

Duke Royalty Limited

Annual Report and Audited Consolidated Financial Statements

for the year ended 31 March 2017

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Company Summary

For the year ended 31 March 2017

The Company

Duke Royalty Limited (“Duke Royalty” or the “Company”) is a Guernsey registered investment holding company incorporated with limited liability. Its shares are traded on the AIM market of the London Stock Exchange (“AIM”). The Company was incorporated on 22 February 2012 and dealings on AIM commenced on 9 July 2012.

The “Group” is defined as the Company and its subsidiary Duke Royalty UK Limited. Following the resolution made on 23 October 2015, Praetorian ZDP Limited and Praetorian Resources (GP) Limited were dissolved on 16 May 2016.

Investing Policy

For the year ended 31 March 2017 the Company’s investing policy was to invest in a diversified portfolio of royalty finance and related opportunities to build a stable and reliable income for Shareholders by seeking to invest in, without limitation and restrictions (including geographical 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).

In order to capitalise on the opportunity, the Company has assembled a high quality Board and set of advisers with substantial experience and a long term track record within a range of commercial businesses. The Company has been structured as an investment holding company in order to give the Board maximum flexibility to achieve its goals, and is domiciled in a tax efficient jurisdiction to ensure shareholders receive the benefit from any realised profits. Management, the Board and its advisors, will utilise their contacts and skill to attract and carry out appropriate due diligence on portfolio opportunities and to source new opportunities.

Chairman's Report

For the year ended 31 March 2017

Dear Shareholder,

I am pleased to report the financial year ending 31 March 2017 ("Fiscal 2017") has been transformational for the Company.

During the first half of the year, the Board and Investment Committee continued to focus on evaluating a number of opportunities, in order to create a near-term pipeline of royalty financing transactions. Our evaluation of deals in Europe and North America produced a pipeline of opportunities in different countries and industries, reinforcing the Board's belief that the Company's alternative financing method will be well-received by companies needing capital.

In January 2017, the Company announced its intention to raise an equity placing via its Admission Document in order to provide the Company with the capital to build a diversified royalty portfolio of identified opportunities.

Also during January 2017, Jim Webster was appointed as the Company's Chief Investment Officer. As part of the Investment Committee since inception, Jim was familiar with the pipeline and Company, and supplements our in-house royalty investing expertise. Jim is a pioneer of the industry, and brings to the Company a 25-year track record of starting successful royalty entities. Since his appointment, Jim has played a key role in overseeing the due diligence and negotiations on prospective investment opportunities for the Company post year end and directing the execution of the inaugural royalty transaction approved by the Duke Royalty board.

Most importantly, in March 2017 the Company announced that it had successfully raised £15 million via the issuance of 37,500,000 new Duke Royalty ordinary shares of no par value ("Ordinary Shares"), bringing a number of new institutional shareholders onto the Company's register. We are delighted by the support of the institutional community, and our new shareholders are some of the largest institutional fund managers in the City.

Over Fiscal 2017, Duke Royalty generated a loss of £1.4 million. It should be noted however that Fiscal 2017 involved the Re-Admission of the Company and the equity placing to AIM, with numerous other one-off costs. However, the Company has committed to significantly reducing operational expenses for the financial year ending 31 March 2018 ("Fiscal 2018"). As outlined in the Company's Admission Document published on 20 March 2017, Board fees and other service fees have been voluntarily reduced in order for the Company to implement and sustain a quarterly dividend policy for Fiscal 2018.

Post the financial year end, the Company announced its inaugural royalty financing agreement for €8.0 million (the "Financing") with Temarca B.V. ("Temarca"), an established European river cruise provider. The Financing, announced on 6 April 2017, has allowed Temarca to purchase one boat that was previously being leased, repay all outstanding debt, refurbish their fleet and boost working capital. With a cash-on-cash yield of approximately 13 per cent, this inaugural royalty financing agreement will result in Duke Royalty operating at a cashflow positive run rate.

We look forward to reporting further progress during Fiscal 2018, and looks with enthusiasm to furthering our investing policy of building a diversified royalty portfolio.

The Company is pleased to report that the Board has approved its maiden dividend of 0.5 pence (sterling) per share with the ex-dividend date being 29 June 2017 and the record date 30 June 2017. Furthermore the Company is targeting a minimum initial annual dividend yield of five per cent. in the financial year to 31 March for Fiscal 2018 and intends to pay quarterly dividends going forward.

Nigel Birrell
Chairman

Directors

Mr Nigel Birrell (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 the CEO of the Lottoland Group, a 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 managing its investment portfolio.

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 Ogame's sale 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 Johnson

Neil Johnson is an Executive Director and Duke Royalty'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, Board members and the Investment Committee, he leads all deal origination, due diligence and structuring.

Mr Johnson has over 20 years of 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 merchant bank. For the previous 19 years he worked for Canaccord Genuity, first in Canada and later at Canaccord London rising to the positions of Head of Corporate Finance (Europe), Global Head of Technology, and a 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 London Stock Exchange Main Market listings; he spearheaded the firm's diversification into the technology industry, and led Canaccord's initiative to attract North American firms to list in London.

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

Directors (continued)

Charles Cannon-Brookes

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 Duke Royalty's liaison with UK institutions/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 Group Asset Management Limited 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 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 also worked for Jupiter Asset Management, ABN Amro and Barclays de Zoete Wedd. He has extensive fund management experience and 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 Jim Ryan

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 to January, 2013. Prior to the merger of PartyGaming and bwin.party, he served as the Chief Executive Officer of PartyGaming plc from May, 2008 to 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 the Chief Financial Officer of Cryptologic Software Limited. In addition to his role of Chief Executive Officer and director of Pala Interactive, LLC, Mr. Ryan also currently is a director of Gaming Realms plc 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).

Mr Mark Le Tissier

Mark Le Tissier is a Non-Executive Director of the company. He is responsible for the oversight of the company's corporate obligations in Guernsey.

Mr. Le Tissier is the European Regional Director of Trident Trust with oversight over five offices, as well as the Managing Director of Trident Trust Company (Guernsey) Limited and has 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 regulations. Mr. Le Tissier is a Trust & Estate Practitioner who has also completed the IOD Programme in company direction and is resident in Guernsey.

Directors' Report

For the year ended 31 March 2017

The Directors present their Annual Report and the Audited Consolidated Financial Statements of the Group for the year ended 31 March 2017.

Status and activity

The Company is an investment holding company incorporated on 22 February 2012 with limited liability in Guernsey under the Companies (Guernsey) Law, 2008.

The Company's shares were admitted to trading on the London Stock Exchange's AIM Market ("AIM") on 9 July 2012. On 17 March 2017 the Company announced that 37,500,000 new Ordinary Shares had been successfully placed or subscribed for at a price of 40 pence per share ("Fundraising"), with new and existing institutional investors, as well as certain Directors. Pursuant to the Fundraising, the Company raised gross proceeds of £15 million (net proceeds £13.8 million after fund raising commission and Initial Public Offering expenses).

The Company's initial investment objective was to build a focused natural resource investment vehicle in order to generate positive returns to shareholders. As detailed in the Investing Policy section on page 2 following the result of the EGM on 16 June 2015 the Company's Articles of Incorporation and Investing Policy were changed to that of investment in a diversified portfolio of royalty finance and related opportunities.

Post year end on 6 April 2017 the Company entered into its inaugural royalty financing agreement for €8.0 million (the "Financing") with Tamarca B.V. ("Tamarca"), an established European river cruise provider. The Financing will allow Tamarca to purchase two boats that are currently being leased, refurbish a portion of their fleet and repay existing creditors.

Results and dividends

The Company's performance during the year is discussed in the Chairman's Report on page 3. The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 15.

At the year end the net assets attributable to the ordinary shareholders were £14,506,012 (2016: £2,070,315).

No dividend was declared during the financial year to 31 March 2017.

Post the financial year end the Board approved the Company's maiden dividend of 0.5 pence (sterling) per share.

Taxation

The Company has been granted exemption from Guernsey taxation and is charged an annual exemption fee of £1,200. The Directors intend to conduct the Company's affairs such that it continues to remain eligible for exemption from Guernsey tax.

Shareholder information

Up to date information regarding the Company can be found on the Company's website, which is www.dukeroyalty.com.

Annual General Meeting

The notice for the Annual General Meeting of the Company, which is to be held on 27 September 2017 at 11:00 BST a.m., is on page 39 of this document. The form of Proxy for the Annual General Meeting will accompany the notice of Annual General Meeting.

