

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, fund manager, solicitor, accountant or other appropriate independent financial adviser authorised under the FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised financial adviser.

If you sell or transfer or have sold or otherwise transferred all of your Ordinary Shares on or before the Record Date, please send this document and accompanying Form of Proxy as soon as possible to the purchaser or transferee or to the bank, stockbroker or other agent through or to whom you have sold or transferred your shares for delivery to the purchaser or transferee. However, such documents should not be forwarded, distributed or transmitted, in whole or in part, in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. If you have sold only part of your holding of Ordinary Shares on or before the Record Date, please contact immediately your stockbroker, bank or other agent through whom the sale or transfer was effected.

The Placing does not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and accordingly this document does not constitute a prospectus for the purposes of the Prospectus Regulation Rules made by the FCA pursuant to sections 73A(1) and (4) of FSMA or an admission document drawn up in accordance with the AIM Rules, and has not been examined or approved by the FCA, the London Stock Exchange, any securities commission or any other authority or regulatory body, nor has it been approved for the purposes of section 21 of FSMA. In addition, this document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Ordinary Shares.

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the AIM market of the London Stock Exchange (“**Admission**”). The New Ordinary Shares will not be admitted to trading on any other investment exchange. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on AIM on 23 February 2021. The New Ordinary Shares will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares.



Distribution Finance Capital Holdings plc

(incorporated and registered in England and Wales under number 11911574)

Placing of 72,727,273 New Ordinary Shares at 55 pence per Ordinary Share and Notice of General Meeting

This document should be read as a whole. Your attention is drawn, in particular, to the letter from the Chairman of Distribution Finance Capital Holdings plc set out on page 6 of this document which provides details of the Placing and recommends that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.

Notice of the General Meeting of Distribution Finance Capital Holdings plc to be held at The Old Vicarage, Church Hill, Ellesmere, Shropshire, SY12 0HB on 22 February 2021 at 10.00 a.m. is set out at the end of this document. Shareholders will also find enclosed with this document a Form of Proxy for use in connection with the General Meeting.

In light of the COVID-19 pandemic and in response to the UK Government's guidance, the General Meeting will take place as a closed meeting and Shareholders will not be able to attend in person.

Please, therefore, complete and submit the Form of Proxy in accordance with the instructions printed on the enclosed form. The Form of Proxy must be received by the Company's registrar, Equiniti, no later than 10.00 a.m. on 18 February 2021. Alternatively, a proxy may be appointed electronically at www.sharevote.co.uk, or if you hold shares in CREST, by using the CREST electronic proxy appointment service. **Due to the COVID-19 restrictions, submitting a completed Form of Proxy is the only way to ensure your vote is counted at the General Meeting.**

IMPORTANT NOTICE

Cautionary note regarding forward-looking statements

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors' current intentions, beliefs or expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the Group's markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by law or by the AIM Rules, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this document.

Neither the content of any website referred to in this document nor any hyperlinks on such website is incorporated in, or forms part of, this document.

Notice to overseas persons

The distribution of this document and/or the Form of Proxy in certain jurisdictions may be restricted by law and therefore persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document is dated 5 February 2021.

KEY STATISTICS

Number of Existing Ordinary Shares in issue at the date of this document	106,641,926
Issue Price for each New Ordinary Share	55 pence
Number of New Ordinary Shares	72,727,273
New Ordinary Shares as a percentage of Existing Ordinary Shares	68.2%
Enlarged Share Capital immediately following Admission ¹	179,369,199
New Ordinary Shares as a percentage of Enlarged Share Capital ¹	40.5%
Estimated gross proceeds of the Placing	£40.0 million
Estimated proceeds of the Placing to be received by the Company net of expenses relating to the Placing	£38.6 million
Market capitalisation at Issue Price immediately following completion of the Placing ¹	£98.7 million
ISIN – Ordinary Shares	GB00BJ7HMR72

Note

1. Assuming no further issue of Ordinary Shares prior to the issue of the New Ordinary Shares.

EXPECTED TIMETABLE OF EVENTS

Announcement of the Placing	7.00 a.m. on 5 February 2021
Publication of this document and Form of Proxy	5 February 2021
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 18 February 2021
Time and date of General Meeting	10.00 a.m. on 22 February 2021
Announcement of the results of the General Meeting	22 February 2021
Admission and commencement of dealings in New Ordinary Shares	8.00 a.m. on 23 February 2021
Despatch of definitive share certificates for the New Ordinary Shares in certificated form	Within 10 Business Days of Admission

Notes

1. All time references in this document are to London, UK time.
2. These dates are given on the basis of the Board's current expectations and are subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service and will be available on the Company's website at www.dfcapital.co.uk.
3. All events in the above timetable scheduled to take place after the General Meeting are conditional on the approval by Shareholders of the Resolutions as proposed.

