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If you have sold or otherwise transferred all of your Essenden PLC Ordinary Shares, please immediately forward this document, together with the accompanying documents, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding in the Ordinary Shares you should retain these documents.

**The whole of this document should be read by Shareholders when deciding on what action to take in relation to the Conversion Proposals. Your attention is drawn to the letter from the Chairman of the Company that is set out in Part I of this document.**

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# Essenden PLC

*(incorporated and registered in England and Wales under number 6838368)*

## NOTICE OF GENERAL MEETING

### APPROVAL OF LOAN NOTE CONVERSION AND WAIVER OF OBLIGATIONS UNDER RULE 9 OF THE CITY CODE ON TAKEOVERS AND MERGERS

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Notice of the General Meeting of Essenden PLC to be held at 11:00 a.m. on 7 May 2014 at Exchange House, Primrose Street, London, EC2A 2EG is set out at the end of this document.

A Form of Proxy for use at the General Meeting is enclosed. To be valid, the Form of Proxy should be completed and returned in accordance with the instructions printed thereon, to Capita Asset Services, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible but in any event so as to arrive not later than 11:00 a.m. on 2 May 2014. A pre-paid envelope is enclosed for your convenience.

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## EXPECTED TIMETABLE OF EVENTS

Publication of Shareholder Circular	14 April 2014
Publication of Noteholder Circular	14 April 2014
Latest time to return Form of Proxy	11:00 a.m. on 2 May 2014
Record date for Shareholders to vote on Shareholder Resolutions	6:00 p.m. on 2 May 2014
Suspension of trading of Loan Notes on ISDX	4:30 p.m. on 6 May 2014
Record date for participation of Noteholders in Conversion Proposals	4:30 p.m. on 6 May 2014
General meeting of Shareholders	11:00 a.m. on 7 May 2014
Extraordinary general meeting of Noteholders	11:20 a.m. on 7 May 2014
Loan Notes withdrawn from trading on ISDX and disabled in CREST	4:30 p.m. on 7 May 2014
Effective date of proposed consented release of Loan Notes into new Ordinary Shares, if approved	8:00 a.m. on 8 May 2014
Admission of new Ordinary Shares to trading on AIM	8:00 a.m. on 8 May 2014
CREST accounts credited with new Ordinary Shares and share certificates dispatched	by 14 May 2014

## PART I – CHAIRMAN'S LETTER

# Essenden PLC

*(incorporated and registered in England and Wales under number 6838368)*

*Directors:*

Rory Macnamara  
Nicholas Basing  
Richard Darwin  
Christopher Mills  
Nicholas Oppenheim  
Kailayapillai Ranjan

*Registered Office:*

3rd Floor  
2-4 St. Georges Road  
Wimbledon  
London  
SW19 4DP

14 April 2014

*To all holders of Ordinary Shares and, for information only, to the holders of Loan Notes and options over Ordinary Shares*

Dear Shareholder

### 1. Introduction

Essenden announced on 18 March 2014 proposals to convert all of the Loan Notes currently in issue into new Ordinary Shares. Subject to the separate approvals of Shareholders and Noteholders, the Company proposes to issue 1.33 Ordinary Shares in consideration for the release of each Loan Note (the “**Conversion Proposals**”).

There are currently 21,424,740 Loan Notes in issue. The Conversion Proposals, if approved, would lead to the issue of approximately 28,494,904 new Ordinary Shares, increasing the Existing Ordinary Share Capital to approximately 49,919,644 Ordinary Shares. Subject to completion of the Conversion Proposals, application will be made for the new Ordinary Shares to be admitted to trading on AIM and for the withdrawal of the Loan Notes from trading on ISDX.

Harwood Capital, and parties acting in concert with it, currently own 6,400,000 Ordinary Shares, which represents 29.87 per cent. of the Existing Ordinary Share Capital and 8,048,040 Loan Notes. On completion of the Conversion Proposals, the Concert Party's interest in the Enlarged Ordinary Share Capital will be 34.26 per cent. Without a waiver of the Concert Party's obligations under Rule 9 of the Code, the issue of new Ordinary Shares pursuant to the Conversion Proposals would require the Concert Party to make a general offer for the entire issued and to be issued share capital of the Company not already held by the Concert Party, in accordance with the Code. The Panel has agreed with the Company to grant such a waiver, subject to the passing of the Whitewash Resolution (Shareholder Resolution 3) at the General Meeting by Independent Shareholders, to be taken on a poll.

The purpose of this Circular is to explain the background to, and reasons for, the Conversion Proposals and why the Independent Directors believe that the Conversion Proposals are in the best interests of the Independent Shareholders, the Noteholders and the Company as a whole and to recommend that you vote in favour of the Shareholder Resolutions. Notice of the General Meeting to be held at 11:00 a.m. on 7 May 2014 at Exchange House, Primrose Street, London, EC2A 2EG at which the Shareholders will be asked to consider and vote on the Shareholder Resolutions is set out at the end of this Circular.

If the Conversion Proposals are approved by the Shareholders and the Noteholders, the Directors intend that the Conversion Proposals will be effected without delay following the general meetings of the Shareholders and the Noteholders and it is expected that the new Ordinary Shares will be admitted to trading on AIM at 8:00 a.m. on 8 May 2014.

Your attention is drawn to the information set out in Part II of this Circular, which contains important information in relation to the Conversion Proposals.

A circular is also being sent to Noteholders today to explain the background to, and reasons for, the Conversion Proposals and convening a general meeting of the Noteholders. A copy of the circular sent to Noteholders will be available on the Company's website, for your information, at [www.essenden.com](http://www.essenden.com).

## **2. Background**

Essenden (formerly known as Georgica plc) originally created the Loan Notes as a means of returning cash to Shareholders by way of redemptions. At that time, the Board expected the business to continue to grow and to generate substantial cash returns. However, the business suffered several years of losses, necessitating a series of re-organisations, at an operational level, as well as significant management changes, in order to return the Group to profitability. Accordingly, no redemptions have been made.

The Board believes that there are opportunities to generate shareholder value through acquisitions in the leisure sector. On 19 March 2013, and in subsequent announcements, the Company has disclosed that it is seeking a "transformational acquisition". The Board believes that the Loan Notes are a significant barrier to securing funding for an acquisition as they are categorised as debt on the balance sheet, thereby having the effect of imposing an unusually high level of gearing. The terms of the Loan Notes include a change of control provision which would likely be triggered by any major acquisition and/or equity fundraising, which imposes a further impediment to any such transaction. Accordingly, the Board has reached the conclusion that it is in the best interests of Shareholders, Noteholders and the Company as a whole to convert the Loan Notes into new Ordinary Shares, and thereby better capitalise the Company's business and facilitate the pursuit of a transformational acquisition.

## **3. Information on the Company and trading update**

Essenden is the holding company of Tenpin Limited, which is a leading operator of bowling and family entertainment centres, operating from 29 locations around the UK. The centres aim to provide an excellent bowling experience and an array of amusements and machines alongside bar and restaurant services.

