover advantage of diversified royalty financing focused on the UK and Europe***

Because it is admitted to trading on AIM and domiciled in Guernsey in proximity to Europe, the Directors believe that the Company’s corporate structure will allow deal sourcing from both the UK and Europe, where North American domiciled competitors have generally not been focused. In addition, the Directors believe that the Fundraising will be ideally suited to the European marketplace where there are a high number of private SME companies that match Duke’s Investing Policy.

##### ***Extensive experience in royalty management and UK capital markets***

The Company’s Chief Executive Officer, Neil Johnson, has enjoyed a 19 year career in investment banking in both the UK and Canada, during which he pioneered the model for Canadian public companies to list on the UK public markets, helping them raise over £3 billion of capital during his tenure as Head of Corporate Finance at Canaccord Genuity’s UK operation. Subsequently between 2012 and 2014, he was co-Founder and CEO of an alternative finance company listed on the Toronto Stock Exchange.

The Company’s Chief Investment Officer, Jim Webster, has twice been a senior executive of newly-formed royalty companies over the past 25 years. He was a senior officer from virtually the inception of the first public pharmaceutical royalty investment company, Drug Royalty Corporation which became listed on the Toronto Stock Exchange shortly thereafter. During Jim’s tenure, during which he became President, Chief Executive Officer and Chairman of the Investment Committee, the company had an internal rate of return of 32.1 per cent. Subsequently, between 2003 and 2009, Jim was Managing Partner and Chair of the Investment Committee for Capital Royalty Partners LLC (now CRG L.P.), which raised a \$325 million initial fund.

The Company’s Investment Committee member, Justin Cochrane, has 15 years of royalty financing and investment banking experience. Previously, he spent 5 years as an Executive Vice President of Corporate Development for Sandstorm Gold Ltd., a public mining royalty company listed on the Toronto Stock Exchange, with a market capitalisation of over C\$800 million.

### ***Exclusive deal sourcing and due diligence collaboration with a global management consulting firm***

Due to the global nature of the Company's exclusive collaboration with Oliver Wyman in healthcare, the Directors believe that the Company has a global reach for deal sourcing that its current established diversified royalty financing competitors do not have. Where applicable and jointly agreed by the Company and Oliver Wyman, for certain due diligence activities, the Company's exclusive collaboration with Oliver Wyman allows the Company to draw on the deep industry knowledge of Oliver Wyman's professionals in industries other than healthcare.

### ***Independent Investment Committee***

The Directors believe the formal structure of an Investment Committee, with a mandate to review and recommend deals to the Company's Board and to opine on the Company's late stage pipeline, creates a robust due diligence process which is unmatched by its competitors. Separating the Investment Committee from the internal management team is designed to increase the level of scrutiny by a team of qualified experienced executives with a broad range of skills. Any formal recommendation by the Investment Committee to the Board will have followed extensive due diligence and will provide the Board carefully vetted opportunities from which to make an assessment. Only the Board can enter into and bind the Company to a Royalty Agreement.

### ***Tax-efficient domicile***

As the Company is registered in, and managed from, Guernsey, it is subject to a lower rate of corporate tax compared to its Canadian diversified royalty company peers. This enables the Company to lower the cost of capital for its Royalty Partners, thereby making the Company's financing offering more attractive to potential Royalty Partners.

## **6. Strategic Collaboration with Oliver Wyman**

On 7 August 2015, the Company entered into an exclusive collaboration agreement with Oliver Wyman, a global management consultancy firm wholly-owned by Marsh & McLennan Companies (NYSE: MMC), for the sourcing of Royalty Financing opportunities in the pharmaceutical and healthcare sectors. Under this collaboration, Oliver Wyman provides the Company with deal origination and undertakes due diligence work on potential Royalty Partners in the pharmaceutical and healthcare-related market in exchange for a share of the future distributions received by the Company from Royalty Partners once the relevant Royalty Financing has been completed.

Oliver Wyman's Health & Life Sciences practice has over 200 professionals in offices around the world. Oliver Wyman brings its global network of professionals, with a deep bench of clinical, health system, and risk experts and a successful track record of valuing biopharmaceutical and other healthcare intellectual property for its Fortune 1000 clientele. Oliver Wyman's Health & Life Sciences practice serves clients in the pharmaceutical, biotechnology, medical devices, provider, and payer sectors with strategic, operational, and organizational advice; deep healthcare knowledge and capabilities allow the practice to deliver fact-based solutions. Under the terms of the collaboration, Oliver Wyman will identify, analyse and assist in the acquisition of royalty interests for regulatory-approved, patent-protected ethical pharmaceutical and other healthcare products.

Outside of the pharmaceutical and healthcare sectors, should the Company and Oliver Wyman agree that Oliver Wyman has industry knowledge and capabilities of value for the purposes of the evaluation of potential Royalty Financings in others sectors, the Company and Oliver Wyman may agree to work together under the same compensation terms as in the August agreement. As of the date of this document, Oliver Wyman has provided its services, upon the same terms as the August agreement, for the purposes of the evaluation of three potential targets in sectors outside of healthcare.

Oliver Wyman is a global management consulting firm with more than 35 years of experience consulting with leading companies in industries such as financial services, health & life sciences, media and technology, leisure and energy. Oliver Wyman has more than 4,000 professionals in over 50 cities across 26 countries in the Americas, EMEA, Asia and Australia.

The Company's strategic relationship with Oliver Wyman combines a global, respected source of deep knowledge with a publicly-quoted royalty company to create a unique offering to potential Royalty Partners and public investors.

The Directors believe that Duke's relationship with Oliver Wyman brings the Company three distinct advantages:

1. a global footprint that allows deal execution anywhere in the world;
2. a global network of professionals from whom it can leverage expertise; and
3. intellectual capital, proprietary methodology and datasets, and experience in forecasting and risk assessments.

The Company remains responsible for capital raising, negotiating and structuring definitive agreements with potential Royalty Partners and making the ultimate decision on any Royalty Financing.

The agreement, which was signed on 7 August 2015 is for an initial term of five years (subject to automatic 12 months renewals, unless otherwise terminated in accordance with the terms of the agreement). Further details of this agreement are set out in paragraph 15 of Part 5 of this document.

## **7. Implementation of the Company's Investing Policy**

The objective of the Company is to provide investors with attractive dividend returns and capital appreciation through the provision of Royalty Financing to Royalty Partners and other alternative asset classes and/or financing instruments from time to time that bear similar risk and return characteristics to revenue linked royalty distributions to Duke.

The Company's Investing Policy has, since June 2015, been:

*"To build a stable and reliable income for Shareholders by seeking to invest in, without limitation and restrictions (including geographic restrictions):*

- (i) long-term, revenue-based royalties in private and/or public companies; and/or*
- (ii) other alternative asset classes and/or financing instruments from time to time that bear similar risk and return characteristics to the investments in paragraph (i)."*

Under the AIM Rules, any material changes to the Investing Policy require the prior consent of the Company's Shareholders in a general meeting of the Company. Any variation to the Company's investment objective and policy or restrictions will be made only following approval of the Board and subject to compliance with the AIM Rules.

In view of the opportunities that the Directors believe exist for the Company's royalty finance model, the Directors are hopeful that the Company will be able to deploy the net proceeds of the Fundraising within the first 12 months following Admission. Whilst the Company has identified a number of near term potential opportunities, which are described in more detail in Part 2 of this document, it currently has no precise intended allocation for the Fundraising proceeds.

As a diversified royalty company, Duke will ensure that Shareholders are kept up to date with all relevant and price sensitive information regarding its Royalties and with regard to each of its Royalty Partners. When analysing the fundamentals and financial performance of the Royalty Partners, Duke will specifically focus on the revenue growth of each Royalty Partner which will provide the basis for Duke's returns from its Royalties. Relevant market and other financial information regarding the Royalty Partners will also be provided as required pursuant to the AIM Rules.

Duke will provide detailed updates to Shareholders on its Royalty Partners in both its interim and full year accounts including specific analysis and comment made of the growth of each individual royalty payment received by Duke from each of its Royalty Partners during the period under review. As part of Duke's full year audited annual accounts, the Administrator, Trident Trust Services, in conjunction with the Directors, will determine the fair value of each Royalty as well as the Company's overall net asset value, which will be audited by BDO. This information will be released to the market via a RNS statement as well as posted on the Company's website.

The Company is not subject to any borrowing or leverage limit. However, the Company does intend to seek a short-term revolving credit facility once the Company has deployed enough capital and sufficiently diversified its portfolio to justify such a facility. Such a short-term credit facility, if entered into, would be used

as a bridge facility to fund additional Royalty Financings, thereby reducing the Company's reliance on equity markets as its only source of additional capital and helping to lower the Company's overall cost of capital.

## **8. Dividend Policy**

The Company has not paid a dividend at any time since its incorporation. Following the Shareholders' approval of the new Investing Policy in June 2015, Duke's focus has been on bringing royalty investing to the European market with the objective of generating predictable and stable cash flows from Royalties with a view of paying an attractive, growing and sustainable cash dividend yield for Shareholders.

It is the Directors' current intention to start paying dividends during the financial year ending 31 March 2018 and that the Company will, in normal circumstances, pay out approximately 80 per cent. to 100 per cent. of its free cash flow to its shareholders in the form of dividends. With the net proceeds of the Fundraising, the Company is targeting an annualised dividend yield ranging between seven and eight per cent. once fully invested with a minimum target initial dividend yield of five per cent. in the financial year to 31 March 2018<sup>(1)</sup>. It is intended that, any dividend paid by the Company will be paid on a quarterly basis on, or around, the end of each calendar quarter. Payment of dividends on the Ordinary Shares will be subject to the discretion of the Board and will depend upon the Company's future earnings, cash flows, acquisition capital requirements, financial condition and other relevant factors and there can be no assurance that the Company will pay dividends.

<sup>(1)</sup> **This is a target only and not a profit forecast. There can be no assurance that the target can or will be met in this timescale or at all and should not be taken as an indication of the Company's expected or actual future results. Accordingly, potential investors should not place any reliance on this target in deciding whether or not to invest in the Company or assume that the Company will make any distributions at all and should decide for themselves whether or not the target dividend yield is reasonable or achievable.**

## **9. Directors, Executive Teams and Employees**

The Board currently comprises five Directors and the Company currently has no employees.

### ***Current Directors***

*Mr. Nigel Norman Birrell (aged 53) – Non-executive Chairman*

Nigel Birrell is a Non-executive Director and Chairman of the Company and works with the Executive Directors on deal origination and structuring. He has extensive public company experience and expertise in the gaming, media and financial services sectors. Mr. Birrell is Chief Executive Officer of the Lottoland Group, a fast growing Gibraltar regulated gaming group.

Mr. Birrell was until 2013 Group Director on the Executive Board at bwin.party digital entertainment plc, a global on-line gaming business, where he was responsible for all its mergers and acquisitions, business development and management of its portfolio of investments.

While at bwin.party Mr. Birrell led the acquisitions of Gamebookers, Empire On-line and IOG's casino operations, Cashcade, the World Poker Tour and Orneon. He was instrumental in devising, negotiating and transacting the merger between PartyGaming and Bwin which, at the time, created the largest online-gaming business in history. He has also led all its disposals including the sale of Ogame to Amaya.

Prior to bwin.party, Mr. Birrell was a director of the then FTSE 250 media group HIT Entertainment plc. He also worked as an investment banker with Donaldson, Lufkin & Jenrette and Dresdner Kleinwort Benson.

Mr. Birrell holds a LLB from the University of London (Queen Mary College) and qualified as a solicitor of the Supreme Court.

*Mr. Neil Allan Johnson, CFA (aged 47) – Chief Executive Officer and Executive Director*

Neil Johnson is an Executive Director and the Company's Chief Executive Officer with responsibility for the overall strategic direction and performance of the Company. Working closely with the other members of the management team, members of the Board and the Investment Committee, he leads all deal origination, due diligence and structuring.

Mr. Johnson has over 20 years' experience in investment banking, merchant banking, and research analysis in both the Canadian and UK capital markets. In 2012 he co-founded and became Chief Executive Officer of Difference Capital Financial, a Canadian publicly listed alternative financing company which raised approximately £100 million in its first two years of operations from institutional investors.

For the previous 19 years he worked for Canaccord Genuity, first in Canada and later at the London office of Canaccord where he held the positions of Head of Corporate Finance (Europe), Global Head of Technology, and member of the Global Executive Committee. Mr. Johnson was instrumental in the firm becoming authorised as a nominated adviser for AIM and regulated in the UK and as a sponsor for the London Stock Exchange. He spearheaded the firm's diversification into the technology industry, and led Canaccord's initiative to attract North American firms to list in London, which resulted in Canaccord becoming AIM's largest broker by its clients' market capitalisation, and raising in aggregate, over £3 billion for North American based UK listed companies.

Mr. Johnson is a graduate of the Richard Ivey School of Business at Western University and is a Chartered Financial Analyst Charterholder.

*Mr. Charles (Charlie) Cannon-Brookes (aged 40) – Executive Director*

Charlie Cannon-Brookes is an Executive Director of the Company and works alongside the CEO on deal origination, due diligence and structuring. In addition, Mr. Cannon-Brookes is responsible for Duke's liaison with UK institutions and advisors and has oversight of the Company's corporate governance and compliance with AIM Rules.

Mr. Cannon-Brookes has over 15 years' investment experience. He is the Investment Director of FCA authorised and regulated Arlington, having jointly acquired the business in October 2004. Through Arlington, Mr. Cannon-Brookes has been active in a variety of different investment management mandates and corporate finance transactions. In addition, he has successfully led a number of initial public offering and reverse takeover transactions on the London markets. Prior to Arlington he worked for Arlington Group plc, an AIM quoted investment company where he managed its entire public equity portfolio. Mr. Cannon-Brookes has extensive fund management experience, having worked for Jupiter Asset Management, ABN Amro and Barclays de Zoete Wedd. He has advised and sat on the board of a number of different funds, trusts and other operating public companies.

Mr. Cannon-Brookes holds a BA Honours degree in Economics & Politics from the University of Exeter.

*Mr. James (Jim) Alan Ryan (aged 55) – Non-executive Director*

Jim Ryan is a Non-executive Director of the Company and works with the Executive Directors on deal origination and structuring. He has extensive public company experience and expertise in the gaming and technology sectors. Mr. Ryan is Chairman of the Audit Committee.

Mr. Ryan joined Pala Interactive, LLC in July 2013 as Chief Executive Officer. Prior to joining Pala Interactive, LLC, Mr. Ryan served as a Co-Chief Executive Officer of bwin.party digital entertainment plc from March 2011 until January 2013. Prior to the merger of PartyGaming plc and bwin.party, he served as the Chief Executive Officer of PartyGaming plc from June 2008 until March 2011. He has also held executive positions with a number of online gaming companies which include Chief Executive Officer of St. Minver Limited, Chief Executive Officer of Excapsa Software Limited and Chief Financial Officer of Cryptologic Software Limited. In addition to his role as Chief Executive Officer and director of Pala Interactive, LLC, Mr. Ryan also currently is a director of Gaming Realms plc, Intertain Group Limited, Jackpotjoy plc and Fralis International LLC.

Mr. Ryan holds a degree in business from the Goodman School of Business at Brock University and is a Chartered Accountant and a Chartered Professional Accountant (Chartered Professional Accountants of Canada).

*Mark Le Tissier (aged 53) – Non-executive Director*

Mark Le Tissier is a Non-executive Director of the Company with responsibility for the oversight of the Company's corporate obligations in Guernsey.

Mr. Le Tissier is the European Regional Director of Trident Trust overseeing over five offices, as well as being the Managing Director of Trident Trust Company (Guernsey) Limited, having worked for Trident for over twenty years. He has extensive board-level experience and has an in-depth knowledge of Guernsey and other jurisdictions' corporate and investment regulation. Mr. Le Tissier is a Trust & Estate Practitioner who has also completed the IOD Programme in company direction. He is resident in Guernsey.

### **Other member of the executive team**

*Mr. James (Jim) Webster MBA, CA and CFA (aged 64) – Chief Investment Officer*

Jim Webster is the Company's Chief Investment Officer. He is part of the executive team responsible for the evaluation of proposed Royalty Financings. Mr. Webster plays a key role in overseeing the due diligence and negotiation of prospective Royalty Financing opportunities. He is also a member of the Company's Investment Committee. As a pioneer of the concept of acquiring royalty interests with capital raised from institutional investors starting in 1993, he provides significant experience to the Company's activities.

Prior to joining the Company, he conducted independent advisory work for pharmaceutical and biotech clients. He was also the Managing Partner of Capital Royalty Partners LLC, a private-equity investment firm in Houston Texas, for six years from 2003 to 2009. With a first fund of \$325 million, Mr. Webster acted as Chair of its investment committee and led due diligence and negotiations on royalty interests of the firm.

From 1993 to 2002, he worked for Drug Royalty Corporation Inc., a public company listed on the Toronto Stock Exchange and was its President and Chief Executive Officer from 1999 to 2002. He identified, assessed and negotiated investments in the pharmaceutical and biotech sector. During his tenure at Drug Royalty Corporation Inc. he also held positions of Chair of the corporation's investment committee, Executive Vice-President and Chief Financial Officer. Mr. Webster also led the sale of Drug Royalty Corporation Inc. in 2002 to private interests.

From 1980 to 1992, he worked for Indal Limited, an industrial products conglomerate that was part of the RTZ Group.

Mr. Webster received a Bachelor of Commerce degree from the University of Toronto, a Masters of Business Administration degree from the Richard Ivey School of Business at Western University. He is also a CFA Charterholder, a Chartered Professional Accountant of Canada and has attended the Columbia Executive Management Program in New York.

### **10. Service Providers**

The Company is managed by the Board and there is no separate investment manager. The Board and the broader deal team will be supported by a largely outsourced back office, and through other services which are provided to the Company by both Arlington and Abingdon.

Arlington is a UK-based FCA-regulated company (FCA number: 172337), and comprises a team of highly experienced investment and corporate finance professionals. Collectively the principals have managed over \$1 billion during their careers and they have originated, sold and distributed numerous public and private financing deals.

The Company entered into an agreement with Arlington on 16 June 2015 pursuant to which Arlington provides support services to the Company in respect of marketing and public relations, deal origination (primarily in the UK and European markets) and administration including reporting, preparation of performance data and compliance with the Company's Investing Policy. In consideration of the services rendered to the Company by Arlington, the Company has agreed to pay Arlington an annual administration fee of £95,000 (subject to annual adjustment). Subject to Admission becoming effective, it is anticipated that Arlington will voluntarily forego 75 per cent. of its administration fee from Admission until the Board decides that the Company's financial position justifies the payment of a higher or the full administration fee (after reduction, this would amount to an effective administration fee of £24,000 per annum).

Charlie Cannon-Brookes, a Director of the Company, is the Investment Director of Arlington and holds 40 per cent. of the voting shares in Arlington. As at the Latest Practicable Date, Mr. Cannon-Brookes held 2.01 per cent. of the issued Ordinary Shares of the Company in his own name and Arlington held 3.74 per cent. of the issued Ordinary Shares of the Company. One of Arlington's other principals, Richard Lockwood, held a further 4.87 per cent. of the issued Ordinary Shares of the Company as at the Latest Practicable Date.

Abingdon was established in Ontario, Canada in 2014 as a financial advisory company and is an Ontario Securities Commission registered Exempt Market Dealer (EMD number: 53830). Prior to entering into an agreement with the Company, Abingdon had been actively developing the business plan and intellectual property for a diversified royalties business for the European market. The Company entered into an

agreement with Abingdon on 16 June 2015 pursuant to which Abingdon provides support services to the Company in respect of development and implementation of strategies, global deal origination and execution (including structuring and negotiation), strategic partner relationships and ongoing administration (including reporting, preparation of performance data and compliance with the Company's Investing Policy). In consideration of the services, the Company has agreed to pay Abingdon an annual service fee of £280,000 (subject to annual adjustment). Subject to Admission becoming effective, it is anticipated that Abingdon will voluntarily forego 30 per cent. of its service fee from Admission until the Board decides that the Company's financial position justifies the payment of a higher or the full administration fee (after reduction, this would amount to an effective service fee of £196,000 per annum).

As part of the consideration for its efforts and costs that Abingdon contributed prior to 16 June 2015 towards the elaboration and development of including (without limitation) the Company's current Investing Policy and underlying business model, establishing contact and developing relationships with strategic partners, providing the intellectual property surrounding the Company's current name and identity, as well as for its expertise with and relationships within the royalty sector, UK and Canadian equity capital markets, and international investment communities, the agreement also provides Abingdon with the right to require the Company to issue a maximum of 1,500,000 bonus Ordinary Shares (or nil-cost options). If all of the 1,500,000 bonus Ordinary Shares are issued, these bonus Ordinary Shares will represent 3.31 per cent. of the Enlarged Share Capital. Except where certain termination events occur, the Ordinary Shares will only be issued upon completion of Royalties entered into by the Company. The number of Ordinary Shares issuable in respect of each Royalty will be equal to an amount of 5 per cent. (where the relevant Royalty originates from Abingdon) or 2.5 per cent. (where the relevant Royalty does not originate from Abingdon but Abingdon assists the Company in the negotiation and completion of such Royalty) of the gross value of the Royalty.

Neil Johnson is Abingdon's sole voting shareholder. As at the Latest Practicable Date, Mr. Johnson is interested in 11.55 per cent. of the issued Ordinary Shares of the Company, of which 6.35 per cent. are held by Abingdon.

A more detailed summary of the terms of the support services agreements described above is included in paragraph 15.2 of Part 5 of this document.

## **11. Management Incentive Plans**

### **11.1 Share Option Scheme**

The Board considers that it is important that key personnel, including Directors and members of the Investment Committee and other advisers, are appropriately and properly motivated and rewarded, with the success of the Company dependent, to a significant extent, on the future performance of these individuals.