If you have questions on how to complete the Form of Proxy, please contact Equiniti on 0371 384 2030 or, if calling from outside the United Kingdom, +44 (0)121 415 7047. Lines are open from 08.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except English and Welsh public holidays).

Calls to the Equiniti telephone number from outside the UK are charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Equiniti cannot provide advice on the merits of the Placing and cannot give any financial, legal or tax advice.

DIRECTORS, SECRETARY AND ADVISERS

Directors	John Baines (<i>Independent Chairman</i>) Carl D'Amassa (<i>Chief Executive Officer</i>) Gavin Morris (<i>Chief Financial Officer</i>) Mark Stephens (<i>Senior Independent Non-Executive Director</i>) Carole Machell (<i>Independent Non-Executive Director</i>) Thomas Grathwohl (<i>Independent Non-Executive Director</i>) Stephen Greene (<i>Non-Executive Director</i>) Haakon Stenrød (<i>Non-Executive Director</i>)
Company Secretary	Chloe Williams
Head office and registered office	196 Deansgate Manchester M3 3WF
Broker and Nominated Adviser	Investec Bank plc 30 Gresham Street London EC2V 7QP
Legal advisers to the Company	Travers Smith LLP 10 Snow Hill London EC1A 2AL
Legal advisers to the Broker and Nominated Adviser	Osborne Clarke LLP One London Wall London EC2Y 5EB
Registrar	Equiniti Group plc Highdown House Yeoman Way Worthing BN99 3HH

LETTER FROM THE CHAIRMAN OF DISTRIBUTION FINANCE CAPITAL HOLDINGS PLC

Distribution Finance Capital Holdings plc

(incorporated and registered in England and Wales under number 11911574)

Directors

John Baines (*Independent Chairman*)
Carl D'Amassa (*Chief Executive Officer*)
Gavin Morris (*Chief Financial Officer*)
Mark Stephens (*Senior Independent Non-Executive Director*)
Carole Machell (*Independent Non-Executive Director*)
Thomas Grathwohl (*Independent Non-Executive Director*)
Stephen Greene (*Non-Executive Director*)
Haakon Stenrød (*Non-Executive Director*)

Registered Office:

196 Deansgate
Manchester
M3 3WF

5 February 2021

Dear Shareholder

1. INTRODUCTION

On 5 February 2021, the Board announced that the Company has conditionally placed with certain new and existing institutional and other investors and entered into a Direct Subscription Agreement in respect of 72,727,273 New Ordinary Shares in aggregate at a price of 55 pence per New Ordinary Share (the "Issue Price") to raise approximately £40 million (before expenses) (the "Placing").

2. BACKGROUND TO AND REASONS FOR THE PLACING

Business summary

The Group is a niche specialist lender which provides working capital solutions to build relationships with manufacturers and dealers across the UK. The Group's products allow manufacturers to match their cash cycle to the lending term, in turn allowing their customers to release the working capital tied up in their day to day operations and stock.

The Group's main lending product is inventory finance secured against inventory or stock, which it delivers through a low-cost operating model underpinned by digital features and efficiencies. The Group has a strong security position as it advances funds at a discount to the wholesale invoice price charged by the manufacturer, typically at a loan to value of 85% of wholesale value, or approximately 70% of retail value.

Currently, the Group supports SME dealers across the following sectors: industrial equipment; recreational vehicles; motor vehicles (excluding cars); marine (typically smaller marine craft); and agricultural equipment.

The Group's distribution is realised, in part by signing up manufacturers, with each manufacturer bringing on multiple dealers. The Group also builds direct relationships with larger dealers. Relationships include UK Original Equipment Manufacturers ("OEMs") such as Willerby, Prestige & Homeseeker, Swift, Bailey Caravans, Triumph Motorcycles, and Fairline Yachts, as well as global OEMs such as Terex, Maxus, Erwin Hymer Group, Avant, Ducati Motorcycles, Carthago, and many more.

