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If you have sold or otherwise transferred all of your shares in the Law Debenture Corporation p.l.c. you should immediately send this document, together with the accompanying form of proxy, to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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## **THE LAW DEBENTURE CORPORATION P.L.C.**

(Incorporated in England and Wales with Registered Number 30397)

*Directors:*

Robert Hingley (Chairman, Non-Executive Director)  
Denis Jackson (Chief Executive Officer)  
Katie Thorpe (Chief Financial Officer)  
Robert Laing (Non-Executive Director)  
Mark Bridgeman (Non-Executive Director)  
Tim Bond (Non-Executive Director)  
Claire Finn (Non-Executive Director)

*Registered office:*

100 Wood Street  
London  
EC2V 7EX

16 March 2020

Dear Sir or Madam

### **Chairman's Letter to Shareholders and Notice of an Extraordinary General Meeting to consider the introduction of a new Long-Term Incentive Plan for Executive Directors and senior employees**

As noted in the Annual Remuneration Report contained in the Company's Annual Report and Financial Statements for the year ended 31 December 2019 (the "Annual Report"), the Company is seeking approval of a revised Remuneration Policy at its Annual General Meeting in 2020 (the "AGM").

In conjunction with the approval of the proposed new Remuneration Policy for Executive Directors (which is being sought at the AGM), the Company is proposing to introduce a new Long-Term Incentive Plan for Executive Directors and senior employees (the "LTIP"). The Listing Rules for a premium listed company require the Company to seek separate approval from shareholders to adopt the LTIP.

The Company is therefore convening an Extraordinary General Meeting (the "Meeting") on 7 April 2020 at the Pewterer's Hall, Oat Lane, London EC2V 7DE at 11.30 am (or as soon thereafter as the AGM convened for 11.00 am on the same day at the same place shall have been completed or adjourned). The notice of the Meeting (the "Notice") is included on page 2 of this document.

The resolution set out in the Notice seeks approval of the Law Debenture Corporation p.l.c. LTIP, the principal terms of which are set out in Appendix 1 of this document. The resolution to be considered will, if passed, provide approval of the LTIP and authorise the Directors to take any action which they may consider necessary or desirable to implement and operate the LTIP and make changes thereto as described in the resolution.

In the opinion of the Board, the resolution to be proposed at the Meeting is in the best interests of the Company and its shareholders as a whole and is likely to promote the success of the Company. Accordingly, the Directors unanimously recommend that shareholders vote in favour of the resolution.

Yours faithfully

**Robert Hingley**  
Chairman

# The Law Debenture Corporation p.l.c

## Notice of an Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of the members of The Law Debenture Corporation p.l.c. (the "Company") (the "Meeting") will be held on 7 April 2020 at 11.30 am (or as soon thereafter as the Annual General Meeting convened for 11.00 am on the same day at the same place shall have been completed or adjourned) at the Pewterer's Hall, Oat Lane, London EC2V 7DE to consider, and if thought fit, to pass the following resolution as an ordinary resolution:

1. THAT the Company's Long-Term Incentive Plan (the "LTIP"), the principal terms of which are summarised in Appendix 1 to this Notice of Meeting and the rules of which are produced at the Meeting, and for the purposes of identification initialled by the Chairman, be and is hereby approved and adopted by the Company and that the Directors be and are hereby authorised to:
  - a) take any action which they may consider necessary or desirable to implement and operate the LTIP; and
  - b) establish schedules to, or further plans based on the LTIP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such schedules or further plans are treated as counting against the limits on individual and overall participation in the LTIP.

By order of the Board

**Law Debenture Corporate Services Limited**

Secretary

16 March 2020

Registered Number: 30397

Registered Office: Fifth Floor, 100 Wood Street, London EC2V 7EX

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### Notes:

1. A member who holds ordinary shares on the register of members and is entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote in his or her place (or in the case of a corporation, to appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member). A proxy need not be a member of the Company. Proxy rights do not apply to nominated persons although the nominated person may have a right under an agreement with the registered member to appoint a proxy. In addition to instructing a proxy to vote for or against a resolution, the form enables shareholders to instruct a 'vote withheld' if preferred. A vote withheld is not a vote in law and will not be counted in the calculation of votes. It may be used, for example, to convey a message of dissatisfaction on a particular issue, where the strength of feeling is not so great as to oppose the resolution, but supporting it is not appropriate either.
2. Shareholders who hold shares on the register of members (as opposed to holding them in a nominee) will find enclosed a form of proxy for use at the Meeting. To be valid, forms of proxy must be lodged electronically by accessing [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) or by post at the office of the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. CREST members can register votes electronically by using the service provided by Euroclear. Proxies must be received not less than 48 hours before the time appointed for the holding of the Meeting. This is also the voting record date by which a person must be entered on the register in order to have a right to attend and vote at the Meeting. Lodgement of a form of proxy will not prevent a member from attending and voting in person.
3. The register of Directors' interests and the rules of the LTIP will be available for inspection at the registered office of the Company during normal business hours until the conclusion of the Meeting and at the place of the Meeting for at least 15 minutes prior to and during the Meeting. No Director has a service contract with the Company of more than one year's duration.

