

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Games Workshop Group PLC (the 'Company') will be held at the Company's registered office, Willow Road, Lenton, Nottingham, NG7 2WS at 10.00am on 13 September 2017 for the following purposes:

Ordinary business

As ordinary business to consider and, if thought fit, to pass the following resolutions 1 to 7 as ordinary resolutions:

Resolution 1

To receive the Company's annual financial statements for the year ended 28 May 2017 together with the directors' report, the remuneration report and the independent auditors' report on those financial statements, the auditable part of the remuneration report and the directors' report.

Resolution 2

To re-elect R F Tongue as a director.

Resolution 3

To re-elect C J Myatt as a director.

Resolution 4

To re-elect N J Donaldson as a director.

Resolution 5

To re-appoint PricewaterhouseCoopers LLP as independent auditors to hold office until the conclusion of the next general meeting at which financial statements are laid by the Company.

Resolution 6

To authorise the directors to fix the auditors' remuneration.

Resolution 7

To approve the remuneration report (excluding the directors' remuneration policy set out on pages 24 to 27 for the year ended 28 May 2017).

Special business

To consider and, if thought fit, pass the following resolutions, of which resolution 8 will be proposed as an ordinary resolution and resolutions 9 to 11 will be proposed as special resolutions.

Resolution 8

That the directors of the Company be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot Relevant Securities (as defined below) up to an aggregate nominal amount of £530,286 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on 12 December 2018 or, if earlier, the date of the next annual general meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This resolution revokes and replaces all unexercised authorities previously granted to the directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

Relevant Securities means: (i) shares in the Company other than shares allotted pursuant to an employee share scheme (as defined by section 1166 of the Act), a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security or a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security; (ii) any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the Act). References to the allotment of Relevant Securities in this resolution include the grant of such rights.

Resolution 9

That subject to the passing of resolution 8 above, the directors of the Company be given the general power pursuant to sections 570 to 573 of the Companies Act 2006 (the 'Act') to allot or make offers or agreements to allot equity securities for cash, either pursuant to the authority conferred by resolution 8 above or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities in connection with a rights issue so that for this purpose 'rights issue' means an offer of equity securities open for acceptance for a period fixed by the directors to holders of equity securities on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with rights attached thereto but subject to such exclusions or other arrangements as the directors consider necessary or expedient in relation to treasury shares, fractional entitlements or any legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory; and
- (b) the allotment of equity securities up to an aggregate nominal amount of £80,346.

Resolution 9 continued

The power granted by this resolution will expire on 12 December 2018 or, if earlier, the conclusion of the Company's next annual general meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired. This resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if either section 89(1) of the Companies Act 1985 or section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities. For the purposes of this resolution the expression 'equity securities' and references to 'allotment of equity securities' respectively have the meanings given to them in section 560 of the Act.

Resolution 10

That the Company be and is hereby granted general and unconditional authority for the purposes of section 701 of the Companies Act 2006 (the 'Act') to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 5p each in the capital of the Company ('ordinary shares') on such terms and in such manner as the directors may from time to time determine provided that:

- (c) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company or on 12 December 2018 whichever is the earlier;
- (d) the maximum aggregate number of ordinary shares that may be purchased is 3,213,856;
- (e) the minimum price (excluding expenses) which may be paid for an ordinary share is 5p;
- (f) the maximum price (excluding expenses) which may be paid for an ordinary share is the higher of: (i) an amount equal to 105 per cent of the average market value of an ordinary share in the Company for the five business days prior to the day on which the purchase is made; and (ii) the value of an ordinary share calculated on the basis of the higher of the price quoted for: (a) the last independent trade of; and (b) the highest current independent bid for, any number of the Company's ordinary shares on the trading venue where the purchase is carried out; and
- (g) the Company may make a contract 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.