Directors' Report (continued)

For the year ended 31 March 2017

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the Consolidated Financial Statements in accordance with applicable law and regulations.

Company law allows the Directors to prepare Consolidated Financial Statements for each financial year. Under that law the Directors have elected to prepare the Consolidated Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The Directors are permitted by the Companies (Guernsey) Law, 2008 to prepare Consolidated Financial Statements for each financial period which gives a true and fair view of the state of affairs of the Group and of the surplus or deficit of the Group for that period.

In preparing those Consolidated Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Consolidated Financial Statements; and
- prepare the Consolidated Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the Consolidated Financial Statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies (Guernsey) Law, 2008. The Directors are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors who held office at the date of approval of this report confirm that, so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware, having taken all the steps the Directors ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors

The Directors of the Company, who served during the year, and subsequently, are shown below:

Director
Nigel Birrell
Charles Cannon-Brookes
Neil Johnson
James Ryan
Mark Le Tissier

Directors' Report (continued)

For the year ended 31 March 2017

Directors (continued)

The Directors held the following interest in the share capital of the Company either directly or beneficially.

Director	Ordinary Shares 2017	Share Options 2017	Ordinary Shares 2016	Share Options 2016
N Johnson	1,660,000	85,000	900,000	85,000
C Cannon-Brookes	2,765,882	85,000	453,517	85,000
N Birrell	525,000	85,000	400,000	85,000
J Ryan	650,000	85,000	400,000	85,000
M Le Tissier	-	-	-	-

The Directors who served in the year received the following remuneration during the year:

Director	Entitlement per annum	2017 £	2016** £
N Johnson	100,000	100,000	95,082
C Cannon-Brookes	70,000	70,000	69,292
N Birrell*	24,000	24,000	32,836
J Ryan	24,000	24,000	32,836
M Le Tissier	-	-	-
R King	27,500	-	25,208
Total remuneration		218,000	255,252

* Chairman.

** includes £13,915 each for Mr Johnson, Mr Cannon-Brookes, Mr Birrell and Mr Ryan which equates to the value of the options issued to each Director under the share option plan.

Post the financial year end Board fees have been voluntarily reduced in order for the Company to implement and sustain a quarterly dividend policy for Fiscal 2018.

Directors' authority to buy back shares

A shareholder resolution, which took effect upon Admission to AIM, has been passed granting the Board authority to make market purchases of up to 14.99 per cent of the Ordinary Shares in issue during any twelve month period. Any repurchase of Ordinary Shares will be made in accordance with the Articles of Association of the Company and the Companies (Guernsey) Law, 2008, as amended, and within guidelines established from time to time by the Board and will be at the absolute discretion of the Board, and not at the option of the Shareholders.

This authority will lapse on the date of the Company's next annual general meeting. Subject to Shareholder authority for proposed repurchases, general purchases of up to 14.99 per cent of the Ordinary Shares in issue will only be made through the market.

The minimum price (exclusive of expenses) which may be paid for an Ordinary Share is £0.01 per share and the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be not more than five per cent above the average of the middle market quotation for the Ordinary Shares for the five business days before the purchase is made.

Any repurchase by the Company of 15 per cent or more of any class of its shares (excluding shares of that class held in treasury) will be effected by way of a tender offer to all Shareholders of that class.

Directors' Report (continued)

For the year ended 31 March 2017

When Ordinary Shares trade at a substantial discount to the NAV per Ordinary Share and do not coincide with trading volumes in the market, the Directors may feel that it is appropriate to make such purchases.

Shareholders' significant interests

The following shareholders had a substantial interest either directly or beneficially of 3% or more of the Company's issued share capital as at 31 March 2017.

Shareholder/ Nominee Account	Ordinary shares held	% of the Ordinary Share capital
Hargreave Hale Limited	7,500,000	16.53%
Partners Value Investment Inc.	4,375,000	9.64%
AXA Investment Managers	3,750,000	8.26%
Charles Cannon-Brookes*	2,765,882	6.10%
Walker Crips	2,000,000	4.41%
Artemis Investment Management Plc	1,705,543	3.76%
Neil Johnson**	1,660,000	3.66%
Henderson Global Investors Ltd	1,500,000	3.31%

*Of these, 1,357,365 shares are legally owned by Arlington Group Asset Management Limited

** Of these, 500,000 shares are legally owned by Abingdon Capital Corporation

Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. The Annual Report and Consolidated Financial Statements are widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company through the Company's website.

The Notice of the Annual General Meeting included within the Annual Report and Consolidated Financial Statements is sent out 20 working days in advance of the meeting. All shareholders have the opportunity to put questions to the Board formally at the Company's Annual General Meeting. The Company Secretary and representatives from Arlington Group Asset Management Limited and Abingdon Capital Corporation are available to answer general queries.

Corporate governance

The Board of Directors is responsible for the corporate governance of the Company. As a Guernsey incorporated company and under the AIM Rules for Companies, the Company is not required to comply with The UK Corporate Governance Code published by the Financial Reporting Council ("UK Code"). However, the Directors place a high degree of importance on ensuring that high standards of Corporate Governance are maintained and as such the Company is committed to complying with the corporate governance obligations appropriate to the Company's size and nature of business. The Company does not, nor does it intend to, adopt the UK Code.

As a Guernsey incorporated company, the Company is required to comply with the Finance Sector Code of Corporate Governance issued by the Guernsey Financial Services Commission ("GFSC Code") introduced on 1 January 2012.

Directors' Report (continued)

For the year ended 31 March 2017

The Board

The Board, whose membership, and where relevant independence, is disclosed above, meets at least four times a year. Between the formal meetings there was regular contact with the Support Services Providers, the Company Secretary and the Investment Committee. The Directors are kept fully informed of investment and financial controls, and other matters that are relevant to the business of the Company and should be brought to the attention of the Directors. The Directors also have access to the Administrator and, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company. The Board is responsible for the appointment and monitoring of all service providers to the Company.

The Board has engaged specific individuals and external companies to undertake the investment management, administrative and custodial activities of the Company. Clear documented contractual arrangements are in place with these individuals and firms, which define the areas where the Board has delegated responsibility to them.

It remains the responsibility of the Board to assess whether the outsourced activities are being performed adequately, to ensure that the Company has adequate resources and to establish procedures, including compliance plans, to be able to monitor the performance of third parties performing the outsourced activities. The Directors believe that the Board has a balance of skills and experience which enables it to perform these assessments, to provide effective strategic leadership and proper governance of the Company. The Board has considered non-financial areas of risk such as disaster recovery and staffing levels within service providers and considers adequate arrangements to be in place.

At the quarterly Board Meetings going forward the Board will meet regularly with the Investment Committee to review strategy and deal flows.

The Company maintains insurance in respect of directors' and officers' liability in relation to their acts on behalf of the Company. Suitable insurance is in place and has been renewed for the period until 30 November 2017.

Annual Report and Financial Statements

The Board of Directors are responsible for preparing the Annual Report and Financial Statements. The Audit Committee advises the Board on the form and content of the Annual Report and Financial Statements, any issues which may arise and any specific areas which require judgement.

Internal control and financial reporting

The Board is responsible for establishing and maintaining the Group's system of internal controls. Internal control systems are designed to meet the specific needs of the Group and the risks to which it is exposed, and, by their very nature, provide reasonable, but not absolute, assurance against material misstatement or loss.

The key components designed to provide effective internal control are outlined below:

- Trident Trust Company (Guernsey) Limited ("TT") was responsible for the provision of administration and company secretarial duties for the period under review;
- The duties of managing the Company's royalty investments, administration / company secretarial and accounting are segregated. The procedures are designed to complement one another; and
- The Board reviews financial information and compliance reports produced by the Administrator on a regular basis.

Directors' Report (continued)

For the year ended 31 March 2017

The Board reviews the Group's risk management and internal control systems quarterly and are satisfied that the controls are satisfactory, given the size and nature of the Group.

Audit Committee

The Company's audit committee comprises Jim Ryan (Chairman), Nigel Birrell and Mark Le Tissier. 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 will also monitor the integrity of the financial statements of the Company including its annual and interim reports, announcements and any other formal announcement relating to financial performance. The Audit Committee will be 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 will consider the nature, scope and results of the auditors' work and reviews, and develop and implement policy on the supply of non-audit services that are to be provided by the external auditors. The Audit Committee will focus particularly on compliance with legal requirements, accounting standards and the relevant AIM Rules for Companies and ensuring that an effective system of internal financial and non-financial controls is maintained. 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. The Audit Committee will have no links with the Company's external auditors.

