

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in On the Beach Group plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.



ON THE BEACH GROUP PLC

Notice of Annual General Meeting

Notice of the Annual General Meeting of the Company to be held at 11.00 am on 7 February 2019 at Aeroworks, 5 Adair Street, Manchester M1 2NQ as set out at pages 3 to 7 of this circular.

Whether or not you propose to attend the Annual General Meeting, please vote electronically or request a proxy form from our Registrars and return such form, in each case in accordance with the instructions contained in the notes to this Notice of Annual General Meeting. Proxy forms must be received by 11.00 am on 5 February 2019. Any proxy form received after this date will be invalid.

LETTER FROM THE CHAIR OF THE BOARD

7 January 2019

Dear Shareholder

Annual General Meeting

The Annual General Meeting is to take place at 11.00 am on 7 February 2019 at Aeroworks, 5 Adair Street, Manchester M1 2NQ. The formal notice of the Annual General Meeting is set out on pages 3 to 7 and an explanation of the resolutions to be proposed at the Annual General Meeting is set out on pages 8 to 11 of this circular.

Voting

In accordance with best practice for listed companies, it is the current intention that voting on all resolutions will be conducted by way of a poll rather than on a show of hands. This means that shareholders will have one vote for each ordinary share held. The Company believes this will result in a more accurate reflection of the views of ordinary shareholders by ensuring that every vote is recognised, including the votes of all ordinary shareholders who are unable to attend the Meeting but who have voted electronically or appointed a proxy for the Meeting.

Action to be taken

Your vote is important and you can vote by either using our electronic voting facility at www.signalshares.com, requesting a hard copy form of proxy from our Registrars, Link Asset Services, or, for CREST members, by utilising the CREST electronic proxy appointment service. Further details regarding the different means of voting are set out in the notes to the Notice of General Meeting.

The results of the Annual General Meeting will be announced through a Regulatory Information Service and on the Company website, www.onthebeachgroupplc.com as soon as possible once known.

Final Dividend

Shareholders are being asked to approve a final dividend of 2.2 pence per ordinary share of £0.01 each for the year ended 30 September 2018. If you approve the recommended final dividend, this will be paid on 14 February 2019 to all ordinary shareholders who were on the register of members on 11 January 2019.

Recommendation

The directors of the Company consider that all the resolutions to be considered at the Annual General Meeting are in the best interests of the Company and are most likely to promote the success of the Company for the benefit of its members as a whole. The directors unanimously recommend that you vote in favour of all the proposed resolutions (save in respect of those resolutions in which they are interested). Explanatory notes on all of the business to be considered at this year's Annual General Meeting appear on pages 8 to 11.

I look forward to seeing you at the Annual General Meeting.

Yours sincerely

David Kelly

Chair of the Board (Interim)
On the Beach Group plc



5 Adair Street, Manchester M1 2NQ

On the Beach Group plc, a company registered in England and Wales with company registration number 09736592

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of On the Beach Group plc ("**Company**") will be held at 11.00 am on 7 February 2019 at Aeroworks, 5 Adair Street, Manchester, M1 2NQ.

You will be asked to consider and vote on the resolutions below. Resolutions 1 to 13 will be proposed as ordinary resolutions and resolutions 14 to 17 will be proposed as special resolutions.