On 7 September 2015, Duke announced the adoption of the Share Option Scheme which had been designed to incentivise Directors, staff and certain key advisers and consultants to deliver long-term value creation for Shareholders. As at the date of this document, 255,000 options have been granted to Directors and 505,000 to consultants, Investment Committee members and advisors.

Under the Share Option Scheme, the Board may award, at its sole discretion, options to subscribe for Ordinary Shares on terms and at exercise prices and with vesting and exercise periods to be determined at the time. The exercise price would normally be at a premium to the mid-market share price at the date of granting the options. Following Admission, the Board has agreed that the total number of unexercised options will represent no more than four per cent. of the issued ordinary share capital of the Company.

Additionally, the Board has approved a new framework for incentivising its executive team and intends to establish the new Executive Plans described in paragraph 11.2 below.

### **11.2 Executive Plans**

The Board has approved the framework for and intends to adopt the Executive Plans, which are consistent with market practice for other comparable international royalty companies and AIM traded companies. The basis of the Executive Plans has been designed by the UK office of Mercer Consulting, a global independent consultant on executive and Board compensation. The Mercer design has been subsequently



reviewed, amended and agreed by the Board of the Company. All decisions in relation to the participation in the Executive Plans will be taken by the Company's Remuneration Committee.

At any time and from time to time, the number of unexercised rights and/or options to acquire Ordinary Shares under the Executive Plans shall not exceed six per cent. of the issued ordinary share capital of the Company. This brings the aggregate limit of unexercised options under the Share Option Scheme and rights and/or options under the Executive Plans to ten per cent. of the issued ordinary share capital of the Company. The contemplated terms of the Executive Plans are summarised below and comprise of the following:

- i. the Short Term Incentive Plan (the "**STIP**"); and,
- ii. the Long Term Incentive Plan (the "**LTIP**").

### **STIP**

The current intention is that the first awards under the STIP will be granted in respect of bonuses earned for the year ended 31 March 2018 (and following the announcement of the Company's results for that year). The STIP will operate as the Company's annual bonus plan.

Calculation for the quantum of the STIP will be based on a maximum of 15 per cent. of the increase in the total cash available for distribution ("**TCAD**") in any given financial year. TCAD can be defined as the free cash flow generated by the Company in any financial year which reflects the revenue generated by the Company from its Royalty Financings less any variable deal costs less any central administrative costs and less tax.

Awards under the STIP will take the form of cash awards and will generally not exceed 100 per cent. of a participant's base salary in respect of any financial year.

STIP Awards will typically be granted at the discretion of the Remuneration Committee within the six week period following the announcement of the Company's full year results for any period. The Remuneration Committee will have the flexibility to alter the timing or amount of any STIP if it determines that exceptional circumstances exist.

### **LTIP**

Awards under the LTIP may be in the form of a conditional right to acquire Ordinary Shares at no cost to the participant ("**Conditional Award**") or an option to acquire Ordinary Shares at no cost to the participant ("**Nil-Cost Option**"). Conditional Awards and Nil-Cost Options granted under the LTIP are together referred to as "**LTIP Awards**".

Unless the Remuneration Committee determines otherwise, LTIP Awards will be subject to the satisfaction of various performance conditions which will determine the portion of the LTIP Award which will vest, if any. Performance conditions will normally be assessed at the end of a performance period of at least three years.

The Remuneration Committee will review the performance conditions and targets before any grants are made to ensure that they reflect the business's strategic priorities at the relevant time.

It is proposed that LTIP Awards will be subject to a performance condition based 50 per cent. on total shareholder return ("**TSR**") and 50 per cent. on total cash available for distribution per share ("**TCAD per Share**"). TSR can be defined as the returns generated by shareholders based on the combined value of the dividends paid out by the Company and the share price performance over the period in question.

LTIP Awards subject to a performance condition will normally vest as soon as practicable after the end of the three year performance period to the extent that the performance condition has been satisfied.

LTIP Awards will generally not be granted to a participant over Ordinary Shares with a market value (as determined by the Remuneration Committee) in excess of 200 per cent. of a participant's base salary in respect of any financial year.

LTIP Awards will typically be granted within the six week period following the announcement of the Company's full year results for any period. The Remuneration Committee will have the flexibility to alter the timing or amount of any LTIP if it determines that exceptional circumstances exist

A more detailed summary of the Share Option Scheme and Incentive Plans is included in paragraph 10 of Part 5 of this document.

## **12. Corporate Governance**

The Company is managed by the Board. The Directors are drawn from backgrounds which the Board believes provides an appropriate mix to conduct the Company's business. Although there are no specific corporate governance rules in Guernsey applicable to Guernsey trading companies, the Directors support high standards of corporate governance. The Company's policy is to comply with the QCA Code so far as it considers practicable and appropriate having regard to the size and nature of the Company. The Company holds regular board meetings in Guernsey (a minimum of four per annum) and the Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and Royalty Financings.

The responsibilities of the Board include the following:

1. Determination of the Company's business objectives and strategy and overall responsibility for the Company's activities including the review of business activity and performance;
2. Ensuring that commercial and regulatory risks and financing needs are properly considered and that all obligations of the Company are adhered to; and
3. Implementing appropriate corporate governance standards and overseeing the effectiveness of the Company's system of internal controls.

To this end, the Company has established an Audit Committee and a Remuneration Committee, details of which are set out below.

The Audit Committee comprises of the Non-executive Directors: Jim Ryan (Chairman), Nigel Birrell and Mark Le Tissier. The Audit Committee meets as often as required and at least twice a year. The Audit Committee's main functions include, *inter alia*, reviewing the effectiveness of internal control systems and risk assessment, considering the need for an internal audit, making recommendations to the Board in relation to the appointment and remuneration of the Company's auditors and monitoring and reviewing annually their independence, objectivity, effectiveness and qualifications. The Audit Committee also monitors the integrity of the financial statements of the Company including its annual and interim reports, preliminary results announcements and any other formal announcements relating to financial performance. The Audit Committee is responsible for overseeing the Company's relationship with the external auditors, including making recommendations to the Board on the appointment of the external auditors and their remuneration. The Audit Committee also considers the nature, scope and results of the auditors' work and reviews, and develops and implements policies on the supply of non-audit services that are to be provided by the external auditors. The Audit Committee also focuses on compliance with legal requirements, accounting standards and the relevant AIM Rules for Companies. The ultimate responsibility for reviewing and approving the annual report and accounts will remain with the Board. The identity of the Chairman of the Audit Committee will be reviewed on an annual basis and the membership of the Audit Committee and its terms of reference will be kept under review. Members of the Audit Committee will have no links with the Company's external auditors.

The Remuneration Committee comprises all Non-executive Directors. The Remuneration Committee's main functions include, *inter alia*, determining the framework or broad policy for the remuneration of the Company's Chairman, the Company's executive directors and other members of the executive management, the design of all share incentive plans and the determination each year of individual awards to executive directors and other senior executives thereunder and the performance targets to be used.

The Board seeks to comply fully with Article 19 of MAR relating to PDMR's dealings and will also take all reasonable steps to ensure compliance with that rule by PDMRs' PCAs. The Company has adopted a code on dealing in securities of the Company which is compliant with Article 19 of MAR and Rule 21 of the AIM Rules for Companies.

### **13. The City Code**

The City Code applies to the Company. Under Rule 9 of the City Code ("**Rule 9**"), any person who acquires an interest in shares, whether by a series of transactions over a period of time or not, which, taken together with any interest in shares held or acquired by persons acting in concert (as defined in the City Code) with him, in aggregate carry 30 per cent. or more of the voting rights of a company, that person is normally required by the Panel to make a general offer to all of the remaining shareholders to acquire their shares.

Similarly when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person which increases the percentage of shares carrying voting rights in which they are interested.

An offer under Rule 9 must be in cash or be accompanied by a cash alternative and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company acquired during the twelve months prior to the announcement of the offer.

### **14. The Fundraising**

In order to provide the Company with the capital required to capitalise on its near term opportunities, the Company is seeking to raise £15 million pursuant to the Fundraising (being the Placing and the Subscription) through the issue of the New Shares at the Issue Price. The New Shares will represent approximately 82.64 per cent. of the Enlarged Issued Share Capital immediately following Admission.

When admitted to trading, the Ordinary Shares (including the Placing Shares and the Subscription Shares) will continue to be registered with ISIN number GG00BYZSSY63 and SEDOL number BYZSSY6 and trade under the symbol "DUKE".

#### ***Placing***

Under the Placing, Placing Shares are being offered to certain existing shareholders, institutional and other investors in the United Kingdom, Canada, Switzerland and Guernsey in accordance with applicable laws of each such jurisdiction. The distribution of this document and the offering of Placing Shares are subject to the selling restrictions set out on page 4 of this document.

The Placing Shares will be credited as fully paid up on issue and the rights attaching to all Ordinary Shares (including the Placing Shares) will be uniform in all respects and they will form a single class for all purposes (including the right to receive dividends and other distributions declared, made or paid on the Ordinary Shares after Admission).

Pursuant to the Placing Agreement, the Joint Brokers have agreed to use their respective reasonable endeavours to procure, as agents for the Company, institutional and other investors for the Placing Shares at the Issue Price. The Placing is conditional upon, *inter alia*, Admission becoming effective no later than 8.00 a.m. on 23 March 2017 (or such later date as Grant Thornton and the Joint Brokers and the Company may agree but in any event no later than 8.00 a.m. on 30 March 2017) and the Placing Agreement not having been terminated prior to Admission. Further details of the Placing Agreement are set out in paragraph 15 of Part 5 of this document.

#### ***Subscription***

Under the Subscription, Subscription Shares are being offered to certain existing shareholders, institutional and other investors in the United Kingdom, Canada and Gibraltar in accordance with applicable laws of each such jurisdiction. The distribution of this document and the offering of Subscription Shares are subject to the selling restrictions set out on page 4 of this document.

The Subscription Shares will be credited as fully paid up on issue and the rights attaching to all Ordinary Shares (including the Subscription Shares) will be uniform in all respects and they will form a single class for all purposes (including the right to receive dividends and other distributions declared, made or paid on the Ordinary Shares after Admission).

The Subscription will be effected pursuant to separate subscription agreements between the Company and each investor subscribing for Subscription Shares. Pursuant to such subscription agreements, investors have agreed, conditional on Admission, to purchase the Subscription Shares at the Issue Price.

### ***Use of Proceeds***

Duke will use the proceeds of the Fundraising to make targeted Royalty Financings in line with its Investing Policy. In the absence of unforeseen circumstances, the Board anticipates that the net proceeds of the Fundraising should be fully invested (or committed to be invested) within 12 months of Admission. However, there is no fixed period within which the Company is required to make Royalty Financings or return funds to Shareholders.

### **15. Lock-in and Orderly Market Arrangements**

The Directors, Arlington and Abingdon have each agreed with the Company, Grant Thornton and the Joint Brokers not to dispose of any of their interests in Ordinary Shares held or acquired for a period of at least twelve months from the date of Admission, save in certain limited circumstances and to sell any Ordinary Shares through a broker acting in accordance with generally accepted orderly market principles for a further twelve months thereafter.

The aggregate interests following Admission which shall be subject to the lock-in and orderly market arrangements, as described above, will amount to 5,600,882 Ordinary Shares which is equivalent to approximately 12.34 per cent. of the Enlarged Share Capital.

Further details of the lock-in and orderly market arrangements are set out in paragraph 15 of Part 5 of this document.

### **16. Admission, Settlement and Dealings**

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings, for normal settlement, will commence on 23 March 2017.

The Ordinary Shares are eligible for CREST settlement. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within CREST if the relevant holder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain certificates will be able to do so.

Pending the despatch of definitive share certificates (as applicable), instruments of transfer will be certified against the register. No temporary documents of title will be issued.

### **17. Financial Information**

Part 4 of this document contains *pro forma* consolidated statements of net assets of the Company based on the unaudited interim accounts of the Company at 30 September 2016.

Except in respect of the *pro forma* information provided in Part 4, pursuant to Rule 28 of the AIM Rules for Companies, the Company is not including financial information in respect of itself. Copies of the interim and annual accounts of the Company for the financial periods since 1 April 2013 may be found on Duke's website, <http://www.dukeroyalty.com/>

### **18. Taxation**

Information regarding certain taxation with respect to Ordinary Shares and Admission is set out in paragraph 11 of Part 5 of this document. These details are, however, intended as a general guide to the current position under UK and Guernsey taxation law. If you are in any doubt as to your tax position you should consult an appropriate professional adviser.

### **19. Further Information**

You should read the whole of this document and not just rely on the information contained in this Part 1. Your attention is drawn to the information set out in Part 2 to Part 5 (inclusive) of this document which contain further information on the Company.

## PART 2

### VISIBILITY ON THE ROYALTY PIPELINE

#### 1. Indicative Terms of Royalty Financings

The general terms of potential Royalty Financings are expected to be similar in many respects and are summarised below. **Readers are cautioned that each agreement with each potential Royalty Partner will be individually negotiated and tailored to the unique circumstances of such Royalty Partner's business or of a particular Royalty Financing. Undue reliance should not be placed on this summary as many factors may justify alternative terms and/or structures from the terms summarised below.**

<b>Royalty Structure</b>	Duke will provide financing to Royalty Partners in one or more instalments in return for monthly royalty payments. The targeted initial annual cash-on-cash yield for such Royalties would be between 12 per cent. and 15 per cent.
<b>Buyback Option</b>	Royalty Partners would have an option to redeem up to 100 per cent. of the royalty from Duke by making a payment, the quantum of which would be set out in the Royalty Agreement. Duke would expect such payment to be equal to the percentage of the Royalty redeemed multiplied by the greater of (i) a pre-determined fixed amount specified in the Royalty Agreement and (ii) a multiple of the annualised royalty payment from the Royalty Partner to Duke on the date of exercise of the buyback option.
<b>Guarantees and Security</b>	A Royalty Partner's obligation under a Royalty Agreement is expected to be secured by a charge on the Royalty Partner's assets. Such security interest may include security on any intellectual property, physical property, equipment and/or shares in subsidiaries, depending on their relevance to the Royalty Partner's business. Parent company guarantees may also be obtained. Certain circumstances may justify the subordination of Duke's security interest to a Royalty Partner's senior lender.
<b>Board Representation</b>	Duke would have an option to appoint one person to observe or sit on the Royalty Partner's board of directors. Duke would normally not appoint a director unless Duke believes there is some solvency or execution risk that would significantly impact the Royalty Partner's ability to make the royalty payments.
<b>Insurance</b>	Each potential Royalty Partner will be expected to maintain insurance in good standing with reputable insurance companies on its assets and operations in such amounts and upon such terms as is customary in the Royalty Partner's industry.
<b>Term</b>	Generally, the term of a Royalty Agreement would range between 25 to 40 years but could be perpetual in certain circumstances.
<b>Information Covenants</b>	The Royalty Partner will be expected to provide, on a monthly basis, sufficient documentation to enable Duke to monitor the operating and financial performance of the Royalty Partner's business and the performance of its obligations under the Royalty Agreement.
<b>Audit Rights</b>	Duke would have access to the books and records of each Royalty Partner to audit the gross revenues and the royalty payments.
<b>Tax Considerations</b>	Duke will attempt to structure each Royalty in a tax-efficient manner.

#### 2. Visibility on the Royalty Financing Pipeline

The Company has built a near-term pipeline of potential Royalty Financing transactions and information on each of the prospective Royalty Partners is set out below. The aggregate value of this near-term pipeline amounts to approximately £75 million, providing the Company with a significant number of possible opportunities in order to deploy the proceeds of the Fundraising as rapidly as possible following Admission.

The information in this paragraph 2 of this Part 2 is based on information provided to the Company by senior management of each prospective Royalty Partner, which information is still subject to ongoing due diligence by the Company. Any such Royalty Financing remains subject to the satisfactory completion of due diligence to ensure that each potential Royalty meets Duke's criteria and is also subject to the successful negotiation of Royalty Agreements on terms satisfactory to Duke as well as Board approval. Consequently, the process with each prospective Royalty Partner mentioned in this Part 2 remains subject to execution risk and there is no certainty that any binding Royalty Agreements will be entered into and, if any such agreement is entered into by the Company and a prospective Royalty Partner, that it will be entered into upon the terms summarised in this Part 2.

#### **PROSPECT ONE: INDUSTRIAL & DECORATIVE PAINT MANUFACTURER**

UK-based industrial, powder coating and decorative paint manufacturer founded in the 1940's

**Industry Sector:** Industrials

**Location:** United Kingdom

**Years in Business:** 70+ years

**Ownership Structure:** Private, closely-held

**2016 FYE (March) Revenue:** £27 million<sup>(1)</sup>

**Capital Required:** £7 million

**Number of Employees:** 200 – 250

**Use of Proceeds:** Shareholder Buyout and Growth Capital

<sup>(1)</sup> Based on unaudited consolidated annual financial statements for the financial year ended 31 March 2016.

#### **Prospect One – Description**

Prospect One has serviced the industrial manufacturing sector for over 70 years, producing a wide range of premium paints, coatings and ancillary products for many national and international organisations. The main industrial markets the company services include defence and aerospace, road and rail vehicles, consumer electronics, agricultural and construction equipment and general engineering and other specialist segments. The business started as a London-based supplier to the automotive market and since then the company's products have been used in early personal computers manufactured by IBM, London's iconic "Routemaster" double decker buses, Formula One cars and the UK Ministry of Defence's vehicles and equipment.

Prospect One also has a decorative paint line which leverages off the company's technical know-how from the industrial segment, creating durable and scrubbable decorative paint products. Prospect One's current intention is to market and expand the decorative paint product line under third party brand arrangements to major retailers in the United States and the UK as a high-quality alternative for retail consumers.

Whilst it is based in the UK, Prospect One has grown and now manufactures paint in Europe and with partners in the United States, China and India.

Prospect One was acquired by its two current shareholders approximately ten years ago, with one shareholder currently in the role of group Chairman. The Chairman has over 35 years of experience in automotive and manufacturing sectors, spending most of his career in operations strategy and executive advisory roles.

The proceeds of the £7 million Royalty Financing would be used by Prospect One for a shareholder buyout as one shareholder is looking to realise its holdings and also for general working capital purposes of Prospect One. The intention is that the repurchased shares would subsequently be cancelled by Prospect One resulting in the Chairman holding a significant majority of the equity of the business.

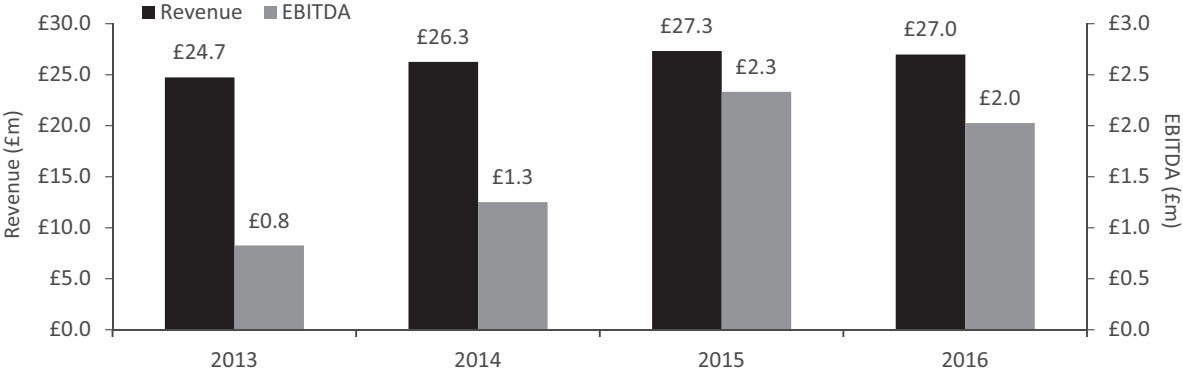
#### **Prospect One – Market Highlights**

- Global coatings market is a €90 billion market (2014) and is growing at 5% CAGR, expected to exceed €120 billion by 2025.
- Decorative paints are approximately half of the global coatings market, with industrial (liquid, coil and powder), marine, packaging, and automotive coatings combined comprising the other half.

#### **Prospect One – Historical Financial Profile**

Based on unaudited consolidated financial statements for the financial years ended 31 March 2013 to 2016, Prospect One achieved continuous multi-year profitability, leading into generated revenue of

£27.0 million and EBITDA of £2.0 million during the 2016 financial year. Prospect One has loans in place as at 31 March 2016 comprising of approximately £4.4 million comprising bank debt, shareholder loans and a confidential invoice discounting facility. Only the confidential invoice discounting facility is expected to remain in place post-completion of the potential Royalty Financing.



Source: Unaudited consolidated financial statements for the financial years ended 31 March 2013 to 2016.

**PROSPECT TWO: EUROPEAN RIVER CRUISING OPERATOR**

European riverboat operator founded in the 1990's

- Industry Sector:** Leisure
- Location:** Europe
- Years in Business:** 15+ years
- Ownership Structure:** Private, closely-held
- 2015 Normalised Revenue:** €4.6 million<sup>(1)</sup>
- Capital Required:** up to €7.5 million
- Number of Employees:** 50 – 100
- Use of Proceeds:** Growth Capital

<sup>(1)</sup> Based on unaudited annual financial statements for the financial year ended 31 December 2015.

**Prospect Two – Description**

For over 15 years, Prospect Two has operated multi-day riverboat cruises along the Rhine and Danube rivers, providing passengers with an experience focussing on the scenery, local history, culture, and cuisine of each city along the rivers. The riverboats dock in ports typically in the heart of each city, translating into a destination-focussed experience for passengers. Port cities on the Danube and Rhine include Vienna, Bratislava, Budapest, Belgrade, Cologne, Strasbourg, Rotterdam and Basel.

Prospect Two’s river cruises are sold through more than 25 different international travel agencies who buy boat capacity approximately one year in advance of sailing. Each travel agency is then responsible for selling rooms on board the river vessel for its selected trips, meaning they conduct almost all of the marketing and sales effort. The travel agency then pays for its trip in full over the course of the year, with the final balance of payment received by Prospect Two a month before sailing. This arrangement with travel agencies provides strong visibility of forward sales with Prospect Two already having sold out all of its boat capacity for 2017.