Investment committee

The 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 Neil Johnson, Executive Director and Chief Executive Officer of Duke Royalty; Jim Webster, Chief Investment Officer of Duke Royalty, Justin Cochrane, Executive Vice President of Corporate Development of Abingdon Capital Corporation; David Campbell, Partner in the Health & Life Sciences practice of Oliver Wyman; John Romeo, Managing Partner for North America and Global Head of Corporate Finance and Restructuring at Oliver Wyman; Andrew Chadwick-Jones, Partner at Oliver Wyman's London office, specialising in health delivery systems and 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 reviewing the pipeline of all proposed opportunities; assisting and advising on royalty terms; identifying and managing potential conflicts of interests; assessing the individual capital requirements for each potential opportunity; making recommendations to the Board and reviewing the performance and outlook of the portfolio.

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.

Anti-bribery and corruption

The Board acknowledges that the Group's international operations may give rise to possible claims of bribery and corruption. In consideration of the UK Bribery Act the Board reviews the perceived risks to the Group arising from bribery and corruption to identify aspects of the business which may be improved to mitigate such risk. The

Directors' Report (continued)

For the year ended 31 March 2017

Board has adopted a zero tolerance policy toward bribery and has reiterated its commitment to carry out business fairly, honestly and openly.

Financial risk profile

The Group's main financial instruments comprise royalty investments and cash. The main purpose of these instruments is the investment of Shareholders' funds. The most significant risks that these instruments are subject to are discussed in note 16 to the Consolidated Financial Statements.

Environment

The Group seeks to conduct its affairs responsibly and environmental factors are, where appropriate, taken into consideration with regard to investment decisions taken on behalf of the Company.

Going Concern

After making all reasonable enquires the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Consolidated Financial Statements as the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Independent Auditor

The auditor, BDO Limited, has indicated its willingness to continue in office. Accordingly, a resolution for its reappointment will be proposed at the forthcoming Annual General Meeting. The external auditors are required to rotate the audit engagement partner responsible for the company audits every five years and the completion of this audit is the fifth for the current engagement partner. In certain circumstances where there has recently been, or will soon be, a substantial change to the entity's business it is permitted under the FRC's Ethical Standard to extend that tenure by up to two years in order to safeguard audit quality. In light of this the Board has determined, with the agreement of BDO Limited, that it is necessary for the current audit engagement partner to continue with his role for a sixth year, given his detailed understanding of the operations and systems at Duke Royalty which we believe are important at a time of significant change for the company given the recent changes to the Company's Investment Strategy to a Royalty Financing Business along with the recent change in the Company's administrator.

Approved by the Board of Directors on 21 June 2017 and signed on behalf of the Board by:

Nigel Birrell
Director

Charles Cannon-Brookes
Director

Directors' Report (continued)

For the year ended 31 March 2017

Independent Auditor's Report to the Members of Duke Royalty Limited

We have audited the consolidated financial statements of Duke Royalty Limited for the year ended 31 March 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as endorsed by the European Union (IFRS).

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work is undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditor

As explained more fully in the Directors' Responsibilities Statement within the Directors' Report, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Independent Auditor's Report to the Members of Duke Royalty Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the parent company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

CHARTERED ACCOUNTANTS

Place du Pré
Rue du Pré
St Peter Port
Guernsey

21 June 2017

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2017

		Year ended 31 March 2017	Year ended 31 March 2016
	Notes	£	£
Income			
Net capital loss on financial assets at fair value through profit or loss	4	-	(2,402,040)
Investment income	4	-	-
Net investment losses		-	(2,402,040)
Expenses			
Support services administration fees	5a	(487,945)	(692,333)
Directors' fees	15	(218,000)	(255,252)
Restructuring costs		(15,072)	(137,569)
Consultancy fees		(127,396)	(101,139)
Directors' expenses	15	(82,174)	(63,439)
Investment advisory committee fees	15	(60,000)	(44,425)
Administration fees	5b	(46,500)	(36,000)
Marketing costs		(11,758)	(33,029)
Audit fees		(28,000)	(32,250)
Other expenses	6	(38,501)	(30,876)
Broker fees	5c	-	(26,055)
Nomad fees	5d	(29,421)	(17,773)
Registrar fees	5e	(9,350)	(17,604)
Custodian fees		-	(4,121)
Foreign currency loss		-	(291)
Aborted deal fees		(95,025)	-
Reverse takeover fees		(68,468)	-
Other legal and professional fees		(85,060)	-
Total expenses		(1,402,670)	(1,492,156)
Operating loss		(1,402,670)	(3,894,196)
Finance income		44	646
Finance costs		(1,956)	(153,066)
Loss for the financial year		(1,404,582)	(4,046,616)
Total comprehensive expense for the year		(1,404,582)	(4,046,616)
Basic and diluted deficit per share (pence)	8	(0.16)	(0.65)

All activities derive from continuing operations. All income is attributable to the holders of the Ordinary Shares of the Company.

The notes on pages 19 to 37 form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Notes	Shares Issued £	Warrants Issued £	Retained Losses £	Share Option Reserve £	Total Equity £
At 1 April 2016		27,064,815	72,454	(25,191,366)	124,412	2,070,315
Total comprehensive expense for the year		-	-	(1,404,582)	-	(1,404,582)
Transactions with owners						
Shares issued						
- Share based payments	11b	447,575				447,575
- Warrants lapsed			(72,454)	72,454	-	-
- Transaction costs		(1,159,721)	-	-	-	(1,159,721)
- Issued for cash	10	14,552,425	-	-	-	14,552,425
Total transactions with owners		13,840,279	(72,454)	72,454	-	13,840,279
At 31 March 2017		40,905,094	-	(26,523,494)	124,412	14,506,012
At 1 April 2015		24,208,640	72,454	(21,144,750)	-	3,136,344
Total comprehensive expense for the year		-	-	(4,046,616)	-	(4,046,616)
Transactions with owners						
Shares issued						
- Share based payments		400,000	-	-	-	400,000
Shares bought back and cancelled		2,456,175	-	-	-	2,456,175
Share options		-	-	-	124,412	124,412
Total transactions with owners		2,856,175	-	-	124,412	2,980,587
At 31 March 2016		27,064,815	72,454	(25,191,366)	124,412	2,070,315

The notes on pages 19 to 37 form an integral part of these Consolidated Financial Statements

Consolidated Statement of Financial Position

As at 31 March 2017

	Notes	31 March 2017 £	31 March 2016 £
ASSETS			
Non-Current Assets			
Investments at fair value through profit or loss	4	-	-
Total non-current assets		-	-
Current Assets			
Trade and other receivables	13	381,467	519,737
Cash and cash equivalents		14,350,154	1,625,749
Total current assets		14,731,621	2,145,486
Total Assets		14,731,621	2,145,486
EQUITY AND LIABILITIES			
Equity			
Shares issued	10	40,905,094	27,064,815
Warrants issued	10	-	72,454
Share options	11a	124,412	124,412
Retained losses		(26,523,494)	(25,191,366)
Total Equity		14,506,012	2,070,315
Liabilities			
Current Liabilities			
Trade and other payables	14	225,609	75,171
Total current liabilities		225,609	75,171
Total Equity and Liabilities		14,731,621	2,145,486

The Consolidated Financial Statements on pages 15 to 37 were approved and authorised for issue by the Board of Directors on 21 June 2017 and were signed on its behalf by:

Nigel Birrell
Director

Charles Cannon-Brookes
Director

The notes on pages 19 to 37 form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Notes	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Cash flows from operating activities			
Proceeds from sale of investments	12	516,535	1,165,158
Interest and investment income		44	646
Operating expenses paid		(1,255,997)	(929,708)
Investment costs incurred		(31,500)	-
Net cash (outflow) / inflow from operating activities		(770,918)	236,096
Cash flows from financing activities			
Proceeds from issue of shares	10	14,209,425	2,456,175
Share issues costs		(712,146)	-
Repayment of loan		-	(1,688,133)
Finance costs paid		(1,956)	(153,066)
Escrow payments under loan agreement		-	257,080
Net cash inflow from financing activities		13,495,323	872,056
Net change in cash and cash equivalents		12,724,405	1,108,152
Cash and cash equivalents at beginning of year		1,625,749	517,597
Cash and cash equivalents at end of year		14,350,154	1,625,749

The notes on pages 19 to 37 form an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

1. GENERAL INFORMATION

Duke Royalty Limited (the “Company”) is a closed-ended investment company with limited liability formed under the Companies (Guernsey) Law, 2008. The Company was incorporated in Guernsey on 22 February 2012 and its shares were admitted to trading on the London Stock Exchange’s AIM on 9 July 2012. The Company’s registered office is shown on page 38.

