

Shaftesbury

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

It contains the resolutions to be voted on at the Annual General Meeting to be held on 5 February 2016. If you are not sure about any of the proposals or the action you should take, you should consult with a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom (or, if not, from another appropriately authorised financial adviser). If you have sold or transferred all your shares in Shaftesbury, please forward this document, together with the accompanying documents, to the purchaser or transferee, or to the stockbroker, bank or other agent who arranged the sale or transfer.

17 December 2015

Dear Shareholder

2016 Annual General Meeting

We are holding our Annual General Meeting at the Ham Yard Hotel, 1 Ham Yard, London W1D 7DT on 5 February 2016 at 11am. The Notice of Meeting and proxy form are enclosed with this letter.

I hope you will attend, but if you are unable to do so please fill in the proxy form and return it to our registrars as soon as possible. The proxy form must be received by 11am on 3 February 2016.

As announced on 24 November 2015, the Company has appointed Ernst & Young LLP as its auditors for the year ended 30 September 2016 following a tender process. They are therefore proposed for re-appointment at the 2016 AGM. As required by law, PricewaterhouseCoopers LLP has provided the Company with a "Statement of Reasons" connected with its resignation which is set out in Appendix 1 to the Notice of Meeting.

We are also proposing our Remuneration Policy Report for a binding shareholder vote and full background to the proposal is contained in the Remuneration Committee Chairman's letter on pages 82 and 83 of the 2015 Annual Report. A new Long Term Incentive Plan is proposed; summary rules of the plan are attached as Appendix 2 to the Notice of Meeting.

The directors consider that all the resolutions to be proposed at the meeting are in the best interests of the Company and its shareholders as a whole and they unanimously recommend that you vote in favour of them.

Yours faithfully



Jonathan Lane
Chairman

Notice of Meeting

Shaftesbury PLC (the "Company") will hold its Annual General Meeting at Ham Yard Hotel, 1 Ham Yard, London W1D 7DT on 5 February 2016 at 11am to consider and, if shareholders approve, pass the following resolutions. Resolutions 1 to 17 and 21 will be proposed as ordinary resolutions. Resolutions 18 to 20 will be proposed as special resolutions.

Ordinary resolutions

1. To receive and adopt the Company's accounts, together with the reports of the directors and auditors and the strategic report, for the year ended 30 September 2015.
2. To approve the Remuneration Policy Report.
3. To approve the Annual Remuneration Report for the year ended 30 September 2015.
4. To declare a final dividend for the year ended 30 September 2015 of 6.925 p per ordinary share, payable on 12 February 2016 to holders of ordinary shares registered at the close of business on 22 January 2016.
5. To re-elect Jonathan Lane as a director.
6. To re-elect Brian Bickell as a director.
7. To re-elect Simon Quayle as a director.
8. To re-elect Thomas Welton as a director.
9. To re-elect Christopher Ward as a director.
10. To re-elect Jill Little as a director.
11. To re-elect Oliver Marriott as a director.
12. To re-elect Dermot Mathias as a director.
13. To re-elect Hilary Riva as a director.
14. To re-elect Sally Walden as a director.
15. To re-appoint Ernst & Young LLP as auditors until the end of the next general meeting at which accounts are laid before the Company.
16. To authorise the directors to agree the remuneration of the auditors.

Authority to allot shares

17. THAT the directors be generally and unconditionally authorised under section 551 of the Companies Act 2006 (the "Act") to allot ordinary shares of 25p each in the Company ("shares"), to grant rights to subscribe for shares or to convert any security into shares:

- a. up to an aggregate nominal amount of £23,181,365.25 consisting of 92,725,461 shares; and
- b. in connection with a rights issue by the Company, up to a further aggregate nominal amount of £23,181,365.25 consisting of 92,725,461 shares.