RESOLUTIONS

ORDINARY RESOLUTIONS

- 1 To receive the annual accounts of the Company for the year ended 30 September 2018 together with the reports of the directors and the auditor thereon.
- 2 To approve the directors' remuneration policy (as contained in the directors' remuneration report for the year ended 30 September 2018).
- 3 To approve the directors' remuneration report (other than the part containing the directors' remuneration policy) for the year ended 30 September 2018.
- 4 To declare a final dividend of 2.2 pence per ordinary share in respect of the year ended 30 September 2018.
- 5 To appoint Elaine O'Donnell as a director of the Company.
- 6 To reappoint Simon Cooper as a director of the Company.
- 7 To reappoint Paul Meehan as a director of the Company.
- 8 To reappoint Lee Ginsberg as a director of the Company.
- 9 To reappoint David Kelly as a director of the Company.
- 10 To reappoint KPMG LLP as auditor to the Company for the period from the conclusion of this meeting to the conclusion of the next general meeting of the Company at which accounts are laid.
- 11 To authorise the directors to determine the auditor's remuneration.
- 12 That the directors are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares (**Allotment Rights**), but so that:
 - (a) the maximum amount of shares that may be allotted or made the subject of Allotment Rights under this authority are shares with an aggregate nominal value of £873,616.73, of which one-half may be allotted or made the subject of Allotment Rights in any circumstances and the other half may be allotted or made the subject of Allotment Rights pursuant to any rights issue (as referred to in the Financial Conduct Authority's listing rules) or pursuant to any arrangements made for the placing or underwriting or other allocation of any shares or other securities included in, but not taken up under, such rights issue;
 - (b) this authority shall expire on 31 March 2020 or, if earlier, on the conclusion of the Company's next annual general meeting;
 - (c) the Company may make any offer or agreement before such expiry which would or might require shares to be allotted or Allotment Rights to be granted after such expiry and the directors may allot shares or grant Allotment Rights under any such offer or agreement as if the authority had not expired; and
 - (d) all authorities vested in the directors on the date of the notice of this meeting to allot shares or to grant Allotment Rights that remain unexercised at the commencement of this meeting are revoked.

13 That, from the date of this resolution until the earlier of 31 March 2020 and the conclusion of the Company's next annual general meeting, the Company and all companies which are its subsidiaries at any time during such period are authorised:

- (a) to make donations to political parties or independent election candidates;
- (b) to make donations to political organisations other than political parties; and
- (c) to incur political expenditure,

up to an aggregate total amount of £50,000, with the amount authorised for each of heads (a) to (c) above being limited to the same total. Any such amounts may comprise sums paid or incurred in one or more currencies. Any sum paid or incurred in a currency other than sterling shall be converted into sterling at such rate as the board may decide is appropriate. Terms used in this resolution have, where applicable, the meanings that they have in Part 14 of the Companies Act 2006 on "Control of political donations and expenditure".

SPECIAL RESOLUTIONS

14 That, subject to the passing of resolution 12 in the notice of this meeting, the directors are empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560 of that Act) for cash, pursuant to the authority conferred on them by resolution 12 in the notice of this meeting or by way of a sale of treasury shares as if section 561 of that Act did not apply to any such allotment, provided that this power is limited to:

- (a) the allotment of equity securities in connection with any rights issue or open offer (each as referred to in the Financial Conduct Authority's listing rules) or any other pre-emptive offer that is open for acceptance for a period determined by the directors to the holders of ordinary shares on the register on any fixed record date in proportion to their holdings of ordinary shares (and, if applicable, to the holders of any other class of equity security in accordance with the rights attached to such class), subject in each case to such exclusions or other arrangements as the directors may deem necessary or appropriate in relation to fractions of such securities, the use of more than one currency for making payments in respect of such offer, any such shares or other securities being represented by depositary receipts, treasury shares, any legal or practical problems in relation to any territory or the requirements of any regulatory body or any stock exchange; and
- (b) the allotment of equity securities (other than pursuant to paragraph 14(a) above) with an aggregate nominal value of £65,521.26

and shall expire on the revocation or expiry (unless renewed) of the authority conferred on the directors by resolution 12 in the notice of this meeting, save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities under any such offer or agreement as if the power had not expired.

15 That, subject to the passing of resolution 12 in the notice of this meeting and in addition to the power contained in resolution 14 set out in the notice of this meeting, the directors are empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560 of that Act) for cash, pursuant to the authority conferred on them by resolution 12 in the notice of this meeting or by way of sale of treasury shares as if section 561 of that Act did not apply to any such allotment, provided that this power is:

- (a) limited to the allotment of equity securities up to an aggregate nominal value of £65,521.26; and
- (b) used only for the purposes of financing (or refinancing, if the power is to be exercised within six months after the date of the original transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the notice of this meeting,

and shall expire on the revocation or expiry (unless renewed) of the authority conferred on the directors by resolution 12 in the notice of this meeting, save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities under any such offer or agreement as if the power had not expired.