Resolution 11

That:

- (a) £1,901,000 of the dividend of the Company paid on 2 June 2017 in technical breach of the Companies Act 2006 be treated as a loan to the shareholders of the Company who received such dividends (the 'Recipients') (an 'Unlawful Dividend');
- (b) the directors of the Company be and are hereby authorised to appropriate distributable profits of the Company (as shown in the interim accounts of the Company made up to 26 February 2017 and filed with Companies House on 17 July 2017) to the payment of £1,901,000 which shall be for an amount equal to the Unlawful Dividend, and on the Company's ordinary shares (a 'Rectification Dividend');
- (c) the Rectification Dividend shall be made to the relevant Recipients of the corresponding original Unlawful Dividend;
- (d) the Rectification Dividend shall not be satisfied in cash but shall be satisfied by the release of each shareholder of the Company who was a recipient of the Unlawful Dividend from the liability to repay the amount already paid to such shareholder in the form of the Unlawful Dividend;
- (e) any and all claims which the Company may have in respect of the payment of the Unlawful Dividend and/or the Rectification Dividend against its shareholders who received the Unlawful Dividend be waived and released and deeds of release in favour of such shareholders be entered into by the Company in the form of the deeds produced to this meeting and signed by the Chairman for the purpose of identification; and
- (f) any breach of duty committed by the directors of the Company arising out of or in connection with the approval, declaration or payment of the Unlawful Dividend be and is hereby ratified and that any and all claims which the Company may have against its directors (both past and present) arising out of or in connection with the approval, declaration or payment of the Unlawful Dividend be waived and released and that a deed of release in favour of each of the Company's relevant directors be entered into by the Company in the form of the deeds produced to this meeting and signed by the chairman for purposes of identification.

By order of the board

R F Tongue

Company secretary

24 July 2017

Registered office:

Willow Road, Lenton

Nottingham

NG7 2WS

Registered in England and Wales under number 2670969

Notes

1. Only those members registered on the Company's register of members at 10.00 am on 11 September 2017 or, if this meeting is adjourned, at 6.30pm on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting.
2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this document. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. Details of how to appoint more than one proxy are set out in the notes to the proxy form.
5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To appoint a proxy using the proxy form, the form must be completed and signed and sent or delivered to the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, BN99 6DA so as to be received no later than 48 hours before the time fixed for holding the meeting. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.
7. 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).
8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. The cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
9. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, BN99 6DA. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company's registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, BN99 6DA no later than the time fixed for holding the meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
10. Appointment of a proxy does not preclude you from attending the meeting and voting in person.
11. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
12. As at 24 July 2017 (being the last practical date prior to the publication of this notice), the Company's issued share capital comprised 32,138,568 ordinary shares of 5 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 24 July 2017 is 32,138,568. The website referred to in note 21 will include information on the number of shares and voting rights.
13. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') you may have a right under an agreement between you and the member of the Company who has nominated you (a 'Relevant Member') to have information rights to be appointed or to have someone else appointed as a proxy for the meeting. If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
14. You may not use any electronic address provided either in this notice of annual general meeting or any related documents (including the proxy form), to communicate with the Company for any purposes other than those expressly stated.
15. Under section 338 of the Companies Act 2006, a member or members meeting the qualification criteria set out at note 18 below, may, subject to conditions, require the Company to give to members notice of a resolution which may properly be moved and is intended to be moved at that meeting. The conditions are that: (a) the resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (b) the resolution must not be defamatory of any person, frivolous or vexatious; (c) the request may be in hard copy form or in electronic form (see note 19 below), must identify the resolution of which notice is to be given by either setting out the resolution in full or, if supporting a resolution sent by another member, clearly identifying the resolution which is being supported, must be authenticated by the person or persons making it (see note 19 below); and must be received by the Company not later than 6 weeks before the meeting to which the request relates.
16. Under section 338A of the Companies Act 2006, a member or members meeting the qualification criteria set out at note 18 below, may, subject to conditions, require the Company to include in the business to be dealt with at the meeting a matter (other than a proposed resolution) which may properly be included in the business (a matter of business). The conditions are that: (a) the matter of business must not be defamatory of any person, frivolous or vexatious; (b) the request may be in hard copy form or in electronic form (see note 19 below), must identify the matter of business by setting it out in full or, if supporting a statement sent by another member, clearly identify the matter of business which is being supported, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the persons or person making it (see note 19 below) and must be received by the Company not later than 6 weeks before the meeting to which the request relates.