Essenden announced its preliminary results for the 52 week period ended 29 December 2013 on 19 March 2014, which included the following statements on trading and prospects:

*"The financial results for 2013 demonstrate a year of significant progress, resulting in a second consecutive year of growth. The business generated EBITDA of £4.1 million, up 8.4 per cent. versus the previous year (2012: £3.8 million). The Group recorded a profit before tax of £3.6 million (2012: loss £0.1 million) and an adjusted profit before tax of £1.9 million (2012: £1.5 million). Sales reduced from £47.1 million to £45.6 million (due to a reduction in the number of sites). The Group's cash position became positive, moving from net debt of £0.7 million at the end of 2012 to net cash of £2.1 million at the end of 2013."*

*"The business has produced two consecutive years of like for like sales growth, in difficult economic conditions and with minimal spend on investment capital in order to deleverage the business. As economic growth begins to assist increases in customer spending, the business has responded with a significant uptick in growth in the final quarter of the year. The changes implemented by our very capable management team have created a stronger, fitter business. It is now well positioned for future growth. With a stronger cash position, site performance will in the future be further enhanced by targeted capital spend."*

*"The return to GDP growth and rising employment should in time help our business which depends on confidence in consumer spending. In the immediate future our customers remain value conscious and have expectations for great service. Our offering is now positioned to meet that."*

*"The new financial year has shown improvement on where the previous year ended with like for like sales growth of 13.5 per cent. in the 11 weeks to 16 March 2014. Our focus is twofold: continuing to improve our existing business, whilst creating the conditions to deliver a transformational and successful acquisition. If we deliver both we believe we will create further value for our shareholders and the good start to the current year augurs well for continued progress."*

There has been no significant change in Essenden's financial or trading position since these statements were made.

#### 4. The Conversion Proposals

The Conversion Proposals are conditional upon, *inter alia*, certain approvals by the Shareholders and the Noteholders, subject to which Essenden proposes to convert all of the Loan Notes currently in issue into new Ordinary Shares. Subject to the passing of the Resolutions, the Company proposes to issue:

##### **1.33 new Ordinary Shares in exchange for each 1 Loan Note currently held.**

The Conversion Proposals value each Loan Note at:

**86.5p (based on the closing price of 65.0p per Ordinary Share on 17 March 2014, being the last Business Day prior to the date of Announcement), which represents a premium of 51.7 per cent. to the closing price of 57.0p per Loan Note (being the closing price on 17 March 2014, being the last Business Day prior to the Announcement); and**

**128.3p (based on the closing price of 96.5p per Ordinary Share on 11 April 2014, being the last Business Day prior to posting this Circular), which represents a premium of 31.6 per cent. to the closing price of 97.5p per Loan Note (being the closing price on 11 April 2014, being the last Business Day prior to posting this Circular).**

The Independent Directors acknowledge that the market prices of Ordinary Shares and Loan Notes have risen since the announcement on 18 March 2014. In setting the terms of the Conversion Proposals and in giving their recommendation, the Independent Directors based their consideration on the prevailing prices prior to the Announcement.

There are 21,424,740 Loan Notes currently in issue. The Conversion Proposals, if approved, would lead to the issue of approximately 28,494,904 new Ordinary Shares, increasing the Existing Ordinary Share Capital to approximately 49,919,644 Ordinary Shares. Subject to completion of the Conversion Proposals, application will be made for the new Ordinary Shares to be admitted to trading on AIM and for the withdrawal of the Loan Notes from trading on ISDX.

The Conversion Proposals will require the approval by Shareholders of resolutions to authorise the Directors to issue new Ordinary Shares and a separate approval by Noteholders of amendments to the terms of the Loan Notes to facilitate the proposed conversion. Accordingly, the Conversion Proposals will require the approval of resolutions of the Shareholders and the Noteholders as follows:

Resolutions to be put to Shareholders:

- (1) to approve the Directors' authority to allot new Ordinary Shares in the Company;
- (2) to dis-apply the statutory pre-emption rights in respect of the new Ordinary Shares in the Company to be issued pursuant to the Conversion Proposals; and
- (3) to approve a waiver from the Panel pursuant to Rule 9 of the Code which, if granted, will waive the obligation of the Concert Party to make a general offer to the Shareholders for the entire issued ordinary share capital of the Company and any other matter required to be approved in general meeting by any or all of the Shareholders pursuant to the Code.

*Shareholder Resolution 1 will be an ordinary resolution requiring a 50 per cent. majority of those present and voting. Shareholder Resolution 2 will be a special resolution requiring a 75 per cent. majority of those present and voting. Shareholder Resolution 3 will be an ordinary resolution requiring a 50 per cent. majority of Shareholders present and voting who are deemed independent for the purposes of the waiver.*

Resolution to be put to Noteholders:

- (1) amendments to the terms of the Loan Notes to facilitate the Conversion Proposals.

*The Noteholder Resolution will require the approval of 75 per cent. of those Noteholders present and voting or on a poll by 75 per cent. of the Loan Notes by value.*

The Conversion Proposals require the consent of the Company's Lenders under its existing committed debt finance facilities, which was granted on 11 April 2014.

Fractional entitlements to Ordinary Shares will not be allotted and, where necessary, entitlements will be rounded down to the nearest whole number of Ordinary Shares. Such fractional entitlements will be aggregated and sold. The net proceeds of such sale will be retained for the benefit of the Company.

## **5. The City Code on Takeovers and Mergers**

### ***Rule 9 of the Code***

The Conversion Proposals give rise to certain considerations under the Code. Brief details of the Panel, the Code and the protections they afford are set out below. The Code is issued and administered by the Panel. The Code applies to all takeover and merger transactions, however effected, where the offeree company's registered office is in the United Kingdom, the Channel Islands or the Isle of Man and its securities are admitted to trading on a multilateral trading facility in the United Kingdom. Essenden is such a company and its Shareholders are therefore entitled to the protections afforded by the Code.

Under Rule 9 of the Code, where any person acquires, whether by a single transaction or a series of transactions over a period of time, interests in securities which (taken together with securities in which he is already interested and in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the Code, that person is normally required by the Panel to make a general offer to all the remaining shareholders of that company to acquire their shares. Similarly, when any person individually or a group of persons acting in concert, already holds interests in securities which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, that person may not normally acquire further securities without making a general offer to the shareholders of that company to acquire their shares. An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Under the Code a concert party arises when persons acting together pursuant to an agreement or understanding (whether formal or informal) actively cooperate to obtain or consolidate control of, or frustrate the successful outcome of an offer for, a company subject to the Code. Control means an interest or interests in shares carrying an aggregate of 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give *de facto* control. The members of the Concert Party are deemed to be acting in concert for the purposes of the Code.

### ***The Harwood Capital Concert Party***

Harwood Capital and certain funds managed by Harwood Capital, NASCIT and Oryx, are interested in Ordinary Shares and Loan Notes. Harwood Capital's principal activity is the provision of discretionary investment management and advisory services to its active value and private equity clients. Christopher Mills, a director of the Company, is Chief Investment Officer and a member of Harwood Capital. Christopher Mills is an investor in the Harwood Funds, which are managed by Harwood Capital, through which he has an effective personal interest in 5.5 per cent. of the Ordinary Shares and 7.2 per cent. of the Loan Notes.

Funds managed by Christopher Mills were interested in 25.2 per cent. of the Ordinary Shares prior to the reorganisation in March 2009, and have subsequently acquired both Ordinary Shares and Loan Notes to increase their holding to the present level. Christopher Mills joined the Board as a Non-Executive Director at the time of the reorganisation in March 2009. No other director of the Company or their associates has any interest in Harwood Capital or any funds managed by it.