- 16 That, the Company be and is hereby generally and unconditionally authorised to make market purchases (as defined in section 693(4) of the Companies Act 2006) of its own shares up to an aggregate number of 13,104,251 ordinary shares (representing approximately 10% of the Company's issued ordinary share capital) subject to:
- (a) the minimum price per ordinary share, excluding expenses, being £0.01; and
 - (b) the maximum price per ordinary share, excluding expenses, being the higher of:
 - (i) 5% above the average of the middle market quotations as derived from the London Stock Exchange Daily Official List for an ordinary share over five business days before the purchase; and
 - (ii) the higher of the price of the last independent trade and the highest current independent bid on the market where the purchase is carried out.

This authority shall expire on 31 March 2020 or, if earlier, on the conclusion of the Company's next annual general meeting (unless previously revoked or varied by the Company in general meeting) save that under such authority the Company may, before such expiry, enter into any contract for the purchase of its own shares which might be executed and completed wholly or partly after such expiry and to make purchases of its own shares in pursuant of any such contract or contracts.

- 17 That any general meeting of the Company that is not an annual general meeting may be called by not less than 14 clear days' notice.

By order of the Board

Kirsteen Vickerstaff

Company Secretary

Dated: 7 January 2019

On the Beach Group plc

Registered in England and Wales No 09736592

Registered Office: 5 Adair Street, Manchester, M1 2NQ

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

NOTES:

- 1 A member who is entitled to attend and vote at the meeting is entitled to appoint another person, or two or more persons in respect of different shares held by him, as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting.
- 2 The right of a member of the Company to vote at the meeting will be determined by reference to the register of members. A member must be registered on that register as the holder of ordinary shares by the close of business on 5 February 2019 in order to be entitled to attend and vote at the meeting as a member in respect of those shares.
- 3 It is intended that each resolution will be voted on by way of a poll rather than on a show of hands. This is considered best practice for listed companies. The Company believes that a poll is more representative of shareholders' voting intentions because shareholder votes are counted according to the number of ordinary shares held and all votes tendered are taken into account
- 4 A member wishing to attend and vote at the meeting in person should arrive prior to the time fixed for its commencement. A member that is a corporation can only attend and vote at the meeting in person through one or more representatives appointed in accordance with section 323 of the Companies Act 2006. Any such representative should bring to the meeting written evidence of his appointment, such as a certified copy of a board resolution of, or a letter from, the corporation concerned confirming the appointment.
- 5 Any member wishing to vote at the meeting without attending in person or (in the case of a corporation) through its duly appointed representative may do so either:
 - (a) by logging on to www.signalshares.com and following the instructions
 - (b) by requesting a hard copy form of proxy directly from the Registrars, Link Asset Services, on Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Alternatively, you can request a hard copy form of proxy by emailing shareholderenquiries@linkgroup.co.uk
 - (c) in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below

In order for a proxy appointment to be valid a form of proxy must be completed in accordance with the instructions that accompany it and then delivered (together with any power of attorney or other authority under which it is signed, or a certified copy of such item) to Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by 11am on 5 February 2019. Appointing a proxy will not prevent a member from attending and voting in person at the meeting should he so wish.
- 6 Any person to whom this notice is sent who is currently nominated by a member of the Company to enjoy information rights under section 146 of the Companies Act 2006 (nominated person) may have a right under an agreement between him and that member to be appointed, or to have someone else appointed, as a proxy for the meeting. If a nominated person has no such right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member concerned as to the exercise of voting rights. The statement in note 1 above of the rights of a member in relation to the appointment of proxies does not apply to a nominated person. Such rights can only be exercised by the member concerned.
- 7 As at 13 December 2018 (the latest practicable date prior to the printing of this document) (i) the Company's issued share capital consisted of 131,042,510 ordinary shares, carrying one vote each, and (ii) the total voting rights in the Company were 131,042,510.
- 8 Each member attending the meeting has the right to ask questions relating to the business being dealt with at the meeting which, in accordance with section 319A of the Companies Act 2006 and subject to some exceptions, the Company must cause to be answered. Information relating to the meeting which the Company is required by the Companies Act 2006 to publish on a website in advance of the meeting may be viewed at www.onthebeachgroupplc.com. A member may not use any electronic address provided by the Company in this document or with any proxy appointment form or in any website for communicating with the Company for any purpose in relation to the meeting other than as expressly stated in it.
- 9 It is possible that, pursuant to members' requests made in accordance with section 527 of the Companies Act 2006, the Company will be required to publish on a website a statement in accordance with section 528 of that Act setting out any matter that the members concerned propose to raise at the meeting relating to the

