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If you have sold or transferred all of your ordinary shares of 10 pence each in the capital of Watchstone Group plc ("Ordinary Shares"), please send this document, together with the accompanying Form of Proxy, immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, this document should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of relevant laws. If you have sold or transferred part only of your holding of Ordinary Shares, you are advised to consult your stockbroker, bank or other agent through whom the sale or transfer was effected.

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# Watchstone Group plc

*(Incorporated and registered in England and Wales with registered number 05542221)*

## Notice of Annual General Meeting

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Notice of the Annual General Meeting of Watchstone Group plc ("Company") to be held at Vauxhall & Lambeth Suite – 2nd Floor, Park Plaza County Hall, 1 Addington St, Lambeth, London SE1 7RY on 27 June 2017 at 10.30am is set out at the end of this document.

The Form of Proxy for use at the Annual General Meeting accompanies this document and, to be valid, should be completed and returned in accordance with the instructions set out therein as soon as possible but, in any event, so as to reach the Company's Registrars, Capita Asset Services, PXS1, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF by no later than 10:30 am on 25 June 2017 being 48 hours before the time appointed for the holding of the meeting. Completion and return of a Form of Proxy will not prevent a shareholder from attending the meeting and voting in person if he or she so wishes.

### Timetable

- Latest time and date for receipt of Form of Proxy: 10:30 am on 25 June 2017
- Annual General Meeting: 10:30 am on 27 June 2017

# Watchstone Group plc

(Incorporated and registered in England and Wales with registered number  
05542221)

## Directors:

Richard Rose (Non-Executive Chairman)  
Indro Mukerjee (Group Chief Executive Officer)  
Mark Williams (Group Finance Director)  
Lord Howard of Lympne (Senior Non-Executive Director)  
David Currie (Non-Executive Director)  
Tony Illsley (Non-Executive Director)  
David Young (Non-Executive Director)

## Registered Office:

21 Tower St  
London WC2H 9NS

Dear Shareholder

26 May 2017

## Notice of Annual General Meeting

### 1 Annual General Meeting

A notice convening the Annual General Meeting to be held at Vauxhall & Lambeth Suite – 2nd Floor, Park Plaza County Hall, 1 Addington St, Lambeth, London SE1 7RY on 27 June 2017 at 10.30am is set out at the end of this document ("Notice"). At the Annual General Meeting the following resolutions will be proposed, of which Resolutions 1 to 5 (inclusive) will be proposed as Ordinary Resolutions and Resolutions 6 and 7 as Special Resolutions.

#### Ordinary Resolutions

##### *Resolution 1*

Resolution 1 proposes that the Company's annual accounts for the year ended 31 December 2016 together with the Directors' Report and Auditor's Report on these accounts be received, considered and adopted.

##### *Resolution 2*

Resolution 2 proposes that KPMG LLP be re-appointed as auditors of the Company from the conclusion of the Annual General Meeting until the conclusion of the next general meeting at which accounts are laid before the Company and authorises the Directors to determine their remuneration.

##### *Resolution 3*

Resolution 3 proposes the re-appointment of Tony Illsley as a Director who is retiring by rotation in accordance with article 15.1 of the Articles of Association and who, being eligible, is offering himself for re-election.

##### *Resolution 4*

Resolution 4 proposes the re-appointment of Lord Howard of Lympne as a Director who is retiring by rotation in accordance with article 15.1 of the Articles of Association and who, being eligible, is offering himself for re-election.

##### *Resolution 5*

Resolution 5 renews the authority of the Directors to allot shares in the capital of the Company (or to grant rights to subscribe for or convert any securities into shares in the capital of the Company) up to a maximum nominal amount of £1,534,611 (representing approximately 33% of the current issued share capital which is in line with current Guidelines of the UK Association of British Insurers). This authority will expire 18 months after the passing of the resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of the resolution.