A rights issue means an offer to ordinary shareholders to purchase shares in proportion to their holdings, made by means of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, subject to any exclusions or other arrangements which the directors may deem necessary or appropriate in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

The directors may use this authority until the earlier of:

- (i) the end of the next Annual General Meeting; or
- (ii) 5 May 2017:

but the Company may make an offer or agreement during this period which would or might require shares to be allotted or rights to be granted after the authority ends and the directors may allot shares or grant such rights to fulfill those offers or agreements as if this authority had not ended.

This authority replaces all previous authorities.

Special resolutions

Authority to disapply pre-emption rights

18. THAT, the directors be given general and unconditional power to allot equity securities (under sections 570 and 573 of the Act):
- a. for cash under the authority conferred by resolution 17; or
 - b. by way of the sale of treasury shares, as if, in either case, section 561(1) of the Act did not apply to any such allotment.

This power is limited to the allotment or sale of equity securities:

- (i) in connection with a rights issue, open offer or other issue or offer to ordinary shareholders in proportion (as nearly as possible) to their existing holding of shares (but subject to such exclusions or other arrangements as the directors may think necessary or appropriate to deal with fractional entitlements, legal, regulatory or practical problems in or under the laws of any territory or any other matter); and
- (ii) otherwise than under subparagraph (i) above, up to an aggregate nominal value of £6,954,409.50 consisting of 27,817,638 shares.

The directors may use this power until the earlier of:

- (a) the end of the next Annual General Meeting; or
- (b) 5 May 2017;

but the Company may, before the expiry of this power, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities to fulfill such offer or agreement as if the power conferred in this resolution had not expired.

This authority replaces all previous authorities.

Authority to purchase own shares

- 19.** THAT the Company is generally and unconditionally authorised to make market purchases (as defined in the Act) of shares subject to the following conditions:
- (i) the maximum number of shares which may be purchased is 27,817,638;
 - (ii) the minimum price (excluding expenses) which may be paid for each share is 25p;
 - (iii) the maximum price (excluding expenses) which may be paid for each share is an amount equal to the higher of:
 - a. 5% above the average middle market quotations for each share taken from the Daily Official List of the London Stock Exchange for the five business days before the purchase is made; and
 - b. the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange Official List at the time the purchase is carried out;

(iv) this authority expires at the earlier of:

- (a) the end of the next Annual General Meeting; and
- (b) 5 May 2017; and
- (v) the Company may enter a contract to purchase shares under this authority before this authority expires, which will or may be completed or executed wholly or partly after its expiration, and may purchase shares to fulfill any such contract as if this authority had not ended.

General meetings

- 20.** THAT the Company may call a general meeting (other than an annual general meeting) at any time up to the end of the next Annual General Meeting on a minimum of 14 clear days' notice.

Ordinary resolution

2016 Long term incentive plan

- 21.** THAT the rules of the 2016 Long Term Incentive Plan be approved and adopted.

By Order of the Board

Penny Thomas

Company Secretary

24 November 2015

22 Ganton Street, Carnaby, London W1F 7FD

General notes

Entitlement to attend and vote

1. Only shareholders registered in the Register of Members of the Company as at 6.00 pm on 3 February 2016 (or, in the event of any adjournment, 6.00 pm on the day which is two days before the time of the adjourned meeting) shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after the relevant deadline shall be disregarded in deciding the rights of any person to attend or vote at the Annual General Meeting.

Appointment of proxies

2. Shareholders 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 Annual General Meeting. A shareholder may appoint more than one proxy so long as (i) each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder and (ii) the appointment specifies which shares each proxy can vote in respect of. A proxy does not have to be a shareholder of the Company. A proxy form which may be used to make the appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and need one, or if you need additional forms, please contact the registrars.

The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who has been nominated to receive communications from the Company in accordance with section 146 of the Act ("nominated persons"). Nominated persons may have a right under an agreement with the shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

3. The return of a completed proxy form, or other such instrument or any CREST Proxy Instruction (as described 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 valid, the proxy form, together with any power of attorney or other authority under which it was signed, must be lodged with the registrars at least 48 hours before the Annual General Meeting.

