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If you have sold or transferred all your Shares in Aurora Investment Trust plc (the “**Company**”), you should pass this document, together with the accompanying Form of Proxy, 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.

AURORA INVESTMENT TRUST PLC

(Incorporated in England and Wales with registered number 03300814 and registered as an investment company within the meaning of section 833 of the Companies Act 2006)

Recommended proposals in relation to changes to the Company’s investment policy and proposed related party transactions

and

Notice of General Meeting

Notice of a general meeting of the Company to be held at 4.45 p.m. on 28 September 2021 at the offices of Dickson Minto W.S., 13th Floor, Broadgate Tower, 20 Primrose Street, London EC2A 2EW (the “**General Meeting**”) is set out at the end of this document. The Proposals described in this document are conditional on Shareholder approval of the Resolutions at the General Meeting. All Shareholders are encouraged to vote in favour of the Resolutions to be proposed at the General Meeting and if the Shares are not held directly, to arrange for their nominee to vote on their behalf.

To be valid for use at the General Meeting, the accompanying Form of Proxy must be completed and returned in accordance with the instructions printed thereon to the Company’s Registrar, Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL or delivered by hand during office hours only to the same address as soon as possible, but in any event so as to be received no later than 48 hours (excluding non-working days) before the time of the General Meeting.

Alternatively, Shareholders who hold their Shares in uncertificated form (i.e. in CREST), may vote using the CREST electronic voting service in accordance with the procedure set out in the CREST Manual.

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EXPECTED TIMETABLE

	<i>2021</i>
Latest time and date for receipt of Forms of Proxy	4.45 p.m. on 24 September
General Meeting	4.45 p.m. on 28 September

PART 1

LETTER FROM THE CHAIRMAN

AURORA INVESTMENT TRUST PLC

(Incorporated in England and Wales with registered number 03300814 and registered as an investment company under section 833 of the Companies Act 2006)

Directors:

Lord Flight (*Chairman*)
The Honourable James Nelson
Lady Rachael Robathan
David Stevenson
Lucy Walker

Registered office:

1st Floor, Senator House
85 Queen Victoria Street
London EC4V 4AB

3 September 2021

Dear Shareholder

Introduction

In the Company's annual report and accounts to 31 December 2019 and 31 December 2020, the Investment Manager outlined its intention, subject to the relevant approvals, to transfer a proportion of the Company's holding in each of Dignity PLC, Hornby PLC and Phoenix SG Limited to The Castelnau Group, a company to be managed by the Company's investment manager Phoenix Asset Management Partners Limited (the "**Investment Manager**") in exchange for shares in Castelnau. Over the last 18 months, the Board, together with the Company's advisers, has carefully considered the Investment Manager's proposal.

Castelnau is being established to transform old economy businesses using modern techniques to create highly valuable long-term winners. It is intended that Castelnau will be floated in early October 2021. The Board has agreed terms with the Investment Manager for the sale of the Transfer Portfolio to Castelnau in return for an equity stake in Castelnau. The Company will be investing in Castelnau alongside other clients of the Investment Manager. Sir Peter Wood, the British entrepreneur and innovator, has also committed to making a cornerstone investment of £25 million in Castelnau.

In order for the Company to participate in the launch of Castelnau the Company requires, subject to Shareholder approval, to:

- (i) amend its investment policy to permit investments in Castelnau (as a fund managed by the Investment Manager);
- (ii) transfer to Castelnau certain of the Company's investments (the "**Transfer Portfolio**") in exchange for the issue to the Company of shares in the capital of Castelnau pursuant to the terms of a sale and purchase agreement between the Company, the Investment Manager and Castelnau; and
- (iii) amend the performance fee provisions contained in the investment management agreement between the Company and the Investment Manager (the "**Investment Management Agreement**") to exclude the Company's investment in Castelnau since Castelnau will pay a performance fee directly to Phoenix, together the "**Proposals**").

As further explained below, the transfer of the Transfer Portfolio by the Company to Castelnau in exchange for ordinary shares in Castelnau and the amendment of the Investment Management Agreement are related party transactions under Chapter 11 of the FCA's Listing Rules. Therefore, as required by the Listing Rules, the Related Party Transactions are conditional upon the approval by Independent Shareholders of Resolution 2 and Resolution 3 as set out in the notice of General Meeting on pages 26 to 28 of this document. The Investment Manager is not an Independent Shareholder and as such it will not vote on Resolution 2 or Resolution 3 and has agreed to take all reasonable steps to ensure that its associates do not vote on Resolution 2 or Resolution 3.

This document sets out details of the proposed (i) changes to the Company's investment policy; and (ii) Related Party Transactions and convenes a General Meeting to be held on 28 September 2021 to approve the New Investment Policy and the Related Party Transactions.

The Proposals

The Board considers that the Proposals are in the best interests of the Company and the Shareholders as a whole. The Proposals are subject to Shareholder approval at the General Meeting. Further details of the Proposals are set out below.

New Investment Policy

The Company's existing investment objective is to provide Shareholders with long-term returns through capital and income growth.

In order to implement the Proposals, the Board is proposing that the investment policy of the Company is revised to allow the Company to make investments in Castelnau, a fund managed by the Investment Manager. The Company's existing investment policy prohibits the Company from investing in other funds that are managed by the Investment Manager. It is therefore proposed in the New Investment Policy that Castelnau be the only fund managed by the Investment Manager that the Company may invest in.

To seek to ensure that the Company's portfolio continues to be diversified, the Board is proposing that a maximum of 15 per cent. of the Company's gross assets (measured at the time of investment) may be invested in Castelnau.

The Company's existing investment objective and policy and the New Investment Policy are set out in full in Part 2 of this document.

The Listing Rules require any proposed material changes to the Company's published investment policy to be submitted to the FCA for prior approval; the FCA has approved the New Investment Policy. The Listing Rules also require Shareholder approval prior to any material changes being made to the Company's published investment policy. This approval will be sought at the General Meeting by virtue of Resolution 1. Any future material changes to the New Investment Policy will also require the prior approval of Shareholders.

Castelnau Related Party Transaction

Background

Castelnau was incorporated with limited liability in Guernsey under the Guernsey Companies Law on 13 March 2020 as a closed-ended company limited by shares. Its investment objective is to compound shareholder's capital at a higher rate of return than the FTSE All Share Total Return Index over the long-term.

It is targeting an issue in excess of 182 million ordinary shares pursuant to the issue of the Consideration Shares under the Initial Portfolio Acquisition Agreements (including the Sale and Purchase Agreement) and the Castelnau Initial Issue (comprising an initial placing and an offer for subscription), and will invest the net proceeds in accordance with Castelnau's investment objective and policy.

The Company will be investing in Castelnau alongside other clients of the Investment Manager. Such clients of the Investment Manager, including the Company are expected to hold between 73.24 and 62.8 per cent. of Castelnau.

In addition, Sir Peter Wood, the British entrepreneur and innovator, has committed to make a cornerstone investment of £25 million in the Castelnau Initial Issue, via a newly formed investment vehicle ("SPWOne"). Sir Peter is a serial entrepreneur having founded seven companies in the UK, Europe and US and has a track record of founding, building and investing in disruptive businesses and brands, spanning nearly four decades.

Further information relating to Castelnau is set out in Part 3 of this document.

The Company, the Investment Manager and Castelnau have entered into a sale and purchase agreement pursuant to which the Company has agreed to direct the Investment Manager to procure the sale of interests in the Transfer Portfolio and Castelnau has agreed to purchase such interests in the Transfer

Portfolio on the terms and conditions of the Sale and Purchase Agreement. The Sale and Purchase Agreement is conditional on Shareholder approval of the Resolutions at the General Meeting. The transfer of the Transfer Portfolio will not take place unless Castelnau is admitted to the Specialist Funds Segment of the London Stock Exchange's main market.

The Company's transfer of assets to Castelnau in exchange for shares in Castelnau constitutes a related party transaction under the Listing Rules. Under LR 11.1.5(3)R, a related party transaction is a transaction or arrangement (other than a transaction in the ordinary course of business) between a listed company and any other person the purpose and effect of which is to benefit a related party. Castelnau is a fund that will be managed by the Company's Investment Manager. As a result of managing Castelnau, the Investment Manager may be paid a performance fee by Castelnau. Phoenix, the Company's investment manager, is a related party of the Company and will benefit from the Company's transaction with Castelnau through the establishment of the new fund. Therefore, the transfer of assets by the Company to Castelnau in exchange for shares in Castelnau constitutes a related party transaction under LR 11.1.7R.