Prospect Two was founded by a husband and wife who continue to own and manage the business. Both founders are experienced in the hospitality and shipping industries; the husband started his marine career in the 1970's, while his wife has been employed in roles such as Hotel Manager and General Manager.

Each of Prospect Two’s three riverboats (one owned and two leased) have 60 – 75 cabins and are staffed with 30 – 35 employees, including nautical and engineering personnel in addition to passenger services and restaurant personnel. Prospect Two fits within the four-star segment of the market, being the largest segment, combining luxury amenities with competitive prices.

The Directors believe that Prospect Two’s competitive advantages include the flexibility and ability to customise a route, theme, and itinerary for each travel agency based on passenger preferences, and a value proposition which has received positive operator and customer feedback.

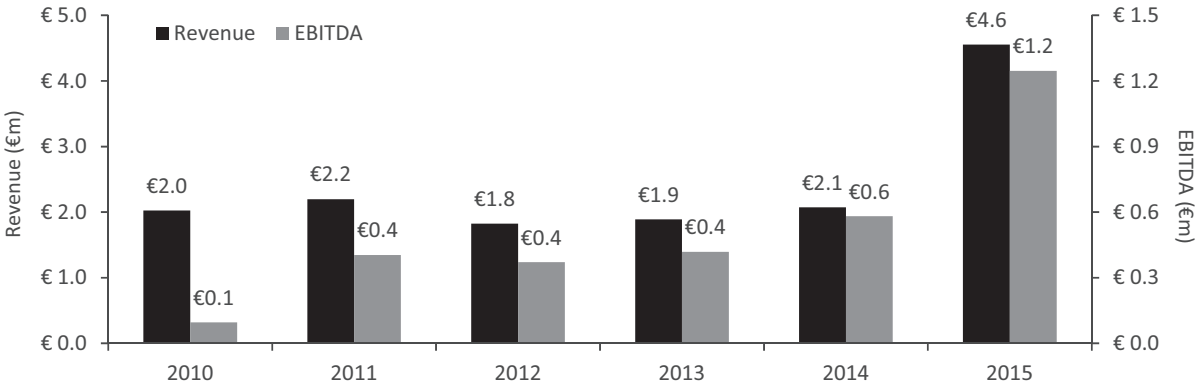
Prospect Two will utilise proceeds of the Royalty Financing to buy out the two leased vessels meaning that, following a potential Royalty Financing by the Company, Prospect 2 would wholly own all three of the vessels it operates. Additional use of proceeds would be to finance the refurbishment of two of the vessels and to repay of all of its existing senior secured debt leaving the Company as the sole senior secured lender. Prospect Two is planning a further expansion of its riverboat fleet from 3 vessels to 5 vessels over the next five years in order to keep up with the growing demand for European river boat cruises.

**Prospect Two – Market Highlights**

- Over the past six decades, tourism has grown and diversified to become one of the largest and fastest-growing economic sectors in the world, with international tourism expenditures totalling \$1.3 trillion in 2014.
- Worldwide, the entire cruise industry (sea and river cruising) has seen an annual passenger increase at a CAGR of 4.8 per cent. over the last 10 years, reaching approximately 23 million passengers in 2015, with 7 million of those passengers being in Europe. Growth is expected to continue, with the number of passengers in forecasted to reach 30 million by 2030.
- From 2009 to 2013, the number of river cruise passengers in Europe increased at a CAGR of 12.3 per cent., totalling 110,000 in 2013 and the number of passengers is forecasted to reach 197,000 in 2018.
- The international river cruise industry growth will be supported by a growing retirement age population (the average cruise passenger is 50 years old), better health of older individuals, growing demand for more land-based exploration, and increasing popularity of riverboats with younger generations.
- The marketing efforts of the largest river cruise companies are increasing the worldwide visibility of river cruise holidays, which are expected to provide another stimulant for growth of the industry.

**Prospect Two – Historical Financial Profile**

Continuous multi-year profitability has been achieved with normalised revenue of €4.6 million and normalised EBITDA of €1.2 million for the 2015 financial year based on Prospect Two’s unaudited annual financial statements for the year ended 31 December 2015. There was a significant increase in the revenues and EBITDA for the financial year ended 31 December 2015 compared to the financial year ended 31 December 2014 due to a second vessel having been brought into service by Prospect Two and it is the Director’s belief that these numbers will rise commensurately when the third vessel is brought into service at the beginning of 2017.



Source: Unaudited annual financial statements for the financial years ended 31 December 2010 to 2015.



## PROSPECT THREE: AESTHETIC PHARMACEUTICALS COMPANY

Family-owned pharmaceutical company founded in 1976.

**Industry Sector:** Healthcare

**Location:** Western Europe

**Years in Business:** ~40 years

**Ownership Structure:** Private, closely-held

**2015 Revenue:** €58.6 million<sup>(1)</sup>

**Capital Required:** \$15 million

**Number of Employees:** over 250

**Use of Proceeds:** Growth Capital

<sup>(1)</sup> Based on audited financial statements for the for the financial year ended 31 December 2015.

### Prospect Three – Description

Aesthetic pharmaceutical products are used by plastic surgeons, dermatologists, aestheticians, and other medical professionals to improve patients' appearances. Aesthetic pharmaceutical companies develop, manufacture, market, and distribute these products.

Prospect Three focuses on producing and selling minimally-invasive facial aesthetics products. Its products include botulinum toxin ("botox") to prevent or diminish wrinkles, and other products to lift sagging tissue, achieving facelift-like results.

Prospect Three was founded in the 1970s by a family who continue to own and manage the business. As the management team holds Prospect Three's equity, they will be incentivised to drive growth across Prospect Three's product portfolio and distribution geographies.

In 2014, Prospect Three divested its non-aesthetics businesses to focus solely on the aesthetics market, but does retain manufacturing rights that provide a long tail of revenue and income. Prospect Three's core business is to develop and manufacture minimally invasive aesthetic products both for marketing under its proprietary brand and as a supplier for original equipment manufacturers. Prospect Three also has exclusive distribution rights for certain products in Europe, North America and other territories.

Prospect Three had revenues of €58.6 million and EBITDA of €11 million for the financial year ended 31 December 2015 based on its audited financial statements. Over the next three years Prospect Three is looking to expand its geographical reach by developing its presence in the US, India, and China.

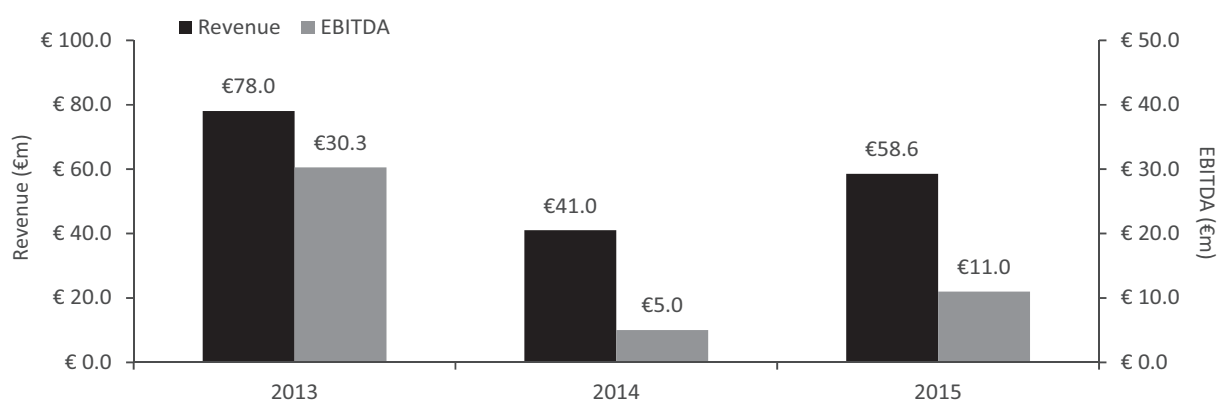
Prospect Three has already invested approximately \$20 million in approvals, production capacity increases and upgrades in preparation for expansion in these countries. The proceeds of the Royalty Financing would be used to form and fund a partnership in these countries and roll-out a marketing and sales team.

### Prospect Three – Market Highlights

- The global botox procedures market alone is projected to grow at an 8 per cent. CAGR through 2020, reaching a market size of \$2.7 billion
- Of the 4.6 million botox procedures performed globally in 2015, 1.1 million (approximately 25 per cent.) were performed in the US
- The global dermal filler market is projected to grow at an 11 per cent. CAGR through 2020, reaching a market size of \$2.5 billion
- 2.9 million hyaluronic acid (HA) dermal filler procedures performed globally in 2015, of which approximately 20 per cent. were performed in the US

### Prospect Three – Historical Financial Profile

Based on audited financial statements for the financial years ended 31 December 2013 to 2015. Prospect Three achieved continuous multi-year profitability, leading into generated revenue of €58.6 million and EBITDA of €11 million during the 2015 financial year. The sharp drop in revenue and EBITDA from 2013 to 2014 was due to the sale of its non-core non-aesthetics business referred to above. Prospect Three's aesthetic business continues to grow rapidly in both revenue and profitability.



Source: Audited financial statements for the financial years ended 31 December 2013 to 2015.

#### PROSPECT FOUR: MANAGED INTERNET SERVICES

Global offshore provider of secure online hosting facilities established in the early 2000's.

**Industry Sector:** Information Technology

**Location:** Offshore Europe

**Use of Proceeds:** Acquisition Capital

**Capital Required:** up to \$20 million

#### Prospect Four – Description

Robust online security is of paramount importance to eBusinesses. Prospect Four provides secure and reliable online hosting facilities, for companies and their operations, tailored specifically for such eBusinesses.

Prospect Four was established almost 15 years ago by two founders who still actively manage the business and are the company's only shareholders. Prospect Four has recently seen significant global growth, diversity into new markets and the introduction of new products and services. Based on its unaudited consolidated financial statements, Prospect Four generated approximately \$41.0 million in revenue and over \$12.3 million in EBITDA for the financial year ended 31 March 2016.

Prospect Four provides managed hosting solutions secured over a global private network. The company's service offering includes co-location, disaster recovery, global private network, distributed denial of service (DDoS) protection, cloud backup, IP transit, managed network services and multi-protocol label switching (MPLS).

Prospect Four specialises in eGaming hosting services and actively works on providing cross-jurisdictional business solutions for eBusiness and technical expertise. Its data centres are located in numerous jurisdictions including Europe, North America, and Asia, providing a global service capability to clients.

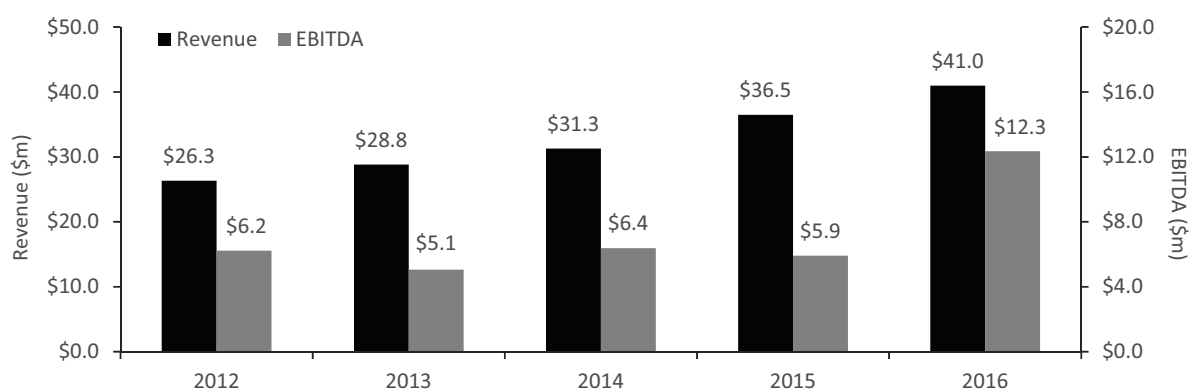
The proceeds of the Royalty Financing of up to \$20.0 million would be used by Prospect Four for acquisition capital, potential early retirement of long-term debt and for general working capital purposes.

#### Prospect Four – Market Highlights

- The managed services market size is estimated to grow from \$145.3 billion in 2016 to \$242.5 billion by 2021, at an estimated CAGR of 10.8%.
- Persistent rise in the complexity of technological solutions, flexibility to match custom requirements, and upsurge in dependency over heterogeneous networks are the factors boosting the managed services market.
- In 2015, information security spending reached \$77 billion, and is forecasted to grow more than 100 per cent. by 2020, reaching \$170 billion.
- The highest growth in cybersecurity spending to 2020 will come from data loss prevention technologies, security testing products, and IT outsourcing.

## Prospect Four – Historical Financial Profile

Based on unaudited consolidated financial statements for the financial years ended 31 March 2012 to 2016, Prospect Four achieved continuous multi-year profitability, reaching revenue of approximately \$41.0 million and EBITDA of \$12.3 million during the 2016 financial year. Prospect Four currently has loans in place of approximately \$16.8 million comprised solely of shareholder loans.



Source: Audited financial statements for the financial years ended 31 December 2013 to 2015.

There are situations where the Company could consider providing Royalty Financing to a Royalty Partner seeking to acquire a business if its management team has a proven track record of results and if the Company believes royalty finance can be instrumental to the business model of the acquired business. The Company would then derive its royalty payments under the Royalty Agreement from the revenues and cash flows generated by the acquired business. This is the case for Prospect Five and Prospect Six described below. Duke will independently assess whether the contemplated acquisitions can be fully or partly financed through Royalty Financing by the Company.

### PROSPECT FIVE: AMBULATORY SURGERY CENTRES

Provider of ambulatory surgery centres (“ASCs”).

**Industry Sector:** Healthcare

**Location:** United Kingdom

**Use of Proceeds:** Acquisition and Growth Capital

**Capital Required:** up to £15 million

#### Prospect Five – Description

ASCs are healthcare facilities that offer patients the opportunity to have lower-cost surgical and procedural services performed outside the hospital, while also improving quality and customer service. ASCs aim to deliver certain outcomes for single specialty surgeries, with key benefits including being more comfortable and accessible facilities for patients, shorter waiting times, lower costs per procedure, fewer complications and fewer repeat operations.

Prospect Five has an experienced management team in the sector and whose strategy and business model is to grow an international network of ASCs based on an already successful ASC business model in the United States. Prospect Five has an established strategic relationship with a multibillion-dollar US-based ASC company, which is one of the largest ASC providers in the world, and has exclusive use of its technology, marketing collateral, design, and business model, as well as unrestricted access to its personnel and expertise.

The company’s Chief Development Officer, who is also its majority shareholder, is one of the founders of its US partner and has been responsible for the management of more than 250 new individual ASC developments and acquisition transactions in excess of \$1.5 billion. Similar to the US ASC model, Prospect Five’s management team and the specialist surgeons who provide services in each ASC, will hold the majority equity position in Prospect Five, therefore being incentivised to drive growth and profitability, with royalty payments being financed from its growing cash flow.

The proceeds of the Royalty Financing would be used by Prospect Five for the acquisition and development of ASCs. While Prospect Five is continually evaluating potential ASCs, funding of any Royalty

by Duke would be subject to identification of a sufficient number of strategic acquisition targets or organic growth opportunities to ensure that the operating cash flow of Prospect Five be twice covered by its applicable royalty payment obligations. Prospect Five's current intention is to build and/or acquire 20 ASCs over the next five years and to acquire ASCs.

#### **Prospect Five – Market Highlights**

- Ambulatory surgery centres in the United States generated \$28.3 billion of revenue during the 2015 calendar year, and are expected grow at an annualised rate of 6.3 per cent. from 2015 to 2020.
- The demand in the number of surgical procedures is forecasted to grow between 14 per cent. and 47 per cent. by the year 2020, depending on the type of surgical speciality.
- According to the Ambulatory Surgery Center Association, ambulatory surgery centres have the potential to save \$57.6 billion in Medicare costs in the U.S. over the next decade.

#### **PROSPECT SIX: CONTRACT RESEARCH ORGANIZATION (CRO)**

Private global CRO founded in 2014.

**Industry Sector:** Healthcare

**Location:** United States

**Use of Proceeds:** Management Buyout

**Capital Required:** up to \$20 million

#### **Prospect Six – Description**

CROs provide preclinical and clinical research, analytic, and regulatory submission services to pharmaceutical, biotechnology, medical device, and diagnostic companies.

Prospect Six's senior leadership team collectively has over 50 years of experience in the CRO industry and includes former leaders of global business development teams at large CROs such as Quintiles and INC Research. Prospect Six's management team have undertaken over 260 opportunity assessments, 225 regulatory filings and 103 clinical trials. In addition, they have been part of the leadership team at INC Research at a time when revenue grew from \$30 million to over \$800 million. The core leadership team is supported by more than 70 experts in drug development, regulatory, chemistry and manufacturing controls, and commercialisation of medical products. Prospect Six has expertise in core therapeutic areas including pain & the central nervous system, oncology, anti-infectives and devices.

Prospect Six has identified, negotiated and structured a management buy-out and acquisition of a CRO that fits Duke's royalty financing criteria, including a royalty coverage of about twice operating cash flow and a long history of operations. Duke would be funding a portion of the acquisition consideration through Royalty Financing. It is currently anticipated that post-transaction, the management team would hold a majority equity position in the acquired CRO, therefore being incentivised to drive growth of the newly acquired CRO.

#### **Prospect Six – Market Highlights**

- The clinical development of a drug is a \$1.0 to \$1.5 billion process that can take over 10 years.
- The global pharmaceutical CRO market is forecasted to rise at a 5.4 per cent. CAGR from 2015 to 2018, reaching \$40.2 billion in 2020.
- The global medical device CRO market is forecasted to rise at a 13.0 per cent. CAGR from 2015 to 2018, reaching \$7.4 billion in 2018.

## PART 3

### RISK FACTORS

Any investment in the Company is subject to a number of risks. Accordingly, investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Company, including, in particular, the specific risks described below, before making any investment decision. The information below does not purport to be an exhaustive list nor are the risks set out in any order of priority. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this document and their personal circumstances. Before making any final decision, prospective investors in any doubt should consult with an independent adviser authorised under FSMA (or the corresponding legislation in the jurisdiction in which a prospective investor is resident). If any of the following risks were to materialise, the Company's business, financial position, results and/or future operations may be materially adversely affected.

The market value of the Ordinary Shares may go up or down and an investor may lose all or part of his or her investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the performance and value of the Company.

An investment in the Company is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may arise therefrom (which may be equal to the whole amount invested). There can be no certainty that the Company will be able to implement successfully the strategy set out in the document. No representation is or can be made as to the performance of the Company and there can be no assurance that the Company will achieve its objectives.

#### RISKS RELATING TO THE COMPANY'S BUSINESS

##### ***The Company has no operating history under its current Investing Policy***

The Company adopted the Investing Policy on 16 June 2015 and has no operating history upon which to evaluate its likely performance. The past performance of the Directors is not necessarily a guide to the future performance of the Company.

The income of the Company is fundamentally dependent on the operating performance of the Royalty Partners over which the Company has no control. The revenues of such businesses may be affected by a large number of factors including but not limited to, economic and market conditions, the performance of the management team, competition, changes in law and regulation, changes in tastes and social trends and interest rates and financial conditions.

##### ***The Company may fail to complete any suitable Royalty Financings***

The growth of the Company is dependent its ability to successfully identify and acquire additional Royalties. The availability of potential Royalties which meet the Investing Policy will depend, *inter alia*, on the state of the world economy, general business conditions, alternative sources of finance and financial markets generally. The Company may be unable to identify targets at valuations that the Board believes will deliver sufficient returns for Shareholders. Even if the Company successfully identifies targets the process remains subject to execution risk and there is no guarantee that Royalty Financings will complete. The Company can offer no assurance that it will be able to identify or complete Royalty Financings that are consistent with its Investing Policy or that it will be able to fully deploy its available capital.

##### ***Dependence on Royalty Partners***

As a royalty company, the Company will be entirely dependent on the operations and assets of its Royalty Partners through its Royalty Agreements with them. The Company's ability to pay dividends and to pay its operating expenses will be dependent on the royalty payments received from its Royalty Partners. Royalty payments by the Royalty Partners to the Company are generally based on a percentage of the Royalty Partner's revenues or other similar top-line measure. Accordingly, subject to certain conditions, to the extent that the financial performance of a Royalty Partner declines with respect to the relevant performance measure, cash payments to the Company will decline. The failure of any Royalty Partner to fulfil its

distribution obligations to the Company could also materially adversely affect its financial condition and cash flows.

While it is currently anticipated that the Company's Royalty Agreements with its Royalty Partners will provide it with certain remedies in the event of non-payment of royalties by the relevant Royalty Partner and that the Company may, in certain circumstances, have security over the assets of Royalty Partners, the Company's rights and, where applicable, its security interests may be subordinated to the payment rights and security interests of a Royalty Partner's commercial lenders.

The Company will neither have significant influence over any of its Royalty Partners or their operations nor will it have the ability to exercise control over such Royalty Partners. As a result, it may be difficult or impossible for the Company to ensure that the Royalty Partners operate in the Company's best interest. While it is anticipated that the Company will have certain information and audit rights, the Company will otherwise have limited access to information, data and disclosure regarding the Royalty Partners operations which may affect the Company's ability to assess the underlying performance. As a result, the Company may be, to a large extent, dependent on the Royalty Partner for the accurate calculation and timely payment of distributions. The distributions received by the Company from its Royalty Partners therefore depend upon a number of factors that may be outside of its control.

To the extent that a Royalty Partner is a private company, there will generally be little or no publicly available information, including audited or other financial information, about such Royalty Partners and the boards of directors and management of these companies may not be subject to the same governance and disclosure requirements as are applicable to public companies. Therefore, although all Royalty Partners will be required to provide the Company with regular financial and operating information pursuant to the Company's Royalty Agreements with them, the Company may not be able to obtain all relevant financial and operational information it needs to monitor its Royalty Partner.