Appointment of proxies through crest

5. 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 which can be viewed at 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.
6. 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 & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, whether it is an 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. 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. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited 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 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.

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.

Corporate representatives

7. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder but no two representatives can act in relation to the same shares.

Automatic poll voting

8. Each of the resolutions to be put to the meeting will be voted on by poll and not by show of hands. A poll reflects the number of voting rights exercisable by each member and so the Board considers it a more democratic method of voting. Members and proxies will be asked to complete a poll card to indicate how they wish to cast their votes. These cards will be collected at the end of the meeting. The results of the poll will be published on the Company's website and notified to the UK Listing Authority once the votes have been counted and verified.

Shareholders' power to requisition website publication of audit concerns

9. Shareholders meeting the threshold set out in section 527 of the Act can instruct the Company to publish on its website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) to be presented to the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company giving up or losing their position since the previous Annual General Meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses. Where the Company is required to place a statement on a website, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.

Shareholders' right to ask questions

10. Any shareholder attending the Annual General Meeting has the right to ask questions. The Company must answer any question relating to the business being dealt with at the meeting unless (i) it would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (ii) it has already been answered on a website or (iii) it is not in the interests of the Company or the good order of the meeting that the question be answered.

Shareholders' right to give notice of a resolution

11. Shareholders meeting the threshold under sections 338 and 338A of the Act, can instruct the Company (i) to give shareholders (entitled to receive notice of the Annual General Meeting) notice of a resolution which may properly be proposed and is intended to be proposed at the meeting and/or (ii) to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may be properly included in the business.

A resolution may properly be proposed or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 23 December 2015, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

Documents for inspection

12. The Register of Directors' Interests in the Company and copies of executive directors' contracts of service, non-executive directors' letters of appointment, and rules of the LTIP may be inspected at the Company's registered office during normal business hours on weekdays (excluding public holidays) from the date of this Notice of Meeting until the end of the Annual General Meeting and at the place of Annual General Meeting of the Company from 10.30 am on 5 February 2016 until the end of the meeting.
13. A copy of this notice and other information required by the Act can be found at www.shaftesbury.co.uk.
14. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.

Total voting rights

15. As at 24 November 2015 (being the latest practicable date prior to the publication of this Notice of Meeting), the Company's issued share capital consists of 278,176,382 shares, carrying one vote each. There are no treasury shares. Therefore total voting rights in the Company at this date are 278,176,382.

General

16. Biographical details of the directors standing for re-election are set out in the 2015 Annual Report and on the Company's website.
17. The "Vote Withheld" option on the proxy form is provided to enable a member to abstain on any particular resolution. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "for" or "against" a particular resolution.

If you have any questions about the Annual General Meeting, please telephone the Company Secretary on 020 7333 8118.

Explanatory notes to the resolutions

Ordinary resolutions

For a resolution proposed as an ordinary resolution to be passed, more than half of the votes cast must be in favour of the resolution.

Resolution 1 – To receive and adopt the Company’s accounts, together with the reports of the directors and auditors and the strategic report, for the year ended 30 September 2015

The directors must present the audited accounts, the reports of the directors and auditors and the strategic report to the shareholders at the Annual General Meeting.

Resolution 2 – To approve the Remuneration Policy Report

The Remuneration Policy Report, which may be found on pages 84 to 91 of the 2015 Annual Report, is proposed for a binding shareholder vote.

Resolution 3 – To approve the Annual Remuneration Report

In accordance with section 439 of the Act, shareholders are invited to vote on the Annual Remuneration Report, which may be found on pages 92 to 101 of the 2015 Annual Report. The vote is advisory only.

Resolution 4 – To declare a final dividend

This resolution approves the declaration of a final dividend of 6.925 p per share on the ordinary shares.

Resolutions 5-14 – Re-election of directors

In line with the recommendations of the UK Corporate Governance Code, all of the directors of the Company will stand for re-election to the Board.