Illustrative figures

As at 31 August 2021 the Transfer Portfolio had an aggregate value of approximately £26,670,000 being 1,926,745 shares in the capital of Dignity PLC, 16,015,759 shares in the capital of Hornby PLC and 1,852 shares in the capital of Phoenix SG Limited. This aggregate valuation has been calculated in accordance with the Company's normal accounting policies. Based on this valuation the Company's investment in Castelnau will represent 14.99 per cent. of the gross asset value of the Company as at 31 August 2021.

The number of shares in the capital of Castelnau to be issued and allotted to the Company are not known at the date of this document but will be calculated on the basis of the following formula:

A divided by B (with any fractional entitlements being rounded down to the nearest whole number)

Where:

A = the sum of C and D

B = the issue price of 100 pence per share in the capital of Castelnau

C = the market value of the aggregate holdings to be transferred in each of: (i) Dignity PLC; and (ii) Hornby PLC, in each case on the date falling two Business Days prior to admission of the shares in the capital of Castelnau to trading on the Specialist Fund Segment of the London Stock Exchange's main market for listed securities, to be calculated by reference to the average official closing price per fully paid ordinary share in the capital of each of Dignity PLC and Hornby PLC (as applicable) for the five calendar days ending on the date falling two Business Days prior to admission.

D = the market value of the holding to be transferred in Phoenix SG Limited calculated by reference to the valuation of such holding as at 31 August 2021.

As an illustrative example, if the number of shares in the capital of Castelnau to be issued and allotted to the Company had been based on the closing share price of Dignity and Hornby on 31 August 2021 (being the latest practicable date prior to the publication of this document) and the current valuation for Phoenix SG Limited as at 31 August 2021, this would have resulted in the issuance of 26,670,000 ordinary shares in the capital of Castelnau to the Company.

Fees payable to Phoenix by Castelnau

Under the terms of the investment management agreement between Castelnau and Phoenix, no annual management fee is payable to Phoenix but Phoenix is entitled to payment of a performance fee depending upon the performance of Castelnau's investments. Castelnau's performance will be measured over consecutive periods of not less than three years (each a "**Performance Period**"). The first Performance Period will run from initial admission of Castelnau's shares to the London Stock Exchange's main market for listed securities to 31 December 2024. If a performance fee is not payable at the end of the three years the Performance Period will be extended each year until a performance fee is payable, at which point the Performance Period will start again. The Performance Period will never be less than three years.

The performance fee is equal to one third of the outperformance of the net asset value total return (on an undiluted basis and excluding any accrual or payment of the performance fee) after adjustment to exclude the impact on the total return as a result of inflows and outflows (including tender payments and buybacks), with dividends reinvested, over the FTSE All Share Total Return Index, for each Performance Period (or, where no performance fee is payable in respect of a financial year, in the period since a performance fee was last payable). The net asset value total return is based on the weighted number, and net asset value, of the Castelnau ordinary shares in issue over the relevant Performance Period. There is no clawback of performance fees in the event of future under-performance.

Subject at all times to compliance with relevant regulatory and tax requirements, any performance fee payable shall be satisfied as to 100 per cent. of its value by the issuance of new ordinary shares by Castelnau to Phoenix (rounded down to the nearest whole number of ordinary shares) (including the reissue of treasury shares).

Phoenix may, from time to time, share performance fees with SPWOne pursuant to its strategic and advisory services arrangement with Phoenix.

Further details on Castelnau are set out in Part 3 of this document.

IMA Amendment Related Party Transaction

In light of the Proposals, the Board has agreed with the Investment Manager (subject to the passing of Resolution 3 at the General Meeting) that the Investment Management Agreement be amended as follows:

- (i) any performance of Castelnau should be excluded from the calculation of the performance fee payable by the Company to the Investment Manager as the Investment Manager will receive a performance fee from Castelnau in respect of the performance of the investments held by Castelnau; and
- (ii) if the Company would not have paid any performance fee if the Transfer Portfolio had not been sold to Castelnau then, at the Board's discretion, the Company shall be entitled to claw back all or part of any performance fee suffered indirectly by the Company through its involvement in Castelnau, using the claw back mechanisms within the Investment Management Agreement.

The Investment Manager is a related party of the Company and the amendment of the Investment Management Agreement constitutes a related party transaction for the purposes of LR11.1.5(1). As such, the Company will seek the approval of the Independent Shareholders for the amendment of the Investment Management Agreement.

Benefits of the Proposals

The Board believes that the key benefit of the Proposals is the potential for Shareholders to participate in a vehicle which will seek to transform old economy businesses using modern techniques to create highly valuable long-term winners.

Phoenix has an investment philosophy and approach that is inspired and influenced by some of the great investors such as Warren Buffett, Phil Fisher, Charlie Munger and John Maynard Keynes. These philosophies have been built into a "Phoenix approach", which the Investment Manager has continuously refined using the experience of application and analysis and learning.

The Investment Manager has turned the philosophical approach into a proprietary technical approach with tools such as DREAM (the evaluation handbook-based model at the heart of the Investment Manager's process) which have been applied to the investments managed by the Investment Manager and have helped to deliver long-term outperformance.

Building on the Phoenix team's experience of investing in private companies and companies where they have control or influence, and in particular in respect of what is now the Cambium Group, the Phoenix has built a "Castelnau Toolbox", essentially a way of standardising Phoenix's critical knowledge and techniques that can be applied to a specific type of investee company, which can be assessed and improved through application over time. At the heart of this is Phoenix's insight that there are businesses with a core franchise that are suffering from the changes going on in commercial life (such as the rise of

e-commerce), which, if they could embrace the best of modern techniques, this would allow these businesses to thrive and ultimately deliver value not recognised in their current valuations

Castelnau will provide a platform for the Transfer Portfolio to be aggregated with other shareholdings in the investee companies managed on behalf of other clients of the Investment Manager. By holding controlling stakes in these investee companies through Castelnau these investments are expected to develop more effectively than if they were to remain within the Company's portfolio as separate investments. Castelnau will be a permanent home for these controlling stakes in those businesses which will enable the Castelnau Toolbox to be applied with long-term decision making to deliver sustainable value. As an Aurora shareholder this move will allow you to see clearly the value which is added or not from this direct involvement in businesses. It will make assessing performance easier. For example, one of the most interesting activities going on inside the Transfer Portfolio right now is the turning of the world's most valuable stamp, and by weight the world's most valuable tangible asset, into a digital fractional ownership model with an exchange where we plan to add similar assets. That exchange alone may have considerable value. This value sits 80 per cent. with Castelnau and 20 per cent. with Stanley Gibbons, a Transfer Portfolio company.

Castelnau will also contain two "enabling" companies: Rawnet Limited, a digital marketing and software development agency, and Ocula Technologies Limited (previously incorporated as Intelabs Analytics Limited), a data science company. The tools and techniques being developed by these companies will provide insight and the capability to grow sales and profitability. Their work will be applied to the Transfer Portfolio as well as new investments within Castelnau to enhance their businesses and deliver value.

Ocula is an investment which is building techniques that the Investment Manager believes will be of value to many companies worldwide. The Investment Manager believes that, given the size of its market, if floated it could have significant value. The Investment Manager considers these "enabling" companies for what they believe they can do with them, but at the same time their valuer is an accelerator of the returns they believe they can make through Castelnau.

The Investment Manager has entered into non-binding heads of terms with SPWOne, an investment vehicle funded and wholly-owned and controlled by Sir Peter Wood, to establish a proposed 50/50 investment joint venture between Castelnau and SPWOne. Sir Peter is a serial entrepreneur having founded seven companies in the UK, Europe and US and has a track record of founding, building and investing in disruptive businesses and brands, spanning nearly four decades. Each of Castelnau and SPWOne have agreed to invest up to £75 million into the joint venture, with such funding to be invested on an "as required" basis. The joint venture would be structured through a new special purpose vehicle which would undertake investments in line with Castelnau's investment objective and investment policy.

