

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 advice from a stockbroker, solicitor, accountant or other professional adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000, or an appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents 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.



IP GROUP PLC

(incorporated and registered in England and Wales under number 04204490)

PROPOSED CAPITAL REDUCTION, AMENDMENT TO THE COMPANY'S ARTICLES OF ASSOCIATION

AND

NOTICE OF GENERAL MEETING

Notice of the General Meeting of IP Group plc (the 'Company') to be held at the offices of the Company at The Walbrook Building, 25 Walbrook, London EC4N 8AF at 11am on 25 November 2019 is set out in Part II of this document.

Whether or not you propose to attend the General Meeting, please complete and submit a proxy form in accordance with the instructions printed on the enclosed form. The proxy form must be received not less than 48 hours before the time of the holding of the General Meeting (excluding non-working days).

A copy of this document is available on the Company's website at www.ipgroupplc.com/investor-relations. Neither the content of the Company's website nor any website accessible by hyperlinks from the Company's website is incorporated in, or forms part of, this document.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of publication of this document	8 November 2019
Latest time and date for receipt of completed proxy forms	11am on 21 November 2019
General Meeting	11am on 25 November 2019
Time and date of the Bonus Issue*	6pm on 16 December 2019
Court Hearing to confirm Capital Reduction*	17 December 2019
Registration of Court Order and effective date of Capital Reduction**	18 December 2019

If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement to any of the services approved by London Stock Exchange plc for the distribution of the announcements and included within the list maintained on the website of London Stock Exchange plc (known as a Regulatory Information Service).

* *This date is subject to any changes which may be imposed by the Court.*

** *This date will depend on, amongst other things, the date on which the Court confirms the proposed Capital Reduction.*

PART I

CHAIRMAN'S LETTER



IP GROUP PLC

(incorporated and registered in England and Wales under number 04204490)

Registered Office:

The Walbrook Building
25 Walbrook
London
EC4N 8AF

8 November 2019

To the holders of the Company's shares and, for information only, holders of options over the Company's shares

PROPOSED CAPITAL REDUCTION, AMENDMENT TO THE COMPANY'S ARTICLES OF ASSOCIATION

AND

NOTICE OF GENERAL MEETING

Dear Shareholder,

I am writing in connection with proposals recommended by the board of directors of the Company (the '**Board**') to:

- cancel the amount of £584,955,054.58 standing to the credit of the Company's share premium account (the '**Share Premium Reduction**');
- capitalise the amount of £372,600,000.00 being the entire amount standing to the credit of the Company's merger reserve by issuing B ordinary shares in the capital of the Company and thereafter to cancel such B ordinary shares (the '**Merger Reserve Reduction**' and the Share Premium Reduction and the Merger Reserve Reduction together being the '**Capital Reduction**'); and
- amend the articles of association of the Company (the '**Articles**') in relation to the borrowing powers of the Company (the '**Article Amendment**'),

and to provide you with details of a General Meeting (the '**General Meeting**') which we are holding at the Company's offices at The Walbrook Building, 25 Walbrook, London EC4N 8AF at 11am on 25 November 2019. The formal Notice of General Meeting (the '**Notice**') is set out in Part II on pages 8 to 11 of this document.

This is primarily being done to give the Company the flexibility to make future purchases of its own shares and/or to make future distributions of profits in cash or specie, although the Company has no immediate intention to do so.

The purpose of this document is to provide you with information about the reasons for the proposed Capital Reduction and the Article Amendment and to explain why the Board considers these matters to be in the best interests of the Company and its shareholders as a whole and why the Board unanimously recommends that you vote in favour of the resolutions set out in the Notice at the General Meeting (the '**Resolutions**').

The Capital Reduction, if approved by the High Court of Justice in England and Wales (the '**Court**') and when it becomes effective, will have the effect of creating distributable reserves and provide the Company with the ability to make purchases of its own shares as permitted by the Companies Act 2006 and in accordance with the resolution passed at the last annual general meeting of the Company held in May 2019 (the '**2019 AGM**') and/or, subject to the financial performance of the Company and the Companies Act 2006, to make distributions of profits by way of dividend either in cash or in specie. The Capital Reduction would, after taking into consideration the existing negative retained earnings of -£67,488,617.00, create distributable reserves to the value of £890,066,437.58.

In seeking approval of the Capital Reduction, the directors of the Company (the '**Directors**') are not indicating any commitment to buy back any ordinary shares of £0.02 each in the capital of the Company (the '**Ordinary Shares**') or to make any distributions. The Directors will only exercise the authority to purchase the Company's shares if, in the light of market conditions prevailing at the time, they consider that the purchase of such shares can be expected to result in an increase in earnings or net assets per share and is in the best interests of the Company's shareholders (and other stakeholders) generally.