Resolutions 15-16 – Auditors

Resolution 15 proposes the re-appointment of Ernst & Young LLP as auditors. Their appointment was announced on 24 November 2015 following a tender process. As required by law, PricewaterhouseCoopers LLP has provided the Company with a “Statement of Reasons” connected with its resignation which is set out in Appendix 1 to the Notice of Meeting.

Resolution 16 is a routine resolution to authorise the directors to agree the remuneration of the auditors.

Resolution 17 – Authority to allot shares

The directors must receive authority from shareholders before they can allot further shares. The Company’s Articles of Association give a general authority to the directors to allot shares, which is subject to renewal by the shareholders.

Resolution 17 authorises the Board, for a period of 15 months from the passing of the resolution or, if earlier, to the end of the next Annual General Meeting to allot, or grant rights to subscribe for or convert any security into, shares up to:

- a. an aggregate nominal value set out in the resolution which is equal to approximately 33% of the total ordinary share capital in issue on 24 November 2015 (the last reference date prior to the publication of this document); and
- b. a further nominal amount set out in the resolution which is equal to approximately 33% of the total ordinary share capital in issue on 24 November 2015 by way of rights issue.

The Company does not currently hold any shares as treasury shares within the meaning of section 724 of the Act. Except for the issue of shares pursuant to the share incentive schemes, the directors currently have no intention to make use of the general and additional authorities granted pursuant to resolution 17.

The authority granted pursuant to paragraph (b) of resolution 17 is in accordance with the Share Capital Management Guidelines published by the Investment Association (“IA”) dated July 2014. The guidance states that IA members would support resolutions authorising the allotment of an additional one-third of the issued ordinary share capital provided that the additional authority can only be used for fully pre-emptive rights issues.

If the general and additional authorities were used and:

- a. the number of shares in issue is thereby increased, in aggregate, by more than one-third; and
- b. in the case of any issue being in whole or part by way of a fully pre-emptive rights issue, where the monetary proceeds exceed one-third (or such lesser relevant proportion) of the pre-issued market capitalisation of the Company,

all members of the Board who wish to remain in office will stand for re-election at the Company’s next Annual General Meeting following the decision to make the issue in question.

Special resolutions

For a resolution proposed as a special resolution to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 18 – Authority to disapply pre-emption rights

This resolution disapplies the pre-emption right provisions of the Act in respect of the allotment of equity securities (including a sale of treasury shares) in connection with rights issues and other pre-emptive issues or offers or for cash up to an aggregate nominal value set out in the resolution being approximately 10%

of the issued share capital on 24 November 2015. If a share issue is not a rights issue, the proportionate interest of existing shareholders could not, without their agreement, be reduced by more than 10% by the issue of new shares or the sale of treasury shares for cash to new shareholders. This authority is in line with institutional shareholder guidance, and in particular with the Pre-emption Group's Statement of Principles published on 12 March 2015 (the "Pre-emption Principles"). The Pre-emption Principles allow the authority for an issue of shares for cash (otherwise than in connection with a pre-emptive offer) to be increased from 5% to 10% of the Company's issued share capital, provided that the Company confirms that it intends to use the additional 5% authority only in connection with an acquisition or specified investment (as defined in the Pre-emption Principles). The Board confirms that it intends to adhere to the Pre-emption Principles and not to allot shares for cash on a non-pre-emptive basis pursuant to the authority in Resolution 18 (ii):

- a. in excess of an amount equal to 5% of the total issued share capital (excluding any treasury shares); or
- b. in excess of an amount equal to 7.5% of the total issued share capital (excluding any treasury shares) within a rolling three year period;

in each case other than in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six month period and is disclosed in the announcement of the allotment.

If approved this authority will expire 15 months after the passing of this resolution or, if earlier, at the end of the next Annual General Meeting. The directors have no present intention of using the power under this authority but, as in previous years, they will have the flexibility to act in the best interests of the Company when opportunities arise.