## **Special Resolutions**

### *Resolution 6*

Resolution 6 renews the disapplication of pre-emption rights in relation to the allotment of shares having a nominal value equal to the aggregate of (a) £460,383 (representing approximately 10% of the current issued share capital), in each case under the authorities conferred by Resolution 5. This authority will expire 18 months after the passing of the resolution, or if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of the resolution.

### *Resolution 7*

Resolution 7 proposes the authority of the Directors, to make market purchases of up to a maximum aggregate amount of £690,575 (representing 15 per cent of the current issued share capital) at a price no greater than 105 per cent. of the average market value of the Ordinary Shares over the five business day period prior to the date of purchase. This authority will expire 18 months after the passing of the resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company. Ordinary Shares purchased pursuant to this authority may be held as treasury shares for re-issue.

The Directors will only exercise the authority to purchase shares where they consider that such purchases will be in the best interests of shareholders generally and will result in an increase in earnings per share.

## **2 Action to be Taken**

A Form of Proxy for use at the Annual General Meeting is enclosed. Whether or not you intend to be present at the meeting, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed on it to the Company's Registrars, Capita Asset Services, PXS1, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF, as soon as possible but, in any event, so as to be received no later than 10:30 am on 25 June 2017, being 48 hours before the time of the Annual General Meeting. The completion and return of a Form of Proxy will not prevent you from attending the Annual General Meeting and voting in person if you wish to do so.

## **3 Recommendation**

**Your Directors believe that the resolutions to be considered at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole and unanimously recommend that you vote in favour of each of the resolutions, as those Directors who are shareholders intend to do in respect of their beneficial shareholdings representing, in aggregate, less than 0.5 per cent. of the current issued share capital of the Company.**

Yours faithfully

**Richard Rose**

Non-Executive Chairman

# WATCHSTONE GROUP PLC

*(Incorporated and registered in England and Wales with registered number 05542221)*

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE is hereby given** that the Annual General Meeting of Watchstone Group plc ("Company") will be held at Vauxhall & Lambeth Suite – 2nd Floor, Park Plaza County Hall, 1 Addington St, Lambeth, London SE1 7RY on 27 June 2017 at 10.30am for the purpose of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 5 inclusive will be proposed as ordinary resolutions and resolutions 6 and 7 will be proposed as special resolutions:

### Ordinary Resolutions

1. THAT the Company's annual accounts for the year ended 31 December 2015 together with the Directors' Report and Auditor's Report on those accounts be received, considered and adopted.
2. THAT KPMG LLP be re-appointed as auditors of the Company from the conclusion of this meeting until the earlier of the conclusion of the next general meeting at which accounts are laid before the Company, and to authorise the Directors to determine their remuneration.
3. THAT Tony Illsley who is retiring in accordance with article 15.1 of the Company's Articles of Association and who, being eligible, is offering himself for re-election, be re-appointed as a Director of the Company.
4. THAT Lord Howard of Lympne who is retiring in accordance with article 15.1 of the Company's Articles of Association and who, being eligible, is offering himself for re-election, be re-appointed as a Director of the Company.
5. THAT in substitution for and to the exclusion of all existing authorities, the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Act to allot relevant securities (within the meaning of such section) (or to grant rights to subscribe for or to convert any security into relevant securities) in the Company for all and any purposes approved by the Directors, up to an aggregate nominal value equal to the sum of £1,534,611, representing one-third of the current issued share capital (excluding treasury shares) and so that such authority shall, save to the extent that it is earlier renewed or extended by resolution passed at a general meeting, expire 18 months after the date of the passing of this resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, save that the Company may, prior to the expiry of such authority, make an offer or agreement which would or might require relevant securities to be allotted after the expiry of this authority and the Directors may allot relevant securities pursuant to such an offer or agreement as if the authorities hereby conferred had not expired.

