

## **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own personal financial advice from your stockbroker, bank, solicitor, accountant or other appropriate independent professional adviser.

If you have sold or otherwise transferred all of your shares in Pennant International Group plc (the "**Company**"), please pass this document, together with the accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

### **PENNANT INTERNATIONAL GROUP PLC**

*(Incorporated in England and Wales with registered number 03187528; Registered office: Pennant Court, Staverton Technology Park, Cheltenham, Gloucestershire GL51 6TL)*

### **NOTICE OF ANNUAL GENERAL MEETING**

This year's ANNUAL GENERAL MEETING will be held at Pennant Court, Staverton Technology Park, Cheltenham, GL51 6TL on Wednesday 19<sup>th</sup> April 2017 at 10.30 a.m. You will be asked to consider and pass the resolutions below. Resolutions 1 to 6 will be proposed as ordinary resolutions. Resolutions 7, 8 and 9 will be proposed as special resolutions.

#### **Ordinary resolutions**

1. That the Company's financial statements and the reports of the directors and auditors for the year ended 31 December 2016 be received and adopted.
2. That Mr P. Walker, who retires by rotation, be re-elected as a director of the Company.
3. That Mr T. Rice, who retires pursuant to the Company's Articles of Association, having been appointed a director since the Company's 2016 Annual General Meeting, be appointed as a director of the Company.
4. That Mazars LLP be re-appointed auditors of the Company to hold office until the conclusion of the next general meeting at which the accounts are laid before the members and that the directors be authorised to fix the auditors' remuneration.
5. That the general unconditional authority conferred upon the directors by the Articles of Association to allot relevant securities (as defined in the Articles of Association) under section 551 of the Companies Act 2006 be renewed for the period ending on the date of the Annual General Meeting of the Company held in 2018 or 19 July 2018, whichever is earlier, and that the maximum aggregate nominal value of relevant securities which can be allotted is £543,568.
6. That an unapproved option is granted to Phil Walker over 525,969 ordinary shares £0.05 each at an exercise price of £0.55 per share, to be exercisable upon the expiry of three years from the date of grant of the option.

#### **Special resolutions**

7. That in substitution for all previous authorities, which are hereby revoked, the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 to make one or more market purchases (within the meaning of section 693 of the said Act) of ordinary shares of 5p each in the capital of the Company ("Ordinary Shares") provided that:
  - a. the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is up to 15% of the Ordinary Shares in issue at the date of this meeting, being 4,941,530 Ordinary Shares if no more Ordinary Shares are purchased by the Company between the date of the notice convening this meeting and the date of this meeting;

- b. the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is an amount equal to 105 per cent. of the average of the middle market quotations for an Ordinary Share taken from the Daily Official List of the London Stock Exchange Plc for the five business days immediately preceding the day on which the Ordinary Share is purchased;
  - c. the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is 5p;
  - d. unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2018;
  - e. the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts; and
  - f. the foregoing authority may not be exercised if the result thereof would be to require any person to make a mandatory offer for the whole of the ordinary share capital of the Company not already owned by that person or persons acting in concert with that person pursuant to Rule 9 of the City Code on Takeovers and Mergers.
8. That the period during which the power conferred upon the directors by the Articles of Association to allot equity securities (as defined in section 560 of the Companies Act 2006) entirely paid for in cash free of the restriction in section 561(1) of the Companies Act 2006 be fixed as the period ending on the date of the Annual General Meeting of the Company held in 2018 or 19 July 2018, whichever is the earlier, and that the limit on the maximum amount of equity securities that can be allotted under that power be and is fixed as (i) the number which has an aggregate nominal value of £82,358; and (ii) in respect of the unapproved option over Ordinary Shares to be granted to Phil Walker pursuant to Resolution 6, £26,298.45.
9. That the Company be and is hereby authorised for the purposes of section 694 of the Companies Act 2006 to enter into a contract (in the form made available for inspection at the Company's registered office for the 15 days prior to the meeting, and at the meeting) with Mr P. Walker for the purchase (for cancellation) of 700,000 C Shares of £0.001 each in the capital of the Company for an aggregate purchase price of £3,500.00 (being the price paid for such shares on subscription).

27 March 2017

By order of the Board

P. Walker

Company Secretary

## Notes

- 1 Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice.
- 2 To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Neville Registrars Ltd, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA not later than 48 hours before the time of the meeting.
- 3 The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 6 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
- 4 To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company 48 hours before the time of the meeting (or, in the event of any adjournment, 48 hours before the time of the adjourned 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 the meeting.
- 5 As at 23 March 2017 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 32,943,533 ordinary shares, carrying one vote each, 1,400,000 B shares and 700,000 C Shares which are non-voting. Therefore, the total voting rights in the Company as at 23 March 2017 are 32,943,533.
- 6 To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the Company's agent 7RA11 no later than 48 hours before the time of the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed voting service providers should contact their CREST sponsor or voting service providers for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent through CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.
- 7 In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives ([www.icsa.org.uk](http://www.icsa.org.uk)) for further details of this procedure.

