

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take you should consult your stockbroker, bank manager, solicitor, accountant or other appropriate professional adviser authorised for the purposes of the Financial Services and Markets Act 2000 or, if you are not in the United Kingdom, another appropriately authorised professional adviser.**

If you have sold or otherwise transferred all of your holding of Ordinary Shares in Chelverton Small Companies Dividend Trust PLC (the “**Company**”), please send this document, together with the Form of Proxy, as soon as possible, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold any part of your holding of Ordinary Shares in the Company, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Board which is set out in Part I of this document and which contains the Board’s recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

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# **Chelverton Small Companies Dividend Trust PLC**

*(incorporated in England and Wales with company number 3749536 and registered as an investment company under section 833 of the Companies Act 2006)*

## **Proposals for Placing, Intermediaries Offer and Offer for Subscription of C Shares and Placing Programme of New Ordinary Shares**

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You will find at the end of this document a Notice of a General Meeting of the Company to be held at 9.00 a.m. on 12 December 2017 at Third Floor, 17-20 Ironmonger Lane, London EC2V 8EP.

Shareholders will find enclosed a Form of Proxy for use in relation to the General Meeting. To be valid, the Form of Proxy should be completed, signed and returned so as to be received by the Company’s registrars, Share Registrars Limited, at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR as soon as possible but, in any event, so as to arrive not later than 9.00 a.m. on 10 December 2017 or, in the event of any adjournment of that meeting, not later than 48 hours before the time appointed for the adjourned meeting.

If you have a query concerning this document or the General Meeting, please telephone Share Registrars Limited between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday on 01252 821390 from within the UK or +44 1252 821390 if calling from outside the UK. Calls to 01252 821390 are charged at your network provider’s standard geographic rates. Calls to this line from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot give any financial, legal or tax advice.

Capitalised terms used in this Circular have the meanings given to them in Part II of this Circular

**Shareholders should make their own investigation of the Proposals, including the merits and risks involved. Nothing in this Circular constitutes legal, tax, financial or other advice, and if they are in any doubt about the contents of this Circular, Shareholders should consult their own professional advisers.**

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## EXPECTED TIMETABLE

### ISSUE

Publication of the Prospectus	24 November 2017
Latest time and date for receipt of Forms of Proxy	9.00 a.m. on 10 December 2017
General Meeting	9.00 a.m. on 12 December 2017
Latest time and date for commitments under the Placing	12.00 p.m. on 15 December 2017
Latest time and date for receipt of completed applications from Intermediaries in respect of the Intermediaries Offer	11.00 a.m. on 21 December 2017
Latest time and date for receipt of completed Application Forms in respect of the Offer for Subscription	11.00 a.m. on 21 December 2017
Announcement of the results of the Placing, Intermediaries Offer and Offer for Subscription and the number of C Shares to be issued	8.00 a.m. on 22 December 2017
Admission and dealings in C Shares issued in uncertificated form commence	8.00 a.m. on 8 January 2018
CREST accounts credited with uncertificated C Shares	8 January 2018
Definitive share certificates in respect of C Shares despatched by post in the week commencing	15 January 2018

### PLACING PROGRAMME

Placing Programme opens	9 January 2018
Latest date for issuing New Ordinary Shares under the Placing Programme	23 November 2018

#### Notes:

- (i) All times and/or dates in the Expected Timetable set out above and in this document generally may be subject to adjustment.
- (ii) Any changes to the Expected Timetable set out above will be notified by the Company through a Regulatory Information Service.
- (iii) All references to times are to London time.

## PART I

### LETTER FROM THE CHAIRMAN

# Chelverton Small Companies Dividend Trust PLC

*(incorporated in England and Wales with company number 3749536 and registered as an investment company under section 833 of the Companies Act 2006)*

#### *Directors*

The Rt. Hon. Lord Lamont of Lerwick (*Chairman*)  
David Harris  
William van Heeswijk  
Howard Myles

#### *Registered office*

Springfield Lodge  
Colchester Road  
Chelmsford  
CM2 5PW

24 November 2017

Dear Shareholders

### **Proposals for Placing, Intermediaries Offer and Offer for Subscription of C Shares, and a Placing Programme of New Ordinary Shares**

#### **INTRODUCTION**

I am writing to set out some further information in relation to the further equity issues which the Board announced it was proposing on 6 November 2017. The Proposals are subject to shareholder approval and notice of a General Meeting of the Company to be held at 9.00 a.m. on 12 December 2017 at Third Floor, 17-20 Ironmonger Lane, London EC2V 8EP is set out at the end of this document.