The Company’s investing policy is to invest in a diversified portfolio of royalty finance and related opportunities.

The Company’s shares are traded on AIM, a market operated by the London Stock Exchange.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The Consolidated Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) to the extent that they have been adopted by the European Union, and reflect the following policies, which have been adopted and applied consistently.

b) Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The “Group” is defined as the Company and its subsidiary Duke Royalty UK Limited. Duke Royalty UK Limited has been dormant since incorporation. In the prior year the Group included Praetorian ZDP Limited and Praetorian Resources (GP) Limited which were dissolved on 16 May 2016

As at 31 March 2017, the Company has prepared consolidated financial statements for the Group for the year.

c) New and amended standards and interpretations

The accounting policies adopted in the year are consistent with those of the previous financial period, with the exception of new standards that have become effective during the year. Although there were a number of new standards and interpretations that apply for the first time for this year end, none of these had any significant impact on the Consolidated Financial Statements.

At the date of authorisation of these Consolidated Financial Statements, the following standards and interpretations, which will become relevant to the Group but have not been applied in these Consolidated Financial Statements, were in issue but not yet effective:

IFRS 9, “Financial Instruments – Classification and Measurement” (effective 1 January 2018 as set by IASB).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards and interpretations (continued)

IFRS 7, Financial Instruments Disclosures – Amendments regarding initial application of IFRS 9 - effective for when IFRS 9 is applied for periods commencing after 1 January 2018.

IFRS 15, Revenue from contracts with customers – effective for periods commencing after 1 January 2018.

These standards will be adopted by the Group when they become effective. The Directors anticipate that the adoption of these standards and interpretations in future periods will require additional disclosures but are not expected to have a material impact on the Consolidated Financial Statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

d) Foreign currency

Items included in the Consolidated Financial Statements of the Group are measured using the currency of the primary economic environment in which the entity operated (“the functional currency”). The Consolidated Financial Statements are presented in Pounds Sterling (£), which is the Group’s functional and presentation currency.

Transactions in currencies other than Sterling are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of the Consolidated Statement of Financial Position are retranslated into Sterling at the rate of exchange ruling at that date.

Foreign exchange differences arising on retranslation are recognised in the Consolidated Statement of Comprehensive Income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the rate of exchange at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated into Sterling at foreign exchange rates ruling at the dates the fair value was determined.

e) Financial instruments

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income when there is a currently enforceable legal right to offset the recognised amounts and the Group intends to settle on a net basis or realise the asset and liability simultaneously.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial instruments (continued)

Financial assets

The classification of financial assets at initial recognition depends on the purpose for which the financial asset was acquired and its characteristics. All financial assets are initially recognised at fair value. All purchases of financial assets are recorded at trade date, being the date on which the Group became party to the contractual requirements of the financial assets. The Group has not classified any of its financial assets as Held to Maturity or as Available for Sale. The Group's financial assets comprise loans and receivables and investments held at fair value through profit or loss.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They principally comprise other receivables and cash and cash equivalents. They are initially recognised at fair value on acquisition, and subsequently carried at amortised cost using the effective interest rate method, less any provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial assets at fair value

Classification

The Group classifies its investments as "financial assets at fair value". These financial assets are designated by the Group at fair value through profit or loss at inception.

Recognition

Purchases and sales of investments are recognised on the trade date, the date on which the Group commits to purchase or sell the investment.

Measurement

Financial assets at fair value are initially recognised at cost, being the fair value of consideration given. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value' category are presented in the Statement of Comprehensive Income in the period in which they arise.

Fair value estimation

Marketable (Listed) Securities – where an active market exists for the securities, the value is stated at the bid price on the last trading day in the period. Marketability discounts are not applied unless there is some contractual, governmental or other legally enforceable restriction preventing realisation at the reporting date.

Unlisted Investments – are carried at such fair value as the Directors consider appropriate given the performance of each investee company and after considering the financial position of the entity, latest news and developments.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2017

Fair value hierarchy

IFRS 13 requires disclosure of fair value measurements by level of the following fair value hierarchy.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial instruments (continued)

Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can readily observe.

Level 2 – inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 – inputs that are not based on observable market data (unobservable inputs).

All investments at fair value through profit and loss are measured as level three investments except one unlisted warrant which has no movements or value is measured at level two. (note 4).

Derecognition of financial assets

A financial asset (in whole or in part) is derecognised either (i) when the Group has transferred substantially all the risks and rewards of ownership; or (ii) when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or (iii) when the contractual right to receive cash flow has expired. Any gain or loss on derecognition is taken to the Consolidated Statement of Comprehensive Income as appropriate.

Financial liabilities

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics.

All financial liabilities are initially recognised at fair value. All purchases of financial liabilities are recorded on trade date, being the date on which the Group becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Group's financial liabilities approximate to their fair values.

The Group's financial liabilities consist of financial liabilities measured at amortised cost.

Financial liabilities measured at amortised cost

These include loans and borrowings, payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

Derecognition of financial liabilities

A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the Consolidated Statement of Comprehensive Income.

Capital

Financial instruments issued by the Group are treated as equity if the holder has only a residual interest in the assets of the Group after the deduction of all liabilities. The Company's Ordinary Shares are classified as equity instruments.

The Group considers its capital to comprise its Ordinary Share Capital and retained earnings.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity instruments

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from proceeds.

e) Financial instruments (continued)

Share based payments

The Group operates an equity settled Share Option Plan for its directors and key advisers. As the shares issued vest immediately the Group recognised the full expense within the Statement of Comprehensive Income with the corresponding amount recognised in a share option reserve in the year ended 31 March 2016. There were no additional share options awarded during the year. The key inputs into the model are disclosed in note 11.

The Group also settles a portion of expenses by way of share based payments, these expenses are settled based on the fair value of the service received as an expense with the corresponding amount increasing equity. During the year all share based payments were as a result of the fundraise and therefore the net impact on share capital was nil.

f) Income

Interest income is recognised on a time apportioned basis using the effective interest method.

g) Expenses

Expenses are accounted for on an accrual basis.

h) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, as a whole. The key measure of performance used by the Board to assess the Group's performance and to allocate resources is the total return on the Group's net asset value, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in these Financial Statements.

For management purposes, due to the Company's restructure and change in investing policy, the Company is now focused on one main operating segment, which is to invest in a diversified portfolio of royalty finance and related opportunities. At the year end the Company has no investments into this segment and has derived no income from it. All of the Group's income was derived from its previous investing policy and main operating segment which was to invest in natural resources stocks, which are located in various jurisdictions. Due to the Group's nature it has no customers.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Consolidated Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2017

based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

Fair value of unlisted investments

In the process of applying the Group's accounting policies, management has followed the same judgements as prior year, which had the most significant effects on the amounts recognised in the prior year's Consolidated Financial Statements:

The Group uses valuation techniques that include inputs that are not based on the observable market data to estimate the fair value of its unlisted investments. Significant judgement has been applied by the directors when valuing these investments.

In the year ended 31 March 2016, for one investment the directors applied a full discount to unaudited NAV of USD 484,455. In forming this conclusion, the Directors took into account all available information including; the NAV which included significant projects that were not valued since 2011, the decline in the market since the latest audited NAV values of 2012, projects not being able to be realised despite efforts to secure sales, the illiquidity of the investment and restriction over sale from the debenture holder. In addition the projects were not income generating and there was a significant interest payable on the loan. There have been no changes in circumstances during the year ended 31 March 2017.

Two of the Company's other unlisted investments were listed on the Toronto Stock exchange until 17 September 2014 and 25 September 2015 respectively after which the investments were suspended. The final investment was an unlisted warrant that after using the Black Scholes valuation method was carried at nil value. The directors applied a 100% discount to the latest traded prices of both investments. The last traded prices of the holdings were £176,652 and £50,970 respectively.