audit of the Company's latest audited accounts. The Company cannot require the members concerned to pay its expenses in complying with those sections. The Company must forward any such statement to its auditors by the time it makes the statement available on the website. The business which may be dealt with at the meeting includes any such statement.

- 10 CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in "the CREST voting service" section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, 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 a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (CREST proxy appointment instruction) must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & Ireland Limited (Euroclear), and must contain all the relevant information required by the CREST Manual. To be valid, 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 be transmitted so as to be received by Link Asset Services (ID RA10), as the Company's "issuer's agent", by 11am on 5 February 2019. After this time any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of the message's receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer's agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on "Practical limitations of the system". In certain circumstances the Company may, in accordance with the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid.

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

The following notes provide an explanation as to why the resolutions set out in the notice are to be put to shareholders.

Resolutions 1 to 13 are ordinary resolutions. These resolutions will be passed if more than 50% of the votes cast for or against are in favour.

Resolution 1 – Laying of accounts

The directors are required by the Companies Act 2006 to present to the shareholders of the Company at a general meeting the reports of the directors and auditor, and the audited accounts of the Company, for the year ended 30 September 2018. The reports of the directors and the audited accounts have been approved by the directors, and the report of the auditor has been approved by the auditor, and a copy of each of these documents may be found in the annual accounts and reports.

Resolution 2 – Directors' remuneration policy

The Companies Act 2006 requires the directors' remuneration policy to be put to shareholders for a binding vote at least every three years, unless a change in the approved policy is proposed within the three year period.

Resolution 2 is proposed as an ordinary resolution and seeks shareholders' approval for the directors' remuneration policy, on pages 65 to 72 (inclusive) of the director's remuneration report for the year ended 30 September 2018. The directors' remuneration policy sets out the Company's forward looking policy on directors' remuneration (including the approach on exit payments for directors). If the directors' remuneration policy is approved it will become effective from the close of the Meeting and will replace the previous remuneration policy, which was approved by shareholders at the Annual General Meeting in 2016.

If the directors' remuneration policy is not approved by shareholders, the Company will seek shareholder approval for a revised policy as soon as practicable.

Resolution 3 – Directors' remuneration report

This resolution seeks shareholders' approval for the directors' remuneration report for the year ended 30 September 2018.

Resolution 3 is proposed as an ordinary resolution. The vote is advisory in nature and the directors' entitlement to remuneration is not conditional on the resolution being passed. This resolution does not include the parts of the directors' remuneration report containing the directors' remuneration policy (set out on pages 65 to 72 (inclusive)), the approval of which is the subject of Resolution 2.

Resolution 4 – Declaration of Final Dividend

The Board recommends a final dividend of 2.2 pence per ordinary share.

Subject to approval by shareholders, the final dividend will be paid on 14 February 2019 to shareholders on the register at close of business on 11 January 2019.

Resolutions 5 to 9 – Appointment/reappointment of directors of the Company

Elaine O'Donnell was appointed to act as a Director by the Board on 3 July 2018 and, in line with Article 19.2 of the Company's Articles of Association, Elaine is retiring and seeking appointment by the shareholders. Details of the recruitment process that was followed and resulted in the selection of Elaine O'Donnell as the strongest candidate for the role are set out on page 56 of the annual report and accounts.