The relationship with Sir Peter Wood and his team will also include their advice and input on the Transfer Portfolio as well as identifying new investment opportunities. Sir Peter has considerable expertise and track record in founding and transforming successful businesses throughout his career and this expertise will be applied to the holdings within Castelnau. The Investment Manager and Sir Peter Wood's team will work on sourcing investments and applying transformational strategies.

In summary Castelnau will seek to identify traditional businesses that are suffering from digitalisation of commerce and will apply a proprietary toolkit of methods with the aim of transforming them into valuable winners to generate shareholder value. It is the expectation that value creation may also be recognised through the flotation of minority positions in appropriate assets. Castelnau and Phoenix will target a net asset value total return of 10 to 15 percent above the FTSE All Share Total Return Index per annum and a minimum absolute net asset value total return of 20 per cent. per annum in respect of Castelnau.

David Stevenson, one of the directors of the Company, will sit on the board of Castelnau.

Although the shares in the capital of Castelnau are expected to be admitted to trading on the Specialist Fund Segment of London Stock Exchange plc's main market for listed securities, there can be no guarantee that a liquid market in the shares will exist or be maintained. Although the investment in Castelnau is expected to be a long term investment for the Company, the Company is not subject to any lock-in or any other restriction on its ability to sell its investment. Accordingly, if the Board determines that it is no longer in the best interests of the Company to remain invested in Castelnau, the Board would instruct the Investment Manager to dispose of the investment in an orderly manner as it could do for any investment in the portfolio. There is no guarantee that the Company will be able to realise its investment

in Castelnau at the quoted market price or at the prevailing net asset value per share, or at all, which may adversely affect the performance and returns of the Company.

General Meeting

The Proposals are subject to Shareholder approval. A notice convening the General Meeting which is to be held at the offices of Dickson Minto W.S., 13th Floor, Broadgate Tower, 20 Primrose Street, London EC2A 2EW on 28 September 2021 at 4.45 p.m. is set out at the end of this document. At this meeting three resolutions will be proposed.

Resolution 1

Resolution 1, if passed, will approve the adoption of the New Investment Policy to the exclusion of the Company's existing investment policy and will be proposed as an ordinary resolution that requires to be passed by a simple majority of votes cast at the General Meeting.

Resolution 2

Resolution 2, if passed, will approve the Castelnau Related Party Transaction. Resolution 2 is conditional on the passing of Resolution 1 and will be proposed as an ordinary resolution that requires to be passed by a simple majority of votes cast by Independent Shareholders at the General Meeting. The Investment Manager is not an Independent Shareholder and as such it will not vote on Resolution 2 and has agreed to take all reasonable steps to ensure that its associates do not vote on Resolution 2.

Resolution 3

Resolution 3, if passed, will approve the IMA Amendment Related Party Transaction. Resolution 3 is conditional on the passing of Resolution 1 and will be proposed as an ordinary resolution that requires to be passed by a simple majority of votes cast by Independent Shareholders at the General Meeting. The Investment Manager is not an Independent Shareholder and as such it will not vote on Resolution 3 and has agreed to take all reasonable steps to ensure that its associates do not vote on Resolution 3.

Action to be taken

A Form of Proxy for use at the General Meeting is enclosed with this document. Shareholders are requested to complete the Form of Proxy in accordance with the instructions printed thereon so as to be received by the Registrar as soon as possible but in any event by not later than 4.45 p.m. on 24 September 2021.

Recommendation

The Board, which has been so advised by Dickson Minto W.S. acting in its capacity as sponsor, considers that the Related Party Transactions are fair and reasonable so far as Shareholders are concerned. In providing this advice, Dickson Minto W.S. has taken into account the Board's commercial assessments.

The Board considers that the Proposals as set out in this document and the resolutions to be proposed at the General Meeting are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of all of the resolutions to be proposed at the General Meeting.

The Board intends to vote in favour, or procure votes in favour, of the Resolutions at the General Meeting in respect of the Directors' own beneficial holdings of Shares, which in aggregate amount to 123,383 Shares (representing approximately 0.16 per cent, of the issued Share capital (excluding Shares held in treasury) of the Company as at the date of this document).

Yours faithfully

Lord Flight
Chairman

PART 2

PROPOSED NEW INVESTMENT POLICY

The full text of the Company's current investment objective and policy and proposed new investment objective and policy are set out below.

Current investment objective

The Company's objective is to provide Shareholders with long-term returns through capital and income growth.

Current investment policy

The Company seeks to achieve its investment objective by investing predominantly in a portfolio of UK listed companies. The Company may from time to time also invest in companies listed outside the UK and unlisted securities. The investment policy is subject to the following restrictions, all of which are at the time of investment:

- The maximum permitted investment in companies listed outside the UK at cost price is 20% of the Company's gross assets.
- The maximum permitted investment in unlisted securities at cost price is 10% of the Company's gross assets.
- There are no pre-defined maximum or minimum sector exposure levels but these sector exposures are reported to and monitored by, the Board in order to ensure that adequate diversification is achieved.
- The Company's policy is not to invest more than 15% of its gross assets in any one underlying issuer.
- The Company may from time to time invest in other UK listed investment companies, but the Company will not invest more than 10% in aggregate of the gross assets of the Company in other listed closed-ended investment funds.
- The Company will not invest in any other fund managed by the Investment Manager.

Proposed investment objective

The Company's objective is to provide Shareholders with long-term returns through capital and income growth.

Proposed investment policy

The Company seeks to achieve its investment objective by investing predominantly in a portfolio of UK listed companies. The Company may from time to time also invest in companies listed outside the UK and unlisted securities. The investment policy is subject to the following restrictions, all of which are at the time of investment:

- The maximum permitted investment in companies listed outside the UK at cost price is 20% of the Company's gross assets.
- The maximum permitted investment in unlisted securities at cost price is 10% of the Company's gross assets.
- There are no pre-defined maximum or minimum sector exposure levels but these sector exposures are reported to and monitored by, the Board in order to ensure that adequate diversification is achieved.
- The Company's policy is not to invest more than 15% of its gross assets in any one underlying issuer (measured at the time of investment) including in respect of any indirect exposure through Castelnau Group Limited.
- The Company may from time to time invest in other UK listed investment companies, but the Company will not invest more than 10% in aggregate of the gross assets of the Company in other listed closed-ended investment funds.
- Save for Castelnau Group Limited, the Company will not invest in any other fund managed by the Investment Manager.

Current investment policy

While there is a comparable index for the purposes of measuring performance over material periods, no attention is paid to the composition of this index when constructing the portfolio and the composition of the portfolio is likely to vary substantially from that of the index. The portfolio will be relatively concentrated. The exact number of individual holdings will vary over time but typically the portfolio will consist of holdings in 15 to 20 companies. The Company may use derivatives and similar instruments for the purpose of capital preservation.

The Company does not currently intend to use gearing. However, if the Board did decide to utilise gearing the aggregate borrowings of the Company would be restricted to 30% of the aggregate of the paid up nominal capital plus the capital and revenue reserves.

Any material change to the investment policy of the Company will only be made with the approval of Shareholders at a general meeting. In the event of a breach of the Company's investment policy, the Directors will announce through a Regulatory Information Service the actions which will be taken to rectify the breach.

Proposed investment policy

While there is a comparable index for the purposes of measuring performance over material periods, no attention is paid to the composition of this index when constructing the portfolio and the composition of the portfolio is likely to vary substantially from that of the index. The portfolio will be relatively concentrated. The exact number of individual holdings will vary over time but typically the portfolio will consist of holdings in 15 to 20 companies. The Company may use derivatives and similar instruments for the purpose of capital preservation.

The Company does not currently intend to use gearing. However, if the Board did decide to utilise gearing the aggregate borrowings of the Company would be restricted to 30% of the aggregate of the paid up nominal capital plus the capital and revenue reserves.

Any material change to the investment policy of the Company will only be made with the approval of Shareholders at a general meeting. In the event of a breach of the Company's investment policy, the Directors will announce through a Regulatory Information Service the actions which will be taken to rectify the breach.

PART 3

CASTELNAU GROUP LIMITED

The information in this Part 3 has been provided by the Investment Manager.