### **Consequences of the transaction for the potential voting rights of the Concert Party**

For the purposes of the Code, Harwood Capital together with NASCIT and Oryx, full details of whom are set out in Part II of this Circular, form the Concert Party. The Concert Party is currently beneficially interested in 6,400,000 Ordinary Shares, representing approximately 29.87 per cent. of the Existing Ordinary Share Capital. On completion of the Conversion Proposals, the Concert Party's interest in the Enlarged Ordinary Share Capital would be approximately 34.26 per cent. as set out below:

<i>Concert Party member</i>	<i>Existing Holdings</i>				<i>Immediately following completion of the Conversion Proposals</i>	
	<i>Ordinary Shares</i>		<i>Loan Notes</i>		<i>Ordinary Shares</i>	
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>
Harwood Capital	210,000	0.98	211,999	0.99	491,958	0.99
NASCIT	4,590,000	21.42	6,236,041	29.10	12,883,934	25.80
Oryx	1,600,000	7.47	1,600,000	7.47	3,728,000	7.47
<b>Total</b>	<b>6,400,000</b>	<b>29.87</b>	<b>8,048,040</b>	<b>37.56</b>	<b>17,103,892</b>	<b>34.26</b>

The Panel has agreed to waive the obligation of the Concert Party to make a general offer that would otherwise arise as a result of the issue of new Ordinary Shares pursuant to the Conversion Proposals, subject to the approval of Independent Shareholders, taken on a poll. Accordingly, the Whitewash Resolution (Shareholder Resolution 3) is being proposed at the General Meeting to approve the waiver and will be taken on a poll. No member of the Concert Party will be entitled to vote on that Shareholder Resolution and accordingly no member of the Concert Party will do so.

**Following completion of the Conversion Proposals, the members of the Concert Party will between them be interested in Ordinary Shares carrying 30 per cent. or more of the Company's voting rights, but will not hold Ordinary Shares carrying more than 50 per cent. of such voting rights and, for as long as they continue to be considered as acting in concert for the purposes of the provisions of Rule 9 of the Code, any further increase in that aggregate interest in Ordinary Shares will be subject to the provisions of Rule 9 of the Code.**

### **6. Related party transactions**

All of the Directors, other than Rory Macnamara, are both Shareholders and Noteholders. In addition, the interests of each of Harwood Capital, Trefick and Schroder Investment Management represent more than 10 per cent. of the Existing Ordinary Share Capital. Accordingly, their interests in the Conversion Proposals are classified as related party transactions under the AIM Rules.

The following table sets out the current interests of the abovementioned related parties in the Ordinary Shares and the Loan Notes, and the effect of the Conversion Proposals on their interests:

<i>Related party</i>	<i>Existing Holdings</i>				<i>Immediately following completion of the Conversion Proposals</i>	
	<i>Ordinary Shares</i>		<i>Loan Notes</i>		<i>Ordinary Shares</i>	
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>
N Basing	57,000	0.27	36,400	0.17	105,412	0.21
R Darwin	1,980	0.01	1,980	0.01	4,613	0.01
C Mills/Harwood Capital	6,400,000	29.87	8,048,040	37.56	17,103,892	34.26
N Oppenheim	912,184	4.26	912,184	4.26	2,125,388	4.26
K Ranjan/Trefick	4,155,427	19.40	4,155,427	19.40	9,682,144	19.40
Schroders	3,153,094	14.72	3,013,094	14.06	7,160,507	14.34
<b>Total interests</b>	<b>14,679,685</b>	<b>68.53</b>	<b>16,167,125</b>	<b>75.46</b>	<b>36,181,956</b>	<b>72.48</b>

In addition, completion of the Conversion Proposals will also give rise to amounts being payable pursuant to the Loan Note Incentive Scheme (as defined below), a scheme introduced and approved in October 2009, pursuant to which Nicholas Basing and Richard Darwin will become entitled to cash payments of approximately £1,812,745 and £337,255 respectively (subject to deduction of income tax and national insurance).

In the circumstances of the Conversion Proposals the Company has agreed with Nicholas Basing and Richard Darwin that 75 per cent. of these payments will be paid on completion of the Conversion Proposals and the remaining 25 per cent. will be paid, provided the recipient remains in post, on 31 December 2014, or upon termination of employment prior to 31 December 2014 if such termination qualifies the individual as a good leaver. In addition, the Company and Nicholas Basing have agreed to amend the terms of his Service Contract (as defined below) so that the notice period thereunder (whether given by the Company or Mr Basing) shall be six months instead of the current three months, bringing it into line with the notice periods under Mr Darwin's Service Contract.

Nicholas Basing and Richard Darwin are not considered to be independent for the purposes of the Whitewash Resolution and are not entitled to take part in the Independent Directors' recommendation to Shareholders on the Conversion Proposals, or to vote on the Whitewash Resolution, as a result of the Loan Note Incentive Scheme payments described above.

Rory Macnamara, being the only independent director for the purposes of the AIM Rules, considers, having consulted with the Company's nominated adviser, Strand Hanson, that the terms of the Conversion Proposals are fair and reasonable insofar as the Shareholders are concerned.

## **7. Admission to AIM**

Application will be made for the new Ordinary Shares to be admitted to trading on AIM. It is expected that admission will become effective and dealings in the new Ordinary Shares will commence at 8:00 a.m. on 8 May 2014.

## **8. Withdrawal from ISDX**

Application will be made for the withdrawal of the Loan Notes from trading on ISDX to become effective as soon as possible following the general meetings of the Shareholders and the Noteholders. It is expected that the Loan Notes will be suspended from trading on ISDX with effect from 4:30 p.m. on 6 May 2014 and that withdrawal will become effective from 4:30 p.m. on 7 May 2014, assuming that the Conversion Proposals are approved by Shareholders and Noteholders.

## **9. Intentions of the Company and the Concert Party**

The Directors intend to continue to conduct the business of the Company in the same manner as it is currently conducted and, save as referred to in paragraph 2 above regarding the possibility of a "transformational acquisition", there are no plans to redeploy its fixed assets or to introduce any substantial changes in the business of the Group, the management of the Group, the continued employment of its employees, their terms of employment or employer contributions into the Company's two defined contribution pension schemes. The Company intends that the Ordinary Shares will remain quoted on AIM.

Each member of the Concert Party has also confirmed that they do not intend to make any changes regarding the future conduct of the business of the Company and there are no plans to redeploy its fixed assets or to introduce any substantial changes in the business of the Group, the management of the Group, the continued employment of its employees, their terms of employment or employer contributions into the Company's two defined contribution pension schemes. The Concert Party intends that the Ordinary Shares will remain quoted on AIM.

## **10. Concert Party relationships**

Except as set out above, no Directors or their associates has any interest in Harwood Capital or any of the funds managed by it. Nicholas Basing acts as an operational adviser to Trident Private Equity Fund III LP which is managed by Harwood Private Equity; he has no employment contract, the role is unremunerated, there are no specified hours and he does not participate in the investment committee or any investment decisions.

Strand Hanson is acting as an independent financial adviser to the Company for the purposes of the Code. Strand Hanson has also provided corporate finance advice to Harwood Capital in connection with other

transactions. However, the last transaction for which Strand Hanson received a fee from Harwood Capital was completed in January 2012. Furthermore, this relationship has never been exclusive and has not represented a material part of Strand Hanson's business. Strand Hanson has had no other personal, financial or commercial arrangements with Harwood Capital or any other member of the Concert Party during the past two years. Accordingly, Strand Hanson is considered to be an appropriate person to give independent advice in the context of Rule 3 of the Code.

