



**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document or the action you should take, you should consult immediately your stockbroker, bank manager, solicitor, accountant or other financial adviser, authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or otherwise transferred all of your Shares in Picton Property Income Limited, please send this document and Form of Proxy, as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

## **PICTON PROPERTY INCOME LIMITED**

(Company No. 43673)

### **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Eleventh Annual General Meeting of the Company will be held at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands on 30 November 2016 at 12.15pm for the transaction of the following business.

Resolutions 1 to 10 will be proposed as ordinary resolutions. For each of these Resolutions to be passed, more than half of the votes cast must be in favour of the Resolution. Resolutions 11 and 12 will be proposed as an extraordinary resolution and a special resolution respectively, for these Resolutions to be passed, at least three-quarters of the votes cast must be in favour of the Resolutions.

**The Board recommends that you vote in favour of Resolutions 1 to 12 inclusive.**

#### **Resolution**

#### **Ordinary Business**

Ordinary Resolution 1 To receive the Annual Report and Consolidated Financial Statements of the Company for the year ended 31 March 2016.



- Ordinary Resolution 2 To re-elect KPMG Channel Islands Limited as Auditor of the Company until the conclusion of the next Annual General Meeting.
- Ordinary Resolution 3 To authorise the Board of Directors to determine the Auditor's remuneration.
- Ordinary Resolution 4 To re-elect Vic Holmes as a Director of the Company.
- Ordinary Resolution 5 To re-elect Roger Lewis as a Director of the Company.
- Ordinary Resolution 6 To re-elect Robert Sinclair as a Director of the Company.
- Ordinary Resolution 7 To re-elect Nicholas Thompson as Director of the Company.
- Ordinary Resolution 8 To receive and adopt the Directors' Remuneration Report for the year ended 31 March 2016.
- Ordinary Resolution 9 That:
- (1) the rules of Picton Property Income Limited 2016 Long Incentive Plan in the form produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification (the "Plan"), the principal terms of which are summarised in Appendix 1 to this Notice of Meeting, be and are hereby approved and the Directors of the Company be and are hereby authorised to adopt the Plan and do all acts and things which they may, in their discretion, consider necessary or expedient to give effect to the Plan; and
  - (2) the Directors of the Company be and are hereby authorised to adopt further plans based on the Plan but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against any limits on individual or overall participation in the Plan.

### Special Business

Ordinary Resolution 10 To renew the authority of the Company, in accordance with Section 315 of The Companies (Guernsey) Law, 2008 (as amended) ("the Law"), to make market acquisitions (within the meaning of Section 316 of the Law) of the Ordinary Shares of No Par Value in the share capital of the Company ("the Ordinary Shares") provided that:-

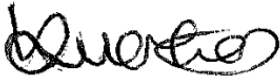
- (1) the maximum number of Ordinary Shares hereby authorised to be acquired shall be 14.99 per cent of the issued Ordinary Shares on the date on which this resolution is passed;
- (2) the minimum price which may be paid for an Ordinary Share shall be 1p;
- (3) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be an amount equal to the higher of 105 per cent of the average of the middle market quotations (as derived from the Daily Official List) for the Ordinary Shares for the five business days immediately preceding the date of purchase or the higher of such price of the last independent trade and the highest current independent bid at the time of purchase; and
- (4) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2017, save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares under such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

Extraordinary Resolution 11 To empower the Directors of the Company to disapply the right of shareholders to receive a pre-emptive offer of new Ordinary Shares pursuant to Article 4.17 of the Articles of Incorporation provided that this power shall be limited to the issue of up to 54,005,366 Ordinary Shares (being equal to 10 per cent of the Ordinary Shares in issue as at the date of this Notice) and shall expire (unless previously renewed, varied or revoked by the Company in a general meeting) at the end of the Annual General Meeting of the Company held in 2017, or, if earlier, the date falling 15 months after the date of this Resolution, but during this period the Company may make offers, and enter into agreements, which would, or might, require Ordinary Shares to be issued (and treasury shares to be sold) after the power given to the Board pursuant

to this Resolution ends and the Board may issue Ordinary Shares (and sell treasury shares) under any such offer or agreement as if the power had not ended.

Special Resolution 12 To approve the amendments (the "Proposed Amendments") to the articles of incorporation of the Company (the "New Articles") pursuant to changes to The Companies (Guernsey) Law, 2008 and the coming into force of The Companies (Guernsey) Law, 2008 (Amendment) Ordinance, 2015, on 3 September 2015 as set out in Appendix 2.

