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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the action to be taken, you are recommended to seek immediately your own personal financial advice from an appropriately qualified adviser licensed pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) if you are in the Bailiwick of Guernsey, or from another appropriately authorised independent financial adviser if you are in a territory outside the Bailiwick of Guernsey.

If you receive this circular in any country or jurisdiction outside the Bailiwick of Guernsey, Jersey or the United Kingdom you may not treat it as an invitation to elect to receive scrip dividend shares unless such an invitation could lawfully be made to you without Blue Diamond Limited (the '**Company**') being required to comply with any registration or other legal requirements.

If you sell or transfer all of your Shares in the Company prior to 23 November 2021 (the '**Record Date**'), please forward this document without delay to the purchaser or transferee, except that such documents should not be sent into any jurisdiction where to do so might constitute a violation of local securities laws, including but not limited to the United States and Excluded Territories.

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**BLUE DIAMOND LIMITED**  
(Guernsey company number 12307)  
(the "**Company**")

Offer of a Scrip Dividend Alternative to the Proposed Interim Dividend for the period 1 January 2021 to 31 December 2021 and offer to elect for the Scrip Dividend Alternative in respect of future dividends

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The definitions used in this document are set out on page 7.

**This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out on page 3 of this document. Your attention is also drawn to the section entitled "Action to be Taken by Shareholders" on page 2 of this document.**

## **ACTION TO BE TAKEN BY SHAREHOLDERS**

If you wish to receive the Proposed Interim Dividend for the period 1 January 2021 to 31 December 2021 in cash on the whole of your holding of Shares AND you wish to receive future dividends in cash, you should take no action.

If you wish to elect to:

1. receive the Scrip Dividend Alternative in respect of the Proposed Interim Dividend for the period 1 January 2021 to 31 December 2021 in respect of some or all of your Shares; AND/OR
2. effect a Scrip Dividend Mandate in respect of future dividends in respect of all of your Shares,

please complete and return the enclosed Election Form as soon as possible and in any event not later than 23 November 2021. If your Election Form has not been received by the Secretary by that date, the full cash dividend entitlement will be paid in respect of all the Shares registered in your name.

If you elect to effect a Scrip Dividend Mandate in respect of future dividends, you may revoke that mandate in respect of subsequent dividends by written notice to the Secretary.

## LETTER FROM THE CHAIRMAN

**BLUE DIAMOND LIMITED**  
(Guernsey company number 12307)  
(the "**Company**")

*Directors*

Simon Burke – Chairman  
Alan Roper – Managing Director  
Richard Hemans – Finance Director  
Tom Carey – Non-executive Director  
Claire Williams – Non-executive Director  
David Ummels – Non-executive Director

*Registered office*

Rue du Friquet  
Castel  
Guernsey  
GY1 3XA

8 November 2021

Dear Shareholder,

**Dividends and Scrip Dividend Alternative**

*Interim Dividend in respect of the current financial year*

On 22 September 2021 the Board resolved to pay an interim dividend in respect of the period 1 January 2021 to 31 December 2021 of 3.5 pence per Share (the '**Proposed Interim Dividend**'). The Proposed Interim Dividend will be paid on 8 December 2021.

The Board intends to offer a scrip dividend alternative to the Proposed Interim Dividend (a '**Scrip Dividend Alternative**') so that Qualifying Shareholders (as defined on page 7) can elect to receive new Shares instead of a cash dividend ('**Scrip Dividend Shares**'). The Proposed Interim Dividend is available to all Shareholders who have Shares registered in their names as at the close of business on 23 November 2021 (the '**Record Date**'). However, the Scrip Dividend Alternative is being offered only to Qualifying Shareholders. This circular explains how Qualifying Shareholders can take up this Scrip Dividend Alternative in respect of the Proposed Interim Dividend.

An election for the Scrip Dividend Alternative in respect of the Proposed Interim Dividend may be made by a Qualifying Shareholder in respect of some or all of your entitlement to the Proposed Interim Dividend. No fraction of a Scrip Dividend Share can be issued and the value of any fractional entitlement to a Scrip Dividend Share will be paid in cash.

The Board believes that the ability for Shareholders to elect to receive the Proposed Interim Dividend in the form of new Shares rather than cash is likely to benefit both the Company and certain Shareholders. If Qualifying Shareholders do elect to receive Scrip Dividend Shares, the Company will benefit from the ability to retain the cash which would otherwise have been paid out as dividends. Qualifying Shareholders can also increase their shareholdings in the Company.