Notes continued

17. Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (sections 527 to 531), where requested by a member or members meeting the qualification criteria set out at note 18 below, the Company must publish on its website, a statement setting out any matter that such members propose to raise at the meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting. Where the Company is required to publish such a statement on its website, it may not require the members making the request to pay any expenses incurred by the Company in complying with the request, it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website, and the statement may be dealt with as part of the business of the meeting. The request may be in hard copy form or in electronic form (see note 19 below), either set out the statement in full, or if supporting a statement sent by another member, clearly identify the statement which is being supported, must be authenticated by the person or persons making it (see note 19 below), and be received by the Company at least one week before the meeting.
18. In order to be able to exercise the members' right to require circulation of a resolution to be proposed at the meeting (see note 15); a matter of business to be dealt with at the meeting (see note 16) or the Company to publish audit concerns (see note 17), the relevant request must be made by a member or members having a right to vote at the meeting and holding at least 5% of total voting rights of the Company, or at least 100 members having a right to vote at the meeting and holding, on average, at least £100 of paid up share capital. For information on voting rights, including the total number of voting rights, see note 12 above and the website referred to in note 21.
19. Where a member or members wishes to request the Company to circulate a resolution to be proposed at the meeting (see note 15), include a matter of business to be dealt with at the meeting (see note 16) or publish audit concerns (see note 17) such request must be made in accordance with one of the following ways: (a) a hard copy request which is signed by you, which states your full name and address and is sent to Rachel Tongue, Games Workshop Group PLC, Willow Road, Lenton, Nottingham NG7 2WS; or (b) a request which states your full name and address, and is sent to rachel.tongue@gwplc.com. Please state 'AGM' in the subject line of the e-mail.
20. Under section 319A of the Companies Act 2006 the Company must answer any question you ask relating to the business being dealt with at the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, the answer has already been given on a website in the form of an answer to a question or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
21. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from <http://investor.games-workshop.com>.
22. The following documents will be available for inspection for at least 15 minutes prior to the meeting and during the meeting: (a) copies of the service contracts of executive directors of the Company and (b) copies of the service agreements of the independent directors of the Company.
23. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual on the Euroclear website (www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting 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. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ('EUI') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or 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 issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of 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 by enquiry to CREST in the manner prescribed by CREST. 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. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. 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(s), to procure that his 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 service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
24. As an alternative to completing a hard copy proxy form, a shareholder can appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. Shareholders will need their voting ID, task ID and shareholder reference number (this is the series of numbers printed under their name on the proxy form). Alternatively, if a shareholder has already registered with Equiniti Limited's online portfolio service, Shareview, they can submit a proxy form at www.shareview.co.uk. Full instructions are given on both websites. To be valid, your proxy appointment(s) and instructions should reach Equiniti Limited no later than 48 hours before the time fixed to hold the meeting. Any electronic communication sent by a shareholder to the Company or the registrar that is found to contain a computer virus will not be accepted.

Explanatory notes to the notice of annual general meeting

Resolution 1 – Financial statements

This is a standard resolution common to all annual general meetings.

Resolutions 2 to 4 – Re-election of directors

The following directors will stand for re-election in accordance with the UK Corporate Governance Code and the Company's articles of association:

- R F Tongue
- C J Myatt
- N J Donaldson

Each of the above directors has indicated their willingness to offer themselves for re-election. The board, having considered the mix of skills, knowledge and experience of the directors confirms that each director continues to perform their duties effectively, showing integrity and high ethical standards whilst maintaining sound, independent judgement in respect of all decisions taken at board level.

Biographical details for each of the directors can be found on page 15 of the 2017 annual report.

Resolutions 5 and 6 – Re-appointment of auditors and auditors remuneration

The Company is required to appoint an auditor at each meeting at which financial statements are presented and PricewaterhouseCoopers LLP have indicated their willingness to continue in office. Accordingly, resolutions 5 and 6, subject to the approval of the shareholders of the Company, re-appoints PricewaterhouseCoopers LLP as auditors of the Company and authorises the directors to determine the remuneration of the auditors.

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Explanatory notes to the notice of annual general meeting continued

Resolution 7 – Directors’ remuneration

Shareholders will be requested to approve the directors’ remuneration report (excluding the directors’ remuneration policy) for the financial year ended 28 May 2017.