Bank licence

Prior to DF Capital Bank being granted its banking licence in September 2020, the Group was funded entirely through equity and wholesale debt funding. This meant that its net interest margin was low at 2.0% for the six months ended 30 June 2020, despite the Group delivering a gross yield for the same period of 7.6%.

The Group had applied for the second time, the first time being in August 2018, for a banking licence in August 2019 and had been "bank-ready" since that date, including having invested in its deposit raising capabilities. Therefore, having obtained the banking licence, the Group launched its range of retail saving products in October 2020. Since that date, the Group raised approximately £145 million of retail deposits in the 12 weeks to 31 December 2020. The success of the Group's retail deposit raising allowed the Company to repay all of its more expensive funding lines early, by 9 December 2020.

As stated in the Company's interim results for the six months ended 30 June 2020 published on 30 September 2020, the Group's lending activities were impacted by restrictions of the COVID-19 pandemic. Following the easing of the first lockdown, the Group had limited ability to support new loans due to the restrictions placed on its funding at the time. The Group re-commenced its lending operations fully in November 2020, following the build-up of the required regulatory liquidity buffers as a new bank. The loan book reached £113 million at 31 December 2020, and stood at approximately £125 million at 22 January 2021.

3. USE OF PROCEEDS

As previously announced, the Directors believe that the current capital base of the Group is sufficient to support a loan book of up to £270 million. Given the significant and current pipeline of demand for its lending products, the Directors believe that the net proceeds of the Placing of approximately £38.6 million will allow the Group to support anticipated near-term opportunities and accelerate achievement of run-rate profitability by accelerating loan book growth by removing the current constraint of £270 million. The Directors believe that, together, the net proceeds of the Placing and the capital already available to the Group, should support a loan book of up to £550 million.

Specifically, the net proceeds of the Placing will be used to unlock a significant and current pipeline of demand allowing the Group to consider larger facilities for select customers where the Group is currently restricted due regulatory large exposure limits. The Group, as at 12 January 2021, had identified seven opportunities from current customers who may be considering potential enlarged facilities, which subject to further credit assessment could be between £12.3 million to £16.5 million each, a potential aggregate increase of up to £74.4 million from their aggregate loan balances as at 31 December 2020 of £32.2 million. As at the same date, the Group had identified an aggregate facility pipeline of approximately £850 million, comprising the current loan book and capacity in existing facilities, increasing the existing facility limits of the seven customers referred to above, new facilities in the process of negotiation, potential new facilities and new leads being qualified.

Additionally, the net proceeds of the Placing will primarily be utilised to accelerate the Group's business plan, loan book growth and accordingly the development of new products and features. These products and features may include increased ability for customers to manage and transfer between deposit accounts, an instant access product and a business savings account. The net proceeds of the Placing will also enable the Group to consider entering new sectors with its existing core inventory finance product, accelerate entry into adjacent market and products to meet anticipated demand, and also consider inorganic growth opportunities. The Directors believe that the £22 billion funding gap for SMEs (as estimated by the Bank of England) may be exacerbated as many incumbent banks face back-book challenges or will be managing CBILS or BBILS loans, which could contract their lending further, which would present existing and new product growth opportunities for the Group.

The Directors believe that the increase of the Group's loan book growth, coupled with the loan book being entirely funded by retail deposits, should accelerate the achievement of run-rate profitability into the fourth quarter of 2021 for the Group.

4. CURRENT TRADING AND OUTLOOK

The Company announced a trading update on 25 January 2021 for the 12 months ended 31 December 2020, the full text of which is set out below.

"Distribution Finance Capital Holdings plc, a newly authorised bank providing working capital solutions to dealers and manufacturers across the UK, announces a trading update for the 12 months ended 31 December 2020.

Having received authorisation as a bank without restrictions from the Prudential Regulation Authority on 29 September 2020, the Group launched its retail deposit products on 14 October 2020. The Company has raised

over £145m of deposits during the 12 weeks to 31 December 2020. Its savings products were over-subscribed against the Group's targets soon after launch, which in turn allowed the Group to build a highly diversified savings product maturity profile including 90 day notice, 1 year, 15 month, 18 month and 2 year fixed rate products, each at a competitive deposit rate of below 1.3%. The Group has also been awarded feefo's "Trusted Service Award 2021" in light of the ratings and reviews received from its personal savings customers since launching its retail deposit products.