The Board has today announced that it intends to proceed with such further issue of shares by means of the Placing, Intermediaries Offer and Offer for Subscription of C Shares (together, the "**Issue**"), as well as a Placing Programme in respect of New Ordinary Shares. The net proceeds of the Issue, as well as the net proceeds of each issue under the Placing Programme, will be used to make further investments in accordance with the Company's investment policy and investment objective.

At the same time, the Company is refinancing the gearing currently provided by the zero dividend preference shares issued by the Company's subsidiary, Chelverton Small Companies ZDP PLC ("**Existing ZDPCo**") ("**Existing ZDP Shares**"), by means of an issue of ZDP Shares pursuant to a scheme of reconstruction and a placing by the Company's new subsidiary, SDV 2025 ZDP PLC ("**2025 ZDPCo**").

The Company, together with 2025 ZDPCo, has today published the Prospectus in connection with the applications for admission to the Official List of the UKLA and to trading on the Main Market, and a copy of the Prospectus is enclosed for your information.

We are also taking this opportunity to update the articles of association of the Company, both to include the rights of the C Shares and generally. Accordingly, a special resolution to adopt new articles of association (the "**New Articles**") in place of the Company's existing articles of association is included in the Notice of General Meeting at the end of this document.

The purpose of this Circular is to explain the background to, and reasons for, the proposed Issue and Placing Programme, and to explain the key differences between the New Articles and the Company's existing articles of association. Notice of General Meeting at which Shareholder approval for the Proposals will be sought is set out at the end of this document.

**Shareholders should make their own investigation of the Proposals, including the merits and risks involved. Nothing in this Circular constitutes legal, tax, financial or other advice, and if they are in any doubt about the contents of this Circular, Shareholders should consult their own professional advisers.**

## BACKGROUND TO AND REASONS FOR THE ISSUE AND THE PLACING PROGRAMME

The Board notes that, since its launch in April 1999, the Company has achieved impressive growth and an enviable track record, realised by focusing on mid- and smaller capitalised, high-yielding stocks. The Company has seen average dividend growth of 5 per cent. per annum since 2012. Growing investor demand for Ordinary Shares has led to the Company's share price trading at a premium to Net Asset Value on several occasions in the past 15 months, enabling further issues of Ordinary Shares this year.

Nevertheless, because the Company's market capitalisation is below £100 million, the Board believes that the Company is considered too small and illiquid to attract larger institutional investors. The Company is therefore proposing to raise further funds pursuant to the Issue and the Placing Programme, as well as to refinance the Existing ZDP Shares, which are due for redemption on 8 January 2018. The net proceeds of the Issue and the Placing Programme will be used to make further investments in accordance with the Company's investment policy and investment objective.

### THE ISSUE

There are three elements to the Issue:

1. the Placing;
2. the Intermediaries Offer; and
3. the Offer for Subscription.

The Placing will not be made available to members of the public, and will only be directed at persons selected by Stockdale who are "investment professionals" falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "FPO") or "high net worth companies, unincorporated associations etc." falling within Article 49(2) of the FPO or to persons to whom it may otherwise lawfully be communicated under the FPO.

The Intermediaries Offer will only be available to investor clients of the Company's authorised Intermediaries, and so will not necessarily be available to each Shareholder.

The Offer for Subscription is only available in the UK, and will consist of an offer of C Shares to the public. Any member of the public (so long as there is no other restriction on that individual trading in equity securities) may apply for C Shares through the Offer for Subscription. To the extent that the Offer for Subscription is oversubscribed, Existing Shareholders will be given priority in any scaling back.

The Board notes that all C Shares issued pursuant to the Issue will convert into Ordinary Shares on the occurrence of specified events or at specified times and conversion will take place according to the Conversion Ratio. The purpose of issuing C Shares, rather than an issue of New Ordinary Shares, is in order to ensure that the costs and expenses of the issue of C Shares and any other costs and expenses which the Directors believe are attributable to the C Shares will be paid out of the pool of assets attributable to the C Shares and accordingly will not dilute the Net Asset Value of the Ordinary Shares.

The C Shares will not be entitled to any dividends payable in respect of the Ordinary Shares but on their conversion into New Ordinary Shares they will rank *pari passu* with the Ordinary Shares then in issue, save that such New Ordinary Shares will not rank for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to conversion of the C Shares.

The implementation of the Issue is conditional, *inter alia*, on the Resolutions being passed at the GM.