Introduction

Castelnau was incorporated with limited liability in Guernsey under the Guernsey Companies Law on 13 March 2020 as a closed-ended company limited by shares. Castelnau's investment objective is to compound shareholder's capital at a higher rate of return than the FTSE All Share Total Return Index over the long-term.

Castelnau is targeting an issue in excess of 182 million ordinary shares pursuant to the issue of the Consideration Shares under the Initial Portfolio Acquisition Agreements (including the Sale and Purchase Agreement) and the Castelnau Initial Issue (comprising an initial placing and an offer for subscription), and will invest the net proceeds in accordance with Castelnau's investment objective and policy.

Sir Peter Wood, the British entrepreneur and innovator, has committed to make a cornerstone investment of £25 million in the Castelnau Initial Issue, via a newly formed investment vehicle ("**SPWOne**"). Sir Peter is a serial entrepreneur having founded seven companies in the UK, Europe and US and has a track record of founding, building and investing in disruptive businesses and brands, spanning nearly four decades.

As at the date of this document, Castelnau has made investments in two private UK companies, Rawnet Limited and Ocula Technologies Limited (together the "**Current Assets**"). In addition, Castelnau has entered into the Initial Portfolio Acquisition Agreements pursuant to the terms of which it will acquire, conditionally upon Initial Admission, the Target Assets in consideration for the issue of the Consideration Shares to the Vendors and Aurora.

Further information relating to the Castelnau Current Assets and the Castelnau Target Assets is set out below.

Castelnau has a majority independent Board of non-executive Directors and has engaged Phoenix Asset Management Partners Limited as their alternative investment fund manager to provide portfolio and risk management services to Castelnau. Subject to the overall supervision and control of the Castelnau directors, Phoenix will be responsible for the portfolio and risk management of Castelnau's assets.

Application will be made to the London Stock Exchange for all of the ordinary shares (issued and to be issued) to be admitted to trading on the Specialist Fund Segment of the London Stock Exchange's main market. It is expected that Initial Admission will become effective, and that dealings in the Castelnau ordinary shares will commence, at 8.00 a.m. on or around Monday 4 October 2021.

Phoenix expects the net proceeds of the Castelnau Initial Issue to be deployed within 12 months of Initial Admission.

Background to Castelnau

Phoenix has an investment philosophy and approach that is inspired and influenced by some of the great investors such as Warren Buffett, Phil Fisher, Charlie Munger and John Maynard Keynes. These philosophies have been built into a "Phoenix approach", which the Investment Manager has continuously refined using experience of application and analysis and learning. This has turned the philosophical approach into a proprietary technical approach with tools such as DREAM (the evaluation handbook-based model at the heart of the Investment Manager's process) which have been applied to the investments managed by the Investment Manager and have helped to deliver long term outperformance.

Building on the Phoenix team's experience of investing in private companies and companies where they have control or influence, and in particular in respect of what is now the Cambium Group, Phoenix has built a "Castelnau Toolbox", essentially a way of standardising Phoenix's critical knowledge and techniques that can be applied to a specific type of investee company, which can be assessed and improved through application over time. At the heart of this is Phoenix's insight that there are businesses

with a core franchise that are suffering from the changes going on in commercial life (such as the rise of e-commerce), which, if they could embrace the best of modern techniques, would allow these businesses to thrive and ultimately deliver value not recognised in their current valuations.

In addition, Castelnau will own businesses that are considered by Phoenix to be “enablers”, and which can be used to enable the business transformations of investee companies. These businesses are Rawnet Limited, a digital marketing and software development company, and Ocula Technologies Limited, a data science company. These are portfolio companies that will be able to build their capabilities with investee companies and then sell those capabilities externally. These companies could ultimately deliver value to Castelnau shareholders, both through the “enabling” process with investee companies and also through their own valuations as standalone businesses.

In summary, Castelnau has been established to apply modern techniques to traditional businesses, which it owns, controls and influences, with the intention of creating sustainable long-term value for Castelnau shareholders.

Castelnau’s investment objective and policy

Investment objective

Castelnau’s investment objective is to compound shareholders’ capital at a higher rate of return than the FTSE All Share Total Return Index over the long term.

Investment policy

In pursuit of the investment objective, Castelnau will seek to achieve a high rate of compound return over the long term by carefully selecting investments using a thorough and objective research process and paying a price which provides a material margin of safety against permanent loss of capital, but also a favourable range of outcomes.

Castelnau will follow a high conviction investment strategy. The expertise and processes developed by the Investment Manager can be applied to all parts of the capital structure of a business, both private and publicly quoted. These positions could be represented by a minority stake, a control position combined with operational involvement, full ownership of a company, a joint venture, a loan or convertible instrument, a short position or any other instrument which allows Castelnau to access value.

Castelnau may select investments from all asset classes, geographies and all parts of the capital structure of a business. Both private and public markets are within the scope of Castelnau’s investment policy. The constraints on the Investment Manager lie in the high standards, strict hurdles and diligent processes used to select investments. These constraints help to maximise returns by reducing mistakes, enforcing a margin of safety and only accepting investments with a favourable range of outcomes.

Castelnau expects to hold a concentrated portfolio of investments and it will not seek to reduce concentration risk through diversification. The opportunity set will dictate the number of holdings and the weighting of investments in the portfolio. The investments with the best return profiles will receive the largest weightings. Castelnau will therefore have no set diversification policies.

The volatility of market-to-market prices does not affect the investment process. It is likely that volatility in the market price of a listed investment will provide attractive entry or exit points and so investors should expect high volatility to sit alongside the high long-term compounding rates that Castelnau is aiming to achieve.

The constituents of local indices, the weightings of investments in these indices and the volatility of the indices relative to Castelnau will not affect investment decisions. It is anticipated that agnosticism towards local indices will help focus research efforts, decision making and ultimately investment performance.

Castelnau may invest directly or through special purpose vehicles if considered appropriate.

Investment restrictions

Castelnau will not invest in companies whose principal business is, (a) tobacco or tobacco related products; (b) engaged directly in weapons production, or (c) engaged in the pornography industry. There will be no cross-financing between the companies forming part of Castelnau’s portfolio and no operation of a common treasury function between Castelnau and any of its portfolio companies.

Castelnau will invest no more than 15 per cent. of its total assets in other investment companies whose shares are admitted to the Premium Listing Segment of the FCA's Official List.

Derivatives

Castelnau currently does not intend to, but may, use derivatives, both for investment purposes and for risk management purposes in order to, (i) protect against possible changes in the market value of the investment portfolio resulting from fluctuations in the securities and changes in currencies and interest rates; (ii) protect Castelnau's unrealised gains in the value of the investment portfolio; (iii) enhance or preserve returns, spreads or gains on any investment in the investment portfolio; (iv) hedge the interest rate or currency exchange rate on any of Castelnau's liabilities or assets; (v) protect against any increase in the price of any securities Castelnau anticipates purchasing at a later date; (vi) more efficiently gain access to the economics of an investment opportunity using derivatives; or (vii) for any other reason that the Investment Manager deems appropriate on an opportunistic basis.

Borrowing policy

There is no limit in Castelnau's articles of association on the level of gearing which Castelnau can employ. Whilst Castelnau does not currently expect to have long-term gearing as part of its strategy, any such gearing utilised would be expected to be below 50 per cent. of Castelnau's gross asset value (including undrawn capital commitments), in each case measured at the time of investment. The board of Castelnau may, however, approve a higher level of gearing from time to time, in circumstances where the Investment Manager recommends it should do so on an opportunistic basis.

Cash management

Castelnau may hold cash on deposit and may invest in cash equivalent investments, which may include short-term investments in money market type funds ("**Cash and Cash Equivalents**"). There is no restriction on the amount of Cash and Cash Equivalents that Castelnau may hold and there may be times when it is appropriate for Castelnau to have a significant Cash and Cash Equivalents position.

Castelnau's dividend policy and target returns

Castelnau has no stated dividend target. Castelnau's investment objective is one of capital growth and it is anticipated that returns for its shareholders will derive primarily from capital gains.

Castelnau and Phoenix will target a net asset value total return of 10 to 15 per cent. above the FTSE All Share Total Return Index per annum and a minimum absolute net asset value total return of 20 per cent. per annum in respect of Castelnau.

Investors should note that the target returns noted above are a target only and not a profit forecast. There may be a number of factors that adversely affect Castelnau's ability to achieve the target returns and there can be no assurance that the target will be met.