**BY ORDER OF THE BOARD**



For and on behalf of

**Northern Trust International Fund Administration**

**Services (Guernsey) Limited**

Secretary

31 October 2016

A member of a company is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the company. 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. A proxy need not also be a member of the company. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. The requisite form is attached hereto and must be lodged with the Company's Registrars at: The Pavilions, Bridgwater Road, Bristol, BS99 6ZY at least 48 hours before the time of the Meeting.

## APPENDIX 1

The terms of the Picton Property Income Limited 2016 Long Term Incentive Plan (the "**Plan**") are summarised below.

### **Operation**

The Plan will be administered by the board of directors of the Company or by any duly authorised committee of it (the "**Board**"), and decisions in relation to any participation in the Plan by the group's senior management will always be taken by the Company's remuneration committee. Any employee of the group is eligible to participate at the Board's discretion.

### **Grant of awards**

Awards may be granted by the Board as conditional awards of, or nil-cost options over, ordinary shares in the Company ("**Shares**") or cash-based awards relating to a number of "notional" Shares.

Awards can only be granted in the six weeks following the day on which:

- the Plan is approved by shareholders;
- the Company announces its results for any period;
- a restriction on the grant of awards is lifted; or
- the Board determines that exceptional circumstances exist which justify the grant of awards.

Awards are not transferable except on death and will not form part of pensionable earnings.

### **Performance conditions**

Unless the Board determines otherwise, the vesting of awards will be subject to the satisfaction of performance conditions and the period over which any performance condition will be assessed will not normally be less than three years.

Any performance condition may be amended or substituted if one or more events occur which cause the Board to consider that an amended or substituted performance condition would be more appropriate and would not be materially less difficult to satisfy.

Initial LTIP awards (to be granted following the 2016 AGM) will vest for all participants following completion of the initial three year performance period subject to continued employment other than in



the specific leaver circumstances (outlined below) and subject to satisfaction of the following performance conditions, all assessed over a three-year performance period to 31 March 2019:

<b>Proportion of the award</b>	<b>Performance condition</b>	<b>Vesting schedule</b>
<b>One-third</b>	Total Shareholder Return (TSR) compared to constituents of a comparator group of companies of a similar profile to Picton, excluding Picton.	25 percent if Picton's TSR exceeds that of the median ranked company increasing to 100 percent if TSR is equal to the upper quartile ranked company. Vesting of this proportion of the award will only occur where Picton achieves a positive TSR over the performance period.
<b>One-third</b>	Total Property Return (TPR) compared to the constituents of the IPD Quarterly Benchmark.	25 percent if Picton's TPR exceeds that of the median ranked fund increasing to 100 percent if equal to the upper quartile ranked fund.
<b>One-third</b>	Growth in EPRA EPS.	25 percent if Picton's EPS growth is 3 percent p.a. increasing to 100 percent for growth of 9 percent p.a.

Any LTIP vesting will also be subject to the remuneration committee confirming that, in its assessment, the vesting outturn was achieved within an acceptable risk profile.

### **Individual limit**

Awards will not be granted to a participant under the Plan in respect of any financial year of the Company over Shares with a market value (as determined by the Board) in excess of 150 percent of salary. Initial awards will not be granted in excess of 125 percent of salary. Subsequent awards will be determined by the Board as part of the annual review process.

### **Overall limits**

In any ten year period, the number of Shares which may be issued under the Plan and any other employee share plan adopted by the Company may not exceed 10 percent of the issued ordinary share capital of the Company from time to time.

In addition, in any ten year period, the number of Shares which may be issued under the Plan and any other discretionary employee share plan adopted by the Company may not exceed 5 percent of the issued ordinary share capital of the Company from time to time.



Treasury Shares will be treated as newly issued for the purpose of these limits until such time as guidelines published by institutional investor representative bodies determine otherwise.

### **Vesting, release and exercise of awards**

Awards subject to performance conditions will normally vest as soon as reasonably practicable after the end of the performance period (or on such later date as the Board determines) to the extent that the performance conditions have been satisfied. Awards not subject to performance conditions will normally vest on the third anniversary of grant (or such other date as the Board determines).