## **11. General Meeting**

You will find set out at the end of this Circular a notice convening a general meeting of the Company to be held at 11:00 a.m. on 7 May 2014 at Exchange House, Primrose Street, London, EC2A 2EG, at which resolutions to enable the Conversion Proposals, including the Whitewash Resolution, will be proposed (the "**General Meeting**").

In accordance with the requirements of the Panel for granting the Conversion Proposals, the Whitewash Resolution will be taken on a poll of Independent Shareholders.

## **12. Action to be taken**

A Form of Proxy is enclosed for use at the General Meeting. Whether or not you intend to be present at the General Meeting in person, you are requested to complete and sign the Form of Proxy in accordance with the instructions printed on it and return it to Capita Asset Services, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and, in any event, so as to arrive not later than 11:00 a.m. on 2 May 2014. Unless the Form of Proxy is received by this date and time, it will not be valid. The completion and return of a Form of Proxy will not preclude you from attending the General Meeting and voting in person if you so wish.

## **13. Irrevocable voting undertakings**

The Company has received irrevocable voting undertakings from each of the Shareholders and Noteholders represented on the Board and Schroder Investment Management. Details of the irrevocable voting undertakings are set out in Part II of this Circular.

## **14. Further Information**

Your attention is drawn to the further information set out in Part II of this Circular, which provides additional information on the matters set out herein and to the consolidated accounts for the last two financial years, each of which are incorporated by reference into this Circular, and are available at [www.essenden.com](http://www.essenden.com). You are advised to read the whole document and not merely rely on the key or summarised information in this letter.

## **15. Recommendation**

**The Independent Directors, having been so advised by Strand Hanson, consider the Conversion Proposals to be fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole. In providing its advice, Strand Hanson has taken into account the Independent Directors' commercial assessments.**

**The Independent Directors recommend that Shareholders vote in favour of all of the Shareholder Resolutions. As required by the Panel, Harwood Capital and the parties acting in concert with it will not be voting their shareholdings of 6,400,000 Ordinary Shares, in aggregate, representing approximately 29.87 per cent. of the Existing Ordinary Share Capital on the Whitewash Resolution. In addition, as required by the Panel, Nicholas Basing and Richard Darwin will not vote their shareholdings of 57,000 and 1,980 Ordinary Shares respectively, representing 0.27 per cent. and 0.01 per cent. respectively of the Existing Ordinary Share Capital on the Whitewash Resolution.**

Yours faithfully

**Rory Macnamara**  
*Non-executive Chairman*

## PART II – ADDITIONAL INFORMATION

### 1. RESPONSIBILITY

- 1.1 The Directors, whose names are set out in paragraph 2.1 below, accept responsibility for the information contained in this Circular. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Circular, for which they accept responsibility, is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The members of Harwood Capital, whose names are set out in paragraph 4.17 below, accept responsibility for the information contained in this Circular. To the best of the knowledge and belief of the members of Harwood Capital (who have taken all reasonable care to ensure that such is the case), the information contained in this Circular, for which they accept responsibility, is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. DIRECTORS

- 2.1 The Directors of the Company and their functions are as follows:

<i>Director</i>	<i>Function</i>
Rory Macnamara	<i>Non-Executive Chairman</i>
Nicholas Basing	<i>Chief Executive Officer</i>
Richard Darwin	<i>Finance Director</i>
Christopher Mills	<i>Non-Executive Director</i>
Nicholas Oppenheim	<i>Non-Executive Director</i>
Kailayapillai Ranjan	<i>Non-Executive Director</i>

### 3. INTERESTS AND DEALINGS

#### Directors of the Company

- 3.1 As at the close of business on the Latest Practicable Date, the interests of the Directors and their immediate families and interests of persons connected with them, were as follows:

<i>Director</i>	<i>Note</i>	<i>Ordinary Shares of 1p each</i>	<i>Loan Notes of £1 each</i>
Christopher Mills/Harwood Capital	(1)	6,400,000	8,048,040
Kailayapillai Ranjan/Trefick Limited	(2)	4,155,427	4,155,427
Nicholas Oppenheim	(3)	2,400,000	2,400,000
Nicholas Basing		57,000	36,400
Richard Darwin		1,980	1,980

- (1) Harwood Capital is associated with Christopher Mills, a non-executive director of the Company.  
(2) Trefick Limited is associated with Kailayapillai Ranjan, a non-executive director of the Company.  
(3) Nicholas Oppenheim is a non-executive director of the Company. He has a beneficial interest in 912,184 Ordinary Shares and 912,184 Loan Notes. He has voting control over 832,184 Ordinary Shares and 832,184 Loan Notes. Adult members of his family are interested in a further 1,487,816 Ordinary Shares and 1,487,816 Loan Notes.

#### Directors' incentives

- 3.2 The Executive Directors participate in incentive schemes adopted in October 2009 as follows:
- 3.2.1 An amount payable if the Loan Notes are redeemed, repurchased or otherwise cancelled in full (the "**Loan Note Incentive Scheme**"). The amount payable under the Loan Note Incentive Scheme was £2.55 million (split between £2.15 million payable to Nicholas Basing and £0.4 million payable to Richard Darwin) if the Loan Notes were repaid in full on 1 January 2013. This amount has decreased by £25,000 for each month that the Loan Notes have not been repaid in full since 1 January 2013. Completion of the Conversion Proposals will give rise to a payment under the Loan Note Incentive Scheme; Nicholas Basing and Richard

Darwin will become entitled to cash payments of approximately £1,812,745 and £337,255 respectively (subject to deduction of income tax and national insurance).

- 3.2.2 A share incentive scheme exists with a total of 134 redeemable shares having been issued to the Executive Directors by Georgica Limited (100 to Nicholas Basing and 34 to Richard Darwin) (the “**Share Incentive Scheme**”). Georgica Limited is the former holding company of the Group and is now a wholly owned subsidiary of Essenden. This scheme replaces the share price bonus previously in the Executive Directors’ service agreements. The redeemable shares entitle participants to redeem them for cash for 1/1000 (per redeemable share) of the “**Redemption Value**” (described below). For example, 10 redeemable shares are redeemable for cash equal in value to 10/1000 (1 per cent.) of the Redemption Value. At the time that they subscribed for the redeemable shares each participant granted Essenden a call option (the “**Call Option**”), which will enable Essenden to call for the redeemable shares in return for the issue or transfer of Ordinary Shares (or a cash payment from Essenden), instead of the redeemable shares being redeemed by Georgica Limited for cash. Essenden in turn granted to each participant a put option (the “**Put Option**”), which will enable each participant to require Essenden to purchase the redeemable shares in return for the issue or transfer of Ordinary Shares (but not a cash payment from Essenden), instead of the redeemable shares being redeemed by Georgica Limited for cash.
- 3.2.3 The Redemption Value is calculated by reference to the future share price performance of Essenden. The opening price for the share price incentive is 38.8p (the “**Opening Price**”). This Opening Price has an annual hurdle of 12 per cent. applied to it. The earliest that the incentive can be redeemed is three years from the commencement date of 16 October 2009 (except in certain specified circumstances such as on a takeover of Essenden) and it falls away if it has not been earned by seven years from the commencement date. Upon redemption any Essenden shares issued have to be held by participants for a period of two years. The total value of the incentive that could be paid and converted into Essenden shares to the Executive Directors is 13.4 per cent. of the gain in the share price (after the Opening Price is adjusted for the annual hurdle of 12 per cent.) multiplied by the number of Ordinary Shares in existence at the exercise date. In calculating the overall gain, the arrangement takes account of additional shares issued after October 2009 by applying an opening price (also adjusted for the annual hurdle of 12 per cent.) for these additional Ordinary Shares which is the average of the closing price on each of the five days after issuance. This will apply to the new Ordinary Shares arising on completion of the Conversion Proposals.
- 3.2.4 There will be no adjustment or amendment to the terms of the Share Incentive Scheme as a result of the Conversion Proposals becoming effective.
- 3.3 There were no dealings for value in relevant securities of the Company by the Directors, their immediate families or persons connected with them, which took place during the period of 12 months preceding the date of this Circular.
- 3.4 Except in relation to Christopher Mills, as described in the Chairman’s Letter above, none of the Directors had any interest, right to subscribe or short position in any member of the Concert Party at the Latest Practicable Date.
- 3.5 Except as described in paragraph 3.1 above, none of the Directors and no other person acting in concert with the Company had any interest, right to subscribe or short position in the Company, and had not borrowed or lent any of the Ordinary Shares, at the Latest Practicable Date.