Resolution 8– Directors’ power to allot relevant securities

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 line with guidance issued by the Investment Association, if passed, resolution 8 will authorise the directors to allot ordinary shares in the Company (and to grant rights to subscribe for, or to convert any security into, ordinary shares in the Company) in connection with a rights issue only up to an aggregate nominal amount of £530,286 (as reduced by the aggregate nominal amount of any shares allotted or rights granted under resolution 9). This amount (before any reduction) represents approximately 33% of the issued ordinary share capital of the Company as at 24 July 2017, being the last practicable date before the publication of this document. The directors intend to follow emerging best practice as regards the use of this authority, including as to the requirement for directors to stand for re-election.

If given, this authority will expire at the conclusion of the Company’s next annual general meeting or 15 months from the passing of the resolution (whichever is earlier). It is the directors’ intention to renew the allotment authority each year.

The directors have no current intention to exercise either of the authorities sought under resolution 8. However, the directors consider that it is in the best interests of the Company to have the authorities available so that they have the maximum flexibility permitted by institutional shareholder guidelines to allot shares or grant rights without the need for a general meeting should they determine that it is appropriate to do so to respond to market developments or to take advantage of business opportunities as they arise.

Resolution 9 – Disapplication of pre-emption rights on equity issues for cash

Resolution 9, if passed, would enable the directors to allot shares for cash on a non pre-emptive basis in limited circumstances. It is proposed to authorise the directors to issue shares for cash up to an aggregate nominal amount of £80,346 (which represents approximately 5% of the Company’s issued share capital as at 24 July 2017), without having to first offer them to shareholders in proportion to their existing holdings. In addition, in accordance with normal practice, the resolution would enable the board to deal with overseas shareholders and fractional entitlements as it thinks fit in the context of any rights issue or open offer.

If given, this authority will expire at the conclusion of the Company’s next annual general meeting or 15 months from the passing of the resolution (whichever is earlier). It is the directors’ intention to renew this authority each year.

There are no present plans to exercise this authority.

Resolution 10 - Market purchase of own shares

A company may only purchase its own shares by either an off-market purchase, in pursuance of a contract approved in advance in accordance with section 694 of the Act or by a market purchase, authorised in accordance with section 701 of the Act. A ‘market purchase’ is one made through a ‘recognised investment exchange’. Although the Act only requires an ordinary resolution, LR 12.4.7 of the Listing Rules requires the resolution to be passed as a special resolution (the ABI also recommend that the resolution should be passed as a special resolution). This resolution 10 authorises market purchases of the Company’s own shares to be made but only within the limitations specified. In accordance with Investment Association guidelines the maximum number of shares purchased under this authority must not exceed 3,213,856 ordinary shares. The resolution also states the maximum price which may be paid being 5p per ordinary shares and the maximum price being the higher of: (i) an amount equal to 105 per cent of the average market value of an ordinary share in the Company for the five business days prior to the day on which the purchase is made; and (ii) the value of an ordinary share calculated on the basis of the higher of the price quoted for: (a) the last independent trade of; and (b) the highest current independent bid for, any number of the Company’s ordinary shares on the trading venue where the purchase is carried out.

As recommended by the Investment Association the Company renews this authority on an annual basis at each annual general meeting.

The directors have no current intention of exercising this authority to purchase the Company’s ordinary shares. The Company will only exercise this authority to make such a purchase in the market if the directors consider it is in the best interests of the shareholders generally to do so.

The Company is permitted to hold shares it has purchased in treasury, as an alternative to cancelling them. Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy options exercised under any of the Company’s share schemes. Whilst held in treasury, the shares are not entitled to receive any dividend or dividend equivalent (apart from any issue of bonus shares) and have no voting rights. The directors believe it is appropriate for the Company to have the option to hold its own shares in treasury if, at a future date, the directors exercise this authority. The directors will have regard to investor group guidelines which may be in force at the time of any such purchase, holding or re-sale of shares held in treasury.

If given, this authority will expire at the conclusion of the Company’s next annual general meeting or 15 months after the passing of the resolution (whichever is earlier). It is the directors’ intention to renew this authority each year.

Explanatory notes to the notice of annual general meeting continued

Resolution 11– Unlawful dividend

The resolutions deal with a technical issue that has come to light in respect of the dividend that was paid by the Company to its shareholders on 2 June 2017.