The Group re-commenced its lending operation fully on 4 November 2020, following the build-up of the required regulatory liquidity buffers as a new bank. The loan book reached £113m at 31 December 2020, up by c36% from a low of £83m in October 2020.

The Group's lending was impacted immediately before Christmas 2020 by Brexit uncertainties and delays at ports in light of the restrictions put in place caused by the new variant of the COVID-19 virus. This restricted or delayed the movement of manufactured products from Europe to UK based dealers. This backlog has now extensively cleared and the Group is seeing strong demand for its lending products as dealers continue to replenish their stock levels following a successful period of trading through the second half of 2020. At 22 January 2021, the Group's loan book stood at approximately £125m.

As previously announced, the successful launch of its deposit strategy enabled the Group to repay early all forms of more expensive debt by 9 December 2020, and the Group's loan book is now entirely supported by retail deposits which significantly improves its anticipated net interest margin to approximately 6% on a look forward basis from 1 January 2021. Given the strength of depositor demand, expected savings rate trend and the short tenor of the Company's current lending products, the Group does not currently anticipate participating in the Bank of England's TFSME scheme. The Group expects to have the infrastructure in place to participate in future Bank of England schemes, should it prove operationally viable to join and should its loan book meet any scheme eligibility criteria at that time.

The Group is pleased to also announce that the quality of its arrears performance has continued the previously reported trend of improvement, now sitting significantly lower than the levels seen in periods prior to the onset of the global pandemic.

Additionally, during December 2020, the Group reached a significant lending milestone, having provided over £1bn of cumulative funding to dealers and manufacturers since it started lending activities in 2017."

5. PRINCIPAL TERMS OF THE PLACING

Under the terms of the Placing Agreement entered into by the Company and Investec on 5 February 2021, Investec, as agent for the Company, has today conditionally placed with certain new and existing institutional and other investors by way of a non-pre-emptive placing, and the Company has entered into a direct subscription agreement in respect of, an aggregate of 72,727,273 New Ordinary Shares at the Issue Price. Pursuant to the direct subscription agreement entered into by the Company and Thomas Grathwohl (the "**Direct Subscription Agreement**"), Mr Grathwohl has agreed to subscribe, subject to shareholder approval, for 33,312 New Ordinary Shares at the Issue Price. The New Ordinary Shares will represent approximately 40.5% of the Company's issued share capital as enlarged by the New Ordinary Shares (the "**Enlarged Share Capital**") following Admission. The New Ordinary Shares will be issued credited as fully paid and will be identical to, and rank *pari passu* in all respects with, the Existing Ordinary Shares, including the right to receive all future distributions, declared, paid or made in respect of the Ordinary Shares following the date of Admission. The Placing is not being underwritten.

The Board believes that raising equity finance using the flexibility provided by a non-pre-emptive placing is the most appropriate and optimal structure for the Company at this time. This allows both certain existing institutional holders and new institutional investors the opportunity to participate in the Placing.

The Placing Agreement contains customary warranties and an indemnity from the Company in favour of Investec, together with provisions which enable Investec to terminate the Placing Agreement in certain circumstances, including where there is a material adverse change affecting the Company or the Group prior to Admission.

The obligations of Investec under the Placing Agreement are conditional, among other things, upon Admission of the New Ordinary Shares occurring on or before 8.00 a.m. on 23 February 2021 (or such later date and/or time as the Company and Investec may agree, being no later than 2 March 2021).

The Placing Agreement provides for payment by the Company to Investec of customary commissions and expenses.

Application will be made for the New Ordinary Shares to be admitted to trading on AIM subject to the passing of the Resolutions at the General Meeting. It is expected that Admission will become effective on 23 February 2021 and that dealings for normal settlement in the New Ordinary Shares will commence at 8.00 a.m. on 23 February 2021.