If this condition is not satisfied in respect of the Issue, the Issue will not proceed.

Applications will be made to the UK Listing Authority and to the London Stock Exchange for all of the C Shares to be issued pursuant to the Issue to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities. It is expected that such admissions will become effective, and that dealings in the C Shares will commence on, 8 January 2018.

The Issue will not be underwritten.

## **THE PLACING PROGRAMME**

The Company stands to benefit from the enhanced flexibility to issue equity and debt capital quickly and efficiently under a Placing Programme.

Accordingly the Board has decided to seek Shareholder approval to issue up to 30 million New Ordinary Shares pursuant to the Placing Programme. There will also be a placing programme in respect of the ZDP Shares.

The proceeds of the Placing Programme, which it is proposed would be raised in tranches, would be applied to make further investments in accordance with the Company's investment policy and investment objective.

### **Benefits of the Placing Programme**

The Directors believe that the Placing Programme will have the following benefits for the Company and existing Shareholders:

- it will allow the Company to issue Ordinary Shares as and when it deems appropriate, without the need for a prospectus – this will enable more time- and cost-efficient share issues; and
- having a greater number of Ordinary Shares in issue is likely to provide Shareholders with increased secondary market liquidity, and will spread expenses so that they are reduced per share.

### **Overview of the Placing Programme**

The Company is proposing the introduction of the Placing Programme to enable the Company to raise additional capital in the period between 8.00 a.m. on 9 January 2018 until 5.00 p.m. on 15 November 2018 (inclusive), or any earlier date on which it is fully subscribed.

Conditional on the Resolutions being passed at the GM, the Directors will be authorised to issue up to 30 million New Ordinary Shares pursuant to the Placing Programme without having first to offer the New Ordinary Shares to existing Shareholders or holders of C Shares (as applicable). Each issue of New Ordinary Shares pursuant to the Placing Programme will comprise a placing of New Ordinary Shares by Stockdale and may, at the discretion of the Directors, in consultation with Stockdale, also include a pre-emptive open offer component and/or a non-pre-emptive offer for subscription component.

All New Ordinary Shares issued pursuant to the Placing Programme on a non-pre-emptive basis will be issued at a premium to the prevailing Net Asset Value per Ordinary Share which will be at least sufficient to cover the costs and expenses of the relevant issue. The issue price of any New Ordinary Shares to be issued pursuant to the Placing Programme will be announced through an RIS announcement prior to the allotment of such New Ordinary Shares.

The size and frequency of each issue will be determined at the sole discretion of the Directors, in consultation with Stockdale and the Investment Manager.

Further details of the Placing Programme are set out in the accompanying Prospectus.

### **NEW ARTICLES ETC.**

Subject to passing Resolution 6, the text of which is set out in the Notice of General Meeting, the New Articles will be adopted by the Company in substitution for the existing articles of association of the Company. The New Articles set out, *inter alia*, the rights of the C Shares.

A summary of the key differences between the existing articles of association of the Company and the New Articles which, in the opinion of the Directors, are relevant for Shareholders, is set out in Part III of this Circular.

## **RISK FACTORS**

In considering the Resolutions, Shareholders should take the following into consideration:

### ***Dilution if Shareholders do not subscribe for sufficient C Shares***

Any C Shares issued will, on conversion, convert into Ordinary Shares. As a result of the conversion, the percentage of the total number of Ordinary Shares held by each existing Shareholders at the time of conversion will be reduced to the extent that such Shareholders do not subscribe for a sufficient number of new C Shares.

### ***Issue price of New Ordinary Shares under the Placing Programme***

The issue price of the New Ordinary Shares issued on a non-pre-emptive basis under the Placing Programme cannot be lower than the Net Asset Value per Ordinary Share. The issue price of the New Ordinary Shares will be calculated by reference to the latest published unaudited Net Asset Value per Ordinary Share (cum income). Such Net Asset Value per Ordinary Share is determined on the basis of the information available to the Company at the time and may be subject to subsequent revisions. Accordingly, there is a risk that, had such issue price been calculated by reference to information that emerged after the calculation date, it could have been greater or lesser than the issue price actually paid by the investors. If such issue price should have been less than the issue price actually paid, investors will have borne a greater premium than intended. If the issue price should have been greater than the issue price actually paid, investors will have paid less than intended and, in certain circumstances, the Net Asset Value of the existing Ordinary Shares may have been diluted.