### Special Resolutions

6. THAT, subject to and conditional upon the passing of Resolution 5 above and in substitution for and to the exclusion of all existing authorities in that regard other than the authority contained in Resolution 5 above, the Directors be and are hereby empowered pursuant to section 571 of the Act to allot equity securities (as defined in section 560(1) of the Act) and to sell treasury shares having an aggregate nominal value of up to £460,383 (representing 10 per cent of the current issued share capital) for cash pursuant to the authorities conferred by that resolution, as if section 561(1) of the Act did not apply to any such allotment or sale of treasury shares. Such authority, unless previously renewed, extended, varied or revoked by the Company in general meeting, shall expire 18 months after the passing of this resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, save that the Company may, prior to the expiry of such authority, make an offer or agreement which would or might require equity securities in the Company to be allotted or treasury shares to be sold after the expiry thereof and the Directors may allot equity securities in the Company (or sell treasury shares) in pursuance of such offer or agreement notwithstanding the expiry of the authority given

by this resolution.

7. THAT the Company is generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares provided that:

- (a) the maximum aggregate nominal value of Ordinary Shares that may be purchased is £690,575;
- (b) the minimum price (excluding expenses) which may be paid for each ordinary share is 10 pence; and
- (c) the maximum price (excluding expenses) which may be paid for each ordinary share is 105 per cent. of the average market value of an ordinary share for the five business days prior to the day the purchase is made.

The authority conferred by this resolution shall expire 18 months after the date of the passing of this resolution or, if earlier, at the conclusion of the Company's next Annual General Meeting save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase Ordinary Shares which will or may be executed wholly or partly after the expiry of such authority.

Dated: 26 May 2017

**By order of the Board,**

**Registered office:**  
21 Tower St  
London WC2H 9NS

Richard Rose  
*Non-Executive Chairman*

**Notes:**

1. As at 25 May 2017 (being the latest practicable date before publication of this document), the issued share capital of the Company comprised 46,038,333 Ordinary Shares of 10 pence each and the total number of voting rights was 46,038,333. There are no Ordinary Shares held by the Company in treasury.

2. Shareholders entitled to attend and vote at the Annual General Meeting are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote (including on a poll) on their behalf at the meeting and at any adjournment of it. A form of proxy for use by shareholders is enclosed with this document ("Form of Proxy"). A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. To appoint more than one proxy, you may photocopy the Form of Proxy. Please indicate the proxy holder's name and the number of Ordinary Shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of Ordinary Shares held by you). A proxy need not be a member of the Company but must attend the Annual General Meeting in person.

3. Details of how to appoint the Chairman of the meeting or another person as your proxy are set out in the notes to the Form of Proxy.

4. To be valid any Form of Proxy or other instrument appointing a proxy must be received by post at the Company's Registrars, Capita Asset Services, PXS1, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF or by hand to Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham BR3 4TU (during normal business hours) by no later than 10:30 am on 25 June 2017, together with, if appropriate, the original power of attorney or other authority (if any) under which the Form of Proxy is signed or a duly certified copy of that power or authority. In the case of a corporation, the Form of Proxy must be executed under its common seal or under the hand of any officer or attorney duly authorised. The return of a completed Form of Proxy or other such instrument will not prevent a shareholder attending the meeting and voting in person if he/she wishes to do so. Any shareholder who appoints a proxy but who attends in person shall have his proxy terminated automatically. If a shareholder submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

5. 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).

6. A vote withheld option is provided on the Form of Proxy to enable you to instruct your proxy not to vote on any particular resolution, however, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution. If no voting indication is given, your proxy will vote or abstain from voting at his/her discretion. Your proxy will vote (or abstain from voting) as he/she thinks fit in relation to any other matter which is put before the Annual General Meeting.

7. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered in the Company's register of members at close of business on 25 June 2017 (or, in the event of any adjournment, close of business on the date which is two days before the time of the meeting) shall be entitled to attend, speak and vote at the Annual General Meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at t