The Directors believe that the applied valuation techniques and assumptions used are appropriate in determining the fair value of unlisted investments. Further details are provided in Note 4.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

4. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

For the year ended 31 March 2017	Level 1	Level 2	Level 3	Total
	£	£	£	£
Opening Cost	-	-	4,564,793	4,564,793
Cost change	-	-	-	-
Disposals proceeds	-	-	-	-
Net realised loss on disposal of investments	-	-	-	-
Closing portfolio cost	-	-	4,564,793	4,564,793
Net accumulated unrealised loss on investments	-	-	(4,564,793)	(4,564,793)
Closing valuation	-	-	-	-
Movement in net unrealised gain on investments	-	-	-	-
Net realised loss on disposal of investments	-	-	-	-
Net capital gain on fair value of financial assets designated at fair value through profit or loss	-	-	-	-
Investment income	-	-	-	-
Total gains on financial assets at fair value through profit or loss	-	-	-	-
For the year ended 31 March 2016	Level 1	Level 2	Level 3	Total
	£	£	£	£
Opening Cost	17,631,398	82,119	3,094,348	20,807,865
Transfer to level 3	161,355	-	-	161,355
Additions at cost	(1,470,445)	-	1,470,445	-
Disposals proceeds	(1,599,574)	(82,119)	-	(1,681,693)
Net realised loss on disposal of investments	(14,722,734)	-	-	(14,722,734)
Closing portfolio cost	-	-	4,564,793	4,564,793
Net accumulated unrealised loss on investments	-	-	(4,564,793)	(4,564,793)
Closing valuation	-	-	-	-
Movement in net unrealised loss on investments	13,877,198	2,267	(1,558,771)	12,320,694
Net realised loss on disposal of investments	(14,722,734)	-	-	(14,722,734)
Net capital loss on fair value of financial assets designated at fair value through profit or loss	(845,536)	2,267	(1,558,771)	(2,402,040)
Investment income	-	-	-	-
Total losses on financial assets at fair value	(845,536)	2,267	(1,558,771)	(2,402,040)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2017

through profit or loss

4. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Financial assets designated at fair value through profit or loss (“financial assets”), are analysed by using a fair value hierarchy that reflects the significance of inputs. Valuation techniques used in the determination of fair values, including the key inputs used, are as follows:

<u>Fair value hierarchy level</u>	<u>Valuation techniques</u>
Level 3	The fair value of investments in the three unlisted entities is derived by applying a discount rate, as deemed appropriate by the Board. All of the Company’s investments held at fair value through profit or loss are valued at Level 3 except one unlisted warrant which has no movements or value is measured at level two.

The board do not consider there to be any future cash flows from the investments and as such no sensitivity analysis has been performed.

For financial instruments that are recognised at fair value on a recurring basis, the Board determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

During the year to 31 March 2017 there were no transfers between Level 1 to Level 3.

5. MATERIAL AGREEMENTS

(a) Support services

The Group has a Support Service Agreement with Abingdon Capital Corporation (“Abingdon”) whereby services to be provided by Abingdon include global deal origination, vertical partner relationships and on-going investment management, including preparation of investment reports, performance data and compliance with the Company’s investing policy. During the year, Abingdon was entitled to an annual service fee of £280,000. This annual fee will be voluntarily reduced to £196,000 per annum with effect from 1 April 2017. In addition to the Service Fee, Abingdon shall have the right from time to time to be issued and allotted up to 1,500,000 ordinary shares of no par value in the Company following the conditions noted below.

- each time an investment originating from Abingdon is completed, Abingdon shall be entitled to be issued such number of Incentive Shares (rounded down to the nearest whole number) as is equal to $5\% \times A/B$
- to the extent that an investment does not originate from Abingdon but Abingdon assists the Company in the negotiation and completion of such investment, Abingdon shall be entitled, upon completion of such Investment, to be issued such number of Incentive Shares (rounded down to the nearest whole number) as is equal to $2.5\% \times A/B$.

For the purposes of the calculation “A” is the gross value of the investment and “B” is either: (i) if the Investment is financed (in whole or in part) through an offering of ordinary shares of no par value in the capital of the Company, the price per share at which such ordinary shares are offered, or (ii) if the Investment is financed by any other means, the weighted average closing price on AIM of the ordinary

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

shares for the 20 Business Days immediately preceding the completion of the Investment. As there have been no investments during the year the clause has had no impact on this year's financial statements.

5. MATERIAL AGREEMENTS (continued)

In the prior year for their significant contributions of efforts in and incurred costs and expenses towards the elaboration, development and implementation of the Company's new investing policy and underlying business model, Abinvest Corporation, a wholly owned subsidiary of Abingdon, received an allotment of 500,000 Ordinary Shares of no par value in the Company as bonus shares, equating to a value of £250,000. This was accounted for in the Consolidated Statement of Comprehensive Income under expenses / support services fees (£250,000 of the total support service fee of £692,333).

The total charge to the Consolidated Statement of Comprehensive Income for Abingdon was £382,702 which includes £102,702 of disbursed costs (2016: £168,853). There were no outstanding amounts at the end of the year (2016: £nil).

The Group has a Support Service Agreement with Arlington Group Asset Management Limited ("Arlington") whereby the services to be provided by Arlington include global deal origination, vertical partner relationships and on-going investment management, including preparation of investment reports, performance data and compliance with the Company's investing policy. Arlington was entitled to an annual service fee of £95,000 per annum. The annual fee will be voluntarily reduced to £24,000 per annum from 1 April 2017.

The total charge to the Consolidated Statement of Comprehensive Income for Arlington was £105,243 of which includes £10,243 of disbursed costs (2016: £112,021). There were no outstanding amounts at the end of the year (2016: £nil).

(b) Administration fees

Trident Trust Company (Guernsey) Limited were appointed as Administrator on 1 April 2016. They were entitled to receive a fixed fee of £36,000 per annum, quarterly in arrears, for administration of the Company, as set out in the Administration Agreement. The total charge to the Consolidated Statement of Comprehensive Income was £36,000 with no outstanding balance at the end of the year (2016: £nil).

In the prior year R&H Fund Services (Guernsey) Limited was the Administrator up to 31 March 2016. They were entitled to receive a fixed fee of £36,000 per annum, quarterly in arrears, for administration of the Group, as set out in the Administration Agreement. The total charge to the Consolidated Statement of Comprehensive Income was £10,500 (2016: £36,000) for handover costs of which £nil was outstanding at the end of the year (2016: £9,000).

(c) Corporate broker fees

On 18 January 2016 Peel Hunt LLP ("Peel") was appointed to act as the Company's Broker and Nominated Advisor. Peel resigned on 9 January 2017 and no fee was paid or due to them during the year (2016: £6,608). Cantor Fitzgerald Europe and Mirabaud Securities LLP were appointed as the Company's new Brokers. Cantor Fitzgerald Europe received £154,010 and Mirabaud Securities LLP received shares to the value of £226,397 for fees in relation to the shares issued in March 2017. There were no outstanding fees at the end of the year (2016: £nil).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2017

5. MATERIAL AGREEMENTS (continued)

(d) Nominated adviser fees

On 18 January 2016 Peel Hunt LLP (“Peel”) was appointed by the Company to act as Nominated Adviser and Broker to the Company for the purpose of the AIM Rules for Companies. Peel was entitled to an annual fee of £30,000, payable quarterly in advance. Peel resigned on 9 January 2017 and Grant Thornton UK LLP (“Grant Thornton”) were reappointed as Nominated Advisor effective from 10 January 2017. Grant Thornton is entitled to £30,000 per annum. The total charge for Peel Hunt LLP was £22,755 (2016: £nil), the total charge for Grant Thornton to the Consolidated Statement of Comprehensive Income was £6,666 (2016: £17,773). There were no amounts outstanding at the end of the year (2016: £nil).

(e) Registrar fees

The Company is party to an Offshore Registrar Agreement with Computershare Investor Services (Guernsey) Limited (the “Registrar”) dated 30 March 2012, pursuant to which the Registrar will provide registration services to the Company which will entail, among other things, the Registrar having responsibility for the transfer of shares, maintenance of the share register and acting as transfer and paying agent. For the provision of such services, the Registrar is entitled to receive a minimum annual fee of £5,500. The total charge to the Consolidated Statement of Comprehensive Income was £9,350 (2016: £17,604), there were no amount outstanding at the end of the year (2016: £nil).