The authority to purchase the Company's shares given at the 2019 AGM is limited to a maximum of 105,914,459 Ordinary Shares, being approximately 10% of the Company's issued share capital as at 17 April 2019. A similar authority is requested at each annual general meeting of the Company. The Companies Act 2006 allows the Company to hold shares which have been repurchased as treasury shares and either re-sell them for cash, cancel them (either immediately or in the future) or use them for the purposes of its employee share schemes. This provides the Company with additional flexibility in the management of its share capital. No dividends would be paid on, and no voting rights would be exercised in respect of, any treasury shares.

The proposed Capital Reduction itself will not involve any distribution or repayment of capital or share premium by the Company and will not reduce the underlying net assets of the Company. Following the implementation of the Capital Reduction there will be no change to the number of Ordinary Shares in issue. No new share certificates will be issued as a result of the proposed Capital Reduction.

The proposed Capital Reduction is not expected to affect outstanding options and awards over the Company's shares granted under its share option schemes.

Shareholders should note that the Capital Reduction is conditional upon the approval of shareholders at the General Meeting and also the confirmation of the Court.

PROPOSED CAPITAL REDUCTION

Share Premium Reduction

The Companies Act 2006 requires that if a company issues shares at a premium to the nominal value of those shares, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums must be transferred to the company's share premium account. A share premium account can only be used in very limited circumstances. The Board is recommending that the amount of £584,955,054.58 standing to the credit of the Company's share premium account be cancelled. As at 7 November 2019, the amount standing to the credit of the Company's share premium account is £684,955,054.58, culminating in the total standing to the credit of the Company's share premium account following such cancellation being £100,000,000.00.

Merger Reserve Reduction

Under certain circumstances, such as where shares are issued in consideration for the acquisition of shares in another company, instead of creating share premium, an amount is credited to a merger reserve. As in the case of a share premium account, a merger reserve can only be used in very limited circumstances. It is therefore proposed to capitalise the entire sum standing to the credit of the Company's merger reserve being £372,600,000.00, by applying that sum in paying up in full new B ordinary shares in the capital of the Company (whereby the nominal value of such shares is equal to the sum that is obtained by dividing the number of such shares to be issued into £372,600,000.00) (the '**B Shares**') and on the day prior to the day of the Court Hearing, allotting and issuing such shares by way of a bonus issue to the persons holding Ordinary Shares as at 6.00pm on such day, on the basis of 1 B Share for every 1 Ordinary Share held (the '**Bonus Issue**').

The B Shares will not be admitted to trading on the main market of London Stock Exchange plc or any other market. No share certificates will be issued in respect of the B Shares. The B Shares will have extremely limited rights; in particular, the B Shares will carry no rights to participate in the profits of the Company and no rights to participate in the Company's assets, save on a winding up. The B Shares will be transferable, but no market will exist in them and it is anticipated that the Court will confirm their cancellation the day after they are issued.

Shareholder Approval

Your approval is being sought to carry out the Capital Reduction pursuant to the special resolutions (Resolutions 1 and 2) set out in the Notice.

Court Approval

In addition to the approval by the shareholders, the proposed Capital Reduction requires the confirmation of the Court. Accordingly, following approval of the proposed Capital Reduction by shareholders, an application will be made to the Court in order to confirm and approve the proposed Capital Reduction. In seeking such approval, the Court may require protection for the creditors (including contingent creditors) of the Company whose debts remain outstanding on the relevant date, except in the case of creditors which have consented to the proposed Capital Reduction. Any such creditor protection may include seeking the consent of the Company's creditors to the proposed Capital Reduction or the provision by the Company to the Court of an undertaking to deposit a sum of money into a blocked account created for the purpose of discharging, in due course, any amounts owing to the non-consenting creditors of the Company. The Company currently owes no more than £26,400,199.65 to its creditors, consisting of an EIB finance facility, general trade creditors and accruals and, pursuant to the acquisition of Parkwalk Advisors Ltd in 2016, deferred consideration obligations. It also has contingent liabilities under a parent company guarantee given in respect of IP2IPO Limited's lease of the Group's Walbrook Building offices.

It is anticipated that the initial directions hearing in relation to the proposed Capital Reduction will take place on 5 December 2019, with the final hearing by the Court to confirm the proposed Capital Reduction ('**Court Hearing**') taking place on 17 December 2019 and the proposed Capital Reduction becoming effective on the following day, following the necessary registration of, amongst other things, the order of the Court confirming the proposed Capital Reduction (the '**Court Order**') at Companies House.