Under the Companies Act 2006 (the 'Act') a dividend paid by a public company must not exceed the amount of its distributable profits reported in its last annual accounts laid before such company in general meeting (the 'Relevant Accounts'). In the event that a public company actually has the requisite distributable reserves at the time a dividend is proposed but its distributable profits reported in its Relevant Accounts are insufficient to declare such a dividend (as these Relevant Accounts may have been prepared a long time in advance of the proposed dividend) then it should prepare interim accounts in accordance with the provisions of the Act and file them at Companies House showing that it has the required distributable profits at the time the dividend is paid. Failure to prepare and file such interim accounts is a technical breach of the Act and renders the affected dividend as unlawful.

In respect of the Unlawful Dividend (as set out above), the Company's Relevant Accounts did not show sufficient distributable reserves to cover the whole amount of the dividend paid on 2 June 2017. At the time the Unlawful Dividend was paid, the Company had in fact the requisite distributable reserves by reference to its latest management accounts. However, prior to the payment of the Unlawful Dividend, interim accounts had not been prepared and filed at Companies House in accordance with the Act. As a result, the Company has decided to take a prudent approach and to treat the dividend that was paid in technical breach of the Act as unlawful.

Consequently, the Company may have claims under the Act against the Recipients (being present and past shareholders that were recipients of the Unlawful Dividend) to recover the amounts paid in technical infringement of the Act (totalling £1,901,000) in aggregate (the 'Total Sum'). The Company may also have claims against those directors who participated at the relevant board meeting at which the decision was taken to pay the Unlawful Dividend.

It is clearly not the Company's intention to make any such claim against either the shareholders or directors. The Company has been advised by its external legal advisors that this matter can be rectified by the passing of a resolution by the shareholders to ratify this breach and to put the shareholders and directors into the position which was always intended. This will be effected by treating the Unlawful Dividend as a loan to shareholders who received it and the shareholders' obligation to repay the relevant loan will be satisfied by the declaration and approval at the AGM of a new dividend of the Company equal to the amount of the loan received by each shareholder. In effect the new dividend will be netted off against the loans so that no further payment will be required to be made to or by shareholders in respect of the Unlawful Dividend or the new dividend so declared.

The resolutions will therefore be proposed at the AGM to:

- treat the Unlawful Dividend as a loan to shareholders;
- approve a new dividend of the Company which is (i) equal in aggregate to the Total Sum, (ii) payable to the relevant Recipients of the Unlawful Dividend and (iii) shall be satisfied by the release of each Recipient from their liability to repay the amount already paid to them in the form of the Unlawful Dividend (the 'Dividend Rectification');
- waive any rights of the Company against the Recipients of the Unlawful Dividend;
- waive any rights of the Company against the directors who approved the payment of the Unlawful Dividend and ratify their breaches of duty; and
- approve the Company entering into deeds of release in favour of such shareholders and the relevant directors in respect of the Unlawful Dividend. Draft forms of the deeds are available for inspection at the Company's registered office until the time of the meeting and at the place of the meeting from 15 minutes before the meeting until it ends.

Shareholders will note that, whilst the Dividend Rectification is referred to in the financial statements for the Company for the financial year ended 28 May 2017 (the '2017 Annual Report') enclosed with this document, the Company's distributable profits shown in the 2017 Accounts have been adjusted to reflect the impact of the Unlawful Dividend. Accordingly, the Company has prepared the 2017 Annual Report which properly reflects the treatment of the Unlawful Dividend as a loan, as outlined above and show the Total Sum within current assets. The interim accounts for the period to 26 February 2017 have sufficient distributable profits to cover the new dividend to be proposed at the AGM. A copy of such interim accounts has been filed at Companies House.

The board unanimously recommend shareholders to vote in favour of the resolutions. The directors believe that the dividend rectification is in the best interests of the Company and the shareholders of the Company as a whole; however, the Act prevents them from voting on the resolutions in respect of their own shareholdings and also prevents them from recommending that you vote in favour of this resolution in respect of your shareholding. This is because part of resolution 11, if passed, releases the directors from any claim which the Company may have against them in respect of the Unlawful Dividend and they are therefore personally interested in the passing of such resolution.