6. OTHER EXPENSES

	Year ended 31 March 2017	Year ended 31 March 2016
	£	£
Sundry expenses	1,900	10,677
Insurance premiums	11,640	10,718
Listing fees	24,961	9,481
	<u>38,501</u>	<u>30,876</u>

7. TAXATION

The Company has been granted exemption from Guernsey taxation and is charged an annual exemption fee of £1,200.

8. DEFICIT PER SHARE

	Year ended 31 March 2017	Year ended 31 March 2016
	£	£
Basic and diluted deficit per ordinary share		
Loss for the year	(1,404,582)	(4,046,616)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

Weighted average number of Ordinary Shares in issue	8,874,766	6,188,379
Deficit Per Share (pence)	<u>(0.16)</u>	<u>(0.65)</u>

8. DEFICIT PER SHARE (continued)

The deficit per share is based on the Group loss for the year and on the weighted average number of Ordinary Shares in issue for the year. The share options in issue are not dilutive at the year end but could become dilutive in future periods. For more details on the share options see note 11.

9. DIVIDENDS

No dividend was declared or paid in respect of the year ended 31 March 2017 (2016: £nil).

10. SHARES ISSUED

	Number of Warrants	Number of ordinary Shares in issue	£
<i>Authorised</i>			
Unlimited number of shares of no par value	-	-	-
<i>Allotted, called up and fully paid:</i>			
As at 1 April 2016	363,196	7,877,459	27,137,269
Shares issued for cash during the year	-	36,381,062	14,552,425
Share based payments	-	1,118,938	447,575
Warrants lapsed	(396,196)	-	(72,454)
Transaction costs	-	-	(1,159,721)
As at 31 March 2017	<u>-</u>	<u>45,377,459</u>	<u>40,905,094</u>

On 23 March 2017 the Company issued 37,500,000 new ordinary shares at 40 pence per ordinary share enlarging the issued share capital of the Company to 45,377,459 Ordinary Shares. The proceeds of £14,552,425 from the issuance of these new ordinary shares provided additional working capital for the Company. Out of these 45,377,459 issued shares, 565,993 were awarded to Mirabaud Securities LLP for services performed as Broker and 552,945 were awarded to CED Capital for compensation for funds raised. At the end of the year £343,000 of share issued remained outstanding and are included in debtors.

Warrants

363,196 warrants with an exercise price of £4.13 expired 29 October 2016. £72,454 representing the value of the warrants was reclassified to reserves.

11. SHARE BASED PAYMENTS

a) Share Options

The Company operates a share option scheme ("the Scheme").

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2017

The Scheme was established to incentivise directors, staff and certain key advisers and consultants to deliver long-term value creation for shareholders.

11. SHARE BASED PAYMENTS (continued)

Under the Scheme, the Board of the Company will award, at its sole discretion, options to subscribe for Ordinary Shares of the Company on terms and at exercise prices and with vesting and exercise periods to be determined at the time. However, the Board of the Company has agreed not to grant options such that the total number of unexercised options represents more than 10 per cent of the Company's Ordinary Shares in issue from time to time.

The Company also operates an equity settled share based scheme for directors and specified consultants. Options vest immediately and will lapse 5 years from the date of grant.

	Weighted average exercise price in pence	Number
Outstanding 1 April 2016	75	760,000
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	-	-
Lapsed during the year	-	-
Outstanding at 31 March 2017	75	760,000

	Weighted average exercise price in pence	Number
Outstanding 1 April 2015	-	-
Granted during the year	75	760,000
Forfeited during the year	-	-
Exercised during the year	-	-
Lapsed during the year	-	-
Outstanding at 31 March 2016	75	760,000

The exercise price of options outstanding at 31 March 2017 was 75 pence and their weighted average contractual life was 5 years (2016: 75 pence).

Of the total number of options outstanding at 31 March 2017, 760,000 (2016: 760,000) had vested and were exercisable.

The following information is relevant in the determination of the fair value of options granted during the prior year under the equity-settled share based remuneration schemes operated by the Company.

Equity settled share based payment

Option pricing model used	Black Scholes
Weighted average share price at grant	58.50 Pence

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

Weighted average contractual life in days	1,619
Expected volatility	40%
Dividends growth rate	0%
Risk free rate	1.27%

11. SHARE BASED PAYMENTS (continued)

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices for comparable companies over the last three years.

The total share based remuneration expenses charged to the Consolidated Statement of Comprehensive Income statement is as follows:

	31 March 2017	31 March 2016
	£	£
Directors' fees	-	55,658
Consultancy fees	-	34,377
Investment advisory committee fees	-	22,918
Support services administration fees	-	11,459
Total	<u>-</u>	<u>124,412</u>

b) Other Share Based Payments

	31 March 2017	31 March 2016
	£	£
CED Capital	221,178	-
Abington Capital Corporation	-	250,000
Justin Cochrane	-	150,000
Mirabaud Securities LLP	<u>226,397</u>	<u>-</u>
	<u>447,575</u>	<u>400,000</u>

During the current year 565,993 shares were awarded to Mirabaud Securities LLP for services performed as Broker in relation to the shares issued in March 2017 and 552,945 shares were awarded to CED Capital. These are included within the share issue costs (note 10). The share based payments to Abingdon and Justin Cochrane were charged to the Consolidated Statement of Comprehensive Income in support services administration fees (see note 5a).

The total share based payments expenses charged to the Consolidated Statement of Comprehensive Income comprise of broker fees for Mirabaud Securities LLP and CED Capital incurred during the year, which was an equity settled payment totalled £447,575 have been capitalised during the year against shares issued. Refer to note 10.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2017

11. SHARE BASED PAYMENTS (continued)

	31 March 2017	31 March 2016
		£
Directors' fees	-	55,658
Consultancy fees	-	34,377
Investment advisory committee fees	-	22,918
Support services administration fees	-	411,459
Total	-	524,412

12. RETAINED EARNINGS

Pursuant to the Companies (Guernsey) Law, 2008 (as amended), all reserves (including share capital) can be designated as distributable. However, in accordance with the Admission Document, the Company shall not make any distribution of capital profits or capital reserves except by means of capitalisation issues in the form of fully paid Ordinary Shares or issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares issued to the holders of its Ordinary Shares.

13. TRADE AND OTHER RECEIVABLES

	31 March 2017	31 March 2016
	£	£
Prepayments and accrued income	6,967	3,202
Unsettled trades	-	516,535
Investments costs incurred	31,500	-
Proceeds due from share issuance (Note 10)	343,000	-
	381,467	519,737

14. TRADE AND OTHER PAYABLES

	31 March 2017	31 March 2016
	£	£
Investments costs incurred	31,500	-
Audit fees	25,000	25,000
Administration fees (note 5b)	-	9,000
Directors fees and expenses (note 15)	35,616	31,171
Investment committee fees (note 15)	-	10,000
Consultancy fees	133,493	-
	225,609	75,171

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

15. RELATED PARTIES

Mr Mark Le Tissier, a Director of Trident Trust Company (Guernsey) Limited has waived his entitlement to a fee in relation to being director of the Company.

Directors were entitled to the following remuneration during the year;

	Entitlement per annum	Charge for year to 31/03/2017	Charge for year to 31/03/2016	Outstanding at year end 31/03/2017	Outstanding at year end 31/03/2016
	£	£	£	£	£
Robert King *	27,500	-	25,208	-	4,583
Neil Johnson Charles Cannon- Brookes	100,000	100,000	95,082	-	8,755
	70,000	70,000	69,292	-	5,833
Nigel Birrell	24,000	24,000	32,836	-	6,000
James Ryan	24,000	24,000	32,836	6,000	6,000
Mark Le Tissier	-	-	-	-	-
		<u>218,000</u>	<u>252,254</u>	<u>6,000</u>	<u>10,000</u>

*resigned 7 March 2016

**** includes £13,915 each for Mr Johnson, Mr Cannon-Brookes, Mr Birrell and Mr Ryan which equates to the value of the options issued to each Director under the share option plan.

Post the financial year end Board fees have been voluntarily reduced.

During the year no shares or options were issued under the Share Option Scheme to the directors (See note 11).

Directors were also reimbursed for £82,174 (2016: £63,439) of expenses incurred on business on behalf of the Company £29,616 is payable at the end of the year (2016: £nil).