The Board reserves the right to abandon or to discontinue (in whole or in part) the application to the Court in the event that the Board considers that the terms on which the proposed Capital Reduction would be (or would be likely to be) confirmed by the Court would not be in the best interests of the Company and/or the shareholders as a whole. The Board have undertaken a thorough and extensive review of the Company's liabilities (including contingent liabilities) and considers that the Company will be able to satisfy the Court that, as at the date on which the Court Order relating to the proposed Capital Reduction and the statement of capital in respect of the proposed Capital Reduction have both been registered by the Registrar of Companies at

Companies House and the proposed Capital Reduction therefore becomes effective, the Company's creditors will either have consented to the proposed Capital Reduction or be sufficiently protected.

ARTICLE AMENDMENT

After obtaining legal advice, the Board is proposing that the borrowing provisions of the Articles are amended to bring them in line with current market practice, by reducing the existing limit on the Company's borrowing from four times the Company's adjusted capital and reserves to two times. An additional change is also being made to the definition of Adjusted Capital and Reserves in the Articles, to bring it in line with the Company's current accounting practices. The detail of these changes is set out in Resolution 3. Your approval is therefore being sought to approve these changes.

GENERAL MEETING

We are holding the General Meeting at the Company's offices at The Walbrook Building, 25 Walbrook, London EC4N 8AF at 11am on 25 November 2019. The Notice of General Meeting is set out in Part II on pages 8 to 11 of this document.

In order to better reflect the views of all shareholders a poll will be held in relation to each Resolution.

The Resolutions will each be proposed as a special resolution. This means that, for these resolutions to be passed on a poll, members representing not less than 75% of the total voting rights of the members voting (in person or by proxy) must vote in favour of the Resolutions.

ACTION TO BE TAKEN

If you would like to vote on the Resolutions but cannot come to the General Meeting, please fill in the proxy form sent to you with this document and return it, together with the power of attorney or other authority (if any) under which it is signed, to our registrars, Link Asset Services, by hand only to Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible. They must receive it by no later than 11am on 21 November 2019. Alternatively, you may vote electronically via our registrars' website at www.signalshares.com. In order for you to be able to vote in this way, you will need your Investor Code which is printed on your share certificate.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST messages must be received by the issuer's agent (CREST ID No. RA10) by no later than 11am on 21 November 2019.

DOCUMENTS AVAILABLE FOR INSPECTION

The Articles (showing the Article Amendment) will be available for inspection at the offices of the Company at The Walbrook Building, 25 Walbrook, London EC4N 8AF on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this document until the close of the General Meeting, and will also be available at the place of the General Meeting for at least 15 minutes before and during the meeting.

RECOMMENDATION

The Board considers that the Resolutions to be put to the General Meeting are in the best interests of the Company and its shareholders as a whole. The Directors will be voting in favour of them in respect of their own shareholdings and unanimously recommend that you do so as well.

Yours sincerely,

Sir Douglas Flint
Chairman

PART II

NOTICE OF GENERAL MEETING

IP GROUP PLC

NOTICE IS HEREBY GIVEN that a **GENERAL MEETING** of IP Group plc (the '**Company**') will be held at its offices at The Walbrook Building, 25 Walbrook, London EC4N 8AF at 11am on 25 November 2019 for the purposes of considering and, if thought fit, passing the following Resolutions which will be proposed as Special Resolutions.

1. That the amount of £584,955,054.58 standing to the credit of the share premium account of the Company be cancelled.
2. That:
 - 2.1 subject to the confirmation of the Court, the amount of £372,600,000 standing to the credit of the merger reserve of the Company be capitalised and applied in paying up in full at par such number of new B ordinary shares in the capital of the Company (the '**B Shares**') as is equal to the number of ordinary shares of £0.02 pence each in the capital of the Company (the '**Ordinary Shares**') in issue as at 6.00pm on the day before the date of the final hearing of the Company's application to cancel its share premium account (the '**Capital Reduction Record Time**'), such B Shares having a nominal value equal to the sum that is obtained by dividing the number of B Shares to be issued as set out above into £372,600,000, as shall be required to effect such capitalisation;
 - 2.2 subject to the confirmation of the Court, the directors of the Company be and they are hereby authorised for the purposes of section 551 of the Companies Act 2006 (the '**Act**') to allot and issue all of the B Shares created pursuant to sub-paragraph 2.1 of this resolution to such members of the Company as they shall in their absolute discretion determine upon terms that they are paid up in full by such capitalisation, and such authority shall for the purposes of section 551 of the Act expire on the date falling six months after the date of the passing of this resolution;
 - 2.3 the B Shares created and issued pursuant to sub-paragraphs 2.1 and 2.2 of this resolution shall have the following rights and restrictions:
 - 2.3.1 the holders of B Shares shall have no right to receive any dividend or other distribution whether of capital or income;
 - 2.3.2 the holders of B Shares shall have no right to receive notice of or to attend or vote at any general meeting of the Company;
 - 2.3.3 the holders of B Shares shall on a return of capital on a liquidation, but not otherwise, be entitled to receive the nominal amount of each such share but only after the holder of each Ordinary Share shall have received the amount paid up or credited as paid up on such a share and the holders of B Shares shall not be entitled to any further participation in the assets or profits of the Company;
 - 2.3.4 a reduction by the Company of the capital paid up or credited as paid up on the B Shares and the cancellation of such shares will be treated as being in accordance with the rights attaching to the B Shares and will not involve a variation of such rights for any purpose. The Company will be authorised at any time without obtaining the consent of the holders of B Shares to reduce its capital (in accordance with the Act); and