Numerous factors may affect the financial performance of a Royalty Partner and the quantum of a Royalty Partner's distribution obligations to the Company, or the ability of a Royalty Partner to service such distribution obligations, including the failure to meet its business plan, a downturn in its industry or negative economic conditions. Deterioration in a Royalty Partner's financial condition and prospects may be accompanied by a material reduction in the distributions or payments received by the Company.

#### ***The Company may fail to pay dividends***

There is no guarantee of a dividend on the Ordinary Shares, and the declaration, payment and growth of any such dividend will depend, among other things, on the availability of financial resources and distributable reserves of the Company.

#### ***The Company faces competition from investment banks and investment entities***

The Company will compete with a large number of private equity funds and mezzanine funds, investment banks, equity and non-equity based investment funds, and other sources of financing, including the public capital markets. Some of its competitors are substantially larger and have considerably greater financial resources than the Company. Competitors may have a lower cost of funds and many have access to funding sources that are not available to the Company. In addition, some of the Company's competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships and build their market shares. There is no assurance that the competitive pressures that the Company faces will not have a material adverse effect on its business, financial condition and results of operations. Also, as a result of this competition, the Company may not be able to take advantage of attractive opportunities and there can be no assurance that it will be able to identify and complete Royalty Financings that satisfy its business objectives or that will enable to meet its business goals.

#### ***Concentration of Royalties***

The Company intends to enter into Royalty Agreements with a number of different Royalty Partners in order to diversify its portfolio and in order to appropriately manage risk. However, identifying such Royalty Partners, conducting due diligence and negotiating the terms of individual Royalty Agreements will take time. Before it has entered into such number of agreements that the Company considers that it has successfully diversified its portfolio, the failure of any given Royalty may have a disproportionate and material adverse effect on the financial position and prospects of the Company.

***The Company may not complete or realise the anticipated benefits of its Royalty Partner arrangements***

Achieving the benefits of future Royalty Financings will depend in part on successfully identifying and negotiating such opportunities in a timely and efficient manner at appropriate valuations and in structuring such Royalty Agreements to ensure a stable and growing royalty stream. Success of the Company's Royalties will be based on the accuracy of assumptions regarding the valuation, timing and amount of revenues to be derived from its Royalties. Unknown defects in, or disputes relating to, the Royalties may prevent the Company from realising all of its anticipated benefits.

***Royalty Partners may have repurchase rights which may be exercised***

It is anticipated that the Royalty Partners will have repurchase rights in respect of their Royalty Agreements with the Company. While the exact terms of these repurchase rights will be negotiated on a case by case basis, it is anticipated that the Royalty Partners will, if certain conditions are met, be able to buyback or redeem the Company's interest by paying the applicable cash consideration. Although the Board believes that the buyback or redemption price would adequately compensate the Company for the foregone royalty payments, it would be required to reinvest the cash received including possibly investing in its own shares through the repurchase and cancellation of Ordinary Shares. There is no assurance that the Company would be able to successfully identify and complete any such alternative investments or complete any such share repurchase.

***The ability of the Company to recover from Royalty Partners for defaults under its Royalty Agreements with them may be limited***

Royalty Agreements are largely contractual in nature. Parties to contracts do not always honour contractual terms and contracts themselves may be subject to interpretation or technical defects. Such parties may not have sufficient cash flow at a particular payment date to honour the contractual terms or they may enter insolvency, bankruptcy or other analogous or similar processes in the jurisdictions in which the Royalty Partners are incorporated or conduct their operations. Additionally, the Royalty Partners may breach their representations, warranties or covenants or may not comply with their obligations to provide information or to allow the Company to exercise any applicable information or audit rights. To the extent Royalty Partners do not abide by their contractual obligations, the Company would be required to take legal action to enforce its contractual rights. Such litigation may be time consuming and costly and there is no guarantee of success or that the Royalty Partner will have sufficient assets to cover the Company's loss. If Royalty Partners do not honour their contractual obligations, either by choice or due to financial difficulties or bankruptcy, or if the Company is unable to enforce its contractual rights, it may have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

***Material facts or circumstances not revealed in the due diligence process***

Prior to making or proposing any Royalty Financing, the Company will undertake legal, financial and commercial due diligence on potential Royalty Financings and Royalty Partners to a level considered reasonable and appropriate by the Company on a case by case basis. However, these efforts may not reveal all material facts or circumstances which would have a material adverse effect upon the value of the Royalty. In undertaking due diligence, the Company will need to utilise its own resources and will be required to rely upon its Service Providers, Oliver Wyman and other third parties to conduct certain aspects of the due diligence process. Any due diligence process involves subjective analysis and there can be no assurance that due diligence will reveal all material issues related to a potential Royalty Financing or Royalty Partner which might be necessary or helpful in evaluating a potential Royalty Financing or Royalty Partner.

***Litigation against the Company, the Service Providers or strategic partners may disrupt its strategy and growth***

It is also possible that, from time to time, the Company, the Service Providers and/or other strategic partners will be named as parties to litigation or become involved in regulatory inquiries, which could cause substantial reputational damage to the Company, the Service Providers and/or strategic partners. Such litigation or regulatory inquiries will disrupt the Company's strategy, businesses or potential growth and therefore have an adverse effect on the Company's net asset value and returns to Shareholders.

### ***Future requirement for capital***

The Company may require additional financial resources to continue funding its future expansion. The Company may therefore in the future seek to raise additional funds. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms favourable to the Company or the Shareholders.

### ***Currency and exchange rate risks***

Although the Company prepares its financial statements in pounds sterling, it may have royalty assets in several countries and generate revenue in currencies other than pounds sterling. To the extent that its assets are unhedged, the value of the assets of the Company and the reported royalty income may fluctuate with exchange rates as well as with price changes when it invests in local markets and currencies.

### ***Guernsey incorporation***

The Company is a non-cellular limited company incorporated under the Companies Law. The Guernsey Companies Law does not make a distinction between private and public companies and some of the protections and safeguards that investors may expect to find in relation to a public company under the UK Companies Act 2006 are not provided for under the Companies Law.

### ***Changes to laws applicable to the Company***

A change to Guernsey law could affect the Company's ability to make distributions to the holders of Ordinary Shares or the Company's tax position as described in this document, which are based on current tax law and practice as at the date of this document. Any change to the basis on which profits or capital may be distributed by Guernsey companies could have a negative impact on the Company's ability to pay dividends. Any change in the Company's tax status, or in tax legislation applicable to it, could have a material adverse effect on the value of the assets held by the Company and its performance.

### ***Maintenance of tax residence***

In order to ensure the Company does not become tax resident in any jurisdiction other than Guernsey, the Company is required to be controlled and managed in Guernsey. The composition of the Board, the place of residence of the individual members of the Board, and the location(s) in which the Board makes decisions will be important in ensuring the Company does not become tax resident in any jurisdiction other than Guernsey. While the Company is incorporated in Guernsey, continued attention must be paid to ensure that management and control decisions are made in Guernsey, or the Company may become tax resident in a jurisdiction other than Guernsey. As such, management errors could potentially lead to the Company being considered tax resident in a jurisdiction other than Guernsey and this could have a material adverse effect on the Company's business, financial condition and results of operations.

### ***Dependence on members of the Board, Service Providers and external advisers and consultants***

The Company's ability to provide returns to Shareholders is dependent to a large extent upon the performance of the members of the Board, Services Providers and external advisers and consultants who have been engaged by the Company to provide key services such as the identification, acquisition and disposal of royalty and similar assets and the determination of any required financing arrangements. The Company will depend to a significant extent on the experience, diligence, skill and network of business contacts of such persons.

Failure by such persons to carry out their obligations to the Company in accordance with the terms of their appointment could have a material adverse effect on the operation of the Company, including, without limitation, on the Company's ability to achieve its investment objective. In addition if any the members of the Board, external advisers, consultants or third party providers depart from, or cease to be engaged by, the Company, there is a risk that suitable and effective replacements may not be found. Therefore, the Company's business, financial condition and results of operations may be adversely affected, if the services of the members of the Board, Service Providers and external advisers, consultants and/or third party providers cease to be available to the Company.



### ***The Company's collaboration with Oliver Wyman may be terminated***

The Company's agreement with Oliver Wyman dated 7 August 2015 was entered into for an initial term of 5 years and is subject to automatic twelve month renewals, unless earlier terminated in accordance with the terms of the agreement. The agreement provides the parties with termination rights upon the occurrence of certain events. These include the rights to terminate the agreement upon the occurrence of a material breach which is not remedied within 30 days of notification and upon 90 days' prior written notice if certain key individuals (David Campbell of Oliver Wyman and Neil Johnson of Duke) cease to be active full time employees of Oliver Wyman or Duke, as the case may be. Additionally, after the expiry of the initial term of five years, the agreement may be terminated for any reason whatsoever by either party upon 3 months' prior written notice.

Termination of the Company's agreement with Oliver Wyman could have a material adverse effect on the operation of the Company, including, without limitation, on the Company's ability to identify or complete Royalty Financings or the ability to fully invest its available capital. In addition, should the Company's agreement with Oliver Wyman be terminated, there is a risk that suitable and effective replacements may not be found. Therefore, the Company's business, financial condition and results of operations may be adversely affected, if the services provided by Oliver Wyman cease to be available to the Company.

## **GENERAL RISKS**

### ***Economic conditions and current economic weakness***

The Company's Investing Policy and the business of each of the Royalty Partners are subject to changes in each of their relevant domestic economic conditions, including but not limited to, recessionary or inflationary trends, equity market levels, consumer credit availability, interest rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence. Market events and conditions in the last several years, including disruptions in the international credit markets and other financial systems have resulted in a deterioration of global economic conditions, causing a loss of confidence in global credit and financial markets. This resulted in the collapse of, and government intervention in, major banks, financial institutions and insurers and created a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments and renewed optimism reflected in the financial markets in recent times, concerns remain about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions. Although economic conditions have improved, the recovery from the recession has been slow in various jurisdictions including in Europe and has been impacted by various ongoing factors including sovereign debt levels and high levels of unemployment which continue to result in high volatility in stock markets. These factors have negatively impacted company valuations and will impact the performance of the global economy going forward and could have a material adverse effect on the Company's and its Royalty Partners' business, financial condition, results of operations and cash flows.

In addition, economic conditions in Europe, North America and globally may be affected by political events throughout the world that cause disruptions in the financial markets, either directly or indirectly. In particular, conflicts, or conversely peaceful developments, arising in the Middle-East and other areas of the world can have a significant impact on financial markets and global economy. Any such negative impacts could have a material adverse effect on the Company's and its Royalty Partners' business, financial condition, results of operations and cash flows.

### ***Change in the economic, political, judicial, administrative or legislative regimes***

The Company may be materially adversely impacted by changes in the economic, political, judicial, administrative or legislative regimes in which it or its Royalty Partners currently operate.

### ***Tax status of the Company***

The Company's effective tax rate may be affected by changes in, or the interpretation of, tax laws. The Company's effective tax rate in any given financial year reflects a variety of factors that may not be present in succeeding financial years. An increase in the Company's effective tax rate in future periods could have a material adverse effect on the Company's financial condition and results of operations.

### ***Taxation of investors***

Statements in this document in relation to taxation and concerning the taxation of investors in Ordinary Shares are based on current taxation law and practice which is subject to change. The attention of potential investors is drawn to paragraph 11 of Part 5 of this document on "Taxation". The tax rules and their interpretation relating to an investment in the Company may change during its life. The levels of and relief from taxation may change. Any tax relief referred to in this document are those currently available and their application depends on the individual circumstances of investors.

Any change in the Company's tax status or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Company, the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of the Company and its investors are based upon current tax law and practice which is in principle, subject to change.

Investors should consult their own tax advisers about the tax consequences of an investment in the Ordinary Shares. The information given in this document relates only to general UK and Guernsey tax matters and investors in other jurisdictions should seek their own taxation advice.

### ***Securities traded on AIM***

AIM securities are not admitted to the Official List. An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List. AIM has been in existence since June 1995 but its future success, and liquidity in the market for the Company's securities, cannot be guaranteed.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached compared with larger or more established companies. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser duly authorised under FSMA (or the corresponding legislation in the jurisdiction in which a prospective investor is resident) who specialises in advising on the acquisition of shares and other securities.

### ***Discounts***

The market price of the Ordinary Shares in the Company is determined by the interaction of supply and demand for such Ordinary Shares in the market as well as the underlying value per Ordinary Share. The Ordinary Share price can therefore fluctuate and may represent a discount or premium to the underlying value per Ordinary Share. This discount or premium is itself variable as conditions for supply and demand for the Ordinary Shares change. This can mean that the Ordinary Share price can fall when the underlying value per Ordinary Share rises, or vice versa.

### ***Liquidity***

Shareholders have no right to have their Ordinary Shares repurchased by the Company at any time and therefore Shareholders wishing to realise their investment in the Company will be required to dispose of their Ordinary Shares through the stock market.

Whilst the Directors retain the right to effect repurchases of Ordinary Shares, they are under no obligation to use such powers at any time and Shareholders should not place any reliance on the willingness of the Directors to do so.

Market liquidity in the shares of similar companies to the Company is frequently inferior to the market liquidity in shares issued by larger companies traded on the Main Market of the London Stock Exchange. There can be no guarantee that a liquid market in the Ordinary Shares will exist. Accordingly, Shareholders may be unable to realise their Ordinary Shares at the quoted market price or at all.

### ***Dilution***

The Company has a number of options in issue and may issue further options or warrants in the future. The Company may also choose to raise further funds in the future through a placing of shares. Exercise of options or placings of shares would result in the dilution of the interests of current Shareholders.

The extent of such dilution will depend on the number of options that are exercised on each occasion and/or the number of shares placed and the price at which shares are issued. The perceived risk of dilution

may result in the market price of the Ordinary Shares not fully reflecting any increases in the underlying value of Ordinary Shares than might otherwise be expected.

### ***Investment risk***

An investment in a share which is traded on AIM, such as the Ordinary Shares, may be difficult to realise and carries a high degree of risk. The ability of an investor to sell Ordinary Shares will depend on there being a willing buyer for them at an acceptable price. Consequently, it might be difficult for an investor to realise his or her investment in the Company and he or she may lose all of his or her investment.

Investors should be aware that the market price of Ordinary Shares may be volatile and may go down as well as up and Shareholders may therefore be unable to recover their original investment and could even lose their entire investment. This volatility could be attributable to various factors and events, including the availability of information for determining the market value of the Ordinary Shares, any regulatory or economic changes affecting the Company's operations, variations in the Company's operating results, developments in the Company's business or its competitors, or changes in market sentiment towards the Ordinary Shares. In addition, the Company's operating results and prospects from time to time may be below the expectations of market analysts and investors.

Market conditions may affect the Ordinary Shares regardless of the Company's operating performance or the overall performance of the sector in which the Company operates. Stock market conditions are affected by many factors, including general economic outlook, movements in or outlook regarding interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand and supply for capital. Accordingly, the market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets, and the price at which investors may dispose of their Ordinary Shares at any point in time may be influenced by a number of factors, only some of which may pertain to the Company while others of which may be outside the Company's control.

If the Company's revenues do not grow, or grow more slowly than anticipated, or if its operating or capital expenditures exceed expectations and cannot be adjusted sufficiently, the market price of its Ordinary Shares may decline. In addition, if the market for securities of companies in the same sector or the stock market in general experiences a loss in investor confidence or otherwise falls, the market price of the Ordinary Shares may fall for reasons unrelated to the Company's business, results of operations or financial condition. Therefore, Shareholders might be unable to resell their Ordinary Shares at or above the price at which they have purchased their Ordinary Shares, if at all.

### ***Liquidity and price volatility***

The Company can give no assurance that an active trading market for the Ordinary Shares will develop, or if such a market develops, that it will be sustained. If an active trading market does not develop or is not maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected and Shareholders may have difficulty selling their Ordinary Shares. The market price of the Ordinary Shares may drop below the price at which a Shareholder purchased Ordinary Shares. Any investment in the Ordinary Shares should be viewed as a long term investment.

## PART 4

### UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE COMPANY

The following unaudited pro forma statement of net assets of the Company (the “pro forma financial information”) has been prepared to illustrate the effect on the net assets of the Company as if the Fundraising had taken place on 30 September 2016.

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent the Company’s actual financial position or results.

The pro forma financial information is based on the net assets of the Company as at 30 September 2016, set out in the unaudited interim financial statements of the Company for the six months ended 30 September 2016, and has been prepared in a manner consistent with the accounting policies adopted by the Company in preparing such information and on the basis set out in the notes set out below.

	<b>The Company as at 30 September 2016 (note 1) £</b>	<b>Adjustment  Net Fundraising proceeds (note 2) £</b>	<b>Pro forma net assets of the Company  £</b>
<b>Assets</b>			
<b>Current assets</b>			
Trade and other receivables	42,870	—	42,870
Cash and cash equivalents	1,382,211	13,801,848	15,184,059
	1,425,081	13,801,848	15,226,929
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(31,003)	—	(31,003)
<b>Net assets</b>	<b>1,394,078</b>	<b>13,801,848</b>	<b>15,195,926</b>

**Notes:**

1. The net assets of the Company at 30 September 2016 have been extracted without material adjustment from the unaudited interim financial statements of the Company for the six months ended 30 September 2016.

**Adjustments:**

1. The Fundraising is estimated to raise net proceeds of £13.8 million (£15 million gross proceeds less estimated expenses of £1.2 million).
2. No account has been taken of the financial performance of the Company since 30 September 2016 nor of any other event save as disclosed above.

## PART 5

### ADDITIONAL INFORMATION

#### 1. Responsibility Statements and Consents

- 1.1 The Company and the Directors, whose names appear on page 7 of this document, accept responsibility, both individually and collectively, for the information contained in this document and for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. The Company

- 2.1 The Company was incorporated in Guernsey and registered with the Guernsey Registry on 22 February 2012 under the provisions of the Companies Law as a non-cellular company limited by shares with registered number 54697 under the name 'Praetorian Resources Limited'. The Company is neither regulated nor authorised by the FCA nor the Guernsey Financial Services Commission. The Company's registered office is 4th Floor, West Wing, Trafalgar Court, St Peter Port, Guernsey GY1 2JA.
- 2.2 The principal legislation under which the Company operates and under which the Ordinary Shares were created is the Companies Law and the ordinances and regulations made thereunder. The liability of the Company's members is limited.
- 2.3 The Company's website address is [www.dukeroyalty.com](http://www.dukeroyalty.com)
- 2.4 On 16 June 2015 the Shareholders approved the Investing Policy. The Company adopted the Investing Policy on the same date.

#### 3. Share Capital of the Company

- 3.1 At 31 March 2016, the Company had 7,877,459 Ordinary Shares issued and fully paid. A history of the Company's share capital for the period from 1 April 2013 until 30 September 2016, being the period covered by the historical financial information referred to in paragraph 17 of Part 1, is set out below:
- (i) On 1 April 2013, the issued share capital of the Company was £24,677,901 comprising 50,093,901 Ordinary Shares and 23,324,433 subscription shares of no par value (50 of which were exercised during the financial year ended 31 March 2014).
  - (ii) On 25 April 2014, the Company announced the issuance of 2,400,000 Ordinary Shares at a price of £0.0875 per share (equating to a value of £210,000) to Arlington as settlement of all outstanding fees under a service agreement which was cancelled on the same date;
  - (iii) On 6 May 2014, the Company announced that it had completed the on-market buy-back of an aggregate of 7,858,015 Ordinary Shares at a price of 8 pence per Ordinary Share. These shares, along with the 1,000,000 Ordinary Shares held by the Company in Treasury at year end, were cancelled. The Company's issued Ordinary Share capital post the cancellation was 43,635,936 Ordinary Shares.
  - (iv) On 30 June 2014, the Company announced the issuance of 2,000,000 Ordinary Shares at a price of £0.13 per share (equating to a value of £260,000) in lieu of director and consultancy fees due to Messrs Richard Lockwood, Malcolm Burne and Charlie Cannon-Brookes and director fees due to Mr. Mark Hohnen.
  - (v) On 20 May 2015, the Company announced that 90,247,000 Ordinary Shares had been issued pursuant to a placing to new and existing investors enlarging the issued ordinary share capital of the Company to 135,882,936 Ordinary Shares.
  - (vi) Immediately prior to the general meeting of 16 June 2015, the Company had 135,882,936 Ordinary Shares issued and fully paid. The Company also had 23,324,433 subscription shares in issue.

Following the passing of the resolutions at the general meeting of 16 June 2015:

- (i) the Company's Ordinary Shares were consolidated such that every twenty (20) then existing Ordinary Shares were consolidated into one Ordinary Share. Post-consolidation the Company had 6,794,126 Ordinary Shares in issue;
- (ii) the final subscription date of the subscription shares was brought forward to 16 June 2015, following which all then outstanding subscription shares were cancelled;
- (vii) Following the 16 June 2015 general meeting, 500,000 additional Ordinary Shares were issued to Abingdon;
- (viii) On 7 September 2015 the Company issued 333,333 Ordinary Shares to new investors at a price of 60p per share to raise £200,000;
- (ix) On 28 October 2015 the Company announced that it had approved the issue of 250,000 bonus Ordinary Shares to Mr. Justin Cochrane the Executive Vice President, Corporate Development of Abingdon.

3.2 As at the date of this document, and immediately following Admission (assuming all New Ordinary Shares are issued pursuant to the Fundraising), the Company's issued and fully paid share capital is, and will be, as follows:

	Existing		Following Admission	
	Nominal Value £	Number of Ordinary Shares	Nominal Value £	Number of Ordinary Shares
Issued and fully paid	—	7,877,459	—	45,377,459

3.3 As at the date of this document, the following options were granted under the Share Option Scheme and were outstanding:

Name	Position	Number of options awarded <sup>(1)</sup>
Nigel Birrell	Director	85,000
Neil Johnson	Director	85,000
Jim Ryan	Director	85,000
Consultants and advisors	Consultants and advisors	505,000 <sup>(2)</sup>

<sup>(1)</sup> All of the above options were granted and vested on 4 September 2015, have an exercise price of £0.75 per Ordinary Share and expire on 3 September 2020.