Resolution 19 – Authority to purchase own shares

This resolution seeks authority for the directors to purchase the Company's own shares. The proposed authority would enable the Company to purchase up to a maximum number of shares set out in the resolution, being 10% of the issued ordinary share capital on 24 November 2015, with a stated upper limit on the price payable. Purchases would only be made after the most careful consideration, where the directors believe that an increase in earnings or net assets per share would result and where purchases were, in the opinion of the directors, in the best interests of the Company and its shareholders. The directors consider that it is prudent to obtain the proposed authority, although the Board does not have any current intention to use it.

The total number of options to subscribe for shares that are outstanding on 24 November 2015 is 1,535,664. This represents 0.55% of the issued share capital of the Company at that date. If the Company were to purchase the maximum number of shares permitted pursuant to the authority under this resolution, then these options would represent 0.61% of the reduced issued share capital (excluding any treasury shares).

The Act permits companies to hold shares acquired by way of market purchases (as described above) in treasury, rather than having to cancel them. The Company would consider holding any of its own shares that it purchased pursuant to the authority conferred by this resolution as treasury shares. This would give the Company the ability to re-issue treasury shares quickly and cost effectively, and would provide the Company with additional flexibility in the management of its capital base.

No dividends would be paid on shares whilst held in treasury and no voting rights would attach to treasury shares.

Resolution 20 – General meeting notice period

The Act provides that the notice period required for general meetings of the Company must be at least 21 clear days unless shareholders approve a shorter notice period, which cannot be less than 14 clear days (annual general meetings will continue to be held on at least 21 clear days' notice).

This resolution seeks shareholder approval to hold general meetings after giving notice of 14 or more clear days. The approval will be effective until the next Annual General Meeting, when it is intended that a similar resolution will be proposed.

The Act provides that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

The authority will not be used as a matter of routine. It has not been used during the financial year or at any time since first granted. There is no current intention to use the authority.

Resolution 21 – LTIP

The rules of the new LTIP are summarised in Appendix 2.

Appendix 1:



The Directors
Shaftesbury PLC
22 Ganton Street
London
W1F 7FD

4 December 2015

Dear Sirs,

Statement of Reasons connected with ceasing to hold office as Auditors

In accordance with Section 519 of the Companies Act 2006 (the "Act"), we set out below the reasons connected with PricewaterhouseCoopers LLP, registered auditor number COO1004062, ceasing to hold office as auditors of Shaftesbury PLC, registered no: 01999238 (the "Company") effective from 4 December 2015.

The reason we are ceasing to hold office is that the Company has recently undertaken a competitive tender process for the position of statutory auditor and wishes to appoint a new auditor. Prior to this tender process, we had mutually agreed with the Company that we would not participate given the length of time that we had already acted as the Company's auditor.

There are no reasons for and no other matters connected with our ceasing to hold office as auditors of the Company that we consider need to be brought to the attention of the Company's members or creditors.

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers LLP', written in a cursive style.

PricewaterhouseCoopers LLP

*PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH
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PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Appendix 2: The terms of the Shaftesbury 2016 Long-Term Incentive Plan (“LTIP”) are summarised below.

Operation

The LTIP will be administered by the board of directors of the Company or by any duly authorised committee of it (the “Board”). Decisions in relation to any participation in the LTIP by the Company’s executive directors will always be taken by the Company’s Remuneration Committee. Any employee of the Group is eligible to participate at the Board’s discretion.

Grant of awards

Awards may be granted by the Board as conditional awards of, or nil-cost options over, ordinary shares or cash-based awards relating to a number of “notional” Shares.

Awards can only be granted in the six weeks following the day on which the LTIP is approved by shareholders, the announcement by the Company of its results for any period, any day on which a restriction on the grant of awards is lifted or any day on which the Board determines that exceptional circumstances exist which justify the grant of awards. Awards are not transferable except on death and will not form part of pensionable earnings.