### ***The Company will in the future issue new equity, which may dilute Shareholders' equity holding***

The Company is seeking to issue new equity in the future pursuant to the Placing Programme or otherwise. Shareholders' statutory pre-emption rights can be disapplied in certain circumstances, and will be disapplied in relation to the maximum amount of New Ordinary Shares that may be issued pursuant to the Placing Programme, if the Resolutions are passed. Where pre-emption rights are disapplied, any additional equity financing will be dilutive to the percentage holding of those Shareholders who cannot, or choose not to, participate in such financing. All New Ordinary Shares issued pursuant to the Placing Programme on a non-pre-emptive basis will be issued at a premium to the prevailing Net Asset Value per Ordinary Share, which will be at least sufficient to cover the costs and expenses of the relevant Issue.

## **GENERAL MEETING**

The proposed Issue and Placing Programme are each conditional on the approval of Shareholders of the Resolutions to be put to the General Meeting, which has been convened for 9.00 a.m. on 12 December 2017. The notice convening the General Meeting is set out at the end of this document.

Resolution 1 is to grant the Directors the power to allot C Shares up to an aggregate nominal value of £70 million.

Resolution 2 is to disapply existing Shareholders' statutory rights of pre-emption in relation to the Issue.

Resolution 3 is to grant the Directors the power to allot New Ordinary Shares pursuant to the Placing Programme, subject to a maximum aggregate nominal amount of £7.5 million and 20 per cent. of the Company's aggregate nominal value immediately following completion of the Issue.

Resolution 4 is to disapply existing Shareholders' statutory rights of pre-emption in relation to the Placing Programme.

Resolution 5 is to permit the Company to make market purchases of its own C Shares, subject to a maximum of 14.99 per cent. of the issued C Shares following completion of the Issue.

Resolution 6 is to adopt the New Articles. Further detail on the differences between the New Articles and the existing articles of association of the Company is contained under the "New Articles" subheading above and in Part III of this Circular.

Resolution 7 is to grant the Directors the power to allot Ordinary Shares, subject to a maximum aggregate nominal amount of 10 per cent. of the issued Ordinary Share capital as at the date of the Notice of General Meeting, which equates to 1,777,500 Ordinary Shares.

All Shareholders are entitled to attend, speak and vote at the General Meeting and to appoint a proxy or corporate representative to exercise that right.

### **ACTION TO BE TAKEN**

Shareholders will find enclosed with this Circular a Form of Proxy for use in relation to the General Meeting. Whether or not they propose to attend the General Meeting in person, Shareholders are requested to complete the Form of Proxy and return it to the Company's registrars, Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR so as to be received not later than 9.00 a.m. on 10 December 2017 or, if the General Meeting is adjourned, no later than 48 hours before the time for holding the adjourned General Meeting.

Completion and return of Forms of Proxy will not prevent Shareholders from attending and voting in person at the General Meeting should they wish to do so.

If Shareholders hold Ordinary Shares in CREST they may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Share Registrars Limited (CREST Participant ID: 7RA36) so it is received by CREST no later than 9.00 a.m. on 10 December 2017 or, if the meeting is adjourned, no later than 48 hours before the time for holding the adjourned General Meeting. The completion and return of a CREST Proxy Instruction will not preclude Shareholders who hold their Ordinary Shares in CREST from attending and voting in person at the General Meeting, or any adjournment thereof, should they wish to do so.

If Shareholders have any questions relating to this document or the completion and return of the Form of Proxy or CREST Proxy Instruction, please call Share Registrars Limited on telephone number 01252 821390. Please note that no advice on the contents of this document nor on the matters to be voted upon at the General Meeting nor any financial, legal or tax advice can be given by Share Registrars Limited and accordingly for such advice Shareholders should consult their stockbroker, solicitor, accountant, bank manager or other independent professional adviser.

This document is available in electronic form on the Investment Manager's website at <http://chelvertonam.com/fund/small-companies-dividend-trust-plc/>. Copies will also be made available for inspection at the Company's registered office at Springfield Lodge, Colchester Road, Chelmsford, CM2 5PW during normal business hours on any Business Day from the date of this Circular until the date of the General Meeting and will also be available for inspection at the General Meeting.