<sup>(2)</sup> Including 85,000 options awarded to Arlington Group Asset Management Limited. Charlie Cannon-Brookes, a Director, is the Investment Director of Arlington and holds 40 per cent. of the voting shares in Arlington. As at the Latest Practicable Date, Arlington held 3.74 per cent. of the issued Ordinary Shares of the Company, while one of its principals, Richard Lockwood, held a further 4.87 per cent. of the issued Ordinary Shares of the Company.

3.4 Other than in respect of Ordinary Shares which may be issued pursuant to the Share Option Scheme or to Abingdon pursuant to its services agreement as summarised in paragraph 15.2 of this Part 5, and save for the New Shares to be issued in connection with the Fundraising:

- (i) there are no acquisition rights or obligations over the unissued share capital of the Company and the Company has made no undertaking to increase its share capital;
- (ii) no person has any preferential or subscription rights for any share capital in the Company; and
- (iii) no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

3.5 The New Shares will be allotted fully paid in registered form and may be held in either certificated or in uncertificated form. Application will be made to the London Stock Exchange for the Enlarged Issued Share Capital (including the New Shares) to be admitted to trading on AIM. All the Ordinary Shares (including the New Shares) may be transferred into the CREST system for which there will be no charge to stamp duty on the transfer.

- 3.6 The New Shares were created under and are subject to the provisions of the Companies Law. All Ordinary Shares (including New Shares) will be uniform in all respects and will form a single class for all purposes (including in respect of any dividends and other distributions (if any) declared or made or paid in respect of Ordinary Shares after the date of issue) and no Shareholders enjoys different or enhanced voting rights.
- 3.7 There are no shares in the capital of the Company currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 3.8 There are no shares in the Company not representing capital.
- 3.9 There are no Ordinary Shares held by, or on behalf of, the Company or any subsidiary undertaking.
- 3.10 Pursuant to a resolution passed on 1 September 2016, and in accordance with the Companies Law, the Shareholders generally and unconditionally renewed the Company's authority to make market acquisitions (as defined in the Companies Law) of the Ordinary Share (the "**buy-back facility**"), until the later of the next annual general meeting or 18 months from the date of passing the resolution, provided that (subject to the rules of any applicable stock exchange or regulatory requirement):
- (i) the maximum aggregate number of Ordinary Shares that may be acquired does not exceed 14.99 per cent. of the aggregate number of Company's Ordinary Shares issued as at 1 September 2016;
  - (ii) the minimum price (exclusive of expenses) paid for an Ordinary Share shall be £0.01; and
  - (iii) the maximum price (exclusive of expenses) paid for an Ordinary Share shall be not more than the higher of five per cent. above the average of the middle market quotations for the Ordinary Shares for the five business days before the day the purchase is made.

No such market acquisitions have been made to date under this buy-back facility.

#### **4. Duke's Subsidiary Undertakings**

Duke UK is wholly owned by the Company and is the Company's only subsidiary undertaking. Duke UK was incorporated in England and Wales on 9 June 2016 with company number 10223638. Duke UK was incorporated to hold the Company's European Royalties and currently has no operations or assets.

#### **5. The Articles and Shareholder Rights**

The memorandum of incorporation of the Company provides that the objects of the Company are unlimited.

A summary of the principal provisions of the Articles, including the provisions relating to the rights attaching to Ordinary Shares, is set out below.

##### **5.1 Issuance of Shares**

Subject to the Companies Law and the other provisions of the Articles, the Directors have power to issue an unlimited number of shares of no par value and an unlimited number of shares with a par value as they see fit.

Shares may be issued and designated as Ordinary Shares or such other classes of shares as the Board shall determine and denominated in such currencies, as shall be determined at the discretion of the Board. The price per share at which shares of each class shall first be offered to subscribers shall be fixed by the Board.

It is the intention of the Company to propose, at the next annual general meeting, that the Articles be amended to add provisions regarding pre-emption rights on issuance of further shares by the Company in line with standard market practice for AIM companies of similar size.

##### **5.2 Alteration of Share Capital**

Subject to the terms of the Articles, the Company may by ordinary resolution, consolidate and divide all or any of its shares into shares of a larger amount, cancel any shares not taken or agreed to be taken by any person, sub-divide its shares into shares of a smaller amount, convert all or any of its fully paid shares the nominal amount of which is expressed in a particular currency into fully

paid shares of a nominal amount of a different currency, the conversion being effected at the rate of exchange (calculated to not less than three significant figures) current on the date of the resolution or on such other date specified by the resolution, convert the whole or any particular class of its shares into redeemable shares, or redesignate the whole or any particular class of its shares into shares of another class.

### 5.3 **Purchase of Own Shares**

Subject to and in accordance with the Companies Law, the Company may purchase any of its own shares (including any redeemable shares) in any manner and may hold such shares as treasury shares provided that the number of shares held as treasury shares shall not at any time exceed any limits set out in the Companies Law.

### 5.4 **Variation of Rights**

Subject to the provisions of the Companies Law, all or any of the rights attached to any class of shares may be varied or abrogated either with the written consent of the holders of not less than three-fourths in number of the issued shares of the class or the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class duly convened and held, but so that the quorum at such meeting (other than an adjourned meeting) shall be two persons holding or representing by proxy at least one-third of the issued shares of the class in question (excluding any shares of that class held as treasury shares) and so that at any adjourned meeting one holder entitled to vote and present in person or by proxy (whatever the number of shares held by him) shall be a quorum.

### 5.5 **Transfer of Shares**

Subject to the terms of the Articles, any Shareholder may transfer all or any of his certificated Ordinary Shares by an instrument of transfer in any usual form or in any other form, which the Board may approve. An instrument of transfer of a certificated Ordinary Share shall be executed by or on behalf of the transferor and, unless the Ordinary Share is fully paid, by or on behalf of the transferee. The Directors may, without assigning any reasons therefor, refuse to register the transfer of a certificated Ordinary Share which is not fully paid or on which the Company has a lien provided, in the case of a share that has been admitted to trading on AIM, that this would not prevent dealings in the share from taking place on an open and proper basis on AIM. In addition, in the case of a transfer of any share in certificated form, the Board may also refuse to register a transfer of shares if:

- (i) it is in respect of more than one class of shares;
- (ii) it is in favour of more than four joint transferees; or
- (iii) having been delivered for registration to the registered office of the Company or such other place as the Board may decide, it is not accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so; or
- (iv) the transfer is in favour of any non-qualified holder.

Subject to the terms of the Articles, any Shareholder may transfer all or any of his uncertificated Ordinary Shares by means of an uncertificated system authorised by the Board in such manner provided for, and subject as provided in any regulations issued for this purpose under the Companies Law or such as may otherwise from time to time be adopted by the Board on behalf of the Company and the rules of any uncertificated system, and accordingly no provision of the Articles shall apply in respect of an uncertificated Ordinary Share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the Ordinary Shares to be transferred. The Directors may decline to register a transfer of an uncertificated Ordinary Share in the circumstances set out in regulations issued for this purpose under the Companies Law and the rules issued by the authorised operator of the uncertificated system, and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated Ordinary Share is to be transferred exceeds four.



The Directors shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be admitted to settlement by means of CREST. Subject to the CREST requirements in Guernsey and/or the rules of any other relevant system, the registration of transfers may be suspended by giving such notices as may be required by the rules of any relevant system at such times and for such periods as the Directors may determine.

#### 5.6 **Disclosure Requirements**

If the Company determines that a holder of Ordinary Shares has not complied with the disclosure requirements contained in the Articles, with respect to some or all of the Ordinary Shares held by such holder of Ordinary Shares, the Company shall have the right to serve a default notice on such person which notice shall (a) suspend the right of such person to vote those Ordinary Shares in person or by proxy at any meeting of the Company; and (b) withhold, without any obligation to pay interest thereon, any dividend or other amount payable with respect to such shares; and/or (i) render ineffective any election to receive shares of the Company instead of cash in respect of any dividend or distribution or part thereof, and/or (ii) prohibit the transfer of any Ordinary Shares save in certain circumstances.

The vote holder and issuer notification rules set out in the DTR apply to the Company and each holder of shares of the Company.

If the Company determines that a holder of shares of the Company has not complied with the DTR with respect to some or all of the shares held by that holder, the Company can serve a default notice on such holder and the same sanctions as apply when a direction notice is served (as detailed above) will apply.

#### 5.7 **General Meetings**

- (a) General meetings (which are annual general meetings) shall be held at least once in each calendar year (with no more than 15 months elapsing between meetings). All general meetings (other than annual general meetings) shall be called extraordinary general meetings. General meetings shall be held in Guernsey or such other place outside the United Kingdom and/or Canada as the Board determine in accordance with the requirements of the Companies Law.
- (b) The Board may whenever it thinks fit, and shall on the requisition in writing of one or more Shareholders who hold more than 10 per cent. of such of the capital of the Company as carries the right of voting at general meetings of the Company (excluding any capital held as treasury shares) upon which all calls or other sums then due have been paid, forthwith proceed to convene an extraordinary general meeting. The requisition shall be dated and shall state the object of the meeting. If the Board does not proceed to convene a meeting within 21 days (after the date on which it becomes subject to such requirement) and/or fails to hold the meeting so requisitioned within 28 days after the date of the notice convening the meeting, then such meeting may be convened by such requisitionists in such manner as provided by the Companies Law.
- (c) Any general meeting shall be convened by at least 14 clear days' notice, specifying the date, time and place of the meeting and, in the case of any special business, the general nature of the business to be transacted. With the consent in writing of all Shareholders entitled to vote, a meeting may be convened by shorter or no notice.
- (d) The quorum for a general meeting is two Shareholders present in person by proxy, or in the case of a corporate shareholder, by a duly authorised representative.

#### 5.8 **Voting Rights**

Subject to any rights or restrictions attached to any shares, on a show of hands every Shareholder who is present in person or by proxy and entitled to vote shall have one vote for every share of which he is the holder. On a poll, every Shareholder who is present in person or by proxy shall have one vote for every share of which he is the holder. A Shareholder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

No Shareholder shall be entitled to vote at any general meeting or separate class meeting of the Company unless all moneys presently payable by him in respect of shares in the Company have been paid. No member is entitled to vote in respect of any shares unless he has been registered as their holder.

## 5.9 **Directors**

### (a) *Appointment of Directors*

The number of directors shall be not less than two, and there shall be no maximum number, unless otherwise determined by the Company by ordinary resolution. The Board shall have power at any time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Board but so that the total number of Directors shall not at any time exceed the number (if any) fixed pursuant to the Articles. Any person so appointed by the Board shall hold office only until the next annual general meeting and shall then be eligible for re-election.

### (b) *Disqualification and Removal of Directors*

The circumstances in which a Director shall be disqualified from office include, *inter alia*, if he becomes bankrupt or insolvent, is prohibited by order made under the provisions of any law from acting as a director, becomes ineligible to be a Director in accordance with the Companies Law, he is requested to resign by written notice signed by a 75 per cent. majority of his co-Directors or if the Company by ordinary resolution shall declare that he shall cease to be a Director.

### (c) *Retirement of Directors*

At each general meeting of the Company, any Director (i) who has been appointed by the Board since the last annual general meeting; (ii) who held office at the time of the two preceding annual general meetings and who did not retire at either of them; or (iii) who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting, shall retire from office and may offer himself for re-appointment by the Shareholders.

### (d) *No Share Qualification*

A Director need not be a Shareholder.

### (e) *Remuneration of Directors*

The Non-Executive Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may determine, provided that the aggregate amount of such fees does not exceed £250,000 in any financial year, or such higher amount as may be determined by ordinary resolution of the Company. The Directors are also entitled to be repaid all expenses properly incurred by them respectively in the performance of their duties.

Any Director holding an executive office or otherwise performing services which in the opinion of the Directors are outside the scope of his ordinary duties as a director may be paid such remuneration as the Directors may determine.

The Board shall have the power to pay and agree to pay gratuities, pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director or ex-Director and for the purpose of providing any gratuities, pensions or other benefits to contribute to any scheme or fund or to pay premiums.

The Directors may from time to time appoint one or more of their body to be the holder of any executive office (including the office of executive director) on such terms as they think fit.

### (f) *Permitted Interests of Directors*

Subject to the Companies Law and the Articles and provided that he has disclosed to the Directors the nature and monetary value or, if such value is not quantifiable, the extent of any interest of his, a Director notwithstanding his office:

- (i) may be a party to, or otherwise interested in, any contract or arrangement with the Company or in which the Company is otherwise interested;
- (ii) may be a director or other officer of, or employed by, or a party to, any transaction or arrangement with a Shareholder of, or otherwise directly or indirectly interested in, any body corporate promoted by the Company or in which the Company has entered into any transaction, arrangement or agreement or in which the Company is otherwise interested;
- (iii) may act by himself or through his firm in a professional capacity to the Company (except that of auditor) in conjunction with the office of director on such terms as to remuneration and otherwise as the Directors may arrange as if he were not a Director; and
- (iv) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate, and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

(g) *Powers of Directors*

Subject to the provisions of the Companies Law and the Articles and to any regulation as may be prescribed by the Company in general meeting, the business of the Company shall be managed by the Board who may exercise all such powers of the Company.

(h) *Proceedings of Directors*

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman at the meeting shall not have a second or casting vote. All meetings of Directors shall take place outside of the United Kingdom and Canada and any decision reached or resolution passed by the Directors at any meeting held within either the United Kingdom or Canada shall be invalid and of no effect.

A video link or telephone conference call or other electronic or telephonic means of communication in which a quorum of Directors participates and all participants can hear and speak to each other shall be a valid meeting provided that no Directors physically present in the United Kingdom and Canada at the time of any such meeting may participate in a meeting by means of video link, telephone conference call or other electronic or telephonic means of communication and accordingly no Director physically present in the United Kingdom or Canada shall count in the quorum or be entitled to vote at any such meeting. A meeting of the Board at which a quorum is present shall be competent to exercise all powers and discretion exercisable by the Board.

The continuing Directors may act notwithstanding any vacancy but if and so long as their number is reduced below any minimum number fixed pursuant to the Articles the continuing Directors may act for the purpose of increasing the number of Directors to that number or of summoning a general meeting but for no other purpose. If there are no Directors able or willing to act then any one or more Shareholders holding at least one tenth of the issued shares between them may summon a general meeting for the purpose of appointing a Director.

The Board may elect one of its number as chairman of their meetings, provided that such person shall be resident outside the United Kingdom or Canada and determine the period for which he is to hold office. If no such chairman be elected or if at any meeting the chairman be not present within five minutes after the time appointed for holding the same the Directors present may choose one of their number to be chairman of the meeting. The Board may delegate any of its powers to committees consisting of two or more Directors as they think fit provided that the majority of Directors constituting any committee shall be resident outside of the United Kingdom or Canada. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Board.

The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed shall be two. The majority of Directors forming a quorum shall be resident outside of the United Kingdom or Canada. For the purposes of this Article, an alternate appointed by a Director shall be counted in a quorum at a meeting at which the Director appointing him is not present.

#### 5.10 ***Indemnity of Officers***

The Directors (including any alternate Director), secretary and other officers or employees of the Company shall be indemnified out of the assets of the Company to the fullest extent permitted by the Companies Law from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain by reason of any contract entered into or any act done, concurred in or omitted, in or about the execution of their duty or supposed duty or in relation thereto.

#### 5.11 ***Dividends and Other Distributions***

Subject to the provisions of the Articles, the Directors may from time to time declare and pay dividends and/or make distributions, including interim dividends and/or distributions, to the Shareholders as appear in accordance with the Companies Law to be justified.

The Board may create reserves before recommending or declaring any dividend or distribution. The Board may also carry forward to such reserves any sums which they think prudent not to distribute.

The Board may deduct from any dividend or distribution payable to any Shareholder on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

The Board may retain any dividend, distribution or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the liabilities or obligations in respect of which the lien exists.

The Board may retain dividends or distributions payable upon shares in respect of which any person is entitled to become a Shareholder until such person has become a Shareholder. Any dividend, distribution or other moneys payable on or in respect of a share shall be paid to the Shareholder or to such other person as the Shareholder (or, in the case of joint holders of a share, all of them) may in writing direct. No dividend, distribution or other moneys payable on or in respect of a share shall bear interest against the Company.

To the extent that the Company is required or elects to withhold and pay over to any taxing authority any amount payable to a Shareholder by the Company, the Directors may deduct such amount (and associated costs and expenses) from any dividend, distribution or other amount payable to a Shareholder and may take any steps necessary to effectuate such withholding, deduction or payment of tax.

All unclaimed dividends or distributions may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted as trustee in respect thereof.

All dividends or distributions unclaimed on the earlier of (a) seven years after the date when it first became due for payment and (b) the date on which the Company is wound up shall be forfeited and shall revert to the Company without the necessity for any declaration or other action on the part of the Company.

Any resolution for the declaration or payment of a dividend or distribution on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Board, may specify that the same shall be payable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend or distribution shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such dividend or distribution of transferors and transferees of any such shares.

### 5.12 **Capitalisation of Reserves**

The Board in its absolute discretion may resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the retained earnings account or otherwise available for distribution, and accordingly that the sum be set free for distribution among the Shareholders who would have been entitled thereto if distributed by way of dividend and in the same proportions on the condition that the same be not paid in cash but be applied either in, or towards, paying up any amounts for the time being unpaid on any shares held by such Shareholders respectively, or paying up in full unissued shares of the Company to be issued and distributed credited as fully paid up to and amongst such Shareholders in the proportion aforesaid, or partly in the one way and partly in the other.

### 5.13 **Distribution of Assets in a Liquidation**

If the Company shall be wound up, the surplus assets remaining after payment of all creditors, including the repayment of bank borrowings, shall be divided *pari passu* among the holders of Ordinary Shares *pro rata* to their holdings of those shares which are subject to the rights of any shares which may be issued with special rights or privileges.

The liquidator may with the authority of a special resolution of the Company, divide among the Shareholders in specie the whole or any part of the assets of the Company and (whether or not the assets shall consist of property of a single kind) may, for such purposes, set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the sanction of a special resolution of the Company, vest any part of the assets in trustees upon such trusts for the benefit of the Shareholders as he determines but that no Shareholders shall be compelled to accept any shares or other assets in respect of which there is any outstanding liability.

### 5.14 **Statutory Shareholder Rights**

In addition to the right of Shareholders under the Articles, the Companies Law provides certain statutory rights including the right of a shareholder to apply to The Royal Court of Guernsey that the affairs of a company are being conducted in a manner that is unfairly prejudicial to the interests of the shareholders generally or some parts of a company's shareholders. If The Royal Court of Guernsey is satisfied that the application is well founded, it may make orders including an order to regulate the conduct of the company's affairs in the future.

In addition, under the Companies Law, shareholders of a company, following the grant of an order by The Royal Court of Guernsey, permits derivative actions to be brought by a shareholder.

## 6. **The Interests of the Directors**

6.1 The beneficial interests of the Directors in the issued share capital of the Company as at the date of this document and immediately following Admission, such interests being those which are required to be notified by each Director to the Company under Article 19 of MAR, including the interests of PCAs, the existence of which is known or which could, with reasonable diligence, be ascertained by a Director as at the Latest Practicable Date are, and will be, as follows:

Name of director	Number of Ordinary Shares on the date hereof	Percentage	Number of Ordinary Shares on the date of Admission	Percentage
Neil Johnson <sup>(1)</sup>	910,000	11.55%	1,660,000	3.66%
Charlie Cannon-Brookes <sup>(2)</sup>	453,517	5.76%	2,765,882	6.10%
Jim Ryan	400,000	5.08%	650,000	1.43%
Nigel Birrell	400,000	5.08%	525,000	1.16%
Mark Le Tissier	0	0%	0	0%

<sup>(1)</sup> Of these, 500,000 are legally owned by Abingdon. Mr Johnson is Abingdon's sole voting shareholder.

<sup>(2)</sup> Of this holding, prior to the Fundraising 295,000 Ordinary Shares are legally owned by Arlington and Arlington has subscribed for 1,062,365 New Shares, representing £424,946, in the Fundraising. Mr Cannon-Brookes is the investment director of Arlington and holds 40 per cent. of the voting shares of Arlington. Mr Cannon-Brookes has subscribed in his own name for 1,250,000 New Shares, representing £500,000, in the Fundraising.

- 6.2 Details of options granted to the Directors (or PCAs) over Ordinary Shares pursuant to the Share Option Scheme are set out in paragraph 3.3 of Part 5.
- 6.3 Save as set out above, following Admission no Director will, and no person connected with a Director is expected to, have any interest in the share capital of the Company or any of its subsidiaries (whether legal or beneficial).
- 6.4 No Director or PCA has any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares.

## 7. Significant Share Interests

- 7.1 As at the Latest Practicable Date and in so far as is known to the Company, no person or persons, other than as set out in paragraph 6.1 and as set out below, has or will have immediately following the Admission, an interest, (whether direct or indirect or joint or several), in three per cent. or more of the voting rights of the Company which is or would be notifiable to the Company under the DTRs:

Shareholder	Number of Ordinary Shares on the date hereof	Percentage	Number of Ordinary Shares on the Admission Date	Percentage
Hargreave Hale Limited	0	0%	7,500,000	16.53%
Partners Value Investments Inc.	0	0%	4,375,000	9.64%
AXA	0	0%	3,750,000	8.26%
Walker Crips	0	0%	2,000,000	4.41%
Artemis Investment Management plc	455,543	5.78%	1,705,543	3.76%
Richard Lockwood <sup>(1)</sup>	383,550	4.87%	1,233,550	2.72%
Justin Cochrane <sup>(2)</sup>	315,000	4.00%	690,000	1.52%
APAC Resources Limited	260,911	3.31%	260,911	0.57%
Malcolm Burne	260,116	3.30%	385,116	0.85%
Ravenscroft Ltd	250,000	3.17%	1,168,750	2.58%

<sup>(1)</sup> Mr. Lockwood is a director of Arlington and holds 20 per cent. of the voting shares of Arlington.