During the prior year the Company announced the formation of its Investment Committee who assist the Company in analysing and recommending potential royalty transactions. Along with Neil Johnson the Investment Committee is made up of members of Oliver Wyman and independent representatives. During the year the Company paid £93,280 to the committee members. Neil Johnson does not earn a fee for his role on the Investment Committee.

Charge for year to 31/03/2017	Charge for year to 31/03/2016	Outstanding at year end 31/03/2017	Outstanding at year end 31/03/2016
£	£	£	£

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2017

A Carragher	20,000	22,213	-	5,000
J Webster	40,000	22,212	-	5,000
	<u>60,000</u>	<u>44,425</u>	<u>-</u>	<u>10,000</u>

15. RELATED PARTIES (continued)

No share options were issued during the year. In the prior year options to the value of GBP 22,918 were issued to A Carragher and J Webster.

The related parties' interests in the share capital of the Company are as follows:

Name	Holding at 31 March 2016	Additional shareholdings in year	Holding at 31 March 2017	Percentage of enlarged share capital
Charles Cannon-Brookes	158,517	1,250,000	1,408,517	3.10%
N Johnson	400,000	760,000	1,160,000	2.56%
N Birrell	400,000	125,000	525,000	1.16%
J Ryan	400,000	250,000	650,000	1.43%
J Cochrane	315,000	375,000	690,000	1.52%
Arlington Group Asset Management Limited	295,000	1,062,365	1,357,365	2.99%
Abinvest Corporation	500,000	-	500,000	1.10%

Charles Cannon-Brookes is a Director and shareholder of Arlington Group Asset Management Limited which owns 1,357,365 Ordinary Shares and is therefore interested in 2,765,882 Ordinary Shares representing 6.10 per cent of the total voting rights.

Neil Johnson is a Director of Abinvest Corporation and Abingdon Capital Corporation. Abinvest Corporation is a wholly owned subsidiary of Abingdon Capital Corporation. He owns 500,000 Ordinary Shares through Abinvest Corporation and 10,000 Ordinary Shares through RBK&C Trust and therefore has an overall interest in the 1,660,000 Ordinary Shares of the Company representing 3.66 per cent of the total voting rights.

Justin Cochrane, a current member of the Company's Investment Committee is also a full time Executive Vice President at Abingdon Capital Corporation ("Abingdon"). Mr Cochrane overall interest in the Ordinary Shares of the Company is 690,000 Ordinary Shares representing 1.52 per cent of the total voting rights.

As detailed in note 11 the Company has adopted a share option scheme ("the Scheme") to incentivise Directors, staff and certain key advisers and consultants to deliver long-term value creation for shareholders. The Company also operates an equity settled share based scheme for directors and specified consultants.

Support Service Agreements with Abingdon Capital Corporation ("Abingdon") and Arlington Group Asset Management Limited ("Arlington") were signed on 16 June 2015. The services to be provided by both Abingdon and Arlington include global deal origination, vertical partner relationships and on-going investment management, including preparation of investment reports, performance data and compliance with the Company's investing policy. See note 5a for additional information.

The Directors are not aware of any ultimate controlling party.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

15. RELATED PARTIES (continued)

Share options issued under the share option plan

The related parties' interest in the share options of the Company are as follows:

Name	5 yr option, vesting immediately granted on	Total options	Exercise price GBP
N Johnson Arlington Group Asset Management Limited	04/09/2015	85,000	0.75
J Ryan	04/09/2015	85,000	0.75
N Birrell	04/09/2015	85,000	0.75
J Cochrane	04/09/2015	70,000	0.75

16. FINANCIAL RISK MANAGEMENT

The Group's investing activities expose it to various types of risk that are associated with the investee companies in which it invests. The most important types of financial risk to which the Group is exposed are market risk, liquidity risk and credit risk. Market risk includes price risk, foreign currency risk and interest rate risk. The Board of Directors has overall responsibility for risk management and the policies adopted to minimise potential adverse effects on the Group's financial performance.

The policies and processes for measuring and mitigating each of the main risks are described below.

Market Risk

Market risk is the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency rate movements. As the Group's investments are carried at fair value with changes recognised in the Consolidated Statement of Comprehensive Income, all changes in market conditions ultimately affect net assets.

The Company's financial assets comprise of four illiquid investments at £nil value. A sensitivity analysis in respect of these assets is presented in note 4.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The presentation currency of the Company is Sterling.

The Group does not have any financial assets or other financial instruments in foreign currencies other than those illiquid investments noted in note 4 for the year ended 31 March 2016 or 31 March 2017. Accordingly no sensitivity has been prepared.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 March 2017

Interest rate risk

The interest rate profile of the Group's financial assets and liabilities as at the Consolidated Statement of Financial Position date comprise only cash and cash equivalents.

16. FINANCIAL RISK MANAGEMENT (continued)

At 31 March 2017 cash and cash equivalents of £14,350,154 (2016: £1,625,749) were potentially exposed to movements in interest rates. At the current time any movement in interest rates would not have a material

financial impact on the Group. Therefore, the Group does not hedge against the interest rate risk to which it is exposed.

During the year the Group received only minimal interest on its cash and cash equivalents, £45 (2016: £646).

Liquidity risk

Liquidity risk is the risk that the Group will encounter in realising assets or otherwise raising funds to meet financial commitments.

The Group maintains sufficient cash to pay accounts payable and accrued expenses as they fall due. The Group's overall liquidity risks are monitored on a quarterly basis by the Board.

Currently the value of the residual portfolio of unlisted investments totals £nil. The Board considers the portfolio of unlisted investments to be illiquid due to the investments being delisted, suspended or being in liquidation. The Company may not be able to liquidate these positions in the near term or at all and as such has marked the valuation to zero on each. The write down of these assets to £nil includes other factors as discussed in note 4.

The contractual, undiscounted cash flows of the Group's current liabilities, which are equal to the fair value of the Group's current liabilities, consisting of trade and other payables and loans payable, are all payable within three months and total £225,609 (2016: £75,171).

The following illustrates the maturity analysis of the Group's undiscounted contractual cash flows for liabilities.

	Due < 3 months	Due 3 - 12 months	Due > 12 months	Due within 1 - 5 years	Total
As at 31 March 2017	£	£	£	£	£
Trade and other payables	225,609	-	-	-	225,609
Total	225,609	-	-	-	225,609

	Due < 3 months	Due 3 - 12 months	Due > 12 months	Due within 1 - 5 years	Total
As at 31 March 2016	£	£	£	£	£

Notes to the Consolidated Financial Statements

For the year ended 31 March 2017

Trade and other payables	75,171	-	-	-	75,171
Total	75,171	-	-	-	75,171

Given that the operating costs of the Group are generally known, contractually fixed costs, the Board is of the opinion that the Group is not exposed to any undue liquidity risk.

16. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group. It is the opinion of the Board of Directors that the carrying amounts of financial assets best represent the maximum credit risk exposure at the financial reporting date.

At the financial reporting date the only financial assets which are subject to credit risk are cash and cash equivalents totalling £14,350,154 (2016: £1,625,749).

All of the cash and cash equivalents held by the Group are with Barclays Bank Plc ("Barclays"). Accordingly the Group is only exposed to credit risk at Barclays. Insolvency of Barclays may cause the Group's rights with respect of the cash and cash equivalents held by it to be delayed or limited. The Group monitors this risk by reviewing the credit rating of Barclays at the time of setting up accounts and on an ad hoc basis. Moody's bank financial strength rating for Barclays is baa2 (2016: A2) as at the date of signing these Consolidated Financial Statements. The Board considers that the risk of holding cash and cash equivalents with Barclays is acceptable.

As at 31 March 2017 there were no financial assets which were past due or impaired (2016: £nil).

Capital management

The Board manages the Company's capital with the objective of being able to continue as a going concern while maximising the return to shareholders through the capital appreciation of its investments. The capital structure of the Company consists of equity as disclosed in the Consolidated Statement of Financial Position.

17. EVENTS AFTER THE FINANCIAL REPORTING DATE

The Company entered into a Loan Agreement under its new investment objective on 5 April 2017 with Temarca B.V. and agreed to advance €8,000,0000 out of which €5,444,030 was paid subsequent to year end. The remaining €2,555,970 will be drawn down as per the terms of the Loan Agreement.

Included within trade and other receivables is £31,500 of capitalised costs associated with the purchase of the investment in Temarca B.V.

Post the financial year end the Board approved the Company's maiden dividend of 0.5 pence (sterling) per share.