### **RECOMMENDATION**

**The Directors believe that the Proposals are in the best interests of the Company and Shareholders as a whole, and unanimously recommend that Shareholders vote in favour of each of the Resolutions, as all of the Directors intend to do in respect of their own beneficial holdings of Ordinary Shares, which amount in aggregate to 165,606 Ordinary Shares (representing approximately 0.95 per cent. of the existing issued Ordinary Share capital of the Company).**

Yours sincerely,

The Rt. Hon. Lord Lamont of Lerwick  
*Chairman*

## PART II

### DEFINITIONS

The following definitions apply throughout this document, unless stated otherwise:

<b>“Admission”</b>	admission of the C Shares issued pursuant to the Issue and/or the New Ordinary Shares issued pursuant to the Placing Programme to the premium segment of the Official List and to trading on the Main Market for listed securities of the London Stock Exchange, as the context requires;
<b>“Application Form”</b>	the application form on which applicants may apply for C Shares under the Offer for Subscription;
<b>“Business Day”</b>	a day on which the London Stock Exchange and banks in England and Wales are normally open for business;
<b>“C Shares”</b>	C shares of 100 pence each in the capital of the Company issued as “C Shares” and having the rights and being subject to the restrictions set out in the New Articles, which will convert into Ordinary Shares as set out in the New Articles;
<b>“Circular”</b>	this circular;
<b>“Companies Act”</b>	the Companies Act 2006, as amended from time to time;
<b>“Company”</b>	Chelverton Small Companies Dividend Trust PLC (Company number: 3749536);
<b>“Conversion Ratio”</b>	the ratio of the net asset value per C Share of the relevant tranche to the net asset value per Ordinary Share, calculated in accordance with the New Articles;
<b>“Directors” or “Board”</b>	the directors of the Company, whose names are set out at Part I of this Circular;
<b>“Existing ZDP Shares”</b>	zero dividend preference shares of 100 pence each in Existing ZDPCo;
<b>“Existing ZDPCo”</b>	Chelverton Small Companies ZDP PLC (Company number: 08142169);
<b>“FCA”</b>	the Financial Conduct Authority;
<b>“Form of Proxy”</b>	the enclosed form of proxy for use in relation to the General Meeting;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000;
<b>“General Meeting” or “GM”</b>	the general meeting of the Shareholders of the Company to be held at 9.00 a.m. on 12 December 2017 at Third Floor, 17-20 Ironmonger Lane, London EC2V 8EP to consider, and, if thought fit, approve the Resolutions;
<b>“Gross Issue Proceeds”</b>	the aggregate value of the C Shares issued under the Issue;
<b>“Intermediaries Offer”</b>	the offer of C Shares by the Intermediaries;
<b>“Intermediaries”</b>	the entities listed in the Prospectus, together with any other intermediary (if any) that is appointed by the Company in connection with the Intermediaries Offer after the date of the Prospectus;
<b>“Investment Manager”</b>	Chelverton Asset Management Limited;

<b>“Issue”</b>	the issue of C Shares pursuant to the Placing, the Intermediaries Offer and the Offer for Subscription (as such terms are defined in the Prospectus);
<b>“Net Asset Value”</b>	the value of the assets of the Company less its liabilities, determined in accordance with the accounting principles adopted by the Company from time to time;
<b>“Net Asset Value per Ordinary Share”</b>	Net Asset Value divided by the number of Ordinary Shares in issue;
<b>“New Articles”</b>	the new articles of association of the Company proposed to be adopted at the General Meeting;
<b>“New Ordinary Shares”</b>	new Ordinary Shares to be issued pursuant to the Placing Programme;
<b>“Notice of General Meeting”</b>	the notice of the General Meeting set out at the end of this document;
<b>“Offer for Subscription”</b>	the offer for subscription of C Shares as described in the Prospectus;
<b>“Ordinary Shareholders”</b>	holders of Ordinary Shares;
<b>“Ordinary Shares”</b>	ordinary shares of 25 pence each in the capital of the Company;
<b>“Placing”</b>	the conditional placing by Stockdale on behalf of the Company of C Shares pursuant to the Placing Agreement;
<b>“Placing Agreement”</b>	the conditional placing agreement between, <i>inter alia</i> , the Company and Stockdale;
<b>“Placing Programme”</b>	the proposed programme of placings in aggregate of up to £60 million of New Ordinary Shares;
<b>“Proposals”</b>	the proposals to issue C Shares pursuant to the Placing, the Intermediaries Offer and the Offer for Subscription, to establish a placing programme permitting issues of New Ordinary Shares without the need for a prospectus, and the adoption of the New Articles by the Company, as set out in the Circular;
<b>“Prospectus Rules”</b>	the prospectus rules made by the FCA under Part VI of FSMA;
<b>“Prospectus”</b>	the prospectus in relation to, <i>inter alia</i> , the Issue and the Placing Programme, dated 24 November 2017;
<b>“Resolutions”</b>	the special resolutions that will be put to Shareholders at the General Meeting and which are set out in the notice of General Meeting contained at the end of this document;
<b>“Scheme”</b>	the scheme relating to Existing ZDPCo under section 110 Insolvency Act 1986;
<b>“Shareholders”</b>	holders of Ordinary Shares;
<b>“Stockdale”</b>	Stockdale Securities Limited;
<b>“ZDP Issue”</b>	the issue of ZDP Shares pursuant to the ZDP Placing and the Scheme;
<b>“ZDP Placing”</b>	the conditional placing by Stockdale on behalf of 2025 ZDPCo of ZDP Shares at the ZDP Issue Price;
<b>“ZDP Shares”</b>	the zero dividend preference shares of 100 pence each to be issued by 2025 ZDPCo; and
<b>“2025 ZDPCo”</b>	SDV 2025 ZDP PLC (Company number: 11031268).