### **Harwood Capital LLP**

- 3.6 As at the close of business on the Latest Practicable Date, the interests of the Concert Party in the Existing Ordinary Share Capital (all of which are beneficial unless otherwise stated), were as follows:

<i>Beneficial Holder</i>	<i>Registered Holder</i>	<i>Ordinary Shares of 1p each</i>	<i>Percentage of Ordinary Shares</i>
NASCIT	Bank of New York (Nominees) Ltd	4,590,000	21.42
ORYX	Securities Services Nominees Ltd (2078207 account)	1,600,000	7.47
Harwood Capital	Roy Nominees (901503 account)	210,000	0.98
<b>Total</b>		<u>6,400,000</u>	<u>29.87</u>

- 3.7 Except in relation to Christopher Mills, as set out paragraph 3.1 above, no directors of Harwood Capital, NASCIT or Oryx had any interest, right to subscribe or short position in the Company at the Latest Practicable Date.
- 3.8 There were no dealings for value in relevant securities of the Company by any member of the Concert Party, their directors or persons connected with them which took place during the period of 12 months preceding the date of this Circular.
- 3.9 No member of the Concert Party, nor any person acting in concert with them, had borrowed or lent any of the Ordinary Shares at the Latest Practicable Date.

## **4. INFORMATION ON HARWOOD CAPITAL**

### **Harwood Capital**

- 4.1 Harwood Capital is a UK limited liability partnership having legal personality under the Limited Liability Partnerships Act 2000 and was incorporated on 21 March 2003 under the name "North Atlantic Value LLP" with registered number OC304213. It changed its name to Harwood Capital LLP on 11 November 2011. Its registered office is at 6 Stratton Street, London, W1J 8LD. Harwood Capital has been authorised to conduct investment business by the FCA since 23 September 2003.
- 4.2 Harwood Capital's principal activity is the provision of discretionary investment management and advisory services to its active value and private equity clients. The funds it manages and/or advises typically take an active interest in the running of the companies that they invest in with the aim of adding significant value by changing or improving various aspects of the investee company's business. The active value range of funds is led by Christopher Mills (Chief Investment Officer and a member of Harwood Capital) and they are either public funds or private equity funds.
- 4.3 In the most recent published audited accounts, in the year to 31 March 2013, Harwood Capital reported turnover of £5.1 million (2012: £5.2 million) and retained profit of £735,000 (2012: £3,854,000). As at the Latest Practicable Date, Harwood Capital had approximately £700 million in active funds under management.
- 4.4 It is expected that Harwood Capital's financial and trading performance over the next 12 months will be in line with the last two years' performance.

### **Christopher Mills**

- 4.5 Christopher Mills, aged 61, is Chief Investment Officer and a member of Harwood Capital, a part of the Harwood Capital Management Group which was formed in 2011 by Mr Mills on his acquisition of Harwood Capital from the J O Hambro Capital Management Group. He is also the chief executive and investment manager of NASCIT (a United Kingdom listed investment trust) and a director and investment manager of Oryx. The funds managed by Mr Mills and his team at Harwood Capital are typically concerned with private equity and active value investing. He has a long and successful track record in both areas and is a non-executive director of a number of both public and private companies. Prior to joining the J O Hambro Capital Management Group which he co-founded in 1993, he worked

from 1975 to 1993 for Samuel Montagu Limited, Montagu Investment Management Limited and its successor company, Invesco MIM, latterly as Head of North American Investments and Head of North American Venture Capital.

## **NASCIT**

- 4.6 NASCIT is an investment trust, listed on the main market of the LSE. NASCIT invests in a portfolio of smaller companies, listed and unlisted, principally based in countries bordering the North Atlantic Ocean. NASCIT's market capitalisation, as at the Latest Practicable Date, was approximately £268 million and its last reported unaudited fully diluted net asset value, as at 28 February 2014, was approximately £333 million. It invests in both listed and unlisted companies with an activist investment bias.
- 4.7 Mr Mills has been a director and manager of NASCIT since 1984 and is its chief executive. He is its largest shareholder, being interested in approximately 22.2 per cent. of its issued ordinary share capital. The joint managers of NASCIT are Mr Mills (through Growth Financial Services Limited of which he is a director) and Harwood Capital (the "**Joint Managers**"). As at the Latest Practicable Date, Mr Mills and NASCIT were together interested, in aggregate, in 44.65 per cent. of the issued ordinary share capital of Oryx.
- 4.8 In the most recent published audited accounts, in the year to 31 January 2013, NASCIT reported that fully diluted net assets had increased by 20.1 per cent. (2012: 11.4 per cent. increase) to £274,421,000 (2012: £228,544,000). Gross income was £5,474,000 (2012: £6,432,000) and total net return after tax was -£45.5 million (2012: loss of £10.95 million). In the unaudited half yearly report for the six months ended 31 July 2013 NASCIT reported that the fully diluted net asset value of NASCIT had increased by 8.8 per cent. to £298,716,000. Gross income for the period was £25.05 million and net return after tax was -£24.07 million.
- 4.9 The Joint Managers stated in the unaudited half yearly report for the six months ended 31 July 2013 that NASCIT's investments were for the most part performing strongly and they expected NASCIT to continue to prosper through the remainder of the financial year.
- 4.10 The Joint Managers are optimistic that NASCIT's shareholders will see a further advance in the net asset value during the year ending 31 January 2015, although it is unlikely to be of the same magnitude as the performance over the last two years, which benefited from the realisation of several of NASCIT's unlisted investments. Several of the current investments in NASCIT's portfolio are up for sale or have received offers from interested parties, so it is possible that there may be further realisations over the next 12 months.