Individual limit

Awards will not be granted to a participant under the LTIP in respect of any financial year of the Company over Shares with a market value (as determined by the Board) in excess of 150% of salary (or 200% of salary if the Board determines exceptional circumstances exist).

Performance conditions

Unless the Board determines otherwise, the vesting of awards will be subject to the satisfaction of performance conditions. Awards to the Company’s executive directors will always be subject to performance conditions and the period over which performance conditions will be assessed will not normally be less than three years. Any performance condition may be amended or substituted if one or more events occur which cause the Board to consider that an amended or substituted performance condition would be more appropriate and would not be materially less difficult to satisfy.

Vesting, exercise and release of awards

Awards subject to performance conditions will normally vest as soon as reasonably practicable after the end of the performance period (or on such later date as the Board determines) to the extent that the performance conditions have been satisfied. Awards not subject to performance conditions will normally vest on the third anniversary of grant (or such other date as the Board determines).

In addition, the Board may determine that a vested award is also subject to an additional “holding period” (a “Holding Period”) during which Shares subject to an award will not be delivered to participants and at the end of which awards will be “released” (i.e. participants will be entitled to receive their Shares under their awards). The Board will determine the length of the Holding Period (which will start on the date an award vests), provided that the Holding Period will normally end no earlier than the fifth anniversary of the grant date.

Nil-cost options will then normally be exercisable from the point of vesting (or, where relevant, release) until the tenth anniversary of the grant date. At any time before the point at which an award has vested/been released, or a nil-cost option has been exercised, the Board may decide to pay a participant a cash amount equal to the value of the Shares they would have otherwise received.

Dividend equivalent payments

The Board may award dividend equivalent payments in respect of the Shares that vest under awards in respect of dividends paid in the period between grant and vesting (or, where relevant, release). Dividend equivalents may be paid in Shares or cash and may assume the reinvestment of the dividends in Shares.

Leavers

Unvested awards will lapse on the individual’s cessation of office or employment with the Group except where cessation is as a result of the individual’s death, ill health, injury or disability, the sale of the individual’s employing company or business out of the Group or for any other reason that the Board determines, except where a participant is summarily dismissed (“Good Leavers”).

If a participant dies, an unvested award will, unless the Board determines otherwise, vest and be released at the time of the participant’s death to the extent that the Board determines. The Board will take into account the satisfaction of any performance condition and, unless it determines otherwise, the proportion of the period of time between grant and the normal vesting date that has elapsed. A participant’s personal representatives will normally have 12 months from the participant’s death to exercise any vested and released nil-cost options.

Unvested awards held by other Good Leavers will usually continue until the normal vesting date (or where an award is subject to a Holding Period, the end of the Holding Period), unless the Board determines that the award will vest (and be released) as soon as reasonably practicable following the date of cessation. Nil-cost options will normally be exercisable for six months after vesting (or, where relevant, release). Awards will vest to the extent determined by the Board taking into account the extent to which any performance condition has been satisfied and, unless the Board determines otherwise, the proportion of the period of time between grant and the normal vesting date that has elapsed at the date of cessation.

If a participant ceases to be an officer or employee of the Group during a Holding Period, his award will normally be released at the end of the Holding Period, unless the Board determines that it should be released as soon as reasonably practicable following his cessation of office or employment. However, if a participant is summarily dismissed during a Holding Period, his award will lapse immediately. Nil-cost options will normally be exercisable for six months after release.

If a participant ceases to be an officer or employee of the Group whilst holding a vested nil-cost option which is not (or is no longer) subject to a Holding Period, he will normally have six months from his cessation of office or employment to exercise that nil-cost option, unless he is summarily dismissed, in which case his nil-cost option will lapse immediately.