In addition, whilst the Board is not currently required to impose an additional holding period, the rules of the Plan provide that should it become appropriate to do so, the Board may determine that a vested award is also subject to an additional "holding period" (a "**Holding Period**") during which Shares subject to an award will not be delivered to participants and at the end of which awards will be "released" (i.e. participants will be entitled to receive their Shares under their awards).

If any Holding Period is imposed by the Board, the Board will determine the length of the Holding Period.

Nil-cost options will then normally be exercisable until the tenth anniversary of the grant date. At any time before the point at which an award has been released, or a nil-cost option has been exercised, the Board may decide to pay a participant a cash amount equal to the value of the Shares they would have otherwise received.

### **Dividend equivalent payments**

The Board may decide to award dividend equivalent payments in respect of the Shares that vest under awards in respect of dividends paid in the period between grant and vesting (or, where relevant, release). Dividend equivalents may be paid in Shares or cash and may assume the reinvestment of the dividends in Shares.



### **Cessation of employment**

Awards will usually lapse on the individual's cessation of office or employment with the Group except where cessation is as a result of the individual's death, ill health, injury or disability, where the participant's employer is no longer a member of the Group, or for any other reason that the Board determines, except where a participant is summarily dismissed ("**Good Leavers**").

If a participant dies, an unvested award will, unless the Board determines otherwise, vest and be released at the time of the participant's death to the extent that the Board determines. The Board will take into account the satisfaction of any performance condition and, unless it determines otherwise, the proportion of the period of time that has elapsed to the date of death. A participant's personal representatives will normally have 12 months from the participant's death to exercise any vested and released nil-cost options.

Unvested awards held by other Good Leavers will usually continue until the normal release date, unless the Board determines that the award will vest (if applicable) and be released as soon as reasonably practicable following the date of cessation. Nil-cost options will normally be exercisable for six months. The Board will take into account the satisfaction of any performance condition and, unless it determines otherwise, the proportion of the period of time that has elapsed up until the date of cessation.

If a participant ceases to be an officer or employee of the Group during a Holding Period, his award will normally be released at the end of the Holding Period, unless the Board determines that it should be released as soon as reasonably practicable following his cessation of office or employment. However, if a participant is summarily dismissed during a Holding Period, his award will lapse immediately.

Nil-cost options will normally be exercisable for six months after release.

If a participant ceases to be an officer or employee of the Group whilst holding a vested nil-cost option which is not (or is no longer) subject to a Holding Period, he will normally have six months from his cessation of office or employment to exercise that nil-cost option, unless he is summarily dismissed, in which case his nil-cost option will lapse immediately.

### **Reduction of awards and clawback**

If there is a material misstatement of the Company's audited financial results, an error in assessing a performance condition applicable to the award or in the information or assumptions on which the award was granted or is released, a material failure of risk management, or material misconduct on the part of the Participant, the Board may:

- reduce awards (to zero if appropriate) or impose additional conditions on the awards at any time prior to the earlier of the delivery of cash and/or Shares in satisfaction of an award and the fifth anniversary of the grant date; and/or
- require that the participant has to either return some or all of the Shares acquired under his award or make a cash payment to the Company in respect of the Shares delivered) up to the fifth anniversary of the grant date.

### **Corporate events**

In the event of a change of control of the Company, unvested awards will vest to the extent determined by the Board, taking into account the extent to which any performance condition has been satisfied and, unless the Board determines otherwise, the proportion of the period of time that has elapsed at the date of the relevant event. Awards to the extent vested will then be released.

Alternatively, the Board may permit awards to be exchanged for shares in the acquiring company. If the change of control is an internal reorganisation of the Group or if the Board so decides, participants will be required to exchange their awards (rather than awards vesting/being released as part of the transaction).

If other corporate events occur such as a winding-up of the Company, demerger, delisting, special dividend or other event which, in the opinion of the Board, may affect the current or future value of Shares, the Board may determine that awards will vest taking into account the satisfaction of any performance condition and, unless the Board determines otherwise, the proportion of the period of time that has elapsed at the date of the relevant event.

### **Adjustment of awards**

The Board may adjust the number of Shares under an award or any performance condition applicable to an award in the event of a variation of the Company's share capital or any demerger, delisting,



special dividend or other event which, in the opinion of the Board, may affect the current or future value of Shares.

### **Amendments**

The Board may amend the Plan at any time. However, prior approval of the Company's shareholders will be required for amendments to the advantage of eligible employees or participants which relate to:

- eligibility
- limits
- the basis for determining a participant's entitlement to, and the terms of, Shares comprised in an award; and
- the impact of any variation of share capital

However, any minor amendment to benefit the administration of the Plan, to take account of legislative changes, or to obtain or maintain favourable tax, exchange control or regulatory treatment may be made by the Board without shareholder approval.