In accordance with the provisions of the UK Corporate Governance Code and best practice, all directors wishing to continue their appointments are seeking re-appointment by the Company's shareholders.

As outlined on page 56 of the annual report and accounts, David Kelly, Senior Independent Director, was appointed to act as Chair of the Board on an interim basis while the Nomination Committee leads the process to appoint a permanent Chair of the Board. David Kelly, in his capacity as interim Chair of the Board, is satisfied that each of the directors standing for re-election continues to be effective and demonstrates a commitment to the role. This follows a process of performance evaluation which confirmed that each director makes an effective and valuable contribution to the board and that each of the directors continues to be able

to dedicate sufficient time to their duties. The directors retiring and seeking reappointment are Simon Cooper, Paul Meehan, Lee Ginsberg and David Kelly. Biographical information in relation to the directors is shown on pages 45 to 46 of the annual report and accounts.

Resolution 10 – Auditor’s appointment

The Companies Act 2006 requires that an auditor be appointed at each general meeting at which accounts are laid, to hold office until the next such meeting. The current auditor of the Company is KPMG LLP and this resolution seeks shareholder approval for the re-appointment of KPMG LLP as auditor of the Company. The audit committee have recommended the re-appointment of KPMG and have confirmed that such recommendation is free from influence by a third party and that no restrictive contractual terms have been imposed on the Company. The directors are therefore recommending the re-appointment of KPMG LLP.

As stated on page 58 of the Annual Report and Accounts, the Audit Committee is conducting an audit tender which will conclude in February 2019.

Resolution 11 – Auditor’s remuneration

This resolution gives the directors the authority to determine the remuneration of the auditor for the audit work to be carried out by them in the next financial year.

Resolution 12 – Authority of the directors to allot shares

This resolution, if passed, gives the directors authority to allot relevant securities in the Company and to grant rights to subscribe for or to convert any security into shares in the Company.

Paragraph (a) of resolution 12, if passed, would give the directors the authority to allot shares or grant rights to subscribe for or to convert any security into shares in the Company an aggregate nominal amount of £873,616.73 (representing 87,361,673 Ordinary Shares) which represents approximately two-thirds of the existing issued share capital of the Company calculated as at 13 December 2018 (being the latest practicable date prior to publication of this notice).

Half of this amount (being an aggregate nominal amount of £436,808.37 (representing 43,680,837 Ordinary Shares)) may be allotted or made the subject of rights to subscribe for or to convert any security into shares in any circumstances and the other half (being an aggregate nominal amount of £436,808.36 (representing 43,680,836 Ordinary Shares)) may be allotted or made the subject of rights to subscribe for or to convert any security into shares in connection with a rights issue, to existing shareholders in proportion (as nearly as may be practicable) to their existing shareholdings.

The directors are seeking this resolution to ensure that the Company has maximum flexibility in managing the Company’s resources. The directors have no present intention to exercise this authority and would use it only if satisfied at the time that to do so would be in the interests of the Company. The terms of this resolution comply with The Investment Association Share Capital Management Guidelines issued in July 2016. The authority granted by this resolution will expire on 31 March 2020 or, if earlier, on the conclusion of the Company’s next annual general meeting. The Company does not currently hold any shares in treasury.

Resolution 13 – Political donations

Although the Company does not make donations to or incur expenditure on behalf of political parties, other political organisations or independent election candidates, the Companies Act 2006 defines these terms very widely, such that activities that form part of the normal relationship between the Company and bodies concerned with policy review, law reform and other business matters affecting the Company may be included. Such activities, which are in the shareholders’ interests for the Company to conduct, are not designed to support or implement support for a particular political party, other political organisation or independent election candidate. The Company believes that the authority proposed under this resolution is only necessary to ensure that it does not commit any technical breach that could arise from the uncertainty generated by the wide definitions contained within the Companies Act 2006 when carrying out activities in the furtherance of its legitimate business interests. The Company neither made political donations nor incurred political expenditure in the financial year ended 30 September 2018.

Resolutions 14 to 17 are special resolutions. These resolutions will be passed if not less than 75% of the votes cast for and against are in favour.