## **Oryx**

- 4.11 Oryx is a closed-ended investment company incorporated in Guernsey and listed on the main market of the LSE. Oryx principally invests in small and mid-size quoted and unquoted companies in the United Kingdom and the United States, targeting companies which have fundamentally strong business models, but where there may be specific factors which are constraining maximisation or realisation of shareholder value which may be realised through the pursuit of an activist shareholder agenda. Mr Mills is a director and investment manager of Oryx, and Harwood Capital is Oryx's manager and investment adviser. As at the Latest Practicable Date, NASCIT was interested in 42.67 per cent. of the issued ordinary share capital of Oryx.
- 4.12 In the most recent published audited accounts, in the year to 31 March 2013, Oryx reported that its net assets had increased by 22.44 per cent. (2012: 11.4 per cent. increase) to £69.9 million (2012: £59.1 million). Net income for the year was £12,349,000 (2012: £5,451,000). In the unaudited half yearly report for the six months ended 30 September 2013 Oryx reported that net assets had increased by 10.2 per cent. to £77,051,000. Net income for the period was £9,505,000. Harwood Capital, as Oryx's investment adviser, stated in the unaudited half yearly report for the six months ended 30 September 2013 that they were optimistic for the performance of Oryx through the remainder of the financial year.
- 4.13 Oryx's market capitalisation, as at the Latest Practicable Date, was approximately £70 million and the last reported unaudited net asset value, as at 28 February 2014, was approximately £88.4 million.

- 4.14 Harwood Capital, as Oryx's investment adviser, is hopeful that, as several of the investments in Oyrx's unquoted portfolio are currently in the process of corporate activity, this will have a positive impact on the net asset value per share over the next 12 months.

#### **Interest of Harwood Capital in the Company**

- 4.15 The specific discretionary managed funds which are investing in Essenden and beneficial interests in Essenden, following the completion of the Conversion Proposals, are set out below.

	<i>No. of Ordinary Shares held pre- completion</i>	<i>% of Ordinary Share capital pre- completion</i>	<i>No. of Loan Notes held pre- completion</i>	<i>No. of Ordinary Shares held post- completion</i>	<i>% of Ordinary Share capital post- completion</i>
NASCIT	4,590,000	21.42	6,236,041	12,883,934	25.80
Oryx	1,600,000	7.47	1,600,000	3,728,000	7.47
Harwood Capital	210,000	0.98	211,999	491,958	0.99
<b>Total</b>	<u>6,400,000</u>	<u>29.87</u>	<u>8,048,040</u>	<u>17,103,892</u>	<u>34.26</u>

#### **Financial Information relating to Harwood Capital and the Harwood Funds**

- 4.16 The following sub-paragraphs set out financial information in respect of Harwood Capital and the Harwood Funds as required by Rule 24.3 of the Code. The documents referred to in the sub-paragraphs below are incorporated into this Circular by reference pursuant to Rule 24.15 of the Code:
- 4.16.1 audited financial statements of Harwood Capital for the year ended 31 March 2012 and for the year ended 31 March 2013 may be accessed at [www.harwoodcapital.co.uk/about/financial-statements](http://www.harwoodcapital.co.uk/about/financial-statements);
- 4.16.2 audited consolidated financial statements of NASCIT for the year ended 31 January 2012 and for the year ended 31 January 2013 and unaudited consolidated interim financial statements for the six months ended 31 July 2013 may be accessed at <http://www.harwoodcapital.co.uk/literature/nascit>; and
- 4.16.3 audited consolidated financial statements of Oryx for the year ended 31 March 2012 and for the year ended 31 March 2013 may be accessed at <http://www.oryxinternationalgrowthfund.co.uk/documents-announcements/documents-announcements>.

#### **Additional information relating to Harwood Capital and the Harwood Funds**

- 4.17 The designated members (for the purposes of the Limited Liability Partnerships Act 2000) of Harwood Capital are Harwood Capital Management Limited and Jeremy James Brade. The members are Jeremy James Brade, Christopher Harwood Bernard Mills, James Douglas Agnew, Timothy James Sturm, Stavros Jones and Keith Jelley.
- 4.18 During the period of two years preceding the date of this Circular, and so far as the Directors are aware having reviewed publicly available sources of information, Harwood Capital has not entered into any material contracts otherwise than in the ordinary course of business.

### **5. ARRANGEMENTS IN CONNECTION WITH THE CONVERSION PROPOSALS**

- 5.1 There is no agreement, arrangement or understanding (including any compensation arrangement) which exists between any members of the Concert Party and any of the Directors, recent directors, existing Shareholders or recent shareholders of the Company, or any person interested or recently interested in Ordinary Shares, having any connection with or dependence upon the Conversion Proposals.
- 5.2 There are currently no arrangements for the transfer of securities acquired pursuant to the Conversion Proposals.

## 6. DIRECTORS' SERVICE CONTRACTS

### Term and Appointment

- 6.1 Each of the Executive Directors of the Company has entered into a service agreement with the Company (each a "**Service Contract**" and together the "**Service Contracts**"). Details of the Service Contracts are as follows. Each of the Service Contracts is for an indefinite term, except where it is terminated by the parties according to the terms of the agreement.

<i>Director</i>	<i>Date of Contract</i>	<i>Date Employment Commenced</i>
Nicholas Basing	17 August 2009	1 September 2009
Richard Darwin	14 October 2009	16 October 2009

### Remuneration

- 6.2 Nicholas Basing (Chief Executive Officer) receives a basic salary of £288,750 per annum under his Service Contract and is eligible for an annual bonus entirely at the discretion of the remuneration committee of the Company.
- 6.3 Richard Darwin (Finance Director) receives a basic salary of £152,250 per annum under his Service Contract and is eligible for an annual bonus at the absolute discretion of the remuneration committee of the Company.
- 6.4 Both Executive Directors are entitled to a Loan Note bonus, are eligible for the Share Incentive Scheme as set out at paragraph 3, Part II of this Circular and are also entitled to contractual benefits in the form of reasonable expenses and opt-ins to life and medical insurance. The Company is not required under the Service Contracts to make pension contributions; however, Directors can request that a payment be made by the Company to a pension scheme in lieu of a payment under the Loan Note Incentive Scheme.

### Termination and Compensation

- 6.5 The Service Contracts are terminable by written notice of three and six months respectively, provided by either the Executive Director or the Company. The Company can also terminate the agreement by payment in lieu of notice, the value of which is a sum equal to the gross salary payable multiplied by 1.1 (to account for contractual benefits) and the annual bonus entitlement is specifically excluded from this calculation. The Company has discretion to make such payments via phased instalments (up to a maximum period of 12 months from the termination date) and to reduce the payment in accordance with the Executive Director's duty to mitigate against his loss.

### Non-Executive Directors

- 6.6 The Non-Executive Directors of the Company do not have service contracts with the Company. Rory Macnamara, Christopher Mills and Nicholas Oppenheim have letters of appointment. The current Non-Executive Directors and their dates of appointment are as follows:

<i>Director</i>	<i>Date of Appointment</i>
Rory Macnamara	12 March 2009
Christopher Mills	17 March 2009
Nicholas Oppenheim	12 March 2009
Kailayapillai Ranjan	23 July 2009

- 6.7 Pursuant to the letters of appointment, Rory Macnamara, Christopher Mills and Nicholas Oppenheim are appointed for an indefinite term but such appointments can be terminated by the Non-Executive Director or the Company giving not less than six months' written notice. They are entitled to receive reasonable expenses incurred in relation to their performance. None of the Non-Executive Directors are entitled to compensation from the Company on termination of their appointments and each has waived their rights to pursue any claim in relation to this.
- 6.8 The Non-Executive Directors do not receive fees for their office except for Rory Macnamara who receives £50,000 per annum in his role as the Non-Executive Chairman.