Directors' Participation

The following Directors have agreed to participate in the Placing and subscribe for the following number of New Ordinary Shares at the Issue Price:

<i>Name</i>	<i>Role</i>	<i>Number of New Ordinary Shares</i>	<i>Ordinary Shares following Placing</i>	<i>Percentage of Enlarged Share Capital</i>
John Baines	Chairman	202,698	499,920	0.28
Carl D'Amassa	Chief Executive Officer	90,909	245,440	0.14
Gavin Morris	Chief Financial Officer	54,545	267,978	0.15
Thomas Grathwohl ¹	Independent non-executive director	33,312	33,312	0.02

1. For regulatory reasons, Thomas Grathwohl is subscribing for New Ordinary Shares pursuant to the Direct Subscription Agreement.

6. GENERAL MEETING

The Placing and the issue of the New Ordinary Shares are conditional upon, among other things, the approval by the Shareholders of the Resolutions to be proposed at the General Meeting of the Company. The Resolutions must be passed by Shareholders at the General Meeting in order for the Placing to proceed.

You will find at the end of this document a notice convening a General Meeting of the Company to be held at The Old Vicarage, Church Hill, Ellesmere, Shropshire, SY12 0HB on 22 February 2021 at 10.00 a.m., at which the following Resolutions will be proposed:

Resolution 1 – Authority to allot shares

Resolution 1 is an ordinary resolution to authorise the Directors under section 551 of the 2006 Act to issue and allot the New Ordinary Shares. The 2006 Act requires that the authority of Directors to allot shares and to make offers or agreements to allot shares in the Company or grant rights to subscribe for or convert any security into shares should be subject to the approval of Shareholders in a general meeting or to an authority set out in the Company's articles of association. Accordingly, Resolution 1 will be proposed to authorise the Directors to allot the New Ordinary Shares. This authority is in addition to all existing authorities under section 551 of the 2006 Act and will expire at the conclusion of the Company's next Annual General Meeting.

Resolution 2 – Disapplication of statutory pre-emption rights

Resolution 2 is a special resolution to disapply the statutory pre-emption rights under section 561 of the 2006 Act in respect of equity securities (as defined in section 560 of the 2006 Act). The 2006 Act requires that any equity securities issued wholly for cash must be offered to existing Shareholders in proportion to their existing shareholdings unless otherwise approved by Shareholders in a general meeting or allowed under the Company's articles of association. Resolution 2 will be proposed at the General Meeting to authorise the Directors to allot the New Ordinary Shares for cash other than on a pro rata basis. This authority is in addition to all existing authorities under section 570 of the Act and will expire at the conclusion of the Company's next Annual General Meeting.

Ordinary resolutions require the approval of a simple majority of Shareholders who vote by proxy at the General Meeting and special resolutions require the approval of at least 75% of Shareholders who vote by proxy at the General Meeting.

In line with best corporate governance, the votes will be conducted on a poll.

In light of the COVID-19 pandemic and in response to the UK Government's current guidance regarding social distancing and the prohibition of public gatherings, the General Meeting will take place as a closed meeting and Shareholders will not be able to attend in person. Shareholders and guests who travel to the meeting will be refused entry.

The Company will make arrangements such that the legal requirements to hold the General Meeting can be satisfied through the attendance of a minimum number of people and the format of the meeting will be simply to propose and vote on the Resolutions.

The Company will continue to closely monitor the developing impact of COVID-19, including the latest Government guidance and restrictions, and how this may affect the arrangements for the General Meeting. If it becomes necessary or appropriate to revise the current arrangements for the General Meeting, further information will be made available on our website at www.dfcapital-investors.com, by RNS announcement and by any other means legally required at that time.

Despite these exceptional circumstances, the Board is keen to maintain engagement with Shareholders. In order to facilitate this, if you are a Shareholder and would like to ask the Board a question on the formal business of the General Meeting, please email your question to the Company Secretary, Chloe Williams, at cwilliams@dfcapital.co.uk by 10.00 a.m. on 18 February 2021. Responses will be made via return of email or published on our website at www.dfcapital-investors.com as deemed appropriate by the Board.

Whilst you will be unable to attend, you have the right to appoint a proxy to vote at the General Meeting on your behalf. To ensure that your vote can be exercised, we encourage you to appoint the Chairman as your proxy. If you appoint another person, they will not be permitted to access the General Meeting and your vote will not be able to be exercised.