<sup>(2)</sup> Mr. Cochrane is the Executive Vice President, Corporate Development of Abingdon.

- 7.2 Save as disclosed in paragraph 6.1 and in this paragraph 7, the Company is not aware of any person or persons who exercises, or could exercise, directly or indirectly, jointly or severally control over the Company, and there are no arrangements known to the Company which may, at a later date, result in a change of control of the Company.
- 7.3 The Company's major Shareholders set out above do not have different voting rights from any other holder of Ordinary Shares.

## 8. Additional Information on the Directors

- 8.1 Other than their directorships of the Company, the directorships and interests in partnerships currently held by the Directors are as follows: and held over the five years preceding the date of this document are as follows:

Name	Current directorships and partnerships	
Nigel Norman Birrell	Daisy Services Limited	Lottoland Australia Pty Ltd
	Domain Venture Partners PCC Ltd.	Lottoland (Australia) Investments Pty Ltd
	EU Lotto Limited	Lottoland Holdings Limited
	Gluck Limited	Lottoland Limited
	Lottohelden Ltd	Southern Rock Insurance Company Limited
Neil Allan Johnson	Abingdon Capital Corporation	Abinvest Corporation
	Duke Royalty UK Limited	
Charlie Cannon-Brookes	Arlington Group Asset Management Limited	Heatherway Property Ltd (formerly LCB Associates)
	Auctus Growth plc	Radix Capital Ltd
	Duke Royalty UK Limited	
Jim Alan Ryan	Gaming Realms PLC	Pala Interactive Canada Inc.
	Jackpotjoy plc	Pala Interactive LLC
	Fralis International LLC	The Intertain Group Limited

<b>Name</b>	<b>Current directorships and partnerships</b>	
Mark Le Tissier	AGIP Resources Limited Airone Shipping Ltd Candarli Limited Capricorn Fund PCC Limited Chambros Limited Clyde Marine Offshore Limited Consortium Solutions Ltd Cool Projects N.V. Crown Sure Ltd Elite Properties Development ApS Galdana Limited Global Offshore PCC Limited GulfMark Guernsey International Ltd GulfMark Guernsey Ltd Indian Energy Limited Island Consultants Nominees Limited Lakford Limited Leefrere Limited Marine Manning (Guernsey) Limited Mountjoy Investments Limited North Star (Guernsey) Limited	Obalus Limited Owen Trust Limited P.W. Limited Redcliff Park S.A. Rooperol N.A.N.V. The Cabinet Trust Company Limited Trident Agency Services (Guernsey) Limited Trident Corporate Services (Malta) Limited Trident Corporate Services (No.1) Limited Trident Corporate Services (No.2) Limited Trident Fund Services (Guernsey) Limited Trident Fund Services (Malta) Limited Trident Nominees (No.1) Limited Trident Nominees (No.2) Limited Trident Payroll Services (Guernsey) Limited Trident Trust Company Limited Trident Trust Company (Guernsey) Limited Trident Trust Company (Luxembourg) SA Trident Trust Company (Malta) Limited Trident Trust Holding (Luxembourg) S.a.r.l. World Sharia Funds PCC Limited

8.2 Other than their directorships of the Company, the directorships and interests in partnerships held over the five years preceding the date of this document are as follows:

<b>Name</b>	<b>Past directorships and partnerships</b>	
Nigel Norman Birrell	Delta Management Limited Ingenious Film Partners Limited Ingenious Film Partners 2 Limited Win (Gibraltar) Limited	Sails Management Limited Smooth Capital Investments Limited Temple Rock PCC Limited Winner Summit Limited
Neil Allan Johnson	Difference Capital Financial Inc. WG Limited	Ipowow Inc. Tigits Inc.
Charlie Cannon-Brookes	CN Cannon and Co Ltd Polar Star Mining Corporation Polar Star Mining (Barbados) Limited Proxama plc	Revelo Resources Corporation Savannah Resources plc Tiger WIT Securities Limited (formerly CN Brookes and Co Limited)
Jim Alan Ryan	BP Gaming Entertainment Inc. bwin.Party digital entertainment PLC PartyGaming Plc	Peerless Media Limited Realtime Edge Software Inc. WG Limited
Mark Le Tissier	22 Norwood Drive Limited 3D Investments Limited A & R Invest Limited Abbotsvale Limited Acharya Investments Limited Aeromondial Holdings Inc. Afield Reality Inc. Africa Mining & Manufacturing Limited Africa Salvage (Guernsey) Limited African Resources Company Limited Aled Finance Limited Almonte Developments Limited Alonzo Developments Limited Altitude 2 Crew IC Limited Altitude Crew IC Limited Amberlean Worldwide Limited Amir Limited Applebrook Holdings Limited Aristotelis Limited Armada Marine (Guernsey) Limited Astraline Holdings Limited	Barras Limited BBOD Europe Limited BH8 Ventures Limited Billy Budd Crew IC Limited Blackmore Enterprises Limited BKS Global PCC Limited BKS Global PCC Limited A Blackstone Resources Limited Blue Oxe Trinity Limited Bluebell Investments Limited Bluestein Holdings Limited Boeties Retreat (Proprietary) Limited Bombaria Limited Boothroyd Investments Limited Brickey Investments Corp. Buchanan Renewables (Guernsey) Limited Buker Limited Butterfly Crew IC Limited Caledonian MacBrayne Crewing (Guernsey) Limited Capital Investments Limited Cardigan Bay Limited

**Name**  
Mark Le Tissier  
(continued)

**Past directorships and partnerships**

Atlantic Holdings International Limited  
Atlas Services Group Guernsey Limited  
Aventador Holdings Limited  
Bankhead Management (Guernsey) Limited  
Barberry Trading Limited  
Chawton Limited  
Churchill Beaumont Investments Limited  
Clyde Marine (Guernsey) Limited  
Command Holdings Investments Limited  
Cotentin Investments Limited  
Courtlands Finance Company Limited  
Cristaux Serviços e Marketing Lda  
Crockford Limited  
Crown Sure Hong Kong Limited  
Crusader Company Ltd  
Crusher Investment Limited  
CTC Marine Projects (Guernsey) Limited  
Cyrillic Limited  
Cyrnos Limited  
Dan Group Limited  
Dandelion Properties Limited  
Dannen Associates Limited  
Darnforth Holdings Limited  
Deep Democracy Limited  
DeepOcean Guernsey Limited  
Deeside (Guernsey) Limited  
Delton Holdings 2 Limited  
Delton Holdings Limited  
Domino Investments Limited  
Doona Holdings Limited  
Doona Investments Limited  
Dragonfly Crew IC Limited  
Drakanea Management Limited  
Droganni Limited  
Durval Investments Limited  
Dyna Crew IC Limited  
Easebridge Holdings Limited  
Eastgate Developments Limited  
Eastgate Holdings Limited  
Eden's Bay Limited  
Elektra Shipping Limited  
Elena Crew IC Limited  
Elfje Crew IC Limited  
Elite Finance Limited  
Elite Properties PCC Limited  
Elite Properties PCC Limited – Cell A  
Elite Properties PCC Limited – Cell B  
Elite Properties PCC Limited – Cell C  
Elite Properties PCC Limited – Cell D  
Elite Properties PCC Limited – Cell E  
Elite Properties PCC Limited – Cell F  
Elite Properties PCC Limited – Cell G  
Elite Properties PCC Limited – Cell H  
Elite Properties PCC Limited – Cell I  
Elite Properties PCC Limited – Cell J  
EMS (Guernsey) Limited  
Entertainment Group Limited  
Equatorial Biofuels (Guernsey) Limited  
Ethereal Crew IC Limited  
European Datacom & Services Limited  
Evermore Limited  
Falcon Crew IC Limited  
Falcon Lair Crew Ltd  
FCS (Guernsey) Limited  
Carlisle Invest Limited  
Carlton Hotels Management Limited  
Cassidee Worldwide Limited  
CCC Racing Team Limited  
Charnley Worldwide Limited  
Flemyn (Guernsey) Company Limited  
Fletcher Shipping (Guernsey) Limited  
Flying Dragon Crew IC Limited  
Galaxy International Limited  
Gardline (Guernsey) Limited  
Gena Holdings Limited  
Ginuti Properties Limited  
Glypticon Limited  
GML Asset Solutions Leasing Limited  
Golassa Images Limited  
Gold Island Holding Limited  
Golden Amber Holdings Limited  
Golden Glow Worldwide Inc  
Golden Ray Investing Ltd  
Golden Star Investments Limited  
Golden Star VTB Limited  
Grantully Limited  
Greenwill SA  
Guernsey Crewing Services Limited  
Guernsey Property Holdings Limited  
Guernsey Property TV Limited  
Harding Brothers (Guernsey) Limited  
Harwell Limited  
Havila Marine (Guernsey) Limited  
Hayken Crew IC Limited  
HD Maritime Crew IC Limited  
Helmscourt Limited  
Herakles Estate II Limited  
Herakles Estate Limited  
HFI Holdings Limited  
High Target Ltd.  
Highbury Finance Group Limited  
Hillcrest Overseas Corp.  
Hobart 2 Limited  
Hobart 51 Limited  
Holdfast Indemnity Company Limited  
Hove Properties Ltd  
Howland Limited  
Hwasun Estate Limited  
Hydrosub (Guernsey) Limited  
I Dynasty Crew IC Limited  
Imac Resources Limited  
Indranet Consulting Ltd  
Ingwe Investments Limited  
Interlaken Investments Limited  
Irisha Crew IC Limited  
IRM A.M. Limited  
Jakari Limited  
Jaylak Limited  
Jazzy Enterprises Limited  
Jems Crew IC Limited  
JLM A.M. Limited  
Kibo Crew IC Limited  
Kilda Crewing (Guernsey) Limited  
Kivotos Overseas Limited  
Krakos Limited  
L.M.L.K. Limited  
Lady Christine Crew IC Limited  
Lady Luck Crew IC Limited



<b>Name</b>	<b>Past directorships and partnerships</b>
Mark Le Tissier (continued)	<p>Lam Developments Limited  Federer Enterprises Limited  Ferntower Estates Ltd  Fincor Limited  Firefly Global Holdings Limited  Larisa Crew IC Limited  Laurus Limited  Le Grand Bleu Crew IC Limited  Leisure Investment Holdings (Guernsey) Limited  LEM A.M. Limited  Lexkia Limited  Lightning Crew IC Limited  Lightning Enterprises Limited  Limpet Holdings Limited  Limpet Logistics Limited  LJ Maple Limited  Lokomotiv Moscow Limited  Lone Ranger Crew IC Limited  LRS Holdings Limited  Lumen II Limited  Lumen III Limited  Lumen Limited  Luna Crew IC Limited  Lunaberg International Limited  Madox Investments Limited  Maduro Images Limited  Mall Investments Limited  Management Resources Limited  Marsa Property Limited  Martens Images Limited  Merenda Holdings Ltd.  Merlin International Holdings Limited  Metis Holdings Inc.  Mezzadri Limited  Miranda Investments Limited  Monderrain Limited  Moonbird Crew IC Limited  Moran Services Limited  MZ SPV (BVI) Limited  Nakatita Holdings Limited  Nantel Investments Ltd.  Nataly S Crew IC Limited  Natura Limited  Nellwyn Properties Limited  Newity Capital Limited  Newport (PTC) Limited  North Bonaparte Limited  North Star Management Corp  NorthLink Crewing (Guernsey) Limited  Northwestern (International) Aircraft Corp.  Oasis Crew IC Limited  Obsession Crew IC Limited  Ocean Marine Guernsey Limited  Ocean Paradise Crew IC Limited  Ocean Recruitment Crew IC Limited  Ocean Recruitment ICC Limited  Ocean Supply (Guernsey) Limited  Ocean Work Systems (Guernsey) Limited  Offley Mezz Limited  Omega Crew Management Services Limited  Omnia Properties Limited  P.W. International Limited  P.W. Marine (IOM) Limited  Pacific Capital Holdings Limited</p>
	<p>Pacific Crew IC Limited  Panthalassa Crew IC Limited  Lam Investments Limited  Land Remediation and Servicing Limited  Landia Invest S.A.  Landon Enterprises Inc.  Parkvue Estates Limited  Pattern Properties Inc.  Pebble Enterprises Ltd.  Peejay Holdings Limited  Pereyra Images Limited  Personnel International Limited  Per-Scent Acquisitions Limited  Pestifer Crew IC Limited  Peterhouse Investments Limited  Petroleum &amp; Industrial Services Company Limited  Petropolis Properties Inc.  Pharmahold Limited  Phillimore Capital Limited  Pinzari Limited  Porzio International Limited  Prenderfield Limited  Prophecy Pension Trustees (Guernsey) Limited  Prospect Holdings Limited  Prudent Limited  Puerto Colombia Investment N.V.  Qianxun Limited  QM of London Crew IC Limited  Radiant Crew IC Limited  Rat Images Limited  REIM Russia Real Estate Growth Fund  Reliance European Fund SPC  Revecom International Limited  RFA Promotions Limited  Robert Mak Images Limited  Roscoe Street Mews Limited  Rus Lux Limited  Ruscombe International Limited  SBK London Limited  Seamariner (Guernsey) Limited  Seateam (Guernsey) Limited  Seatechs (Guernsey) Limited  Selbourne Holdings Limited  Selene Crew IC Limited  Senses Crew IC Limited  Serene Crew IC Limited  Serco Ferries (Guernsey) Crewing Limited  Sethi Limited  Shooting Star Crew IC Limited  Sigmateli Limited  Silenna Properties Limited  SKA Holdings Limited  SKL Holdings Limited  SKL Real Estate 1 Limited  SKL Real Estate 2 Limited  Smart Beverages Limited  Solarity Limited  Somerset Housing Company Limited, The  Soraya Crew IC Limited  Springsure (Bahamas) Limited  Sprint Crew IC Limited  St. Ives International Limited  Stormes Cuuvene Limited  Sundial Petroleum Services Limited</p>

<b>Name</b>	<b>Past directorships and partnerships</b>
Mark Le Tissier (continued)	Sunrise Capital Limited Taddeo Holdings Limited Taramoss Nominees Limited Tele-Plex Limited Ternelles Limited The Craigs Limited Thelington Limited Thessaly Holdings Limited Thornton Holdings Limited THR Holdings Limited THR Trade & Investement Ltd. Papyrus Management Ltd. Park Estates Limited Park Worldwide Holdings Limited Torbane Hall Limited TTM A.M. Limited Turnstone Asian Fund SPC Turnstone International Limited Twintron Enterprises Inc. Umeditate Estates Limited Uptown Ventures Limited Usha Communications Technology Ltd Valiant Consultancy Services Limited Value Investment Global Limited Value Tech Limited Victoria-Sands Limited VTB Capital I2BF CIV (Cayman) Ltd. VTB Capital Kaznano investment (Cayman) Ltd.
	VTB Capital Kaznano management (Cayman) Ltd. VTB Capital Kaznano Nanotech GP Ltd. VTBC Asset Management International Limited Waverley Excursions (Guernsey) Limited Waverley Excursions Guernsey (2015) Limited Wetherfield Investments Limited WGP International Holdings Limited WGP International Limited White Marble Limited Willdon Limited Wilton Developments Limited Windy Sunset Limited Winton Limited Woodstream Investments Limited Tiara Crew IC Limited Tiberius Associates Limited Time Delight Group Limited Tizer Holdings Limited Trade East Limited Tresso Property (Proprietary) Limited Tretherne Limited Trident Investment Management (Guernsey) Limited Xingyun Limited Yanaray Enterprises Limited Yodalady Group Limited YSM A.M. Limited Zazou Crew IC Limited Zita Crew IC Limited

8.3 Save as disclosed in paragraph 8.4 below, none of the Directors has:

8.3.1 any unspent convictions in relation to indictable offences;

8.3.2 had a bankruptcy order made against him or made an individual voluntary arrangement;

8.3.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary arrangement or made any composition or arrangement with its creditors generally or of any class of its creditors whilst he was a director of that company or within twelve months after he ceased to be a director of that company;

8.3.4 been a partner in a partnership which has been placed in compulsory liquidation, administration or made a partnership voluntary arrangement whilst he was a partner in that partnership or within twelve months after he ceased to be a partner in that partnership;

8.3.5 had any asset placed in receivership or any asset of a partnership in which he was a partner placed in receivership whilst he was a partner in that partnership or within twelve months after he ceased to be a partner in that partnership; or

8.3.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies) or disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

8.4 As a fiduciary provider, Mark Le Tissier has been appointed to the board of directors of a large number of private companies which were intended to have limited lifespans and was therefore a director at the time of, or prior to, the company entering receivership, liquidation or a company voluntary arrangement. None of the companies of which he has been a director has been placed in compulsory, or creditors' liquidation and there has not been a shortfall to any creditor in any of the companies.

The following is a list of companies that have entered receivership, liquidation or a company voluntary arrangement while Mr. Le Tissier was a director or within a twelve month period of Mr. Le Tissier ceasing to be a director.

Afield Reality Inc.	Krakos Limited
Africa Mining & Manufacturing Limited	Lady Christine Crew IC Limited
Africa Salvage (Guernsey) Limited	Land Remediation and Servicing Limited
African Resources Company Limited	Landon Enterprises Inc.
Airone Shipping Ltd	Leisure Investment Holdings (Guernsey) Limited
Alonzo Developments Limited	Lexkia Limited
Altitude 2 Crew IC Limited	Lightning Enterprises Limited
Altitude Crew IC Limited	Limpet Holdings Limited
Amberlean Worldwide Limited	Limpet Logistics Limited
Astraline Holdings Limited	Lone Ranger Crew IC Limited
Atlantic Holdings International Limited	LRS Holdings Limited
Aventador Holdings Limited	Lumen II Limited
Bankhead Management (Guernsey) Limited	Lumen III Limited
BBOD Europe Limited	Madox Investments Limited
Billy Budd Crew IC Limited	Merlin International Holdings Limited
Boeties Retreat (Proprietary) Limited	Mezzadri Limited
Boothroyd Investments Limited	North Bonaparte Limited
Buchanan Renewables (Guernsey) Limited	Obsession Crew IC Limited
Carlton Hotels Management Limited	Ocean Marine Guernsey Limited
CCC Racing Team Limited	Ocean Paradise Crew IC Limited
Chawton Limited	Omega Crew Management Services Limited
Clyde Marine (Guernsey) Limited	P.W. Marine (IOM) Limited
Dan Group Limited	Papyrus Management Ltd.
Droganni Limited	Park Estates Limited
Eastgate Developments Limited	Pestifer Crew IC Limited
Eastgate Holdings Limited	Phillimore Capital Limited
Eden's Bay Limited	Prenderfield Limited
Elektra Shipping Limited	Prophecy Pension Trustees (Guernsey) Limited
Elena Crew IC Limited	Qianxun Limited
Elite Properties PCC Limited – Cell D	REIM Russia Real Estate Growth Fund
EMS (Guernsey) Limited	Reliance European Fund SPC
Falcon Crew IC Limited	Revecom International Limited
Federer Enterprises Limited	Seateam (Guernsey) Limited
Ferntower Estates Ltd	Serene Crew IC Limited
Firefly Global Holdings Limited	Sethi Limited
Flemyn (Guernsey) Company Limited	Shooting Star Crew IC Limited
Galaxy International Limited	Somerset Housing Company Limited, The
Gena Holdings Limited	Stormes Cuuvene Limited
Golden Amber Holdings Limited	Sundial Petroleum Services Limited
GML Asset Solutions Leasing Limited	Taramoss Nominees Limited
Guernsey Crewing Services Limited	Ternelles Limited
Guernsey Property Holdings Limited	THR Holdings Limited
Hayken Crew IC Limited	THR Trade & Investment Ltd.
High Target Ltd.	Trident Investment Management (Guernsey) Limited
Hobart 51 Limited	Turnstone Asian Fund SPC
Holdfast Indemnity Company Limited	Uptown Ventures Limited
Hove Properties Ltd	Valiant Consultancy Services Limited
Howland Limited	Victoria-Sands Limited
Hwasun Estate Limited	Waverley Excursions (Guernsey) Limited
Hydrosun (Guernsey) Limited	WGP International Holdings Limited
Indranet Consulting Ltd	Yanaray Enterprises Limited
Kivotos Overseas Limited	Yodalady Group Limited

Jim Ryan was a director of Excapsa Software Limited at the time of its voluntary liquidation. There was no shortfall to any creditor.

- 8.5 Save as disclosed in this document, there are no potential conflicts of interest between any duties to the Company of the Directors and their private interests or their other duties.

- 8.6 Save as disclosed in this document, no Director has or has had any interest in any transaction which is or was significant in relation to the business of the Company and which was effected during the current or immediately preceding financial period or which was effected during an earlier financial period and remains outstanding or unperformed.
- 8.7 No loans or guarantees have been granted or provided to or for the benefit of the Directors by the Company.

## **9. Directors' and Officers' Service Agreements and Letters of Appointment**

- 9.1 The Directors have entered into service agreements or letters of appointment with the Company as follows:

### *Nigel Birrell*

On 16 June 2015, Nigel Birrell entered into an agreement under which he was appointed as Non-executive Director of the Company with effect from 16 June 2015. The appointment was for an initial term of twelve months and will subsequently continue until terminated upon one month's written notice by either party, or in certain circumstances with immediate effect if Mr. Birrell has committed any serious or material breaches of his obligations under the agreement. Mr. Birrell will be required to devote such time as may be reasonably required to enable him to carry out his duties to the Company under the service agreement. On 3 March 2016, Mr. Birrell was appointed Non-executive Chairman of the Company. Mr. Birrell shall be paid a fee of £24,000 per annum following Admission. Mr. Birrell is subject to a number of restrictions commensurate with his position governing the extent to which he can compete with the Company following termination of his service agreement.