*Scrip Dividend Mandate in respect of future dividends*

In addition, the Board has decided to allow Qualifying Shareholders to elect to receive a Scrip Dividend Alternative in respect of future dividends in respect of all (and not some only) of their Shares. This circular explains how Qualifying Shareholders can take up this Scrip Dividend Alternative in respect of future

dividends.

If a Qualifying Shareholder has previously completed a Scrip Dividend Mandate, which has not been revoked, such Shareholder will receive the maximum number of Scrip Dividend Shares in lieu of all future dividends in respect of which a Scrip Dividend Alternative is offered to Shareholders. The Board reserves the right to not offer a Scrip Dividend Alternative in respect of any future dividend, in which case such dividend will be paid in cash in the usual way.

A Scrip Dividend Mandate can only be made in respect of your entire holding and will remain valid until written revocation is given to the Secretary. You will be notified each time that a Scrip Dividend Alternative is being offered to Shareholders to allow you time to revoke your Scrip Dividend Mandate, should you wish to do so.

#### *Terms of each Scrip Dividend Alternative*

All elections will be subject to fulfilment of the conditions specified under "*Conditions*" below (the "**Conditions**"). If the Conditions are not satisfied in respect of any proposed dividend, an election will automatically become void in respect of that proposed dividend and (in the case of the Board deciding to proceed with the dividend without applying the Scrip Dividend Alternative) Shareholders will receive the relevant dividend in cash in the usual way.

The entitlement to receive Scrip Dividend Shares under a Scrip Dividend Alternative is personal and non-transferable.

#### *Conditions*

Each Scrip Dividend Alternative is conditional on: (a) the Board not deciding to revoke its decision to offer Scrip Dividend Shares; and (b) the Board remaining satisfied, on reasonable grounds, that the Company will immediately after issuing the Scrip Dividend Shares satisfy the solvency test as set out in section 527 of the Law for the purposes of section 304 of the Law.

The Board has the power to revoke their decision to offer Scrip Dividend Shares instead of a cash dividend at any time up to:

1. in the case of the Proposed Interim Dividend, 5:00 pm on 7 December 2021; and
2. in the case of future dividends, such time and date as shall be notified to Shareholders at the time of announcing the proposed dividend.

It is envisaged that the Board would only revoke this decision if an event occurs that in the Board's opinion would materially impact the net asset value of the Company, or cause a significant fall in the value of the Shares, such that the Board considers that the Scrip Dividend Alternative would be substantially less beneficial to Shareholders accepting the offer.

#### *Basis of Entitlement*

Each Qualifying Shareholder's entitlement to Scrip Dividend Shares under a Scrip Dividend Alternative will be based on a price for each Scrip Dividend Share (the '**Reference Share Price**').

In respect of the Proposed Interim Dividend, the Reference Share Price will be £6.20 per Share (the '**Reference Share Price**'), being the last traded price for Shares prior to 7 November 2021 (such date being the last practicable date prior to the date of this circular).

In respect of subsequent dividends, the Reference Share Price will be calculated as the last traded price for Shares on the date which is two weeks prior to the record date for the relevant dividend, or on such other

date as shall be notified to Shareholders in the announcement of the dividend.

The formulae used for calculating the maximum Scrip Dividend Share entitlement are as follows:

$$\begin{array}{l} \text{number of Shares held at the Record} \\ \text{Date by Qualifying Shareholders} \end{array} \quad \times \quad \begin{array}{l} \text{dividend per} \\ \text{Share} \end{array} \quad = \quad \begin{array}{l} \text{aggregate dividend available for} \\ \text{scrip election} \end{array}$$

And

$$\frac{\begin{array}{l} \text{aggregate dividend available for scrip} \\ \text{election} \end{array}}{\text{Reference Share Price}} = \begin{array}{l} \text{number of Scrip Dividend Shares (rounded down to the} \\ \text{nearest whole number)} \end{array}$$

For the purposes of calculating the Reference Share Price, the Board reserves the right at its entire discretion to disregard any trade which it reasonably considers to have taken place at a price which is not representative of a fair price negotiated on arm's length terms between a willing buyer and a willing seller, having regard to the price at which other trades have been effected.

If a Qualifying Shareholder elects to receive the Scrip Dividend Alternative in respect of a number of Shares which exceeds their shareholding on the relevant Record Date, they shall be deemed to have elected to receive Scrip Dividend Shares in respect of their entire entitlement to the relevant dividend.