Malus and clawback

If there is a material misstatement of the Company's accounts or if an individual's actions amount to gross misconduct during the period commencing on the grant date (or, where the award is subject to a performance condition, the start of the performance period) and ending on the fifth anniversary of the grant date, the Board may:

reduce awards (to zero if appropriate) or impose additional conditions on the awards at any time prior to the earlier of the delivery of cash and/or Shares in satisfaction of an award and the fifth anniversary of the grant date; and/or

require that the participant has to either return some or all of the Shares acquired under his award or make a cash payment to the Company in respect of the Shares delivered) up to the fifth anniversary of the grant date.

Corporate events

In the event of a change of control of the Company, unvested awards will vest to the extent determined by the Board, taking into account the extent to which any performance condition has been satisfied and, unless the Board determines otherwise, the proportion of the period of time between grant and the normal vesting date that has elapsed at the date of the relevant event. Awards to the extent vested will then be released.

Alternatively, the Board may permit awards to be exchanged for shares in the acquiring company. If the change of control is an internal reorganisation of the Group or if the Board so decides, participants will be required to exchange their awards (rather than awards vesting/being released as part of the transaction).

If other corporate events occur such as a winding-up of the Company, demerger, delisting, special dividend or other event which, in the opinion of the Board, may affect the current or future value of Shares, the Board may determine that awards will vest taking into account the satisfaction of any performance condition and, unless the Board determines otherwise, the proportion of the period of time between grant and the normal vesting date that has elapsed at the date of the relevant event.

Adjustment of awards

The Board may adjust the number of Shares under an Award or any performance condition applicable to an Award in the event of a variation of the Company's share capital or any demerger, delisting, special dividend or other event which, in the opinion of the Board, may affect the current or future value of Shares,

Overall limits

In any ten year period, the number of Shares which may be issued under the Plan and any other employee share plan adopted by the Company may not exceed 10% of the issued ordinary share capital of the Company from time to time.

In addition, in any ten year period, the number of Shares which may be issued under the LTIP and any other discretionary employee share plan adopted by the Company may not exceed 5% of the issued ordinary share capital of the Company from time to time.

Treasury Shares will be treated as newly issued for the purpose of these limits until such time as guidelines published by institutional investor representative bodies determine otherwise.

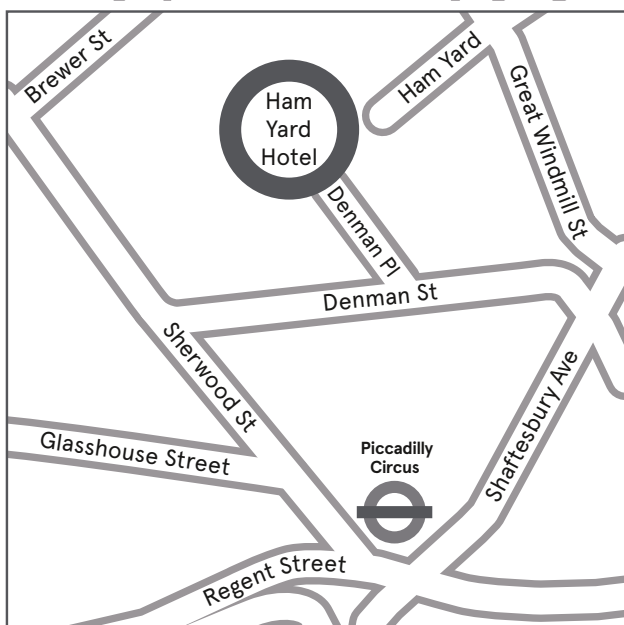
Amendments

The Board may amend the Plan at any time, provided that prior approval of the Company's shareholders will be required for amendments to the advantage of eligible employees or participants relating to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of, the Shares comprised in an award and the impact of any variation of capital.

However, any minor amendment to benefit the administration of the Plan, to take account of legislative changes, or to obtain or maintain favourable tax, exchange control or regulatory treatment may be made by the Board without shareholder approval.

Satisfying awards and termination of Plan

Awards may be satisfied using newly issued Shares, Shares held in treasury or Shares purchased in the market. Awards may not be granted under the Plan after the tenth anniversary of their approval by shareholders.



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