## PART III

### SUMMARY OF DIFFERENCES BETWEEN EXISTING ARTICLES AND NEW ARTICLES

Set out below is a summary of the principal differences between the New Articles and the existing articles of association of the Company (which were adopted on 24 August 2012).

Please note that the summary below is not intended to provide a comprehensive report of all of the differences between the existing articles and the New Articles, and Shareholders are advised to review the existing articles and the New Articles in full and to take legal advice, where appropriate, as to the effect of the proposed adoption of the New Articles. A draft of the New Articles is available on the Investment Manager's website <http://chelvertonam.com/fund/small-companies-dividend-trust-plc/> under "Investor Information".

#### ATTENDANCE AT GENERAL MEETINGS BY ELECTRONIC MEANS

The Directors may resolve to enable persons entitled to attend a general meeting hosted on an electronic platform to do so by simultaneous attendance by electronic means.

The members present (or their proxies) shall be counted in the quorum for, and entitled to vote at, the general meeting. That general meeting shall be duly constituted and its proceedings deemed valid provided that the chairman of the general meeting is satisfied that adequate facilities are available throughout the meeting to ensure that members (or their proxies) attending the meeting may, by electronic means, speak at the meeting and vote either in advance or at the meeting.

#### DIRECTORS' REMUNERATION

The New Articles provide for a maximum aggregate remuneration £250,000 for all of the directors, compared to a cap of £112,500 in the existing articles. The Board does not intend immediately to use this additional amount, but feels that it is prudent to allow for an increased cap to make possible any future additions to the Board.

#### C SHARES

The New Articles set out the rights of the C Shares in the capital of the Company, which are summarised in paragraph 3 of Part IX of the Prospectus.

#### COMPULSORY TRANSFERS

The New Articles give the Board the power to serve a notice on a "Non-Qualified Member" requiring that he either (i) satisfy the Board within a 30 day period that such person is not a Non-Qualified Member, or (ii) sell or transfer his shares to a person who is not a Non-Qualified Member.

For the purposes of the New Articles, a "Non-Qualified Member" is any person to whom a transfer of shares may:

1. cause the Company's assets to be deemed "plan assets" for the purposes of the Plan Asset Regulations or the U.S. Code (each as defined in the Prospectus);
2. cause the Company to be required to register as an "investment company" under the U.S. Investment Company Act (as defined in the Prospectus) (including because the holder of the shares is not a "qualified purchaser" as defined in the U.S. Investment Company Act) or to lose an exemption or status thereunder to which it might otherwise be entitled;
3. cause the Company to register under the U.S. Exchange Act, the U.S. Securities Act (each as defined in the Prospectus) or any similar legislation;
4. cause the Company not to be considered a "foreign private issuer" as such term is defined in rule 36-4(c) under the U.S. Exchange Act;
5. result in a person holding shares in violation of the transfer restrictions put forth in any prospectus published by the Company, from time to time;

6. cause the Company to be a “controlled foreign corporation” for the purposes of the U.S. Code;
7. cause the Company to suffer any pecuniary disadvantage (including any excise tax, penalties or liabilities under ERISA (as defined in the Prospectus) or the U.S. Code; or
8. result in any shares being owned, directly or indirectly, by any person who is deemed to be a Non-Qualified Member in accordance with the New Articles.

#### **RESTRICTION ON PAYMENT OUT OF CAPITAL**

The former restriction on investment companies paying dividends out of capital (which was formerly contained in s. 833 of the Companies Act) has been repealed, and the Company is taking the opportunity to reflect this change in the New Articles.