- 2.3.5 the Company shall have irrevocable authority at any time after the creation or issue of the B Shares to appoint any person to execute on behalf of the holders of such shares a transfer thereof and/or an agreement to transfer the same without making any payment to the holders thereof to such person or persons as the Company may determine and, in accordance with the provisions of the Act, to purchase or cancel such shares without making any payment to or obtaining the sanction of the holders thereof and pending such a transfer and/or purchase and/or cancellation to retain the certificates, if any, in respect thereof, provided also that the Company may in accordance with the provisions of the Act purchase all but not some only of the B Shares then in issue at a price not exceeding £0.01 for all the B Shares; and
- 2.4 subject to the confirmation of the Court, the B Shares created and issued pursuant to sub-paragraphs 2.1 and 2.2 of this resolution shall be cancelled.
3. That with effect from the passing of this resolution, the articles of association of the Company (the '**Articles**') be and are hereby amended as follows:
- 3.1 in Article 104.2 the word "*four*" (immediately following the words "*an amount equal to*") shall be deleted and replaced with the word "*two*"; and
- 3.2 in Article 104.3(b) the words "*and income statement*" shall be inserted in between the words "*latest audited consolidated balance sheet*" and "*of the Company and its subsidiaries*".

Registered Office
The Walbrook Building
25 Walbrook
London
EC4N 8AF

By Order of the Board
Angela Leach
Company Secretary

8 November 2019

Registered in England and Wales No. 04204490

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 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. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company's registrars on 0871 664 0391. Calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0391. Calls outside the United Kingdom will be charged at the applicable international rate. The lines are open between 9.00am and 5.30pm, Monday to Friday excluding public holidays in England and Wales.
2. To be valid, the proxy form must be completed and lodged, together with the power of attorney or other authority (if any) under which it is signed, or a duly certified copy of such power or authority, with the Company's registrars, Link Asset Services, by hand only to Link Asset Services, The Registry, 34 Beckenham Road, Beckenham BR3 4TU, not less than 48 hours before the time appointed for holding the General Meeting (excluding non-working days). Alternatively you may vote electronically via the registrars' website at www.signalshares.com. In order for you to be able to vote in this way, you will need your Investor Code which can be found on your share certificate.
3. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 9 below) will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. Such persons should direct any communications and enquiries to the registered holder of the shares by whom they were nominated and not to the Company or its registrars.
5. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
6. To be entitled to attend and vote at the 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 at the close of business on 21 November 2019 (or, if the General Meeting is adjourned, such time being not more than 48 hours prior to the time fixed for the adjourned meeting). Changes to the Register of Members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.
7. As at 7 November 2019 (being the last business day prior to the publication of this notice of meeting) the Company's issued share capital consisted of 1,059,144,595 ordinary shares (with no shares held in treasury), carrying one vote each. Therefore, the total voting rights in the Company as at 7 November 2019 were 1,059,144,595.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a 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.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK and Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). 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, in order to be valid, be transmitted so as to be received by the issuer's agent (CREST ID No. RA10) by 11am on 21 November 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK and Ireland Limited does not make available special procedures in CREST for any particular message. 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, 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

11. 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.
12. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided they do not do so in relation to the same shares.
13. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting for the question to be answered.
14. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at <http://www.ipgroupplc.com/investor-relations>.
15. You may not use any electronic address provided either in the Notice of General Meeting or any related documents (including the Chairman's letter and proxy form) to communicate for any purposes other than those expressly stated.
16. Mobile telephones may not be used in the meeting room, and cameras, tapes and video recorders are not allowed in the meeting room.