### *Neil Johnson*

On 16 June 2015, Neil Johnson entered into a service agreement (as amended and restated by a further service agreement dated 23 October 2015) under which he was appointed as Executive Director of the Company. The appointment shall continue until terminated upon twelve months' written notice by either party or in certain circumstances with immediate effect if Mr. Johnson has committed any serious or material breaches of his obligations under the agreement. Mr. Johnson will be required to devote all his time, during normal working hours, towards carrying out his duties to the Company under the service agreement. Mr. Johnson is paid a service fee of £100,000 per annum. Subject to Admission becoming effective, it is anticipated that Mr. Johnson's service fee will increase to £200,000 per annum, with Mr. Johnson voluntarily foregoing 75% of his service fee from Admission until the Remuneration Committee decides that the Company's financial position justifies the payment of a higher or the full service fee (after reduction, this would amount to an effective service fee of £50,000 per annum). This remains subject to approval of the Remuneration Committee.

### *Charlie Cannon-Brookes*

On 16 June 2015, Charlie Cannon-Brookes entered into a service agreement (as amended and restated by a further service agreement dated 23 October 2015) under which he was appointed as Executive Director of the Company. The appointment shall continue until terminated upon twelve months' written notice by either party or in certain circumstances with immediate effect if Mr. Cannon-Brookes has committed any serious or material breaches of his obligations under the agreement. Mr. Cannon-Brookes will be required to devote all his time, during normal working hours, towards carrying out his duties to the Company under the service agreement. Mr. Cannon-Brookes is paid a service fee of £70,000 per annum. Subject to Admission becoming effective, it is anticipated that Mr. Cannon-Brookes' service fee will increase to £140,000 per annum, with Mr. Cannon-Brookes voluntarily foregoing 75% of his service fee from Admission until the Remuneration Committee decides that the Company's financial position justifies the payment of a higher or the full service fee (after reduction, this would amount to an effective service fee of £35,000 per annum). This remains subject to approval of the Remuneration Committee.

### *Jim Ryan*

On 16 June 2015, Jim Ryan entered into an agreement under which he was appointed as Non-executive Director of the Company. The appointment will be for an initial term of twelve months and subsequently continue until terminated upon one month's written notice by either party or in

certain circumstances with immediate effect if Mr. Ryan has committed any serious or material breaches of his obligations under the agreement. Mr. Ryan will be required to devote such time as may be reasonably required to enable him to carry out his duties to the Company under the service agreement. Mr. Ryan shall be paid a fee of £24,000 per annum.

#### *Mark Le Tissier*

On 4 March 2016, Mark Le Tissier entered into an agreement under which he was appointed as Non-executive Director of the Company. The appointment will be for an initial term of twelve months and subsequently continue until terminated upon three months' written notice by either party including, or in certain circumstances with immediate effect if Mr. Le Tissier has committed any serious or material breaches of his obligations under the agreement. Mr. Le Tissier will be required to devote such time as may be reasonably required to enable him to carry out his duties to the Company under the service agreement. Mr. Le Tissier's fee is included as part of the fees paid to Trident Trust Company (Guernsey) Limited, the Company's corporate secretary, pursuant to the terms of the administration agreement dated 3 March 2016. Fees paid to Trident Trust Company (Guernsey) Limited are of £36,000 a year.

- 9.2 Save as set out in paragraph 9.1 above, there are no existing or proposed service agreements between any of the Directors and the Company in the last six months.
- 9.3 Other than payment of fees and benefits in lieu of notice the Directors' service contracts and letters of appointment do not provide for benefits upon termination of employment.
- 9.4 No other remuneration or benefits in kind were paid or granted to the Directors during the year ended 31 March 2016.
- 9.5 The aggregate remuneration and benefits in kind paid to the Directors for the financial year ending 31 March 2016 was £255,252.
- 9.6 Mr. James (Jim) Webster, the Company's Chief Investment Officer, has entered into a services agreement dated 10 January 2017 with the Company under which he was appointed as Chief Investment Officer of the Company. The appointment shall commence on 2 January 2017 and continue until terminated upon three months' written notice by either party or in certain circumstances with immediate effect if Mr. Webster has committed any serious or material breaches of his obligations under the agreement. The Company may also terminate the appointment on 31 March 2017 upon giving Mr Webster 10 days prior written notice if the Company does not complete the Placing. Mr. Webster shall devote such of his time, attention and abilities to the affairs of the Company as agreed between the him and the Company (but to be no less than five working days in each calendar month, and could be up to seven working days). The Company shall pay Mr. Webster a fee of £12,500 per quarter. Mr. Webster is also entitled to a one-time cash bonus of £12,500 for the quarter ended 31 March 2017 to compensate for the additional time and effort required of him in support of the Placing (payable regardless of whether or not the Placing completes). In addition, conditional on a Placing of at least £30,000,000, Mr. Webster will be entitled to a grant of stock based compensation as a bonus of £75,000 worth of stock options. The service fee shall be reviewed by the Board on 31 March 2017 (provided the Placing has completed) and thereafter once every year at such time as determined by the Remuneration Committee (or the Board, as appropriate).
- 9.7 The Company currently has no employees as at the date of this document.

## **10. Management Incentive Programmes**

### **10.1 Share Option Scheme**

The Board considers that it is important that personnel of the Company, including Directors and members of the Investment Committee and other advisers, are appropriately and properly motivated and rewarded, with the success of the Company dependent, to a significant degree, on the future performance of these individuals.

On 7 September 2015, Duke announced the adoption of the Share Option Scheme which had been designed to incentivise Directors, staff and certain key advisers and consultants to deliver long-term value creation for Shareholders. As at the date of this document, 255,000 options have been granted to Directors

and 505,000 to consultants and advisors. Of these, on 4 September 2015, members of the Investment Committee were issued 400,200 share options for their first year of appointment, with the exception of Mr. Neil Johnson whose remuneration is set out under his services agreement, a summary of which is included in paragraph 9 of this Part 5. There is no additional compensation except that independent members of the Investment Committee are entitled to £20,000 per year for each year that he serves as a member of the Investment Committee after the first year. Each member of the Investment Committee is entitled to reimbursement of reasonable expenses as a result of being a member of the Investment Committee.

Under the Share Option Scheme, the Board of the Company will award, at its sole discretion, options to subscribe for Ordinary Shares on terms and at exercise prices and with vesting and exercise periods to be determined at the time. The Board also expects that the exercise price will be at a premium to the mid-market share price at the date of granting the options. Following Admission, the Board has agreed that the total number of unexercised options will represent no more than four per cent. of the ordinary share capital of the Company. This is a reduction from the current limit of 10 per cent.

As at the date of this document, 255,000 options have been granted to Directors and 505,000 to consultants and advisors.

The Board has approved a new framework for incentivising its executive team and intends to establish the new Executive Plans described in paragraph 10.2 below.

## 10.2 Executive Plans

The Board has approved the framework for and intends to adopt the Executive Plans, which are consistent with market practice for other comparable international royalty companies and AIM traded companies. The basis of the Executive Plans has been designed by the UK office of Mercer Consulting, a global independent consultant on executive and Board compensation. The Mercer design has been subsequently reviewed, amended and agreed by the Board of the Company. All decisions in relation to the participation in the Executive Plans will be taken by the Company's Remuneration Committee. The contemplated terms of the Executive Plans are summarised below and consist of:

- i. Short Term Incentive Plan (the "**STIP**"); and,
- ii. Long Term Incentive Plan (the "**LTIP**").

### **Overall limit**

At any time and from time to time, the number of unexercised rights and/or options to acquire Ordinary Shares under the Executive Plans shall not exceed six per cent. of the issued ordinary share capital of the Company. This brings the aggregate limit of unexercised options under the Share Option Scheme and rights and/or options under the Executive Plans to ten per cent. of the issued ordinary share capital of the Company.

### **STIP**

The current intention is that the first awards under the STIP will be granted in respect of bonuses earned for the 2018 financial year (and following the announcement of the Company's results for that year). The STIP will operate as the Company's annual bonus plan and has been structured in a similar way to the incentive model that is used by Alaris Royalty Corp which is a comparable Canadian diversified royalty company listed on the Toronto Stock Exchange.

Calculation for the quantum of the STIP will be based on a maximum of 15 per cent. of the increase in the total cash available for distribution ("**TCAD**") in any given financial year. TCAD can be defined as the free cash flow generated by the Company in any financial year which reflects the revenue generated by the Company from its royalty investments less any variable deal costs less any central administrative costs and less tax.

Awards under the STIP will take the form of cash awards and will generally not exceed 100 per cent. of a participant's base salary in respect of any financial year.

### *Grant of STIP Awards*

STIP Awards will typically be granted at the discretion of the Remuneration Committee within the six week period following the announcement of the Company's full year results for any period. The Remuneration Committee will have the flexibility to alter the timing or amount of any STIP if it determines that exceptional circumstances exist.

### **LTIP**

#### *Form of award*

Awards under the LTIP may be in the form of a conditional right to acquire Ordinary Shares at no cost to the participant ("**Conditional Award**") or an option to acquire Ordinary Shares at no cost to the participant ("**Nil-Cost Option**"). Conditional Awards and Nil-Cost Options granted under the LTIP are together referred to as "**LTIP Awards**".

#### *Performance conditions*

Unless the Remuneration Committee determines otherwise, LTIP Awards will be subject to the satisfaction of various performance conditions which will determine the portion of the LTIP Award which will vest, if any. Performance conditions will normally be assessed at the end of a performance period of at least three years.

The Remuneration Committee will review the performance conditions and targets before any grants are made to ensure that they reflect the business's strategic priorities at the relevant time.

Any performance condition may be amended or substituted if one or more events occur which cause the Remuneration Committee to consider that an amended or substituted performance condition would be more appropriate, provided that it would not become materially less difficult to satisfy.

It is proposed that LTIP Awards will be subject to a performance condition based 50 per cent. on total shareholder return ("**TSR**") and 50 per cent. on total cash available for distribution per share ("**TCAD per Share**"). TSR can be defined as the returns generated by shareholders based on the combined value of the dividends paid out by the Company and the share price performance over the period in question.

LTIP Awards subject to a performance condition will normally vest as soon as practicable after the end of the three year performance period to the extent that the performance condition has been satisfied. Where LTIP Awards are granted without a performance condition, they will usually vest on the third anniversary of the grant date (or on such other date as the Remuneration Committee determines).

#### *Individual limits*

LTIP Awards will not be granted to a participant over Ordinary Shares with a market value (as determined by the Remuneration Committee) in excess of 200 per cent. of a participant's base salary in respect of any financial year. However, the Remuneration Committee may, in circumstances which it considers appropriate, grant LTIP Awards above this level.

#### *Grant of LTIP Awards*

LTIP Awards will typically be granted within the six week period following the announcement of the Company's full year results. The Remuneration Committee will have the flexibility to alter the timing or amount of any LTIP if it determines that exceptional circumstances exist.

#### *Dividends*

The Remuneration Committee may provide cash or additional Ordinary Shares to a participant in the LTIP based on the value of dividends paid on vested Ordinary Shares over such period as the Remuneration Committee determines ending no later than the date on which the LTIP Award is released. The Remuneration Committee has the discretion to determine the basis on which this additional amount is calculated, which may assume the reinvestment of the dividends into Ordinary Shares.

## ***Cessation of Employment***

LTIP Awards will lapse immediately upon a participant ceasing to be employed by or ceasing to hold office with any member of the Group, other than as set out below:

- *Conditional Awards under the LTIP:* If a participant is a good leaver (for example, ceases to be employed or hold office as a result of his death, ill-health, injury, disability, or the sale of Duke or the relevant group entity, or for any other reason at the Remuneration Committee's discretion), any unvested Conditional Awards will vest and be released to the extent determined by the Remuneration Committee taking into account the extent to which any applicable performance condition has been satisfied (at the end of the performance period or the date of cessation as appropriate) subject to the discretion of the Remuneration Committee to allow vesting at a higher level. In addition, unless the Remuneration Committee determines otherwise, the extent to which the Conditional Award vests will be reduced to take account of the period of time that has elapsed between the grant date and the date of cessation. Conditional Awards will ordinarily be released at the normal release date, but the Remuneration Committee will have discretion to release them at the date of cessation or at some other date.
- *Nil-Cost Options:* If a participant is a good leaver, under the LTIP, Nil-Cost Options may be exercised for a period of six months (or 12 months in the case of death) from the later of the date of cessation (if it was already exercisable) or the date of release. The Remuneration Committee may permit the exercise of Nil-Cost Options in a longer period.

### *Corporate events*

In the event of a change of control of the Company, unvested LTIP Awards will vest and be released (and vested but unreleased LTIP awards will be released) as soon as practicable.

Unvested LTIP Awards will vest taking into account the extent to which any performance condition has been satisfied. Unless the Remuneration Committee determines otherwise, the period of time which has elapsed between the grant date and the relevant event will be taken into account in determining the extent to which an LTIP Award vests.

Alternatively, the Remuneration Committee may permit participants to exchange LTIP Awards for equivalent awards which relate to shares in a different company. If the change of control is an "internal reorganisation" of the Group, participants will be required to exchange their LTIP Awards.

If other corporate events occur such as a winding-up of the Company, demerger, delisting, special dividend or other event which, in the opinion of the Remuneration Committee, may affect the current or future value of Ordinary Shares, the Remuneration Committee may determine that LTIP Awards will vest and be released. LTIP Awards will vest subject to satisfaction of any relevant performance condition. The extent to which an LTIP Award vests will, unless the Remuneration Committee determines otherwise, be determined taking into account the period of time which has elapsed between the grant date and the relevant event. The Remuneration Committee will determine in these circumstances the length of time during which Awards structured as Nil-Cost Options can then be exercised.

### *Clawback and malus*

The Remuneration Committee may, in its discretion, determine at any time prior to vesting of a LTIP Award to reduce (including to zero) the number of Ordinary Shares to which the award relates, or impose further conditions on the award in the event of:

- corporate failure or material errors or misstatement of results;
- information coming to light which, had it been known, would have affected the decision to grant the Award;
- material failure of risk management; or
- gross misconduct on the part of the participant.

The Remuneration Committee may, in its discretion, determine after the vesting of an LTIP Award before the second anniversary of its vesting date to either:



1. reduce (including to zero) the number of Ordinary Shares to which the Award or Option relates or impose further conditions on the Award or Option (for example if an LTIP Award is subject to a holding period or if an LTIP Award of Nil-Cost Option is released but unexercised); or
2. require the participant to make a cash payment to the Company in respect of some or all of the Ordinary Shares or cash released to him or shall transfer for nil consideration some or all of those Ordinary Shares back to the Company in the event of:
  - a. corporate failure or material errors or misstatement of results;
  - b. information coming to light which, had it been known, would have affected the decision to grant the Award or the extent to which it vested; or
  - c. gross misconduct on the part of the participant.

#### *Alternative method of satisfaction of LTIP Awards*

At any time before the time at which a LTIP Award has been released, or, if relevant, exercised, the Remuneration Committee may decide to pay a participant a cash amount equal to the value of the Ordinary Shares he would otherwise have received.

#### *Adjustments*

In the event of a variation of the Company's share capital or a rights issue or, in the case of the LTIP, a demerger, delisting, special dividend, or other event, which may, in the Remuneration Committee's opinion, affect the current or future value of Ordinary Shares, the number of Ordinary Shares subject to an LTIP Award or the performance condition attached to an LTIP Award, may be adjusted.

#### *Amendment and termination*

The Remuneration Committee may amend any of the Executive Plans or the terms of any award or option granted under them at any time. No such amendment may be made to the material disadvantage of participants in the Executive Plans unless the consent of a majority of such affected participants is obtained.

The Executive Plans will terminate on the tenth anniversary of their adoption but the rights of existing participants will not be affected by such termination.

## **11. Taxation**

Information regarding certain taxation with respect to the Ordinary Shares is set out below. The information, which relates only to the UK and Guernsey, is applicable to the Company and to persons who are resident in the UK or Guernsey and who hold Ordinary Shares and, in the case of individuals, resident and domiciled for tax purposes in Guernsey or the UK and to whom "split year" treatment does not apply. It is based on the law and practice currently in force in the UK and Guernsey. The information is not exhaustive and does not constitute legal or tax advice. Furthermore, the following statements only apply to Shareholders who are the absolute beneficial owners of their Ordinary Shares and the dividends on those Ordinary Shares and who hold their Ordinary Shares as an investment.

The following statements are prepared on the basis that the Company is solely tax resident in Guernsey and does not operate from a permanent establishment in the UK; is not managed and controlled outside Guernsey; does not presently trade from within the UK; is not presently liable to UK Corporation Tax; and is not required to be registered for UK Value Added Tax.

**Potential investors should consult their professional advisers without delay in respect of their own taxation position.** Investors should note that tax law and interpretation can change and that, in particular, the levels and basis of, and reliefs from, taxation may change and it may alter the benefits of investment in the Company.

### **11.1 Taxation in the United Kingdom**

The following summary is intended as a general guide only for shareholders who are resident in the United Kingdom for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade. The following summary relates only to certain limited aspects of UK tax

consequences of holding and disposing of Ordinary Shares in the Company. It is based on current UK tax law and the current practice of HM Revenue & Customs (HMRC), both of which are subject to change, possibly with retrospective effect. Additional tax issues may exist for Shareholders in respect of whom the Ordinary Shares are considered employment related securities, insurance companies, collective investment schemes and persons who acquire Ordinary Shares with a tax avoidance purpose or motive.

**Any person who is in any doubt as to his or her tax position, or who is resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult his or her tax advisers immediately.**

#### *Taxation of dividends*

With effect from 6 April 2016, the taxation of UK dividends has changed so that the following rules will apply to UK resident individuals from the 2016/17 tax year.

The Company is not required to withhold UK tax at source when paying a dividend.

Shareholders will be taxed on the amount of dividends actually received. The first £5,000 (£2,000 from 6 April 2018) of dividend income received by an individual in any tax year will be entirely exempt from UK income tax. The rates of tax payable over and above this will be 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate tax payers and 38.1 per cent. for additional rate taxpayers.

UK resident corporate Shareholders (including authorised unit trusts and open-ended investment companies) and pension funds will not normally be liable to UK taxation on any dividend received, other than Shareholders within the charge to UK corporation tax which are 'small' for the purposes of the company distribution rules.

#### *Anti-avoidance*

A UK resident corporate Shareholder who, together with connected or associated persons, control the Company should note the provisions of the Controlled Foreign Companies legislation, pursuant to which income profits accruing to the Company may be apportioned to the UK resident corporate Shareholder and liable to UK corporation tax.

The attention of individuals resident in the UK for taxation purposes is drawn to Chapter 2, Part 13 of the Income Tax Act 2007, which may render them liable to income tax in respect of the undistributed income of the Company.

The attention of persons resident in the UK for taxation purposes is drawn to the provisions of section 13 Taxation of Chargeable Gains Act 1992 under which, in certain circumstances, a portion of chargeable gains made by a non-UK resident company can be attributed to UK resident participators to whom more than one quarter of any gain made by the company would be attributable. This applies if the non-UK resident company would be a close company were the company to be resident in the United Kingdom for taxation purposes.

#### *Taxation of chargeable gains*

- (a) A UK resident and domiciled individual Shareholder who disposes (or is deemed to dispose) of all or any of the Ordinary Shares acquired may be liable to capital gains tax in relation thereto at rates up to 20 per cent., subject to any available exemptions or reliefs in accordance with Taxation of Chargeable Gains Act 1992. In addition, an individual UK Shareholder who ceases to be resident in the UK for a period of less than five years and who disposes of the Ordinary Shares held prior to departure during that period of temporary non residence may, under anti-avoidance legislation, be liable to capital gains tax on his or her return to the UK.
- (b) A Shareholder who is not resident for tax purposes in the United Kingdom will not be liable to UK taxation on chargeable gains unless the Shareholder carries on a trade, profession or vocation in the UK through a branch or agency and the Ordinary Shares are disposed of are, or have been, used, held or acquired for the purposes of such trade, profession or vocation or for the purposes of such branch or agency. Such Shareholders may also be subject to tax under any law to which they are subject outside the United Kingdom.
- (c) UK resident individuals who are not domiciled in the UK and pay tax on a remittance basis, will be taxed on any capital gains made by them on the disposal of Ordinary Shares in the Company, but

only if the proceeds are remitted to the UK. It should be noted that these rules are due to be amended with effect from 6 April 2017 and Shareholders should seek advice as to their personal circumstances.

- (d) Subject to exemptions a UK resident corporate Shareholder disposing of its Ordinary Shares in the Company may be liable to corporation tax on chargeable gains arising on the disposal at the corporation tax rate applicable to its taxable profits (currently 20 per cent.).

In computing the chargeable gain liable to corporation tax the corporate Shareholder is entitled to deduct from the disposal proceeds the cost to it of the Ordinary Shares together with incidental costs of acquisition, as increased by an indexation allowance to adjust for inflation, and disposal costs.

The UK operates a substantial shareholding exemption regime which may apply to the disposal of Ordinary Shares in the Company subject to certain conditions being met.

#### *Inheritance tax*

Individuals and trustees subject to inheritance tax in relation to a shareholding in the Company may not be entitled to business property relief of up to 100 per cent. (after a holdings period of two years), given the nature of the Company's business. However, a detailed review of the position has not been undertaken and the possibility of qualifying for business property relief should not be precluded.

#### *Stamp duty and stamp duty reserve tax*

No UK stamp duty will be payable on the issue of Ordinary Shares. In practice, UK stamp duty should generally not need to be paid on an instrument transferring Ordinary Shares, provided that such transfer instruments are executed and retained outside of the UK. Whether or not an instrument is stamped, however, will not affect the registration of the transfer in the Company's registers of Ordinary Shares so long as that register is kept outside of the UK.

No stamp duty reserve tax will be chargeable on the issue or transfer of the Ordinary Shares where the Company's registers of Ordinary Shares is kept outside of the UK.