7. RELATED PARTY TRANSACTIONS

Pursuant to the Placing, the Company has placed, subject to shareholder approval, 18,181,818 New Ordinary Shares at the Issue Price with Arrowgrass Master Fund Ltd ("**Arrowgrass**"), the Company's largest Shareholder that, as at 4 February 2021 (being the latest practicable date prior to the date of this letter), had an interest in 52,448,082 Ordinary Shares representing approximately 49.2% of the Company's Existing Ordinary Shares. Following completion of the Placing, and assuming it does not acquire or dispose of any Ordinary Shares other than pursuant to the Placing, Arrowgrass will have an interest in 70,629,900 Ordinary Shares, representing approximately 39.4% of the Company's Enlarged Share Capital. This participation by Arrowgrass in the Placing constitutes a related party transaction for the purposes of Rule 13 of the AIM Rules as its subscription for New Ordinary Shares will exceed 5% in certain of the class tests (as defined in the AIM Rules). Accordingly, the Directors consider, having consulted with the Company's nominated adviser, Investec, that the terms of the participation by Arrowgrass in the Placing are fair and reasonable insofar as Shareholders are concerned.

Pursuant to the Placing, the Company has placed, subject to shareholder approval, 7,272,727 New Ordinary Shares at the Issue Price with Watrium AS ("**Watrium**"), the Company's second largest Shareholder that, as at 4 February 2021 (being the latest practicable date prior to the date of this letter), had an interest in 16,373,366 Ordinary Shares representing approximately 15.4% of the Company's Existing Ordinary Shares. Following completion of the Placing, and assuming it does not acquire or dispose of any Ordinary Shares other than pursuant to the Placing, Watrium will have an interest in 23,646,093 Ordinary Shares, representing approximately 13.2% of the Company's Enlarged Share Capital. This participation by Watrium in the Placing constitutes a related party transaction for the purposes of Rule 13 of the AIM Rules as its subscription for New Ordinary Shares will exceed 5% in certain of the class tests (as defined in the AIM Rules). Accordingly, the Directors consider, having consulted with the Company's nominated adviser, Investec, that the terms of the participation by Watrium in the Placing are fair and reasonable insofar as Shareholders are concerned.

8. ACTION TO BE TAKEN

Due to COVID-19, Shareholders will not be permitted to attend the General Meeting in person and, therefore, the only way to ensure your vote is counted is to appoint the Chairman as proxy to vote on your behalf. To appoint a proxy, please complete the Form of Proxy and send it to our registrar, Equiniti, in the envelope provided. Alternatively, you can appoint a proxy online at www.sharevote.co.uk following the instructions provided on the Form of Proxy, or if you hold Ordinary Shares in CREST, by using the CREST electronic proxy appointment service.

Proxy appointments must be received by Equiniti by no later than 10.00 a.m. on 18 February 2021.

9. RECOMMENDATION

The Placing is conditional, amongst other things, upon the passing of the Resolutions at the General Meeting.

In the opinion of the Directors, the Placing and the Resolutions to be proposed at the General Meeting are in the best interests of the Company and Shareholders as a whole. Accordingly, your Directors unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting as those Directors who are also Shareholders intend to do in respect of their own beneficial holdings of Ordinary Shares (in respect of which they have the power to exercise or direct the exercise of voting rights) which, in aggregate, amount to 748,519 Ordinary Shares representing 0.7% of the Existing Ordinary Shares.

Yours faithfully



John Baines

Chairman

DEFINITIONS

Defined terms used in this document shall have the meanings set out below:

2006 Act	the Companies Act 2006, as amended
Admission	admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
AIM	the AIM market operated by the London Stock Exchange
AIM Rules	the AIM Rules for Companies, as published by the London Stock Exchange from time to time
Arrowgrass	Arrowgrass Master Fund Ltd, a substantial shareholder of the Company
Board or Directors	the directors of the Company whose names are set out on page 5 of this document
Business Day	a day (other than a Saturday, Sunday or public holiday) when banks are usually open for business in London
certificated or in certificated form	in relation to a share or other security, a share or other security that is not in uncertificated form, that is not in CREST
Company	Distribution Finance Capital Holdings plc, a company incorporated and registered in England and Wales under number 11911574
CREST	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations)
CREST Manual	the rules governing the operation of CREST, as published by Euroclear
CREST member	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
CREST participant	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3775), as amended
CREST sponsor	a CREST participant admitted to CREST as a CREST sponsor
CREST sponsored member	a CREST member admitted to CREST as a sponsored member (which includes all CREST Personal Members)
Direct Subscription Agreement	the conditional subscription agreement entered into between the Company and Thomas Grathwohl, pursuant to which Thomas Grathwohl has agreed to subscribe for 33,312 New Ordinary Shares at the Issue Price
Enlarged Share Capital	the issued share capital of the Company following Admission, as enlarged by the New Ordinary Shares
Equiniti	Equiniti Group plc, the Company's registrar
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST
Existing Ordinary Shares	the 106,641,926 Ordinary Shares in issue at the date of this document
FCA	the Financial Conduct Authority