Net asset value

An unaudited net asset value and net asset value per share will be calculated in sterling on a monthly basis as at the last business day of each month, pursuant to Castelnau's valuation methodology, by Castelnau's administrator in conjunction with Phoenix.

Castelnau B share

The Castelnau B share will be held by the Investment Manager and as a result the Investment Manager will exercise a significant degree of control over Castelnau. The Investment Manager, as the holder of the Castelnau B share, will have the right to:

- appoint one director of Castelnau from time to time and remove or replace such director from time to time;
- ensure no directors are appointed or removed without its consent (and includes any director appointed by the holder of the B share);
- ensure no shareholder resolutions are proposed (save as such proposal may be required by the Guernsey Companies Law) or passed without its consent (save for the B Share Continuation Resolution); and

- save as required by law, ensure no acquisition or disposal by Castelnau or any of its subsidiaries (but excluding any subsidiary whose shares are admitted to trading on a market of London Stock Exchange plc) of an asset may occur without its consent.

The B share will lose its rights: (i) after seven years if shareholders do not vote in favour of a continuation for another seven years by passing an ordinary resolution to do so (the “**B Share Continuation Resolution**”); or (ii) if the B Share is transferred by Phoenix Asset Management Partners Limited; or (iii) if Gary Channon and his close relatives (as such term is defined in the City Code) together cease to directly or indirectly control shares carrying more than 50 per cent. of the voting rights in Phoenix Asset Management Partners Limited.

If at any point during this first seven years, the board of Castelnau chooses to change Castelnau’s investment manager, the B share, and the associated B share rights, will remain with Phoenix Asset Management Partners Limited.

The B share is intended to allow the Investment Manager to have more meaningful conversations with business owners who want to find a buyer that can act in the long-term interests of stakeholders. In addition, the B share will provide Castelnau with some protection against short-term value play investors, whose activities may disrupt the long-term optimal path to value realisation.

Castelnau investment manager

Castelnau will engage Phoenix Asset Management Partners Limited as its alternative investment fund manager to provide portfolio and risk management services. Phoenix was incorporated in the United Kingdom on 20 February 1998 as a limited company and is authorised and regulated by the FCA (reference number 03514660).

Phoenix has been investing in UK listed equities for 23 years using a long-term business-like approach. Phoenix’s investment process aims to identify great businesses and management through intensive primary research and it is known for the depth of its research which can often last many years before making an investment. Once an investment is made, the Phoenix investment team maintains this intensive approach to research by monitoring the competitive landscape of investments.

This dedication to reducing risk through knowledge is where Phoenix differentiates itself from other investors. As the research process has matured and the processes have improved, Phoenix has found itself in situations where it is able to contribute genuine insight to the discussions about competitor analysis, capital allocation and the long-term strategy of holdings.

This direct engagement has evolved into an extension to the investment process. Phoenix has spent six years iteratively learning and formalising the way in which its accumulated business insight, contacts and monitoring systems and how these can contribute to the success of the investments it makes. This has included direct engagement with management and occasionally direct intervention to facilitate changes to the board’s composition and strategy of investee companies.

As the assets under management of Phoenix have grown and proportional stakes in businesses have become larger, this has become an increasingly useful part of the process. The ability to add insight, optimise board composition and refine strategy can both limit the downside of an investment and increase the probability of favourable outcomes. The examples where this process has already manifested itself are Hornby PLC, The Stanley Gibbons Group PLC, WLS International Ltd and Dignity PLC. All of these businesses have a member of Phoenix’s investment team in a board position.

Management fees

Under the terms of the investment management agreement between Castelnau and Phoenix, no annual management fee is payable to Phoenix but Phoenix is entitled to payment of a performance fee depending upon the performance of Castelnau’s investments. Castelnau’s performance will be measured over consecutive periods of not less than three years (each a “**Performance Period**”). The first Performance Period will run from initial admission of Castelnau’s shares to the FCA’s Official List and to the London Stock Exchange plc’s main market for listed securities to 31 December 2024. The first Performance Period will run from initial admission of Castelnau’s shares to the London Stock Exchange’s main market for listed securities to 31 December 2024. If a performance fee is not payable at the end of the three years the Performance Period will be extended each year until a performance fee is payable,

at which point the Performance Period will start again. The Performance Period will never be less than three years.

The performance fee is equal to one third of the outperformance of the net asset value total return (on an undiluted basis and excluding any accrual or payment of the performance fee) after adjustment for inflows and outflows (such inflows and outflows including, for the avoidance of doubt, tender payments and, buybacks), with dividends reinvested, over the FTSE All Share Total Return Index, for each Performance Period (or, where no performance fee is payable in respect of a financial year, in the period since a performance fee was last payable). The net asset value total return is based on the weighted number, and net asset value, of the Castelnau ordinary shares in issue over the relevant Performance Period.

Subject at all times to compliance with relevant regulatory and tax requirements, any performance fee payable shall be satisfied as to 100 per cent. of its value by the issuance of new ordinary shares by Castelnau to Phoenix (rounded down to the nearest whole number of ordinary shares) (including the reissue of treasury shares).

Phoenix may, from time to time, share performance fees with SPWOne pursuant to its strategic and advisory services arrangement with Phoenix.

The Vendors and Aurora

Castelnau has entered into the Master Initial Portfolio Acquisition Agreement to acquire the interests of the Vendors in the Target Assets. The Vendors constitute investment funds that are managed on a discretionary basis by Phoenix, together with investors with individual segregated managed accounts that are also managed on a discretionary basis by Phoenix.

In addition, Castelnau will enter into the Sale and Purchase Agreement to acquire interests in the Target Assets from Aurora.

Based on the minimum and maximum size of the Castelnau Initial Issue and on the assumption that 182 million and 212 million Consideration Shares are issued, in aggregate, to the Vendors and Aurora, following Initial Admission, the Vendors and Aurora, collectively, will hold between 62.9 per cent. and 73.2 per cent. of the issued share capital and voting rights of Castelnau.

The number of Consideration Shares to be issued pursuant to the Initial Portfolio Acquisition Agreements is not known as at the date of this document but will be notified by Castelnau via a Regulatory Information Service prior to Initial Admission.

The controlling position of Phoenix

Due to the exercise of discretionary management by Phoenix in relation to the investment holdings of the Vendors and Aurora, Phoenix will, following Initial Admission and the issuance of the Consideration Shares to the Vendors and Aurora, in all cases be interested in, and be able to exercise the voting rights attaching to, Castelnau shares which in aggregate carry more than 50 per cent. of the voting rights of Castelnau.

In addition, Phoenix is interested in the B share and will exercise the B share rights. The B share rights will result in Phoenix being able to exercise over 50 per cent. of the voting rights of Castelnau in relation to any resolutions which it votes against.

Following the issuance of the Consideration Shares to the Vendors and Aurora, Phoenix will, through the combined holdings of the Vendors and Aurora, be interested in shares carrying more than 50 per cent. of the voting rights of Castelnau. In this event, Phoenix will be able to acquire interests in further Castelnau ordinary shares without incurring any further obligation under Rule 9 to make a general offer.

Costs of the Castelnau Initial Issue

The formation and initial expenses of Castelnau are those that arise from, or are incidental to, the establishment of the Company, the Castelnau Initial Issue and Initial Admission. The costs and expenses of, and incidental to, the formation of Castelnau and the Castelnau Initial Issue are not expected to exceed approximately £2.7 million. The costs will be deducted from the initial gross proceeds of the

Castelnau Initial Issue. Castelnau will not charge investors any separate costs or expenses in connection with the Castelnau Initial Issue and will be capped at 2 per cent. of the proceeds of the Castelnau Initial Issue. It is expected that the starting net asset value per Castelnau ordinary share will be £0.98.

The Current Assets and the Target Assets

Current Assets

Castelnau currently has investments in two private companies; (i) Rawnnet Limited, which is a digital agency based in Berkshire which is a long-term digital partner of Phoenix and which specialises in web design, web applications, SEO, conversion optimisation, online marketing, digital agency, UX design, customer centricity, CX, product development, technical development, strategy, customer experience, and service design and (ii) Ocula Technologies Limited (formerly Intelabs Analytics Limited), which is a new start-up company which will seek to provide companies with advanced data analytics to drive optimisation and help clients thrive in digital across key business areas.