### Recent Appointments/Amendments to Terms

- 6.9 There have been no new Directors' service agreements or amendments to existing Directors' service agreements within the period of six months preceding the date of this Circular, including any increase in remuneration received. Proposed amendments to Richard Darwin and Nicholas Basing's Service Contracts, which are conditional upon completion of the Conversion Proposals, are described in the Chairman's Letter above.

## 7. MATERIAL CONTRACTS

During the period of two years preceding the date of this Circular, the Company and its subsidiaries have not entered into any material contracts otherwise than in the ordinary course of business.

## 8. MATERIAL CHANGES

- 8.1 As at the Latest Practicable Date there has been no material change in the financial or trading position of the Company subsequent to the publication of the preliminary statement of annual results for the 52 week period ended 29 December 2013.
- 8.2 As at the Latest Practicable Date there has been no material change in the financial or trading position of Harwood Capital or the Harwood Funds subsequent to the publication of their respective last audited report and accounts (being the year ended 31 March 2013 for Harwood Capital, the year ended 31 January 2013 for NASCIT and the year ended 31 March 2013 for Oryx).

## 9. MARKET QUOTATIONS

The following are middle market quotations for an Ordinary Share, as derived from the AIM Appendix to the Daily Official List of the LSE, for the first business day of each of the six months immediately preceding the date of this Circular and for the Latest Practicable Date:

<i>Date</i>	<i>Price per Ordinary Share (pence)</i>
11 April 2014	96.50
1 April 2014	100.50
3 March 2014	66.00
3 February 2014	57.00
2 January 2014	35.00
2 December 2013	27.00
1 November 2013	24.00

## 10. IRREVOCABLE VOTING UNDERTAKINGS

- 10.1 The Shareholders and Noteholders represented on the Board have all signalled their support for the Resolutions and the Company has received irrevocable voting undertakings from Harwood Capital, Trefick Limited, Nicholas Basing, Richard Darwin and Nicholas Oppenheim to vote in favour of, or to procure votes in favour of, the Conversion Proposals (save for 80,000 Ordinary Shares in which Nicholas Oppenheim has a beneficial interest, but not voting control.) In addition, Schroder Investment Management Limited ("**Schroders**"), the only significant shareholder outside those represented on the Board, has also entered into an irrevocable voting undertaking to vote in favour of the Resolutions (together with the irrevocable voting undertakings entered into by Harwood Capital, Trefick Limited, Nicholas Basing, Richard Darwin and Nicholas Oppenheim, the "**Irrevocable Voting Undertakings**"). Schroders is interested in 14.72 per cent. of the Ordinary Shares and 14.06 per cent. of the Loan Notes and accordingly would be diluted to 14.34 per cent. of the Enlarged Ordinary Share Capital following completion of the Conversion Proposals.

- 10.2 As at the Latest Practicable Date, the Irrevocable Voting Undertakings relate to the Ordinary Shares and Loan Notes as set out below:

*Percentage of Ordinary Shares/Loan Notes entitled to vote*

	<i>No. of Ordinary Shares</i>	<i>No. of Loan Notes</i>	<i>Shareholder Resolutions 1 and 2 (%)</i>	<i>Shareholder Resolution 3 (%)</i>	<i>Noteholder Resolution 1 (%)</i>
Harwood Capital	6,400,000	8,048,040	29.87	–	37.56
Trefick	4,155,427	4,155,427	19.40	27.77	19.40
Schroders	3,153,094	3,013,094	14.72	21.07	14.06
N Oppenheim	832,184	832,184	3.88	5.56	3.88
N Basing	57,000	36,400	0.27	–	0.17
R Darwin	1,980	1,980	0.01	–	0.01
<b>Total</b>			<u>68.15</u>	<u>54.40</u>	<u>75.08</u>

- 10.3 The Irrevocable Voting Undertakings are conditional upon:

- 10.3.1 the circulars containing notices of the general meetings at which the Resolutions are to be voted on having been published and posted to the Noteholders and Shareholders by 30 April 2014 and containing in each case a recommendation of the Independent Directors to vote in favour of all of the Resolutions; and
- 10.3.2 the Independent Directors continuing to recommend voting in favour of the Resolutions and such recommendation not being changed or withdrawn prior to or at the relevant meeting.

## 11. CONSENTS

Strand Hanson has given and has not withdrawn its written consent to the issue of this Circular with the references to it in the form and context in which they appear.

## 12. DOCUMENTS AVAILABLE FOR INSPECTION

- 12.1 Copies of the following documents will be available for inspection during normal business hours on any Business Day at the registered office of the Company and at Herbert Smith Freehills LLP, Exchange House, Primrose Street, London, EC2A 2EG from the date of this Circular up to and including the date of the General Meeting and for the duration of the General Meeting:
- 12.1.1 the memorandum and articles of association of the Company;
- 12.1.2 the audited consolidated financial statements of the Company for the two accounting periods ended 30 December 2012 and 29 December 2013;
- 12.1.3 the Service Contracts and letters of appointment referred to in paragraph 6 above;
- 12.1.4 the consent letter from Strand Hanson; and
- 12.1.5 the Irrevocable Voting Undertakings.
- 12.2 The Irrevocable Voting Undertakings, memorandum and articles of association of the Company and the consent letters will also be available at [www.essenden.com](http://www.essenden.com).
- 12.3 You may request a hard copy of any information incorporated into this Circular by reference by contacting the registered office of the Company at 3rd Floor, 2-4 St. Georges Road, Wimbledon, London, SW19 4DP or by calling the Company Secretary on 020 8879 3932. A hard copy of the documents incorporated by reference will not be sent unless requested.

## DEFINITIONS

“AIM”	means the AIM market of the London Stock Exchange;
“AIM Rules”	means the AIM Rules for Companies;
“Announcement”	means the RNS announcement made by the Company on 18 March 2014 regarding the Conversion Proposals;
“Board”	means the board of Directors;
“Business Day”	means a day other than a Saturday or Sunday on which banks are open for business in London;
“Call Option”	has the meaning give in paragraph 3.2.2 of Part II;
“Capita Asset Services”	is a trading name of Capita Registrars Limited;
“Circular”	means this circular dated 14 April 2014 in relation to the notice of General Meeting and approval for waiver of obligations under Rule 9 of the Code;
“Code”	means The City Code on Takeovers and Mergers;
“Company”	means Essenden PLC, a company incorporated in England and Wales with registered number 6838368;
“Concert Party”	means Harwood Capital, NASCIT and Oryx;
“Conversion Proposals”	has the meaning given in paragraph 1, the Introduction to the Chairman’s Letter;
“Directors”	means the directors of the Company as stated in Part I;
“Enlarged Ordinary Share Capital”	means the ordinary share capital of the Company after completion of the Conversion Proposals;
“Essenden”	means Essenden PLC;
“Executive Directors”	means Nicholas Basing and Richard Darwin;
“Existing Ordinary Share Capital”	means the ordinary share capital of the Company before completion of the Conversion Proposals;
“FCA”	means the UK Financial Conduct Authority (formerly the Financial Services Authority);
“Form of Proxy”	means the form of proxy attached to this Circular;
“General Meeting”	means the Shareholder meeting to be held at 11:00 a.m. on 7 May 2014 at Exchange House, Primrose Street, London, EC2A 2EG;
“Group”	means the Company, its parent and subsidiary undertakings;
“Harwood Capital”	means Harwood Capital LLP;
“Harwood Funds”	means NASCIT and Oryx;
“Independent Directors”	means Rory Macnamara, Nicholas Oppenheim and Kailayapillai Ranjan;