Form of Proxy	the form of proxy relating to the General Meeting, being sent to Shareholders with this document
FSMA	the Financial Services and Markets Act 2000, as amended
General Meeting	the general meeting of the Company convened for 22 February 2021 at which the Resolutions will be proposed, notice of which is set out in this document
Group	the Company and its Subsidiaries
Investec	Investec Bank plc, the Company's broker and Nominated Adviser
ISIN	International Securities Identification Number
Issue Price	55 pence per New Ordinary Share
London Stock Exchange	London Stock Exchange plc
New Ordinary Shares	72,727,273 new Ordinary Shares in aggregate to be conditionally subscribed for in accordance with the terms of the Placing Agreement and the Direct Subscription Agreement
Ordinary Shares	ordinary shares of £0.01 each in the capital of the Company
Placing	the proposed placing by the Company of, and entry by the Company into the Direct Subscription Agreement relating to, the New Ordinary Shares, in each case at the Issue Price
Placing Agreement	the conditional agreement dated 5 February 2021 between the Company and Investec in connection with the Placing, further details of which are set out in this document
Record Date	18 February 2021
Resolutions	the resolutions to be proposed at the General Meeting, as set out in the notice of General Meeting in this document
Shareholders	holders of Ordinary Shares
Subsidiary	has the meaning given to it in section 1159 of the 2006 Act
uncertificated or in uncertificated form	a share or other security recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
Watrium	Watrium AS, a substantial shareholder of the Company

NOTICE OF GENERAL MEETING

Distribution Finance Capital Holdings plc

(incorporated and registered in England and Wales under number 11911574)

Notice is hereby given that the General Meeting of Distribution Finance Capital Holdings plc (the “**Company**”) will be held at The Old Vicarage, Church Hill, Ellesmere, Shropshire, SY12 0HB on 22 February 2021 at 10.00 a.m. You will be asked to consider and vote on the ordinary and special resolutions below. Defined terms used in the Resolutions below have the meanings given to them in the circular to the shareholders of the Company dated 5 February 2021.

ORDINARY RESOLUTION

1. **THAT** for the purposes of section 551 of the 2006 Act the Directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for, or to convert any security into, shares in the Company, as is contemplated in sub-sections 551(1)(a) and 551(1)(b) respectively of the 2006 Act up to an aggregate nominal amount of £727,272.73 pursuant to or in connection with the allotment of up to 72,727,273 new ordinary shares of £0.01 each in the capital of the Company to such persons as may be entitled in connection with the Placing. Such authority, unless revoked, varied or renewed by the Company in a general meeting, shall expire at the conclusion of the next annual general meeting of the Company save that the Company be and is hereby authorised to make prior to the expiry of such period any offer or agreement which would or might require such shares to be allotted or such rights to be granted after the expiry of the said period and the Directors may allot any such shares and grant any such subscription and conversion rights in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution. This authority is in addition to all existing authorities under section 551 of the 2006 Act.

SPECIAL RESOLUTION

2. **THAT**, subject to the passing of Resolution 1, the Directors be and are hereby empowered in accordance with section 570 of the 2006 Act to allot equity securities (as defined in section 560 of the 2006 Act) for cash, pursuant to the authority conferred on them to allot such shares or grant such rights by that resolution, up to an aggregate nominal value of £727,272.73 as if sub-section (1) of section 561 of the 2006 Act did not apply to any such allotment. Such authority, unless revoked, varied or renewed by the Company in a general meeting, shall expire at the conclusion of the next annual general meeting of the Company save that the Company be and is hereby authorised to make prior to the expiry of such period any offer or agreement which would or might require such shares to be allotted or such rights to be granted after the expiry of the said period and the Directors may allot any such shares and grant any such subscription and conversion rights in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution. This power is in addition to all existing authorities under section 570 of the 2006 Act.