Target Assets

The Target Assets to be acquired by Castelnau, conditionally upon Initial Admission, are as follows: (i) Dignity PLC, which is a UK based provider of funeral related services; (ii) Hornby PLC, which is a hobby and toy business which owns a number of heritage brands in the UK and overseas; (iii) Phoenix SG Limited, which holds approximately 58.1 per cent. of the issued share capital of The Stanley Gibbons Group plc (the principal activities of which include trading in and auctioneering and valuing of stamps and other philatelic items, coins, medals and banknotes and the development and operation of collectables websites, online trading and auctioneering); (iv) WLS International Ltd, which is the parent company of The Cambium Group UK Holdings Limited. The Cambium Group operates wedding gift list services, an online homeware outlet and a wedding planning and resource platform.

Valuation

As at 31 August 2021 the Current Assets and the Target Assets had an aggregate value of £137,413,000 million. This aggregate valuation has been calculated based on the closing market price of the shares of Hornby and Dignity (as derived from Bloomberg) on 31 August 2021, and the assessed value of the shares of Phoenix SG and WLS as at 31 August 2021. This valuation of the shares of Phoenix SG and WLS has been set as the mid-point of a range of fair values provided by an independent third-party specialist valuer.

PART 4

RISK FACTORS

Shareholders should consider carefully all of the information set out in this document including, in particular, the risks associated with the Proposals described below, as well as their own personal circumstances, prior to making any decision.

The Company's business, financial condition or operations could be materially and adversely affected by the occurrence of any of the risks described below. In such circumstances, the market price of the Shares could decline and investors could lose all or part of their investment. In particular, Shareholders should note that the past performance of the Shares should not be used as a guide to their future performance.

Additional risks and uncertainties which were not known to the Board at the date of this document or that the Board considers at the date of this document to be immaterial may also materially and adversely affect the Company's business, financial condition or results or prospects.

Shareholders should be aware of the following considerations relating to the Proposals.

- There can be no guarantee that the New Investment Policy will be achieved or that any appreciation of the Company's assets will occur. The Company's past investment performance is not a reliable indicator of its future investment performance.
- Castelnau has a board of non-executive directors and has no employees. Castelnau is dependent on the skills and experience of the Investment Manager to manage its investments, in particular Gary Channon. If the Investment Manager ceases to act as Castelnau's investment manager or if the key personnel cease to remain with the Investment Manager or be involved in the management of Castelnau's portfolio, there is no assurance that suitable replacements will be found. If this occurs there may be an adverse effect on the performance of the Company and value of the Shares.
- The price of shares in an investment company is determined by the interaction of supply and demand for such shares in the market as well as the net asset value per share. The share price can therefore fluctuate and may represent a discount or premium to the net asset value per share. This discount or premium is itself variable as conditions for supply and demand for shares in Castelnau change. This means that the price of a share in Castelnau can fall when the net asset value per share rises, or *vice versa*. The discount and premium volatility may adversely impact the ability of the Company to sell its holding in Castelnau at close to the net asset value which may in turn impact the value and return in respect of the Shares.
- Castelnau is a closed-ended vehicle. Accordingly, the Company will have no right to have its shares in the capital in Castelnau repurchased at any time. Should the Company wish to realise its investment in Castelnau it will be required to dispose of its shares in the market. Although the shares in the capital of Castelnau are expected to be admitted to trading on the Specialist Fund Segment of London Stock Exchange plc's main market for listed securities, there can be no guarantee that a liquid market in the shares will exist or be maintained. Accordingly, the Company may be unable to realise its investment in Castelnau at the quoted market price or at the prevailing net asset value per share, or at all, which may adversely affect the performance and returns of the Company.
- The Investment Manager will hold the B share in Castelnau and as such will be afforded certain rights including the right to appoint a director to the board of Castelnau, the right to consent to the appointment or removal of any director of Castelnau and the right to ensure that no shareholder resolutions of Castelnau are proposed (save for any proposal required by the Guernsey Companies Law) or passed (save for the B Share Continuation Resolution) without its consent. The control exercised by the Investment Manager means that certain transactions are impossible without the support of the Investment Manager and may have the effect of preventing an acquisition or other change in control of Castelnau. In addition, were Castelnau to terminate the appointment of the Investment Manager, the Investment Manager would remain the holder of the B share. As the control rights that the Investment Manager exercises via the B share are negative

in nature, there is a risk that, should the interests of the Investment Manager and Castelnau and/or the shareholders of Castelnau come into conflict, Castelnau would be deadlocked and unable to take any action to further its operations and strategy. To the extent that Castelnau does become deadlocked, this may have a material adverse effect on its business, financial condition, results of operations or prospects and the value of its shares. This would have an adverse effect on the Company's portfolio and value of the Shares.

- The investment management agreement between Castelnau and Phoenix Asset Management Partners Limited provides for a performance fee to be payable to the Investment Manager in certain circumstances. Accordingly, the Investment Manager may receive a performance fee in respect of Castelnau but the remainder of the Company's portfolio may under perform. If this occurs there may be an adverse effect on the net asset value and price of the Shares.

PART 5

ADDITIONAL INFORMATION

1. Major Shareholders

As at 30 August 2021 (being the latest practicable date prior to the publication of this document), the Company was aware of the following interests in three per cent. or more of the issued share capital of the Company.

	No. of Shares	Percentage of issued share capital
Rothschild Wealth Management	11,444,407	14.96%
Brewin Dolphin	5,788,261	7.56%
Sand Aire	3,676,607	4.8%
Ravenscroft	3,260,120	4.26%
Raymond James Investment Services	3,228,222	4.22%
Smith & Williamson	2,604,166	3.4%
Troy Asset Management	2,586,266	3.38%
Phoenix Asset Management Partners	2,321,243	3.03%

The total performance fee will be capped at four per cent. per annum of the Net Asset Value of the Company at the end of the relevant financial year in the event that the Net Asset Value per Share has increased in absolute terms over the period, and two per cent. in the event that the Net Asset Value per Share has decreased in absolute terms over the period. Any outperformance that exceeds these caps will be carried forward and only paid if the Company outperforms, and the annual cap is not exceeded, in subsequent years save where the Investment Management Agreement is terminated by the Company other than for fault in which case any carried forward performance fee will be paid without application of the cap.

The performance fee will also be subject to a clawback, including on termination of the Investment Management Agreement. Where a fee is earned, there follows a fixed three year period at the end of which a test is performed on the performance of the Company. If at the time the test is performed it is found that overall the Company has underperformed in the fixed three year period the clawback shall apply. The clawback, if triggered, would require the Investment Manager to transfer back to the Company some or all of the Shares it received in satisfaction of the performance fee. The clawback will continue to apply following termination of the Investment Management Agreement.

The performance fee is payable to the AIFM in Shares (issued at the Net Asset Value per Share on the date of issue) and such Shares must be retained by the AIFM for a minimum period of three years from the date of issue unless the Investment Management Agreement is terminated. It is intended that the performance fee will be charged to the capital reserves of the Company.

The Investment Management Agreement will continue until terminated at any time by either party giving to the other not less than 12 months' written notice. Either party may, however, terminate the Investment Management Agreement on shorter notice in certain circumstances, including *inter alia*, where one of the parties has a receiver appointed over its assets, an order is made, or an effective resolution is passed for the winding up of one of the parties, or if one of the parties commits a material breach of the Investment Management Agreement. If the Investment Management Agreement is terminated as a result of (i) the Company notifying the AIFM of an intended breach or change to any thresholds or profiles which the AIFM determines it has been given unreasonably short notice of or would cause it to be in breach of its obligations under the UK AIFM Laws or (ii) the AIFM notifies the Company of a change to a threshold or profile and the Company has not agreed to such change within two months of the notification then the AIFM is entitled to receive a sum calculated on a *pro rata* basis as if the Investment Management Agreement had been terminated on full notice together with reimbursement of its out of pocket expenses.

The AIFM has agreed to indemnify the Company in respect of any losses incurred as a result of wilful default, fraud or bad faith of the AIFM or any failure by the AIFM to carry out its obligations under the Investment Management Agreement with such reasonable skill and care as would be expected.