**Meeting notice requirements**

The Company is required under the Companies Act 2006 (the “Act”) to make a number of additional disclosures as follows. The Company’s website – [www.lawdebenture.com/investment-trust/investor-information/corporate-governance](http://www.lawdebenture.com/investment-trust/investor-information/corporate-governance)– contains a copy of this notice, which includes the current total voting rights, as set out below. Any shareholder statements, resolutions and matters of business connected with the Meeting received after publication of this notice will be published on the website subject to compliance by the submitting party with the Act. At the Meeting the Company will cause to be answered any question relating to the business being dealt with at the Meeting put by a shareholder in attendance.

**Total voting rights and share information**

The Company has an issued share capital at 13 March 2020 of 118,433,786 ordinary shares with voting rights and no restrictions and no special rights with regard to control of the Company. There are no other classes of share capital and none of the Company’s issued shares are held in treasury. Therefore the total number of voting rights in The Law Debenture Corporation p.l.c. is 118,433,786.

## Appendix 1

### Summary of the principal terms of the Law Debenture Corporation p.l.c. Long-Term Incentive Plan (the “LTIP”)

ELEMENT	KEY TERM
<b>General</b>	<p>The LTIP is a discretionary executive share plan and is intended to be operated for selected Executive Directors and senior employees of The Law Debenture Corporation p.l.c. (the “Company”) and its subsidiaries (the “Group”).</p> <p>Under the LTIP, awards are granted over ordinary shares of the Company (the “Shares”) and vesting is normally subject to the achievement of targeted performance conditions over three years and continued employment. An additional two-year holding period will apply to awards for Executive Directors post the performance period. Awards granted under the LTIP are personal to the relevant participant; are not normally transferable (except in the event of death of the award holder); and are not pensionable. The operation of the LTIP will be overseen by the Board of Directors of the Company or by a duly authorised committee, normally the Remuneration Committee (the “Board”). The Board has absolute discretion to decide whether the LTIP shall be operated for any particular financial year, the identity of any participant and the terms of their participation. Decisions of the Board are final and conclusive in all respects.</p>
<b>Eligibility</b>	Any employee (including any Executive Directors) of the Group at the date of grant is eligible for selection to participate in the LTIP at the discretion of the Board.
<b>Grants of awards</b>	<p>LTIP awards may only be granted during the 42 days beginning on: (i) the date of shareholder approval of the LTIP; (ii) the day after the announcement of the Company’s results for any period; (iii) any day on which the Board determines that circumstances are sufficiently exceptional to justify the grant of the Share award at that time; or (iv) the day after the lifting of any dealing restrictions.</p> <p>Awards may be granted for up to 10 years from the date of approval of the LTIP by the Company’s shareholders and may be in the form of an option over Shares (the “Option”) or a conditional right to acquire Shares (the “Conditional Share Award”). No consideration is payable by participants to receive an award and participants will make nil (or a nominal) payment for the release of Shares or exercise of an Option under the award, as determined by the Board.</p>
<b>Individual limits</b>	<p>The Board may grant LTIP awards over Shares to eligible employees with a maximum total market value in any financial year of up to 100% of the relevant individual’s annual salary which may be the higher of (i) the annual rate of basic salary in force at grant; or (ii) the basic salary paid in the year up to grant. The number of Shares over which awards are granted is based on the average market price of the Shares on the five days immediately preceding the date of grant or, if the Board determines, the market value of the Shares on the day prior to the date of grant.</p> <p>This individual limit does not apply to buy-out awards in respect of a new employee.</p>
<b>Dilution limits</b>	<p>The LTIP may operate over new issue Shares, treasury Shares or Shares purchased in the market.</p> <p>In any rolling 10 year period (i) not more than 10% of the Company’s issued ordinary share capital may be issued under the LTIP and under any other employees’ share scheme operated by the Company; and (ii) not more than 5% of the Company’s issued ordinary share capital may be issued under the LTIP and under any other executive share scheme adopted by the Company. Shares issued out of treasury under the LTIP will count towards these limits for so long as this is required under institutional shareholder guidelines. In addition, awards which are renounced, or lapse shall be disregarded for the purposes of these limits.</p>
<b>Performance conditions</b>	<p>The Board will normally only permit LTIP awards to vest if any applicable performance conditions set when the LTIP award is granted have been satisfied on the relevant vesting date. Where performance conditions are specified for LTIP awards, the underlying measurement period for such conditions will ordinarily be three years. LTIP awards for Executive Directors of the Company will normally be subject to performance conditions over a three-year period.</p> <p>The Board may vary, waive or substitute any applicable performance conditions as it considers appropriate provided that the Board considers that the new performance conditions are reasonable and are not materially less difficult to satisfy than the original conditions (except in the case of waiver). The Board may also impose other conditions on the vesting of awards. LTIP awards will (except in limited circumstances) lapse to the extent that an applicable performance condition is not satisfied at the end of the performance period.</p>
<b>Vesting conditions</b>	<p>The vesting of LTIP awards and the extent to which they vest is subject to the satisfaction of any applicable performance conditions and any other condition imposed by the Board. The Board has discretion to adjust the level of vesting upwards or downwards from the level achieved under the performance conditions.</p> <p>The release and exercise of LTIP awards is conditional upon the award holder paying any applicable employment taxes, NIC or social security due.</p>
<b>Vesting and exercise</b>	LTIP awards will normally vest, and Options will normally become exercisable, on the third anniversary of the date of grant subject to the satisfaction of applicable performance conditions and to the extent permitted following any operation of malus and clawback. However, if there are any dealing restrictions in place at that time, normal vesting may be delayed until the dealing restrictions have been lifted. Options will normally remain exercisable for a period determined by the Board at grant which cannot exceed 10 years from grant.