By order of the Board

Chloe Williams
Company Secretary

Date: 5 February 2021

Registered Office: 196 Deansgate, Manchester M3 3WF

NOTES TO THE NOTICE OF GENERAL MEETING

Entitlement to vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those Shareholders registered in the register of members of the Company at 6.30 p.m. on the Record Date (or, in the event of any adjournment, at 6.30 p.m. on the day which is two days prior to the adjourned meeting) shall be entitled to vote at the General Meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to vote at the General Meeting.

Appointment of proxies

2. If you are a member who is entitled to vote at the General Meeting, you are entitled to appoint a proxy to exercise all or any of your rights to vote on your behalf at the General Meeting. A Form of Proxy, which may be used to make such appointment and to give proxy instructions, accompanies this Notice.

Given the current restrictions on attendance, in order to ensure that your vote is exercised, Shareholders who wish to appoint a proxy are encouraged to appoint the Chair of the meeting as their proxy, rather than a named person who will not be permitted to attend the General Meeting.

3. A proxy does not need to be a member of the Company. You may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by you. To appoint more than one proxy, (an) additional form(s) of proxy may be obtained by contacting Equiniti on 0371 384 2030 or you may photocopy the Form of Proxy accompanying this Notice. Overseas holders should contact +44 (0)121 415 7047. Lines are open from 08.30 a.m. to 5.30 p.m. Monday to Friday, excluding public holidays in England and Wales. Please indicate in the box next to the proxy holder's name, the number of shares in relation to which he or she is authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate by marking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. If you do not have a Form of Proxy and believe that you should have one, please contact Equiniti as set out above. Due to the format of the General Meeting, Shareholders are strongly encouraged to appoint the Chair of the meeting as their proxy rather than one or more named individuals who will not be permitted to attend the General Meeting.
4. Shareholders can:
 - (a) appoint a proxy and give proxy instructions by returning the Form of Proxy enclosed with this Notice by post (see notes 5 and 6 below);
 - (b) register their proxy appointment electronically (see note 7 below); or
 - (c) if they hold shares in CREST, register their proxy appointment by the CREST electronic proxy appointment service (see notes 8 to 11 (inclusive) below).

Appointment of proxies by post

5. To be valid any form of proxy or other instrument appointing a proxy must be received by post to Equiniti at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA no later than 10.00 a.m. on 18 February 2021.
6. In the case of a Shareholder which is a corporation, the Form of Proxy must be executed by a duly authorised person or under its common seal or in any other manner authorised by its constitution. The power of attorney or authority (if any) should be returned with the Form of Proxy.

Appointment of proxies electronically

7. Shareholders may appoint a proxy electronically by visiting www.sharevote.co.uk. You will be asked to enter the Voting ID, Task ID and Shareholder Reference Number shown on your form of proxy and agree to certain terms and conditions. To be valid, your proxy appointment and instructions should reach Equiniti no later than 10.00 a.m. on 18 February 2021.

Appointment of proxies through CREST

8. 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. CREST personal members or other CREST sponsored members and those CREST members who have appointed a 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.
9. 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's specifications and must contain the information required for such instruction, as described in the CREST Manual (www.euroclear.com). 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 agent (ID: RA19), Equiniti, by 10.00 a.m. on 18 February 2021. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application 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.
10. 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 message. 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, to procure that his or her 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. 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 (as amended).

Appointment of proxies by joint holders

12. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Corporate representatives

13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Total voting rights

14. As at 4 February 2021, the latest practicable date prior to the date of this Notice, the Company's issued share capital consisted of 106,641,926 ordinary shares, carrying one vote each and, therefore, the total number of voting rights in the Company as at 4 February 2021 was 106,641,926.

Communication

15. Any electronic address provided either in this Notice or any related documents (including the Form of Proxy) may only be used for the limited purposes specified herein and not to communicate with the Company by electronic means or for any other more general purpose.
16. Except as provided above, shareholders who have general enquiries about the General Meeting should call our shareholder helpline on 0371 384 2030. Calls to this number are charged at the standard rate per minute plus network extras. Overseas holders should contact +44 (0)121 415 7047. Lines are open from 08.30 a.m. to 5.30 p.m. Monday to Friday, excluding public holidays in England and Wales.