#### *Cash balances*

If your entitlement to a particular dividend is not exactly divisible by the Reference Share Price for that dividend, your allocation of Scrip Dividend Shares pursuant to a Scrip Dividend Alternative will be rounded down so that it results in the nearest whole number of Scrip Dividend Shares.

The balance of your entitlement to the relevant dividend will be paid in cash.

#### *If you do not wish to receive any Scrip Dividend Shares*

If you would like to receive the Proposed Interim Dividend in cash in respect of all of your dividend entitlement, and you also wish to receive future dividends in cash, you should take no action in relation to the Scrip Dividend Alternative or the Scrip Dividend Mandate. Your dividends will be paid to you in the usual way on the relevant dividend payment date. This will not prevent you from choosing to receive future dividends in the form of new Shares where a scrip dividend alternative is offered, subject to applicable regulatory requirements at the time.

#### *Non-Qualifying Shareholders*

If you are not a Qualifying Shareholder, you may not receive Scrip Dividend Shares and you should take no action. Please note that all Shareholders who are located in, or who hold on behalf of persons located in, any jurisdiction in the EEA other than Ireland, Denmark and Sweden are not Qualifying Shareholders for any Scrip Dividend Alternative. If you are not a Qualifying Shareholder and were registered as holding Shares on the Record Date, your dividend will be paid to you in cash in the usual way on the dividend payment date.

For the avoidance of doubt, Shareholders located in the Bailiwick of Guernsey, Jersey or the United Kingdom are Qualifying Shareholders.

#### *General*

Each Scrip Dividend Alternative is subject to the Company's articles of incorporation and the terms and conditions set out in this circular. The terms and conditions of each Scrip Dividend Alternative are governed by and to be construed in accordance with the law of the Island of Guernsey. By completing Election Forms, Qualifying Shareholders agree to submit to the exclusive jurisdiction of the Guernsey courts in relation to the

matters in this circular.

No acknowledgement of Election Forms will be issued. The Company and/or the Secretary reserve the right to treat as valid an election which is not complete in all respects.

Subject to satisfaction of the Conditions, definitive share certificates for the Scrip Dividend Shares in respect of the Proposed Interim Dividend will be posted, at the risk of the persons entitled thereto, on 8 December 2021.

If any of the Conditions are not satisfied, Election Forms will be disregarded and the Company will pay the Proposed Interim Dividend in cash in the usual way as soon as practicable on or after 8 December 2021.

If all Qualifying Shareholders were to decide to receive the Proposed Interim Dividend in cash the total cash dividend payable by the Company (including to non-Qualifying Shareholders) in respect of the Proposed Interim Dividend would be £1,210,958.

If all Qualifying Shareholders were to elect to receive Scrip Dividend Shares instead of cash in respect of the Proposed Interim Dividend and in respect of their entire holdings, approximately 186,642 Scrip Dividend Shares would be issued based on the Reference Share Price (ignoring any reduction in respect of fractions), representing 0.5% of the issued ordinary share capital of the Company as at 10:00 am on the date of this circular. As at the date of this circular, 34,598,786 Shares of 2 pence each are in issue.

The Scrip Dividend Shares will on issue be credited as fully paid and will rank pari passu in all respects with the then existing Shares, except for participation in the dividend to which they relate, and will rank pari passu for all future dividends.

If you have any questions regarding the Scrip Dividend Alternative or the Scrip Dividend Mandate, please contact the Secretary, Richard Hemans, on [richard.hemans@bluediamond.gg](mailto:richard.hemans@bluediamond.gg) or 01481 210285. Please note that Richard will not be able to provide any advice on whether to elect to receive Scrip Dividend Shares instead of cash.

**You are reminded to take professional advice from an appropriately qualified person. Please also ensure that you have read and understood the terms and conditions set out in this circular.**

#### **Action to be taken**

##### *Scrip Dividend Alternative*

If you are a Qualifying Shareholder, in order to elect to receive Scrip Dividend Shares in relation to some or all of your dividend entitlement you will need to complete and return the Election Form.

Your completed Election Form must be received by the Secretary not later than the time and date stipulated in the Election Form. If it has not been received by then, you will receive the full cash dividend entitlement in respect of all of your Shares.

If you would like to receive the Proposed Interim Dividend in cash in respect of all of your dividend entitlement, and you also wish to receive future dividends in cash, or if you are not a Qualifying Shareholder, you should not return an Election Form.