ELEMENT	KEY TERM
<b>Holding period</b>	<p>The Board can determine at grant to apply a two-year holding period to some or all of the vested LTIP awards. The holding period will run for two years from the vesting date of the LTIP award, which is normally three years from the date of grant. LTIP awards for Executive Directors of the Company will have a two-year holding period.</p> <p>The holding period continues after employment ceases but can end early in the case of certain corporate events; death of a participant; or at the discretion of the Board.</p>
<b>Dividend equivalents</b>	<p>The Board may decide that LTIP awards will include a payment (which will be delivered in additional Shares for Executive Directors and may be delivered in additional Shares or cash for other participants) equal in value to any dividends that would have been paid on the Shares which vest under an LTIP award by reference to the period between the time when the relevant award was granted and the time when the relevant award vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie, at the discretion of the Board. The Board has discretion to choose the method used to calculate the value of dividends.</p>
<b>Cessation of employment</b>	<p>LTIP awards will normally lapse in the event that a participant ceases to be an employee of or to hold office with the Group except in “good leaver” circumstances.</p> <p>“Good leaver” reasons include death, injury, ill-health, disability, redundancy, retirement with the agreement of the employer, sale or transfer of the participant’s employing company or business out of the Group, or in other circumstances at the discretion of the Board.</p> <p>For “good leavers”, unvested LTIP awards will normally vest on the normal vesting date subject to time pro-rating up to the vesting date (unless the Board determines otherwise) and subject to any performance targets and/or other conditions imposed.</p> <p>The Board can alternatively decide for “good leavers” that their LTIP awards will vest early when they leave. The extent to which an LTIP award will vest in these situations will be determined by the Board at its absolute discretion taking into account, among other factors, the extent to which any applicable performance targets have been satisfied at the date of cessation of employment. In addition, unless the Board decides otherwise, vesting will be pro-rated to reflect the reduced period of time between the grant of the LTIP award and the participant’s cessation of employment as a proportion of the normal vesting period.</p> <p>To the extent that Options vest for a “good leaver” reason, they may be exercised for a period of six months following vesting (or such longer period as the Board determines). To the extent that Options vest following the death of a participant, they may normally be exercised for a period of 12 months following death (or such longer period as the Board determines).</p>
<b>Change of control and corporate events</b>	<p>Unvested LTIP awards will vest in the event of a takeover, scheme of arrangement or winding-up of the Company, with the level of vesting being determined by the Board which may take account of such factors as it considers relevant including, but not limited to, how long the LTIP award has been held by the participant and the performance target outcomes. To the extent that Options vest in such circumstances, the award holder will normally have 6 months from the date of the relevant event (or in the case of a takeover such longer period as the Board determines) within which to exercise his/her Options, which will otherwise lapse at the end of that period.</p> <p>In the event of a demerger, distribution or any other corporate event, the Board may determine whether or not LTIP awards vest and the extent of vesting which may take account of such factors as it considers relevant including, but not limited to, the period of time the LTIP award has been held by the participant and the performance target outcomes. The exercise period in respect of any Options that vest in such circumstances will be determined by the Board and unexercised Options held at the end of that period will lapse.</p> <p>If there is a corporate event resulting in a new person or company acquiring control of the Company, the Board may (with the consent of the acquiring company) decide that the LTIP awards will not vest or lapse but will be exchanged for equivalent new awards over shares in the acquiring company.</p> <p>Where LTIP awards vest on a change of control, the rules also permit the exchange of any part of an award which has not vested because of pro-rating.</p>
<b>Malus / Clawback</b>	<p>LTIP awards for Executive Directors will be subject to malus and clawback provisions and the Board may set malus and clawback provisions for other participants.</p> <p>The malus provisions contained in the LTIP rules provide that the Board may in certain defined circumstances (summarised below) reduce the number of Shares under an LTIP award before it vests.</p> <p>Under the clawback provisions contained in the LTIP rules, the Board may recover all or part of the amount vested or paid under an LTIP award if a clawback event occurs under the defined circumstances (summarised below) during the period of two years following the vesting date of the LTIP award. Clawback may be effected, among other means, by requiring the transfer of Shares, payment of cash or reduction of awards.</p> <p>The defined circumstances in which malus and clawback could apply are as follows:</p> <ul style="list-style-type: none"> <li>• discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company;</li> </ul>