The Company has agreed to indemnify the AIFM (and its delegates and their officers, directors, employees and agents) against all claims by third parties which may be made against them in connection with the provision of services under the Investment Management Agreement except to the extent that the claim is due to the negligence, wilful default, fraud or bad faith of the AIFM or a breach of any laws or of the Investment Management Agreement by the AIFM.

The Investment Management Agreement is governed by the laws of England and Wales.

Administration Agreement

The Administration Agreement dated 12 November 2020 between the Company and the Secretary pursuant to which PraxisIFM Fund Services (UK) Limited was appointed to provide secretarial and administrative services to the Company. The Secretary is entitled to receive a fixed fee of £40,000 per annum together with a variable fee of 0.075 per cent. of the Company's net assets up to £100 million and 0.025 per cent. of the Company's net assets above £100 million (calculated at the end of each calendar month) per annum, subject to a minimum overall fee of £6,500 per month plus VAT payable monthly in arrears for the provision of secretarial services to the Company. The Secretary is entitled at any time to vary the amount or basis of its fee under the Administration Agreement on not less than 210 days' prior written notice to the Company. The Administration Agreement contains an unlimited indemnity in favour of the Secretary against claims by third parties except to the extent that the claim is due to the bad faith of the Secretary, any breach by it of the Administration Agreement or any reckless or negligent act or omission on its part. The Administration Agreement may be terminated by any party giving to the other not less than 180 days' notice in writing or otherwise in certain circumstances including, *inter alia*, where one of the parties goes into liquidation.

The Administration Agreement is governed by the laws of England and Wales.

Depositary Agreement

The Depositary Agreement dated 28 January 2016 between the Company, the Depositary and the AIFM pursuant to which the Company appointed BNP Paribas Securities Services, London Branch as the Company's depositary for the purposes of the UK AIFM Laws. Under the terms of the Depositary Agreement, the Depositary performs, *inter alia*, safekeeping, cashflow monitoring and oversight services in accordance with the UK AIFM Laws. The Depositary is responsible for enquiring into the conduct of the AIFM in each annual accounting period.

The Depositary is paid an annual fee calculated as 0.015 percent, of the value of the Company's assets up to £150 million and 0.012 per cent, of the value of the Company's assets above £150 million, subject to a minimum fee of £30,000 per annum. The Depositary is also entitled to fees for safekeeping and other services.

Under the terms of the Depositary Agreement, any party may, by giving to the other parties not less than six months' notice in writing, terminate the Depositary Agreement provided that the Depositary Agreement shall not terminate until a new depositary is appointed. The Depositary Agreement may also be terminated by any party immediately by notice in writing to the other parties where another party becomes subject to certain prescribed events of insolvency or another party materially defaults on its obligations under the Depositary Agreement and such default is not remedied within 30 days of notice from another party. The Depositary may also terminate the Depositary Agreement where (i) it has discharged its obligations to a delegate and the agreement with that delegate has been terminated, (ii) the Depositary is concerned that the standard of protection of the financial instruments is not sufficient, despite repeated warnings and such breach is not cured with 30 days of notice, or (iii) any fund dealing services agreement is terminated or notice to terminate it is served.

In accordance with the terms of the Depositary Agreement, and subject to the provisions of the UK AIFM Laws, the Depositary may delegate its safekeeping functions in relation to securities and other assets of the Company. The Depositary must exercise due skill, care and diligence in the selection and appointment of a delegate to perform the safekeeping functions in respect of securities and other assets

of the Company. The appointment of any such delegate shall not relieve the Depositary of its responsibilities or liabilities under the Depositary Agreement.

The Depositary and its branches, subsidiaries, delegates, employees, officers and directors have the benefit of an indemnity jointly from the Company and the AIFM in relation to all claims, losses, liabilities, damages, taxes, judgments, costs, fees and expenses (including properly incurred legal fees and expenses) suffered or incurred by the Depositary in the discharge of its duties under the Depositary Agreement other than those arising from the negligence or intentional default of the Depositary or any of its branches or subsidiaries or of any delegates under the Depositary Agreement.

The Depositary Agreement is governed by the laws of England and Wales.

Sale and Purchase Agreement

Pursuant to the terms of the Sale and Purchase Agreement, Castelnau has agreed to acquire the Transfer Portfolio from the Company in exchange for the issue of new ordinary shares in Castelnau to the Company. The sale is conditional on, *inter alia*, (i) Shareholders approving Resolution 1 and Resolution 2 at the General Meeting and (ii) the placing agreement between Castelnau, its financial adviser and the Investment Manager becoming wholly unconditional subject only to admission. The Company will give title and capacity warranties only in respect of the Transfer Portfolio and the Company's aggregate liability under the Sale and Purchase Agreement is capped at £135,000. Any of the parties may terminate the Sale and Purchase Agreement if the conditions are not satisfied prior to the long-stop date which is expected to be within a couple of months of signing the agreement.

The Sale and Purchase Agreement is governed by the laws of England and Wales.

2. Consent

Dickson Minto W.S., which is authorised and regulated in the UK by the FCA, has given and not withdrawn its consent to the inclusion herein of its name and the references to it in the form and context in which they appear.

3. Documents on display

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company from the date of this document up to and including close of business on the date of the General Meeting, being 28 September 2021:

- (i) the Articles;
- (ii) the Form of Proxy; and
- (iii) this document.

3 September 2021

DEFINITIONS

Unless the context otherwise requires, the following words and expressions have the following meanings in this document:

“Articles”	the articles of association of the Company, as amended from time to time
“Administration Agreement”	the administration agreement dated 12 November 2020 between the Company and the Secretary
“Castelnau”	Castelnau Group Limited, a company incorporated in Guernsey (registered number 67529), whose registered office is at PO Box 255, Les Banques, Trafalgar Court, St Peter Port, Guernsey GY1 3QL
“Castelnau Initial Admission”	admission of the ordinary shares of Castelnau issued and to be issued pursuant to the Castelnau Initial Issue and the Consideration Shares, issued pursuant to the Initial Portfolio Acquisition Agreements to trading on the Specialist Fund Segment of the London Stock Exchange’s main market
“Castelnau Initial Issue”	the issue of ordinary shares in Castelnau pursuant to the initial placing and the offer for subscription
“Castelnau Related Party Transaction”	the transfer of certain assets by the Company to Castelnau in exchange for the receipt by the Company of shares in the capital of Castelnau
“Company” or “Aurora”	Aurora Investment Trust plc, a company incorporated in England and Wales (registered number 03300814), whose registered office is at 1st Floor, Senator House, 85 Queen Victoria Street, London EC4V 4AB
“Consideration Shares”	together: <ul style="list-style-type: none">(i) the ordinary shares in Castelnau to be issued, in aggregate, to the Vendors as consideration for the acquisition by the Company of the Vendors’ interests in the Target Assets under the terms of the Master Initial Portfolio Acquisition Agreement; and(ii) the ordinary shares in Castelnau to be issued to Aurora as consideration for the acquisition by Castelnau of interests in the Target Assets held by Aurora under the terms of the Sale and Purchase Agreement
“CREST”	the system for the paperless settlements of trades in securities and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
“CREST Manual”	the compendium of documents entitled the “CREST Manual” issued by Euroclear UK & Ireland Limited
“Current Assets”	the Company’s investments in Rawnnet Limited and Ocula Technologies Limited