## Explanatory notes to the Resolutions

### Resolution 1: Annual report and accounts

The Directors must present the Company's annual accounts and directors' and auditors' reports to shareholders at a general meeting. Those to be presented at the AGM are in respect of the year ended 31 December 2016. The annual accounts (which contain the directors' and auditors' reports) are available on the Company's website [www.pennantplc.co.uk](http://www.pennantplc.co.uk).

### Resolutions 2 and 3: Re-election and election of Directors

Mr P Walker is required to retire pursuant to the retirement by rotation provisions in the Company's articles of association and has put himself forward for re-election at the AGM.

Mr T Rice is seeking election as a Director as under the Company's articles of association, any new Director appointed by the board must retire and seek appointment at the first AGM following his appointment. Mr Rice was appointed as a Director by the board on 26 September 2016.

### Resolution 4: Reappointment and remuneration of auditors

The Company is required to appoint auditors at each general meeting at which its annual accounts and reports are presented to shareholders. Therefore, resolution 4 proposes the reappointment of Mazars LLP as auditors (to hold office until the next such meeting), and, in accordance with normal practice, the resolution also authorises the Directors to determine the auditors' remuneration.

### Resolution 5: Authority to allot shares

Generally, the Directors may only allot shares in the Company (or grant rights to subscribe for, or to convert any security into, shares in the Company) if they have been authorised to do so by shareholders in general meeting.

Resolution 5 renews a similar authority given at last year's AGM which, if passed, will authorise the directors to allot shares in the Company (and to grant such rights) up to an aggregate nominal amount of £543,568 (which represents approximately one-third of the issued ordinary share capital of the Company as at 23 March 2017, being the last practicable date before the publication of this document). If given, this authority will expire at the conclusion of the Company's 2018 AGM or on 19 July 2018 (whichever is the earlier). It is the Directors' intention to renew this authority each year.

### Resolution 6: Unapproved Share Options

This resolution proposes approval of a grant of an unapproved option to Mr P Walker, partly as a replacement for the C Shares (the buyback of which is the subject of Special Resolution 9 of this Notice) and partly as an ongoing incentive. The proposed grant falls outside the scope of the Company's existing EMI share option scheme and therefore the Directors may only grant options (and subsequently allot shares pursuant to such options) if they have been authorised to do so by shareholders in general meeting.

Resolution 6 will therefore permit the grant of an unapproved option over 525,969 ordinary shares to Mr Walker at a price of £0.55 per ordinary share (and subsequent allotment of shares pursuant to such option upon the third anniversary of grant), which shall not affect the 12.5% limit for grants of options under the Company's EMI Share Option Scheme.

### Resolution 7: Buyback authority

Resolution 7, proposed as a special resolution, renews a similar authority given at last year's AGM.

If passed, it will allow the Company to purchase up to 4,941,530 ordinary shares in the market (which represents approximately 15 per cent of the issued ordinary share capital of the Company as at 23 March 2017, being the last practicable date before the publication of this document). The minimum and maximum prices for such a purchase are set out in the resolution. If given, this authority will expire (unless renewed, varied or revoked) at the conclusion of the Company's 2018 AGM.

It is the Directors' intention to renew this authority each year. The Directors are not permitted to use the authority if its use would result in a shareholder being required to undertake a mandatory offer for the Company under the provisions of Rule 9 of the City Code on Takeovers and Mergers.

**Resolution 8: Disapplication of pre-emption rights**

If the Directors wish to allot new shares or other equity securities (within the meaning of section 560 of the Companies Act 2006 (the "**Act**") for cash then under the Act they must first offer such shares or securities to shareholders in proportion to their existing holdings. These statutory pre-emption rights may be disapplied by shareholders.

Resolution 8, which will be proposed as a special resolution, renews a similar power given at last year's AGM and, if passed, will enable the directors to allot equity securities for cash without having to comply with statutory pre-emption rights, but this power will be limited to allotments up to an aggregate nominal amount of £82,358, representing approximately 5% of the issued ordinary share capital of the Company).

If given, this authority will expire at the end of the Company's 2018 AGM or on 19 July 2018 (whichever is the earlier). It is the Directors' intention to renew this authority each year.

**Resolution 9: Off-market share buy back**

Resolution 9, which will be proposed as a special resolution, authorises the Company to buy back the 700,000 C Shares issued to and held by Mr P. Walker as 'growth shares'. The vesting conditions are currently unmet and, if the resolution is passed, the C Shares will be purchased for the subscription price paid by Mr Walker (being £3,500 in total).