#### **CONSOLIDATION OR SUBDIVISION OF SHARE CAPITAL**

The New Articles expressly state that the Company may consolidate or sub-divide its share capital, and vary the rights attaching to shares of the same class following such a sub-division. This is not expressly stated in the existing articles.

#### **RETIREMENT OF DIRECTORS BY ROTATION**

The New Articles prescribe a system whereby at every AGM of the Company any director who has:

1. been appointed since the last AGM of the Company; or
2. held office at the preceding two AGMs of the Company but did not retire at either of them; or
3. held office with the Company (other than employment or executive office) for a continuous period of nine years or more as at the date of that AGM

shall retire from office and may offer himself for re-appointment.

The existing articles provide instead that one-third of the directors for the time being at any AGM shall retire by rotation. This one-third must include any director still holding office after the third annual general meeting following his election or re-election.

## NOTICE OF GENERAL MEETING

# Chelverton Small Companies Dividend Trust PLC

*(incorporated in England and Wales with company number 3749536 and registered as an investment company  
under section 833 of the Companies Act 2006)*

Notice is hereby given that a general meeting of Chelverton Small Companies Dividend Trust PLC (the “**Company**”) will be held at 9.00 a.m. on 12 December 2017 at Third Floor, 17-20 Ironmonger Lane, London EC2V 8EP (the “**General Meeting**”). Defined terms in this notice will have the meanings given to them in the circular published on 24 November 2017 (the “**Circular**”). The General Meeting is being convened for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed as special resolutions:

### SPECIAL RESOLUTIONS

1. **THAT** the Directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the “**Companies Act**”) to exercise all or any of the powers of the Company to allot C shares of 100 pence each in the capital of the Company (“**C Shares**”) up to an aggregate nominal amount of £75 million in connection with the Issue, as described and defined in the prospectus published by the Company on or around 24 November 2017 (the “**Prospectus**”) in connection with the admission of up to 75 million C Shares to the premium segment of the Official List and to trading on the Main Market of the London Stock Exchange (“**Admission**”), such authority to expire at the conclusion of the next annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of C Shares in pursuance of such an offer or agreement as if such authority had not expired.
2. **THAT** the Directors be generally authorised (pursuant to section 570 of the Companies Act) to allot C Shares for cash pursuant to the authority referred to in resolution 1 above as if section 561 of the Companies Act did not apply to any such allotment, such authority to expire at the conclusion of the next annual general meeting of the Company, save that the Company may before such expiry make an offer or enter into an agreement which would or might require C Shares to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power had not expired.
3. **THAT** the Directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act to exercise all or any of the powers of the Company to allot Ordinary Shares up to an aggregate nominal amount of:
  - a. £7.5 million pursuant to the Placing Programme (as defined in the Prospectus); and
  - b. 20 per cent. of the aggregate nominal amount of the issued ordinary share capital of the Company immediately following completion of the Issue;such authority to expire at the conclusion of the next annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of shares in pursuance of such an offer or agreement as if such authority had not expired.
4. **THAT** the Directors be empowered (pursuant to sections 570 and 573 of the Companies Act) to allot ordinary shares and to sell ordinary shares from treasury for cash pursuant to the authority referred to in resolution 3 above as if section 561 of the Companies Act did not apply to any such allotment or sale, such power to expire at the conclusion of the next annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the Directors may allot

or sell from treasury equity securities in pursuance of such an offer or an agreement as if such power had not expired.

5. **THAT** the Company be authorised in accordance with section 701 of the Companies Act to make market purchases (within the meaning of section 693(4) of the Companies Act) of C Shares, provided that the maximum number of C Shares authorised to be purchased is 14.99 per cent. of the issued C Shares following completion of the Issue. The maximum price which may be paid for a C Share must not be more than the higher of: (i) 5 per cent. above the average of the mid-market values of the C Shares for the five Business Days before the purchase is made; or (ii) if higher, that stipulated by Article 5(6) of the Market Abuse Regulation. The minimum price (exclusive of expenses) which may be paid for a C Share is 100 pence. Such authority will expire on the earlier of the conclusion of the next annual general meeting of the Company and the date 15 months after the date on which the resolution was passed, save that the Company may contract to purchase its C Shares under the authority hereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority and may purchase its C Shares in pursuance of such contract.
6. **THAT** the draft new articles of association of the Company, a copy of which is to be tabled at the General Meeting and initialled by the chairman for identification purposes, be adopted as the articles of association of the Company with immediate effect in substitution for, and to the exclusion of, the existing articles of association of the Company.
7. **THAT** the Directors of the Company be and they are hereby empowered pursuant to section 570 and section 573 of the Companies Act to allot equity securities (within the meaning of section 560 of the Companies Act) or sell shares held in treasury (within the meaning of section 560(3) of the Companies Act) for cash pursuant to the authority conferred by resolution 9 passed at the Company's annual general meeting held on 7 September 2017 as if Section 561(1) of the Companies Act did not apply to any such allotment, provided that this power shall be limited to:
  - a. the allotment of equity securities in connection with a rights issue, open offer or any other offer in favour of Ordinary Shareholders where the equity securities respectively attributable to the interests of all Ordinary Shareholders are proportionate (as nearly as may be) to the respective number of Ordinary Shares held by them subject to such exclusions or other arrangements as the Directors may deem fit to deal with fractional entitlements, record dates, legal, regulatory or practical problems arising under the laws of any overseas territory or the requirements of any regulatory authority or any stock exchange; and
  - b. to the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to 10 per cent. of the issued Ordinary Share capital, representing 1,777,500 Ordinary shares as at the date of this notice,