“Depositary”	BNP Paribas Securities Services, London Branch, a company incorporated in France (registered number 552 108 011), whose registered office is at 3, rue d’Antin, 75002 Paris, France acting through its London branch whose office is at 10 Harewood Avenue, London NW1 6AA
“Depositary Agreement”	the depositary agreement dated 28 January 2016 between the Company, the AIFM and the Depositary
“Directors” or “Board”	the directors of the Company
“EU AIFM Delegated Regulation”	the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision
“EU AIFM Directive”	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010, and the EU AIFM Delegated Regulation
“FCA”	the Financial Conduct Authority or any successor entity or entities
“Form of Proxy”	the form of proxy for use by Shareholders at the General Meeting which accompanies this document
“General Meeting”	the general meeting of the Company to be held at 4.45 p.m. on 28 September 2021 at which the Resolutions will be proposed
“Guernsey Companies Law”	the Companies (Guernsey) Law, 2008, as amended
“Independent Shareholders”	Shareholders other than the Investment Manager and its associates
“IMA Amendment Related Party Transaction”	the amendments to the performance fee provisions contained in the Investment Management Agreement, as detailed in this document
“Initial Portfolio Acquisition Agreements”	together the Master Initial Portfolio Acquisition Agreement and the Sale and Purchase Agreement
“Investment Management Agreement”	the investment management agreement dated 28 January 2016 between the Company and the Investment Manager
“Investment Manager” or “AIFM” or “Phoenix”	Phoenix Asset Management Partners Limited, a company incorporated in England and Wales (registered number 03514660), whose registered office is at 64-66 Glenthams Road, Barnes, London SW13 9JJ;
“Listing Rules”	the listing rules made by the FCA under the Financial Services and Markets Act 2000 (as amended) as amended from time to time
“Master Initial Portfolio Acquisition Agreement”	the master initial portfolio acquisition agreement entered into between Phoenix and Castelnau relating to the acquisition by Castelnau of the Vendors’ interests in the Target Assets
“Net Asset Value” or “NAV”	the value of the Company’s assets, less any liabilities (including any costs or borrowings)

“New Investment Policy”	the proposed new investment objective and policy of the Company set out in full in Part 2 of this document
“Ordinary Shares” or “Shares”	ordinary shares of 25 pence each in the capital of the Company
“Proposals”	the proposed adoption of the New Investment Policy and the approval of the Related Party Transactions
“Related Party Transactions”	together, the Castelnau Related Party Transaction and the IMA Related Party Transaction
“Resolution 1”	the ordinary resolution to approve the New Investment Policy to be proposed at the General Meeting
“Resolution 2”	the ordinary resolution to approve the Castelnau Related Party Transaction to be proposed at the General Meeting
“Resolution 3”	the ordinary resolution to approve the IMA Amendment Related Party Transaction to be proposed at the General Meeting
“Resolutions”	Resolution 1, Resolution 2 and Resolution 3 which will be proposed at the General Meeting, notice of which is set out at the end of this document
“Sale and Purchase Agreement”	the sale and purchase agreement between the Company Castelnau and the Investment Manager, pursuant to which Castelnau has agreed to acquire the Transfer Portfolio from the Company in exchange for the issue of new ordinary shares in Castelnau to the Company which is to be signed in advance of admission of Castelnau to the Specialist Funds Segment of the London Stock Exchange
“Secretary”	PraxisIFM Fund Services (UK) Limited, a company incorporated in England and Wales (registered number 09879916), whose registered office is at Senator House, 1st Floor, 85 Queen Victoria Street, London, England EC4V 4AB
“Shareholders”	holders of Shares
“Shares”	ordinary shares of 25 pence each in the capital of the Company
“SPWOne”	SPWOne III Ltd, a company incorporated in England and Wales (registered number 13455166) whose registered office is at PO Box 671, Epsom, England, KT17 9PE
“Target Assets”	the assets to be acquired by Castelnau on Castelnau Initial Admission pursuant to the Initial Portfolio Acquisition Agreements
“Transfer Portfolio”	the Company’s holding of: (i) 16,015,759 shares in the capital of Hornby PLC; (ii) 1,926,745 shares in the capital of Dignity PLC; and (iii) 1,852 shares in the capital of Phoenix SG Limited
“UK AIFMD Laws”	(i) the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) and any other implementing measure which operated to transpose the EU AIFM Directive in to UK law before 31 January 2020 (as amended from time to time including by the Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2019 (SI 2019/328)); and

- (ii) the UK versions of the EU AIFM Delegated Regulation and any other delegated regulations in respect of the EU AIFM Directive, each being part of UK law by virtue of the European Union (Withdrawal) Act 2018, as further amended and supplemented from time to time including by the Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2019 (SI 2019/328), the Technical Standards (Alternative Investment Funds Management Directive) (EU Exit) Instrument 2019 (FCA 2019/37) and the Exiting the European Union: Specialist Sourcebooks (Amendments) Instrument 2019 (FCA 2019/25)

“Vendors”

means those parties set out in paragraph 11 of Part 8 of the Castelnau prospectus, being:

Phoenix UK Fund Limited;

Aventis, RP Sanofi-Aventis Pensions Trust Ltd; and

Pentaris Qiaif PLC.

AURORA INVESTMENT TRUST PLC

(Incorporated in England and Wales with registered number 03300814 and registered as an investment company under section 833 of the Companies Act 2006)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of Aurora Investment Trust plc (the “Company”) will be held at 4.45 p.m. on 28 September 2021 at the offices of Dickson Minto W.S., 13th Floor, Broadgate Tower, 20 Primrose Street, London EC2A 2EW for the purpose of considering and, if thought fit, passing the following resolutions that will be proposed as ordinary resolutions.

ORDINARY RESOLUTIONS

Adoption of proposed new investment policy

1. THAT, the proposed investment policy set out in the circular to the shareholders of the Company dated 3 September 2021, a copy of which has been produced to the meeting and signed by the Chairman of the meeting for the purposes of identification, be and is hereby adopted as the investment policy of the Company to the exclusion of all previous investment policies of the Company.

Related party transaction approvals

2. THAT, subject to the passing of Resolution 1, the Castelnau Related Party Transaction as defined in the circular to the shareholders of the Company dated 3 September 2021 which accompanies this notice be and is hereby approved.
3. THAT, subject to the passing of Resolution 1, the IMA Amendment Related Party Transaction as defined in the circular to the shareholders of the Company dated 3 September 2021 which accompanies this notice be and is hereby approved.

By order of the Board

PraxisIFM Fund Services (UK) Limited

Registered office

1st Floor, Senator House
85 Queen Victoria Street
London EC4V 4AB

Dated: 3 September 2021

Notes:**1. Proxies**

A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company. Forms of proxy need to be deposited with the Company's registrar, Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL not later than 48 hours (excluding non-working days) before the time of the meeting. Completion of a form of proxy will not preclude a member from attending and voting in person at the meeting. CREST members may utilise the CREST proxy appointment service by following the directions set out in the form of proxy enclosed with this document.

If you are an institutional investor, you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Company's registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 4.45 p.m. on 24 September 2021 in order to be considered valid. Before you can appoint a proxy via this process, you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

2. Form of Proxy

To appoint a proxy you may use the form of proxy which has been mailed to shareholders or can be downloaded from the Company's website at www.aurorainvestmenttrust.com. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned to the office of the Company's registrar, Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL, not later than 4.45 p.m. on 24 September 2021. Amended instructions must also be received by the Company's registrar by the deadline for receipt of forms of proxy. In the case of CREST members, proxies may be appointed by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

Completion and return of the form of proxy will not prevent a member from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

3. Right to attend and vote

Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that in order to have the right to attend and vote at the meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at 6.00 p.m. on 24 September 2021 or, in the event of any adjournment, at 6.00 p.m. on the date which is two business days before the day of the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

4. Corporate members

A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

5. Nominated persons

Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may have a right, under an agreement between him/her and the member by whom he/she was nominated, to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right, under such an agreement, to give instructions to the member as to the exercise of voting rights.

The statement of the above rights of the members in relation to the appointment of proxies does not apply to Nominated Persons. Those rights can only be exercised by shareholders of the Company.

6. Total number of shares and voting rights

As at 30 August 2021 (being the last practicable business day prior to the publication of this notice), the Company's issued share capital consists of 76,519,675 Ordinary Shares, carrying one vote each. No shares were held in treasury. The total available voting rights in the Company as at that date are 76,519,675.

7. Website

Further information regarding the meeting which the Company is required by section 311A of the Companies Act 2006 to publish on a website in advance of the meeting can be accessed at www.aurorainvestmenttrust.com.

8. Joint Shareholders

In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

9. CREST Shareholders

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and/or by logging on to the website www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrar (ID RA10) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

10. Chairman's Discretion

If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interest in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3 per cent. or more of the voting rights in the Company, who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

11. Questions and Answers

A Shareholder may submit a question in advance by a letter addressed to the Company Secretary at the Company's registered office or via email to auroracosec@praxisifm.com. Under section 319A of the Companies Act 2006, the Company must answer any question a Shareholder asks relating to the business being dealt with at the meeting, unless:

- (i) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
- (ii) the answer had already been given on a website in the form of an answer to a question; or
- (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.