Resolution 14 and 15 – Disapplication of statutory pre-emption rights

Resolutions 14 and 15, if passed, give the directors authority to allot ordinary shares or sell treasury shares for cash without first offering them to existing shareholders in proportion to their existing shareholdings. These resolutions reflect The Pre-emption Group's Statement of Principles published in March 2015 which states that a company may seek power to issue, on a non-pre-emptive basis for cash, in any one year, shares representing no more than 5% of the company's issued ordinary share capital for any purposes, and an additional 5% of the company's issued ordinary share capital in connection with an acquisition or a form of capital investment contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group.

Resolution 14, if passed, will permit the directors to allot ordinary shares for cash on a non-pre-emptive basis both in connection with a rights issue or similar pre-emptive issues and, otherwise in connection with such issue, up to a maximum nominal amount of £65,521.26. This amount represents approximately 5% of the Company's issued ordinary share capital as at 13 December 2018 (being the last practicable date prior to publication of this notice). This resolution will allow the directors to allot shares for cash, up to the specified level, in any circumstances.

Resolution 15, if passed, will permit the directors to allot ordinary shares for cash on a non-pre-emptive basis up to a further maximum nominal amount of £65,521.26. This amount again represents approximately 5% of the Company's issued ordinary share capital as at 13 December 2018 (being the last practicable date prior to publication of this notice). This resolution will allow the directors to allot shares only in connection with an acquisition or capital investment contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group

The directors are seeking these resolutions to ensure that the Company has maximum flexibility in managing the Company's resources. The directors have no present intention to exercise these authorities and would only do so if they were satisfied that it would be in the best interests of the Company. The authority granted by this resolution will expire on 31 March 2020 or, if earlier, on the conclusion of the Company's next annual general meeting.

Resolution 16 – Purchase of own shares

This resolution, if passed, gives the Company authority to purchase its own ordinary shares. In accordance with The Investment Association Share Capital Management Guidelines issued in July 2016, it is proposed as a special resolution.

The authority sought covers up to a maximum of 13,104,251 shares, representing approximately 10% of the issued share capital as at 13 December 2018 (being the latest practicable date prior to publication of this notice).

The Company may either cancel any shares it purchases under this authority or transfer them into treasury (and subsequently sell or transfer them out of treasury or cancel them).

Purchases would only be made after careful consideration and where the directors believe that it would be in the best interests of the shareholders generally and if it would result in an increase in earnings or net assets per share for the remaining shareholders. The Company has not purchased any ordinary shares to date and the directors have no current intention to use this authority but consider it prudent to obtain authority so as to preserve flexibility.

The minimum price that the Company can pay for an ordinary share, excluding expenses, is £0.01 and the maximum price, excluding expenses, is the higher of (a) 5% above the average of the middle market quotations as derived from the London Stock Exchange Daily Official List for an ordinary share over five business days before the purchase, and (b) the higher of the price of the last independent trade and the highest current independent bid on the market where the purchase is carried out. Any ordinary shares so purchased would be either held as treasury shares or cancelled.

As at 13 December 2018, there were 1,380,026 options to subscribe for ordinary shares in the capital of the Company, representing 1.05% of the Company's issued ordinary share capital. If the authority conferred by Resolution 16 were to be exercised in full, these options would represent 1.17% of the issued ordinary share capital of the Company.

The authority granted by this resolution will expire on 31 March 2020 or, if earlier, on the conclusion of the Company's next annual general meeting.

Resolution 17

General meetings (other than AGMs) must be held on at least 21 days' notice unless shareholders approve a shorter notice period, which cannot be less than 14 clear days. AGMs must always be held on at least 21 clear days' notice. In order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting. The shorter notice period would not be used as a matter of routine for such meetings, but only where, taking into account exceptional circumstances (and noting the recommendations of the UK Corporate Governance Code), the directors consider the flexibility is merited by the business of the meeting and is in the interests of shareholders as a whole.

The authority granted by this resolution will expire on 31 March 2020 or, if earlier, on the conclusion of the Company's next annual general meeting.