and shall expire at the conclusion of the annual general meeting of the Company to be held in 2018, or 15 months from the passing of this resolution, whichever is earlier, save that the Company may before such expiry make offers, agreements or arrangements which would or might require equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in pursuance of such offers, agreements or arrangements as if the power conferred hereby had not expired.

By Order of the Board

24 November 2017

*Registered Office*  
Springfield Lodge  
Colchester Road  
Chelmsford  
CM2 5PW

## NOTES:

1. A member entitled to attend, vote and speak at this meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. If multiple proxies are appointed they must not be appointed in respect of the same shares. To be effective, the enclosed Form of Proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the office of the Company's registrars, Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR not later than 48 hours before the time of the meeting. The appointment of a proxy will not prevent a member from attending the meeting and voting and speaking in person if he/she so wishes. A member present in person or by proxy shall have one vote on a show of hands and on a poll shall have one vote for every Ordinary Share of which he/she is the holder.

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote or votes of the other joint holder or holders, and seniority shall be determined by the order in which the names of the holders stand in the register.

Any question relevant to the business of the General Meeting may be asked at the meeting by anyone permitted to speak at the meeting. You may alternatively submit your question in advance by letter addressed to the Company Secretary at the registered office.

2. A person to whom this notice is sent who is a person nominated under section 146 of the Companies Act to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
3. The statements of the rights of members in relation to the appointment of proxies in Note 1 above do not apply to a Nominated Person. The rights described in that Note can only be exercised by registered members of the Company.
4. As at 23 November 2017 (being the last business day prior to the publication of this notice) the Company's issued share capital amounted to 17,775,000 Ordinary Shares carrying one vote each.
5. The Company specifies that only those Ordinary Shareholders registered on the register of members of the Company as at 9.00 am on 10 December 2017 (or in the event that the meeting is adjourned, only those Ordinary Shareholders registered on the register of members of the Company as at 9.00 am on the day which is 48 hours prior to the adjourned meeting) shall be entitled to attend in person or by proxy and vote at the General Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
6. In accordance with section 319A of the Companies Act, the Company must cause any question relating to the business being dealt with at the meeting put by a member attending the meeting to be answered. No such answer need be given if:
  - a. to do so would:
    - i. interfere unduly with the preparation for the meeting, or
    - ii. involve the disclosure of confidential information;
  - b. the answer has already been given on a website in the form of an answer to a question; or
  - c. it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
7. A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company (provided, in the case of multiple corporate representatives of the same corporate shareholder, they are appointed in respect of different shares owned by the corporate shareholder or, if they are appointed in respect of those same shares, they vote those shares in the same way). To be able to attend and vote at the meeting, corporate representatives will be required to produce prior to their entry to the meeting evidence satisfactory to the Company of their appointment. Corporate shareholders can also appoint one or more proxies in accordance with Note 1. On a vote on a Resolution on a show of hands, each authorised person has the same voting rights to which the corporation would be entitled.

On a vote on a Resolution on a poll, if more than one authorised person purports to exercise a power in respect of the same shares:

- a. if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way;
  - b. if they do not purport to exercise the power in the same way as each other, the power is treated as not exercised.
8. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this meeting by following the procedures described in the CREST Manual. 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 by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, in order to be valid, must be transmitted so as to be received by the Company's agent (ID 7RA36) by the latest time for receipt of proxy appointments specified in Note 1 above. 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 Applications Host) from which the Company's agent 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.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.