“Independent Shareholders”	means Shareholders other than members of the Concert Party, Nicholas Basing and Richard Darwin;
“Irrevocable Voting Undertakings”	has the meaning given in paragraph 10.1 of Part II;
“ISDX”	means the ICAP Securities and Derivatives Exchange;
“Joint Managers”	has the meaning given in paragraph 4.7 of Part II;
“Latest Practicable Date”	means 11 April 2014, being the latest date before the publication of the Circular when it was practicable to obtain information to be included in the Circular;
“Lenders”	means The Royal Bank of Scotland plc;
“Loan Note Incentive Scheme”	has the meaning given in paragraph 3.2.1 of Part II;
“Loan Notes”	means the loan notes of the Company from time to time;
“LSE”	means the London Stock Exchange;
“NASCIT”	means North Atlantic Smaller Companies Investment Trust Plc;
“Non-Executive Directors”	means Rory Macnamara, Christopher Mills, Nicholas Oppenheim and Kailayapillai Ranjan;
“Noteholder Resolution”	means resolution to be voted on at the extraordinary general meeting of the Noteholders;
“Noteholders”	means the holders of Loan Notes from time to time;
“Opening Price”	has the meaning give in paragraph 3.2.3 of Part II;
“Ordinary Shares”	means the ordinary shares in the Company from time to time;
“Oryx”	means Oryx International Growth Fund Limited;
“Panel”	means The Panel on Takeovers and Mergers;
“Put Option”	has the meaning give in paragraph 3.2.2 of Part II;
“Redemption Value”	has the meaning give in paragraph 3.2.2 of Part II;
“Resolutions”	means the Shareholder Resolutions and the Noteholder Resolution;
“RNS”	means the Regulatory News Service of the London Stock Exchange;
“Schroders”	means Schroder Investment Management Limited;
“Service Contract”	has the meaning given in paragraph 6.1 of Part II:
“Shareholder Resolutions”	means the three resolutions to be voted on at the General Meeting, each being a Shareholder Resolution;
“Shareholders”	means the holders of Ordinary Shares from time to time, each being a Shareholder;
“Share Incentive Scheme”	has the meaning given in paragraph 3.2.2 of Part II;
“Trefick”	means Trefick Limited; and
“Whitewash Resolution”	means Resolution 3 to be voted on at the General Meeting.

## NOTICE OF GENERAL MEETING

# Essenden PLC

(the “Company”)

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held at 11:00 a.m. on 7 May 2014 at Exchange House, Primrose Street, London, EC2A 2EG (the “**General Meeting**”) to consider and, if thought fit, to pass Resolutions 1 and 3 as ordinary resolutions and Resolution 2 as a special resolution. Resolution 3 will be taken on a poll in accordance with the requirements of the Panel. Only the Independent Shareholders, as described in the Circular, are entitled to vote on Resolution 3.

### **Resolution 1 Ordinary**

THAT, subject to and conditional upon (i) Resolutions 2 and 3, set out in this Notice of General Meeting, being passed and (ii) an amendment to the terms of the loan notes of the Company issued pursuant to an instrument dated 22 May 2009 (the “**Loan Notes**”) to insert a mandatory conversion clause requiring all of the Loan Notes to be converted into new shares in the Company being approved by an extraordinary resolution of the holders of Loan Notes (the “**Noteholders**”), in addition to any such existing authorities, the directors of the Company (the “**Directors**”) be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company in connection with the allotment and issue of up to 28,495,000 Shares of 1 pence each in the capital of the Company, such authority to expire on 30 September 2014 (save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted after such expiry and the directors of the Company may allot shares pursuant to any such offer or agreement as if the authority had not expired).

### **Resolution 2 Special**

THAT, subject to and conditional upon Resolutions 1 and 3, set out in this Notice of General Meeting, being passed, in addition to any such existing authorities, the Directors of the Company be and are hereby empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) pursuant to the authority conferred by Resolution 1 above as if section 561(1) of that Act did not apply to any such allotment, provided that, unless previous revoked, varied or renewed, this power shall expire on the expiry of the authority conferred by Resolution 1 above, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

### **Resolution 3 Ordinary**

THAT, subject to and conditional upon Resolutions 1 and 2 set, out in this Notice of General Meeting being passed, that the waiver granted by the Panel on Takeovers and Mergers of the obligation, which may otherwise arise pursuant to Rule 9 of the City Code on Takeovers and Mergers, for Harwood Capital LLP and its concert parties (funds managed by Harwood Capital LLP: North Atlantic Smaller Companies Investment Trust Plc and Oryx International Growth Fund Limited) to make a general offer to the shareholders of the Company for all of the issued ordinary share capital of the Company as a result of the Conversion Proposals, as more fully described in the Circular, be and is hereby approved.

### **BY ORDER OF THE BOARD**

Richard Darwin  
*Company Secretary*

14 April 2014

### **REGISTERED OFFICE**

3rd floor 2 & 4 St. Georges Road, Wimbledon,  
London, SW19 4DP

Registered in England & Wales No. 6838368

Notes:

1. Any member entitled to attend, speak and vote at the General Meeting is entitled to appoint a proxy to attend, speak and to vote instead of him. A proxy need not be a member of the Company but must attend the General Meeting to represent you. A form of proxy is enclosed for your use (the "**Form of Proxy**"). You can only appoint a proxy using the procedures set out in these notes and on the Form of Proxy. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. To change your proxy instructions, submit a new proxy appointment before the cut-off time set out in Note 2 below. If you submit more than one valid proxy appointment, the appointment that will take precedence is the appointment last sent or, if this cannot be determined by the Company, last received, in accordance with Article 73 of the Company's Articles of Association.
2. To be valid, Forms of Proxy together with, if appropriate, the powers of attorney or other authority, if any, under which they are signed, or a notarially certified copy thereof should be sent to the offices of the company's registrars: Capita Asset Services, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, so as to arrive not later than 11:00 a.m. on 2 May 2014. Completion and return of a Form of Proxy will not preclude a member from attending and voting at the meeting should he/she wish to do so.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank proxy form. You may not appoint more than one proxy to exercise rights attached to any one share.
4. Copies of the following documentation will be available for inspection at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and bank holidays excepted) and will be produced and be available for inspection for 15 minutes prior to and during the General Meeting.
  - 4.1 copies of all contracts of service where under directors of the company are employed by the Company or any subsidiary and non-executive directors' terms of appointment;
  - 4.2 the memorandum and articles of association of the Company; and
  - 4.3 copies of the audited accounts of the Company and its subsidiaries for the last two financial years (if applicable).
5. To have the right to attend and vote at the General Meeting (and also for the purposes of calculating how many votes a person may cast) a person must have his/her name entered on the register of ordinary shareholders of the company at 6:00 p.m. on 2 May 2014. Changes to the entries on the register after this time shall be disregarded in determining the rights of any person to attend or vote at the General Meeting.
6. Resolution 3 will be taken on a poll in accordance with the requirements of the Panel on Takeovers and Mergers. Harwood Capital LLP and its concert parties will not be entitled to vote on the resolution.