## **11.2 Taxation in Guernsey**

### *The Company*

The Company is resident in Guernsey for tax purposes and is subject to the company standard rate of income tax in Guernsey, currently at zero per cent. provided the income of the Company does not include: (i) income from banking business (subject to tax at ten per cent.); (ii) income from domestic insurance business (subject to tax at ten per cent.); (iii) income from fiduciary business (subject to tax at ten per cent.); (iv) income from insurance intermediary business (subject to tax at ten per cent.); (v) income from the administration of controlled investments (subject to tax at ten per cent.); (vi) income from the provision of custody services (subject to tax at ten per cent.); (vii) income from trading activities regulated by the Guernsey Competition and Regulatory Authority (subject to tax at 20 per cent.); (viii) income from gas and hydrocarbons business (subject to tax at 20 per cent.); (ix) income from large retail business carried on in Guernsey (subject to tax at 20 per cent.); or (x) income from the ownership of land and buildings situated in Guernsey (subject to tax at 20 per cent.). It is not intended that the income of the Company will derive from any of these sources.

The Company will have a reporting requirement to file an annual income tax return with the Guernsey Director of Income Tax.

There is an obligation on the Company, when it makes distributions to Guernsey resident beneficial members, to withhold and pay over tax at a rate of up to 20 per cent. on behalf of the relevant Shareholders to the Guernsey Director of Income Tax. The liability to account for tax from the Company's distributions arises where the beneficial member is resident in Guernsey for Guernsey tax purposes. Provided the beneficial member is not resident in Guernsey, then the Company's distributions can be paid free of withholding tax.

The Company will have a reporting requirement to file returns with the Director of Income Tax for distributions to Guernsey residents.

### *Shareholders*

Shareholders who are resident in Guernsey, Alderney or Herm will incur Guernsey income tax on any dividends paid to them on Ordinary Shares. The Company will be required to treat any such dividend to a Guernsey resident beneficial member as being declared gross but paid net, and to pay the appropriate tax on the Shareholder's behalf to the States of Guernsey. Shareholders resident outside Guernsey will not be subject to any tax in Guernsey in respect of, or in connection with, the acquisition, holding or disposal of any Ordinary Shares owned by them.

### *Stamp duty*

No stamp duty is chargeable in Guernsey on the issue, transfer or repurchase of shares in the Company.

### *EU Savings Directive*

Shareholders who are individuals resident in a member state of the European Union or certain other jurisdictions should be aware of the provisions of Council Directive 2003/48/EC (the "EU Savings Tax Directive") regarding taxation of savings income in the form of interest payments pursuant to which income realised upon the sale, refund or redemption of shares in certain undertakings for collective investment, as well as any income in the form of dividends or other distributions made by such undertakings for collective investment, may (depending upon the location, classification and investment portfolio of the undertaking) become subject to the reporting regime or withholding tax regime imposed by the EU Savings Tax Directive, if such payment is made or secured by a paying agent established in either a member state of the EU or in certain other jurisdictions which have agreed to introduce an equivalent reporting or withholding tax regime in respect of such payments.

Guernsey has introduced measures that are equivalent to the EU Savings Tax Directive. The Company will not, under the existing regime, be regarded as an undertaking for collective investment established in Guernsey that is equivalent to a UCITS authorised in accordance with EC Directive 85/611/EEC of the Council (as recast by EC Directive 2009/65/EC (recast)) for the purposes of the application in Guernsey of the bilateral agreements on the taxation of savings income entered into by Guernsey with member states of the EU. Consequently, in accordance with current States of Guernsey guidance on the application of the bilateral agreements, where the Company's paying agent (as defined for these purposes in Paragraph 7 of Schedule 2 of the Foreign Tax (Retention Arrangements) (Guernsey and Alderney) Ordinance 2005) is located in Guernsey, the paying agent would not be required to exchange information regarding distributions made by the Company and/or the proceeds of the sale, refund or redemption of shares in the Company.

### *US-Guernsey Intergovernmental Agreement*

On 13 December 2013, the Chief Minister of Guernsey signed an intergovernmental agreement with the United States. ("**US-Guernsey IGA**") regarding the implementation of Foreign Account Tax Compliance Act ("**FATCA**"), under which certain disclosure requirements will be imposed in respect of certain Shareholders in the Company who are, or are entities that are controlled by one or more, residents or citizens of the United States. The US-Guernsey IGA is implemented through Guernsey's domestic legislation, in accordance with guidance, which is currently published in draft form.

Under the US-Guernsey IGA as implemented in Guernsey, securities that are "regularly traded" on an established securities market are not considered financial accounts and are not subject to reporting. For these purposes, the Ordinary Shares will be considered "regularly traded" if there is a meaningful volume of trading with respect to the Ordinary Shares on an ongoing basis. Notwithstanding the foregoing, from 1 January 2016, an Ordinary Share will not be considered "regularly traded" and will be considered a financial account if the holder of the Ordinary Shares (other than a financial institution acting as an intermediary) is registered as the holder of the Ordinary Share on the Company's share register. Such Shareholders will be required to provide information to the Company to allow the Company to satisfy its obligations under the reporting rules implemented in Guernsey.

### *Multilateral Competent Authority Agreement for Automatic Exchange of Taxpayer Information*

On 13 February 2014, the Organisation for Economic Co-operation and Development released the "Common Reporting Standard" ("CRS") designed to create a global standard for the automatic exchange of financial account information, similar to the information to be reported under FATCA. On 29 October

2014, fifty-one jurisdictions signed the multilateral competent authority agreement (“Multilateral Agreement”) that activates this automatic exchange of FATCA-like information in line with the CRS. Pursuant to the Multilateral Agreement, certain disclosure requirements may be imposed in respect of certain Shareholders in the Company who are, or are entities that are controlled by one or more, residents of any of the signatory jurisdictions. Both Guernsey and the UK have signed up to the Multilateral Agreement, but the US has not signed the Multilateral Agreement.

Early adopters who signed the Multilateral Agreement (including Guernsey) have pledged to work towards the first information exchanges taking place by September 2017. Others are expected to follow with information exchange starting in 2018. Guidance regarding the implementation of the CRS and the Multilateral Agreement in Guernsey is yet to be published in finalised form, and the implementing legislation has only recently been enacted.

Potential investors should consult their own tax advisers regarding the reporting requirements referred to above. The Company may require a Shareholder to sell or transfer Ordinary Shares if it fails to provide the Company with the information necessary to comply with the reporting requirements referred to above, or any similar reporting requirements that may be enacted.

## **12. Working Capital**

The Directors having made due and careful enquiry, are of the opinion that, taking into account the net proceeds of the Fundraising and existing cash resources available to the Company, the working capital available to the Company will be sufficient for its present requirements, that is for at least twelve months from the date of Admission.

## **13. Litigation**

The Company is not (and has not been) engaged in governmental, legal or arbitration proceedings, which may have or have had a significant effect on the Company’s financial position or profitability during the twelve months preceding the date of this document and, so far as the Directors are aware, there are no proceedings which are pending or threatened.

## **14. Significant and Material Change**

Save as disclosed in this document, there has been no significant or material change in the financial or trading position of the Company since 30 September 2016, the date to which the Company’s last interim financial statements were published.

## **15. Material Contracts of the Company**

The following contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company (a) within the two years immediately preceding the date of this document and are, or may be, material or (b) which contain provisions under which the Company has any obligation or entitlement which is material as at the date of this document:

### **15.1 Material Contracts Relating to Admission and the Placing**

#### *Placing Agreement*

Under the Placing Agreement, each of the Joint Brokers, as agents for the Company, agreed to use its reasonable endeavours to procure investors to subscribe for the Placing Shares. The Placing has not been underwritten. In addition, under the Placing Agreement the Company has appointed Grant Thornton to act as its nominated adviser in relation to Admission. The Placing Agreement is conditional upon, among other things, Admission taking place no later than 8.00 a.m. on 23 March 2017 (or such later date as may be agreed by the Company, Grant Thornton and the Joint Brokers, which shall be no later than 8.00 a.m. on 30 March 2017).

Pursuant to the Placing Agreement and conditional on Admission, the Company has agreed to pay to the Joint Brokers a commission equal to 5 per cent. of the gross aggregate proceeds of the subscriptions for the New Shares (except that, for funds raised by the Company without assistance from the Joint Brokers from persons who are not Directors, the commission payable shall be 5 per cent. of such proceeds less any fees payable by the Company to third parties, subject to a minimum commission of 1 per cent.). In addition, the Company has agreed to pay to Grant Thornton a

corporate advisory fee of the higher of (i) £30,000 or (ii) £75,000 less any sums paid in advance pursuant to the terms of its engagement letter.

The allocation of Placing Shares to investors shall be at the discretion of each Joint Broker (in consultation with each other and the Company). The Company will also pay all costs and expenses of the Joint Brokers and Grant Thornton incurred in connection with the Placing and the application for Admission.

Pursuant to the Placing Agreement, the Company has given certain warranties and indemnities, and the Directors have given certain warranties, to the Joint Brokers and Grant Thornton that are typical for agreements of this nature.

The Joint Brokers are entitled to terminate the Placing Agreement in specified circumstances prior to Admission, among other things, in the event of the occurrence of certain *force majeure* events. If any of the conditions contained in the Placing Agreement are not satisfied (or waived where capable of waiver), Admission will not take place.

The Placing Agreement is governed by English law.

#### *Nominated Adviser Agreement*

Pursuant to the nominated adviser agreement dated 10 January 2017 made between the Company and Grant Thornton, the Company has appointed Grant Thornton to act as nominated adviser to the Company from 10 January 2017 and thereafter. The appointment may be terminated by either party on 30 days written notice to expire no earlier than the second anniversary of the agreement save in certain specified circumstances where either party may terminate the nominated adviser agreement forthwith. Under the agreement, the Company has given certain customary indemnities to Grant Thornton in connection with its engagement as the Company's nominated adviser.

#### *Broker Agreements*

Pursuant to the corporate joint broker agreement dated 10 January 2017 between the Company and Cantor Fitzgerald Europe, the Company has appointed Cantor Fitzgerald Europe to act as joint broker to the Company. The appointment may be terminated by either party on three months written notice to expire no earlier than the first anniversary of the agreement save in certain specified circumstances where either party may terminate the corporate joint broker agreement forthwith. Under the agreement, the Company has given certain customary indemnities to Cantor Fitzgerald Europe in connection with its engagement as the Company's joint broker.

Pursuant to the broker agreement dated 10 January 2017 between the Company and Mirabaud Securities LLP, the Company has appointed Mirabaud Securities LLP to act as joint broker to the Company. The appointment may be terminated by either party on three months written notice to expire no earlier than the first anniversary of the agreement save in certain specified circumstances where either party may terminate the broker agreement forthwith. Under the agreement, the Company has given certain customary indemnities to Mirabaud Securities LLP in connection with its engagement as the Company's joint broker.

#### *Lock-in Agreements*

On 16 March 2017, the Company entered into lock-in agreements with each of the Directors, Arlington and Abingdon pursuant to which each Director agreed (subject to certain limitations discussed below) not to dispose of any Ordinary Shares for a period of 12 months from the date of Admission, and thereafter, for a period of twelve months, only to dispose of Ordinary Shares through the Joint Brokers. The aggregate interests following Admission which shall be subject to the lock-in and orderly market arrangements, as described above, will amount to 5,600,882 Ordinary Shares which is equivalent to approximately 12.34 per cent. of the Enlarged Share Capital.

Certain disposals are permitted, including:

- a) a disposal to the personal representative of any Directors who dies during the period of restrictions;
- b) a disposal pursuant to an intervening court order;

- c) any disposal pursuant to acceptance of a general, partial or tender offer made by an offeror to all shareholders of the Company for the whole or a part of the issued share capital of the Company (other than any shares already held by the offeror or persons acting in concert with the offeror);
- d) the execution of an irrevocable commitment to accept a general, partial or tender offer made to all shareholders of the Company for the whole or a part of the issued capital of the Company (other than any shares already held by the offeror or persons acting in concert with the offeror);
- e) a sale to an offeror or proposed offeror who has been named in an announcement made pursuant to the City Code; or
- f) a Disposal otherwise permitted by the AIM Rules, as determined by the Company's nominated adviser.

## 15.2 **Other Material Contracts**

### *Oliver Wyman Collaboration*

On 7 August 2015, the Company entered into an exclusive collaboration agreement with Oliver Wyman, a management consultancy firm wholly-owned by Marsh & McLennan Companies. Pursuant to the agreement, Oliver Wyman provides advisory services to Duke relating to the identification, analysis and assistance in the acquisition of royalty interests for regulatory-approved, patent-protected ethical pharmaceutical and other healthcare products. While the initial agreement was for advisory services pertaining to potential royalty interests in the pharmaceutical and other healthcare sector, should the Company and Oliver Wyman agree that Oliver Wyman has industry knowledge and capabilities of value for the purposes of the evaluation of potential Royalty Financings in others sectors, the Company and Oliver Wyman may agree to work together under the same compensation terms as in the August agreement. As of the date of this document, Oliver Wyman has provided its services, upon the same terms as the August agreement, for the purposes of the evaluation of three potential targets in sectors outside of healthcare. Such services include deal-sourcing, valuation, due diligence, assistance with negotiations and ongoing monitoring of information entering the public domain regarding products underlying the Company's Royalties or competing with the Royalty Partners.

In consideration of its services, Oliver Wyman will be entitled to a royalty participation fee which equates to a proportion of the total gross royalties generated from the relevant Royalty Financing. The collaboration agreement sets out the compensation terms and the calculation of the participation fee which will vary from case to case but will always equate to a fixed percentage of the total gross royalty for the life of the Royalty Financing. Such participation fee will never exceed 4 pence in every pound of total gross royalty generated by the Company.

Under the terms of the agreement, for each approved Royalty Financing, the Company is responsible for all aspects of on-going capital access and all relationship with banks, financial partners and investors for capital-raising purposed, the negotiation and structuring of such Royalty Financing, the preparation of a financial plan in respect of such Royalty Financing and securing sufficient capital to deploy in order to make such Royalty Financing.

The agreement was entered into for an initial term of five years (subject to automatic twelve month renewals, unless otherwise terminated in accordance with the terms of the agreement).

### *Service Agreement with Arlington*

On 16 June 2015 the Company entered into a support services agreement with Arlington (as amended by a letter agreement dated 21 October 2015) pursuant to which Arlington provides support services to the Company in respect of marketing and public relations, deal origination (primarily in the UK and European markets) and administration, including reporting, preparation of performance data and compliance with the Company's Investing Policy.

In consideration for the services rendered to the Company by Arlington, the Company has agreed to pay an annual administration fee of £95,000 (subject to annual adjustment). Subject to Admission becoming effective, it is anticipated that Arlington will voluntarily forego 75 per cent. of its

administration fee from Admission until the Board decides that the Company's financial position justifies the payment of a higher or the full administration fee (after reduction, this would amount to an effective administration fee of £24,000 per annum). As at 31 December 2016, the Company has paid to Arlington £146,406 pursuant to the terms of its service agreement.

The agreement was entered into for an initial term of twelve months. At the end of such initial term, the agreement will continue in full force and effect unless either party gives twelve months prior written notice to the other of its intention to terminate.

Charles Cannon-Brookes, one of the Company's Executive Directors, is the Investment Director and a substantial shareholder of Arlington. As at the Latest Practicable Date, Mr. Cannon-Brookes held 2.01 per cent. of the issued Ordinary Shares of the Company in his own name and Arlington held 3.74 per cent. of the issued Ordinary Shares of the Company.

#### *Service Agreement with Abingdon*

On 16 June 2015 the Company entered into a support services agreement with Abingdon (as amended by a letter agreement dated 23 October 2015) pursuant to which Abingdon will provide support services to the Company in respect of development and implementation of investment strategies, global deal origination and execution (including structuring and negotiation), relationships with strategic partners and ongoing administration (including reporting, preparation of performance data and compliance with the Company's Investing Policy).

In consideration for the services, the Company has agreed to pay an annual service fee of £280,000 (subject to annual adjustment). Subject to Admission becoming effective, it is anticipated that Abingdon will voluntarily forego 30 per cent. of its service fee from Admission until the Board decides that the Company's financial position justifies the payment of a higher or the full administration fee (after reduction, this would amount to an effective service fee of £196,000 per annum).

As part of the consideration for its efforts and costs that Abingdon contributed prior to 16 June 2015 towards the elaboration and development of including (without limitation) the Company's current Investing Policy and underlying business model, establishing contact and developing relationships with strategic partners, providing the intellectual property surrounding the Company's current name and identity, as well as for its expertise with and relationships within the royalty sector, UK and Canadian equity capital markets, and international investment communities, the agreement also provides Abingdon with the right to require the Company to issue a maximum of 1,500,000 bonus Ordinary Shares (or nil-cost options). Except where certain termination events occur, the Ordinary Shares will only be issued upon completion of Royalties entered into by the Company. Upon completion of any Royalty Financing, Abingdon has the right to require the Company to issue such number of Ordinary Shares (subject to an aggregate maximum number of shares of 1,500,000) as is equal to 5 per cent. (where the relevant Royalty Financing originates from Abingdon) or 2.5 per cent. (where the relevant Royalty Financing does not originate from Abingdon but Abingdon assists the Company in the negotiation and completion of such Royalty) of:

a) the gross value of the Royalty;

divided by:

b) either: (i) if the Royalty Financing is financed (in whole or in part) through an offering of Ordinary Shares, the price per share at which such Ordinary Shares are offered; or (ii) if the Royalty Financing is financed by any other means, the weighted average closing price on AIM of the Ordinary Shares for the 20 Business Days immediately preceding the completion of the Royalty.

For the purposes of the Support Services Agreement with Abingdon, a Royalty will be considered to be originating from Abingdon whether such Royalty originates directly from Abingdon or indirectly through a strategic partner or any other third party introduced to the Company by Abingdon.

As at 31 December 2016, the Company has paid to Abingdon £371,598 pursuant to the terms of its service agreement.



In addition, pursuant to the terms of the agreement, 500,000 Ordinary Shares were issued to Abingdon on 16 June 2015 in consideration for its efforts and costs contributed towards the elaboration and development of the proposals which were approved by the shareholders at the 16 June 2015, including (without limitation) the Investing Policy and underlying business model.

The agreement was entered into for an initial term of twelve months. At the end of such initial term, the agreement will continue in full force and effect unless either party gives twelve months' prior written notice to the other of its intention to terminate.

Abingdon's sole voting shareholder is Mr. Johnson, the Company's Chief Executive Officer and one of the Company's Executive Directors. As at the Latest Practicable Date, Mr. Johnson held 11.55 per cent. of the issued Ordinary Shares of the Company, of which 6.35 per cent. are held by Abingdon.

## **16. Related party transactions**

Save as disclosed in this document, there were no other related party transaction entered into by the Company during the period since its incorporation.

## **17. General**

- 17.1 The nominated adviser to the Company is Grant Thornton UK LLP which is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP has given and not withdrawn its written consent to the issue of this document with inclusion herein of references to its name in the form and context in which it appears.
- 17.2 One of the Joint Brokers to the Company is Cantor Fitzgerald Europe. Cantor Fitzgerald Europe is a member of the London Stock Exchange authorised and regulated by the Financial Conduct Authority. Cantor Fitzgerald Europe has given and not withdrawn its consent to the issue of this document with inclusion herein of references to its name in the form and context in which it appears.
- 17.3 One of the Joint Brokers to the Company is Mirabaud Securities LLP. Mirabaud Securities LLP is a member of the London Stock Exchange authorised and regulated by the Financial Conduct Authority. Mirabaud Securities LLP has given and not withdrawn its consent to the issue of this document with inclusion herein of references to its name in the form and context in which it appears.
- 17.4 The International Security Identification Number (ISIN) of the Ordinary Shares is GG00BYZSSY63.
- 17.5 Other than the admission to trading of the Existing Ordinary Shares on AIM and the intended application for Admission, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made, nor, except as stated below, are there intended to be any other arrangements for dealings in the Ordinary Shares.
- 17.6 The Company is not nor has been involved in any governmental, legal or arbitration proceedings and the Company is not aware of any such proceedings pending or threatened by or against it during the twelve months preceding the date of this document which may have or have had in the recent past a significant effect on the financial position or profitability of the Company.
- 17.7 Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 17.8 The total costs and expenses in connection with the Fundraising and Admission are estimated to amount to approximately £1.2 million (excluding VAT). This amount includes the commissions referred to in paragraph 15.1 of this Part 5.

17.9 Each of the following persons being a consultant to the Company has received their fees detailed below from the Company within the twelve months prior to the date of this document:

<b>Name</b>	<b>Fees paid by the Company</b>
WH Ireland Group plc	£140,000
2428555 Ontario Inc.	£70,000
Ravenscroft Limited	£14,700
CED Capital Limited	£147,077

17.10 No person (other than professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within twelve months preceding the date of this document; or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:

17.9.1 fees totalling £10,000 or more;

17.9.2 securities in the Company with a value of £10,000; or

17.9.3 any other benefit with a value of £10,000.

17.11 The Ordinary Shares are in registered form and will, following Admission, be capable of being held in uncertificated form. The Company has applied to Euroclear UK & Ireland, the operator of CREST, for the Ordinary Shares to be admitted to CREST with effect from Admission. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Articles of Association permit the holding of Ordinary Shares under CREST. CREST is a voluntary system and holders of ordinary shares who wish to retain share certificates will be able to do so.

17.12 At 30 September 2016, the unaudited net asset value per Ordinary Share was 0.18 pence.

17.13 An investment in New Ordinary Shares is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise from that investment (taking into account the fact that those losses may be equal to the whole amount invested). Such an investment should be seen as medium to long term in nature. Accordingly, typical investors in the Company are expected to be institutional investors, private client fund managers and private client brokers, as well as private individuals who have received advice from an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 or other appropriately authorised overseas independent adviser who specialises in advising on the acquisition of shares and other securities.

## **18. Availability of admission document**

Copies of this document, will be available during normal business hours on any weekday (except Saturdays, Sundays and public holidays) free of charge from the Company's registered office and shall remain available for at least one month after Admission.

Dated: 20 March 2017