Directors, Secretary and Advisers

Directors

Nigel Birrell (*Chairman*)
Neil Johnson
Charles Cannon-Brookes
James Ryan
Mark Le Tissier

Support Service Provider

Arlington Group Asset Management Limited
47/48 Piccadilly
London
W1J 0DT

Abingdon Capital Corporation
85 Richmond Street, Suite 702
Toronto, Ontario
Canada
M5H 2C9

Secretary and Administrator

Trident Trust (Guernsey) Limited
Trafalgar Court
4th Floor
West Wing
Guernsey
GY1 2JA

Auditor to the Company

BDO Limited
Place du Pre
Rue de Pre
St Peter Port
Guernsey
GY1 3LL

Nominated Adviser

Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

Brokers

Mirabaud Securities LLP
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London
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Registered office

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Tel. +44 1481 727571

Website address

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Investment Committee

Neil Johnson
David Campbell
Andrew Carragher
Andrew Chadwick-Jones
Justin Cochrane
Jim Webster

Registrar and CREST Agent

Computershare Investor Services (Guernsey) Limited
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GY1 1WD

Advocates to the Company as to Guernsey Law

MJ Hudson
Hadsley House
Lefebvre Street
St Peter Port
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GY1 2JP

DUKE ROYALTY LIMITED

(incorporated under The Companies (Guernsey) Law, 2008, and registered in Guernsey with registered number 54697)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby of that the Annual General Meeting of Duke Royalty Limited (the “**Company**”) will be held at 4th Floor, West Wing, Trafalgar Court, Admiral Park, St Peter Port, Guernsey GY1 2JA at 11:00 a.m. on 27 September 2017 to consider and, if deemed fit, to pass, with or without amendment and/or modification (as applicable) the following ordinary, special and extraordinary resolutions:

Ordinary resolutions

1. To receive and consider the Company’s annual accounts and directors’ and auditors’ reports for the year ended 31 March 2017 in accordance with Article 36.3 of the Articles of Incorporation of the Company (the “**Articles**”) and section 252 of The Companies (Guernsey) Law, 2008, as amended (the “**Law**”).
2. To reappoint BDO Limited as auditors of the Company from the end of this Annual General Meeting until the end of the next Annual General Meeting of the Company in accordance with section 257(4) of the Law.
3. To re-elect Mr Neil Johnson, who retires as a director of the Company in accordance with Article 18.3 and, being eligible, offers himself for re-election as a director of the Company in accordance with Article 18.4.
4. To re-elect Mr Charles Cannon-Brookes, who retires as a director of the Company in accordance with Article 18.3 and, being eligible, offers himself for re-election as a director of the Company in accordance with Article 18.4.
5. To authorise the directors to determine the remuneration of the auditors in accordance with section 259(a)(ii) of the Law.
6. That, pursuant to section 315 of the Law, the Company be and is generally and unconditionally authorised to make market acquisitions of ordinary shares provided that:
 - (a) the maximum aggregate number of ordinary shares which may be purchased shall be a number of ordinary shares not exceeding 14.99% of the ordinary share capital of the Company in issue as at the date of the Annual General Meeting.
 - (b) the minimum price (excluding expenses connected with the acquisition) which may be paid for an ordinary share is one pence;
 - (c) the maximum price (excluding expenses connected with the acquisition) which may be paid for an ordinary share is an amount equal to the higher of:
 - (i) 105% (one hundred and five per cent) of the average of the middle market quotations for an ordinary share as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which the purchase is made; and
 - (ii) the higher of the price of the last independent trade and highest current independent bid on the London Stock Exchange Daily Official List for an ordinary share at the time the acquisition is carried out;

and (unless previously revoked, varied or renewed) this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the

Company may enter into a contract to purchase ordinary shares before this authority expires under which such purchase will or may be completed or executed wholly or partly after this authority expires and may make a purchase of ordinary shares pursuant to any such contract as if this authority had not expired. Subject always to the provisions of the Law the Company shall be able to hold as treasury shares any ordinary shares acquired pursuant to the authority conferred by this resolution 4.

Special resolution

7. That the Company's Articles of Incorporation be and are hereby amended by replacing the most recent version of the Articles of Incorporation and replacing them with the version of the Articles of Incorporation tabled by the Chairman at the Meeting (the "**New Articles**").

Extraordinary resolutions

8. Subject to the passing of resolution 7, the directors be and are generally empowered to issue equity securities (as defined in the New Articles) for cash as if the pre-emption provisions contained in the New Articles did not apply provided that this power shall: (i) be limited to the allotment of equity securities for cash constituting an aggregate amount not exceeding 10% (ten per cent) of shares (as defined in the New Articles) in issue at the date of the Annual General Meeting; and (ii) expire at the conclusion of the next Annual General Meeting of the Company.

By order of the Board
Trident Trust Company (Guernsey) Limited
Company Secretary

Registered office

Fourth Floor,
West Wing,
Trafalgar Court,
Admiral Park,
St Peter Port,
Guernsey
GY1 2JA

Registered in Guernsey with registered number 54697

EXPLANATION OF THE BUSINESS TO BE CONSIDERED AT THE ANNUAL GENERAL MEETING

All resolutions will be proposed as ordinary resolutions, other than resolution 6 which will be proposed as a special resolution and resolutions 7 and 8 which will be proposed as extraordinary resolutions. For an ordinary resolution to be passed, more than half of the votes cast must be in favour of the resolution. For a special resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution. For an extraordinary resolution to be passed, at least three-quarters of the Members Present in Person (as defined in the New Articles) must cast votes in favour of the resolution.

Resolution 1: Approval of the accounts

The Company is required by law to put the Company's annual report and accounts for the year ended 31 March 2017 before the meeting. Shareholders are invited to vote to receive and adopt the annual report and accounts for the year ended 31 March 2017.

Resolutions 2: Appointment of auditor

The Company is required by law to appoint an auditor at the Annual General Meeting. BDO Limited has expressed its willingness to continue in office.

Resolutions 3 and 4: Re-appointment of directors

Neil Johnson and Charles Cannon-Brookes will retire at this year's Annual General Meeting and submit themselves for re-election in accordance with the UK Corporate Governance Code. Resolutions 3 and 4 propose the re-election of Neil Johnson and Charles Cannon-Brookes, respectively.

Resolution 5: Remuneration of auditor

Resolutions 5 authorises the Board to agree the auditor's remuneration.

Resolution 6: Market Acquisition of Ordinary Shares

The Directors are seeking to renew the authority they have to purchase the Company's ordinary shares in the market from time to time either for cancellation or to hold as treasury shares for future resale or transfer. The authority is in respect of a maximum number of ordinary shares and is subject to the restrictions on the price that can be paid on acquisition in each case as set out in this resolution.

The authority will lapse at the conclusion of the Annual General Meeting of the Company to be held in 2018.

Resolution 7: Amendments to Company's Articles

Shareholders are being asked to pass a special resolution amending the Company's Articles. The amendments include the insertion of pre-emption rights.

Resolution 8: Disapplication of pre-emption rights

Shareholders are being asked to pass an extraordinary resolution empowering the directors to issue equity securities for cash without the pre-emption rights in the Company's New Articles applying to any such issue. This power allows the issue of ordinary shares and options subject to the limits set out in each of the resolutions. The disapplication will lapse at the conclusion of the Annual General Meeting of the Company to be held in 2018.

NOTES

1. A Shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of him or her. A proxy need not be a member of the Company. A form of proxy accompanies this Notice. Completion and return of the form of proxy will not be a member of the company. A form of proxy accompanies this Notice. Completion and return of the form of proxy will not preclude members from attending or voting at the meeting, if they so wish. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him.
2. To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is executed (or a notarially certified copy of such power of attorney) must be deposited at the UK office of the Company's Registrar, Computershare Investor Services (Guernsey) Limited, c/o The Pavillions, Bridgewater Road, Bristol, BS99 6ZY not less than 48 hours before the time for holding the Meeting.
3. CREST members may utilise the CREST proxy appointment service by following the directions set out in the form of proxy. Completion and return of the form of proxy will not prevent a Shareholder from subsequently attending the meeting and voting in person if he so wishes.
4. A holder of Shares must first have his or her name entered on the register of members not later than close of business on 25 September 2017. Changes to entries in that register after that time shall be disregarded in determining the rights of any holders to attend and vote such a meeting.