Yours sincerely



**Simon Burke**

Chairman

## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

"Articles"	the articles of incorporation of the Company
"Board" or "Directors"	the directors of the Company
"Business Day"	any day (other than a Saturday or Sunday) on which commercial banks are open for general business in Guernsey
"Chairman"	Simon Burke
"Companies Law"	the Companies (Guernsey) Law, 2008 (as amended)
"Company"	Blue Diamond Limited (Guernsey company number 12307)
"Election Form"	the election form set out on page 8 of this document for use by Shareholders wishing to elect to receive the Scrip Dividend Alternative
"Excluded Shareholders"	Shareholders with a registered address in, or who are located in, or who hold shares on behalf of persons located in, the US or one of the Excluded Territories
"Excluded Territories"	Australia, Canada, Japan, South Africa, New Zealand, all jurisdictions in the European Economic Area (other than Ireland, Denmark and Sweden) and any other jurisdiction where the extension or availability of the Scrip Dividend Alternative would breach any applicable law or regulation
"Memorandum"	the memorandum of incorporation of the Company
"Qualifying Shareholders"	holders of existing Shares on the register of members of the Company at the Record Date, other than Excluded Shareholders
"Record Date"	In respect of any proposed dividend, the date which is notified by the Company as being the date on which Shareholders need to be on the Register in order to be entitled to participate in that dividend
"Register"	the register of Shareholders of the Company kept pursuant to the Companies Law
"Shareholder"	a registered holder of shares in the Company
"Shares"	the shares in the Company

## ELECTION FORM

**BLUE DIAMOND LIMITED**  
(Guernsey company number 12307)  
(the "**Company**")

This is the Election Form for use by Shareholders to elect to receive the Scrip Dividend Alternative (as defined in the circular issued by the Company dated 8 November 2021 (the "**Circular**")). Words and expressions defined in the Circular shall have the same meaning in this Election Form.

Please fill out the details below in BLOCK CAPITALS

Shareholder name:

Shareholder address:

### Proposed Interim Dividend

Please select Option 1 or Option 2 below in relation to the Proposed Interim Dividend.

If selecting Option 2, please insert the number of Shares (not exceeding the number of Shares registered in your name on the Record Date) in respect of which you wish to receive the Scrip Dividend Alternative.

Option 1	Option 2
Tick here:	Tick here:
I, the undersigned, being a Shareholder in the Company hereby elect to receive the Scrip Dividend Alternative in respect of all of my entitlement to the Proposed Interim Dividend.	I, the undersigned, being a Shareholder in the Company hereby elect to receive the Scrip Dividend Alternative in respect of all of my entitlement to the Proposed Interim Dividend in respect of the following number of Shares:

### Scrip Dividend Mandate

Tick here:
I, the undersigned, being a Shareholder in the Company hereby elect to receive the Scrip Dividend Alternative in respect of future dividends.



*If you require any assistance with completing this form, including confirmation of the number of Shares held by you or the value of your dividend entitlement, please contact the Secretary, Richard Hemans, on [richard.hemans@bluediamond.gq](mailto:richard.hemans@bluediamond.gq) or 01481 210285.*

By completing, signing and returning this Election Form, I hereby acknowledge and/or confirm that:

- 1. I am a Qualifying Shareholder;
- 2. the Scrip Dividend Alternative is subject to the Company’s articles of incorporation and the terms and conditions set out in the Circular;
- 3. the terms and conditions of the Scrip Dividend Alternative are governed by and to be construed in accordance with the law of the Island of Guernsey;
- 4. I agree to submit to the exclusive jurisdiction of the Guernsey courts in relation to the Scrip Dividend Alternative;
- 5. the Company and/or the Secretary reserve the right to treat as valid an election which is not complete in all respects;
- 6. if I have ticked the box to elect to effect the Scrip Dividend Mandate, I am electing to receive in respect of future dividends, on a routine basis, any scrip dividend alternative offered to Shareholders. I accept that such election will be on the terms and subject to the conditions set out in the Memorandum and Articles of Incorporation of the Company, the circular dated 8 November 2021 and in any future circulars sent to eligible shareholders in connection with such offers. The Company is authorised and instructed to treat me as having made an election, in the case of each such offer, in respect of any total number of Ordinary Shares comprised in my holding at the Record Date for the relevant offer, on a basis which will result in the issue to me of a whole number of New Shares. The mandate herein contained, if applicable shall remain valid until revoked by me or the Directors.

Please complete and return this Election Form to Richard Hemans of Blue Diamond Limited at Rue du Friquet, Castel, Guernsey GY1 3XA by the close of business on 23 November 2021.

**Signature(s)** .....

**Date:** .....