ELEMENT	KEY TERM
<b>Malus / Clawback (continued)</b>	<ul style="list-style-type: none"> <li>the assessment of any vesting condition or condition in respect of an award under the LTIP was based on error, or inaccurate or misleading information;</li> <li>the discovery that any information used to determine the award was based on error, or inaccurate or misleading information;</li> <li>action or conduct of a participant which amounts to gross misconduct;</li> <li>events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant; or</li> <li>corporate failure.</li> </ul>
<b>Variation of Capital</b>	If there is a variation of share capital of the Company or in the event of a demerger or other distribution, special dividend or distribution, the Board may make such adjustments to LTIP awards, including the number of Shares subject to LTIP awards and the option exercise price (if any), as it considers to be fair and reasonable.
<b>Alternative settlement</b>	At its discretion, the Board may decide to satisfy LTIP awards with a payment in cash or Shares equal to any gain that a participant would have made had the relevant award been satisfied with Shares.
<b>Rights attaching to shares</b>	Shares issued and/or transferred under the LTIP will not confer any rights on any participant until the relevant LTIP award has vested or the relevant Option has been exercised and the participant in question has acquired the underlying shares. Any shares allotted when an Option is exercised or an LTIP award vests will rank equally with shares then in issue (except for rights arising by reference to a record date prior to their issue).
<b>Amendments</b>	<p>Amendments to the rules of the LTIP may be made at the discretion of the Board at any time. Prior shareholder approval is required for amendments to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits, the persons to whom an LTIP award can be granted, the basis for determining the entitlement to, and the terms of, awards under the LTIP, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the LTIP rule relating to such prior approval. However, shareholder approval is not required for an amendment which is of a minor nature to benefit the administration of the LTIP, or which is of a minor nature and necessary or desirable in order to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company or any Group company.</p> <p>No change to the material disadvantage of a participant can normally be made except as a result of a legal or regulatory requirement or where participants are notified of such amendment and the majority of participants approve such amendment.</p>
<b>Overseas plans</b>	The Board may, at any time, establish further plans based on the LTIP for overseas territories. Any such plans shall be similar to the LTIP but modified to take account of local tax, exchange control or securities laws. Any Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation in the LTIP.

### Supplementary information provided separate to the rules of the LTIP - Minimum shareholding requirements

Executive Directors of the Company have a minimum shareholding requirement of two times their gross basic salary and are required to retain 50% of the post-tax number of vested shares from the Company's incentive plans until the minimum shareholding requirement is met and maintained.

On cessation of employment, Executive Directors are required to retain their minimum shareholding requirement immediately prior to departure for two years. Where their actual shareholding at departure is below the minimum shareholding requirement, the Executive Director's actual shareholding is required to be retained on the same terms and for the same periods. In addition, an Employee Benefit Trust or nominee accounts will hold shares to enable the post cessation requirements to be operated.