### **Satisfying awards and termination of Plan**

Awards may be satisfied using newly issued Shares, Shares held in treasury or Shares purchased in the market. Awards may not be granted under the Plan after the tenth anniversary of its approval by shareholders.

## APPENDIX 2

### **New Articles:**

It has come to the attention of the Board that a number of provisions under The Companies (Guernsey) Law, 2008 (the "**Companies Law**") have been amended in recent times. Furthermore, the coming into force of The Companies (Guernsey) Law, 2008 (Amendment) Ordinance, 2015, on 3 September 2015, has implemented further changes to the Law. Pursuant to the above, the articles of incorporation of the Company (the "**Articles**") are no longer aligned to current Law. The Board considers it appropriate that the Articles are amended to ensure they remain up to date with the current Law and the commercial requirements of the Company.

The Directors propose that the new form of Articles (the "**New Articles**") be adopted with immediate effect.

The key proposed changes are set out below (the "**Proposed Amendments**").

The resolution proposing the adoption of the New Articles will take the form of a Special Resolution, and accordingly will require three quarters of the votes cast to be in favour in order to be approved. A copy of the New Articles is available for Shareholders to inspect at the Company's registered office.

### **SUMMARY OF PROPOSED AMENDMENTS**

#### **1. Power of the Directors to Issue Shares**

This has been amended to reflect that there is no longer a distinction between the authorities to issue shares on a single or multi-class basis. The previous 5 year limit on an authority to issue shares is removed.

#### **2. Acquisition of own shares and treasury shares**

The power of the Company to acquire its own shares and hold them in treasury has been amended in accordance with the Companies (Treasury Shares) Regulations 2016. The previous 10 percent limit in treasury shares is removed and a company's maximum holding in treasury shares must now not exceed 100 percent of the total number of issued shares in any class, provided that at least one non-redeemable share in the company is held by a person other than the company in question.

**3. Variation of Class Rights**

The amendments bring the articles into alignment with the requirements for a quorum for a variation of class rights meeting per section 232(3)(c) of the Law.

**4. Provision of Information and Documentation**

This article grants powers to the Company to disclose information and documentation or make declarations in relation to members' direct or indirect shareholdings in the company under FATCA/CRS or similar intergovernmental arrangements.

**5. CREST**

Amendments have been made to reflect the adoption of the Uncertificated Securities (Guernsey) Regulations, 2009 (as amended) in Guernsey and to remove the wording relation to the CREST Guernsey requirements as a result.

**6. Votes of Members**

Makes changes to the powers and appointment of proxies and in particular the method of communication and delivery of any proxies. Electronic means is now an included and permitted method of communication and relevant timeframes for electronic communications are now included to allow the Company greater flexibility in its timelines and methods of communication with its members.

**7. Directors' Interests**

Where the Company's articles have historically made reference to the monetary value of a directors' interest in a transaction the wording of the article has been amended to reflect that this is no longer a requirement under the Law. Any such references to the monetary value of any directors' interests in a transaction are removed. The circumstances whereby a director may or may not be counted in the quorum is also updated to reflect the current provisions of the Law.

**8. Retirement and removal of directors**

This section has received minor updates to reflect current Law.

#### **9. Secretary**

The appointment and duties of the secretary (if any) are amended to reflect that the duties are those as set out in any agreement between the company and its secretary.

#### **10. Dividends and Distributions**

This Article is modified in alignment with the powers of the company to pay a dividend or make a distribution subject to satisfying the solvency test in accordance with the Law and to remove previous restrictions. The former references to the requirements of CREST are also removed.

#### **11. Record Dates**

We have included provisions in respect of record dates to provide clarity in determining those members entitled to vote at meetings.

#### **12. Notices**

This section has been updated to allow for notices to be transmitted to Members by electronic means and to a Relevant Electronic Address and to reflect the new "postal rules" whereby documents sent by post would be deemed to be received on the second (formerly third) working day after the day of posting for documents sent to an address in the UK, the Channel Islands or the Isle of Man. In the case of a document sent elsewhere by post, deemed receipt is on the third (formerly the seventh) working day after the day of posting. Deemed service of a document sent by Electronic Means would be immediately after it was transmitted unless the contrary is shown.