

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately consult a person authorised under the Financial Services and Markets Act 2000 (“FSMA”) who specialises in advising on the acquisition of shares and other securities before taking any action.

If you have sold or transferred all of your holding of Existing Ordinary Shares, please forward this document together with the accompanying Form of Proxy for the General Meeting as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold part of your holding, please consult the stockbroker, banker or other agent through which the sale was made. This document does not comprise a prospectus for the purpose of the Prospectus Rules and has not been submitted to the UK Financial Conduct Authority. In issuing this document, the Company is relying on an exemption from the requirement to publish a prospectus pursuant to section 85(5) and paragraph 9 of Schedule 11A of FSMA.

Application will be made for the Redenominated Shares to be created pursuant to the Capital Reorganisation and the Subscription Shares to be issued pursuant to the Subscription to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on AIM on 19 August 2013. The Convertible Loan Note will not be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority (the “Official List”). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The AIM Rules are less demanding than those of the Official List. Neither the UKLA nor London Stock Exchange plc has examined or approved the contents of this document. The New Ordinary Shares will not be traded on any other recognised investment exchange and no such applications have been or will be made for them to be admitted to trading on any such exchange.

The Kellan Group plc

(Incorporated and registered in England and Wales with registered number 02228050)

Capital Reorganisation

**Subscription for 120,000,000 New Ordinary Shares at 0.75 pence per share
and £600,000 nominal value Convertible Loan Note**

**Approval of a waiver of the obligations under Rule 9 of the City Code on Takeover and
Mergers
Notice of General Meeting**

Sanlam Securities UK Limited

Nominated Adviser and Broker

To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. Sanlam Securities UK Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and no one else in connection with the Proposals and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Sanlam Securities UK Limited, nor for providing advice in relation to the Proposals in this document nor any other matter in relation to the contents of this document. Sanlam Securities UK Limited is not making any representation or warranty, express or implied, as to the content of this document. No liability is accepted by Sanlam Securities UK Limited for the accuracy of any information or opinions contained in or for the omission of any material information from this document, for which the Company and the Directors are solely responsible.

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This document should be read in its entirety. This document does not constitute an offer to sell or the solicitation of an offer to buy a security. Your attention is drawn, in particular, to the letter from the Chairman, set out at Part I of this document which contains the Independent Directors’ recommendation that you vote in favour of the Resolutions to be proposed at the General Meeting.

Notice of a General Meeting of the Company to be held at the offices of The Kellan Group plc, 4th Floor, 27 Mortimer Street, London W1T 3BC, at 2.30 p.m. on 9 August 2013 is set out on pages 29 to 33 of this document. **To be valid, the Form of Proxy must be completed and returned so as to be received at the offices of the Company’s Registrars, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and, in any event, no later than 2.30 p.m. on 7 August 2013. Shareholders may also appoint a proxy electronically at www.capitashareportal.com where details of the procedure are shown. You will need your investor code.**

The return of a completed Form of Proxy will not preclude a member from attending and voting in person at the General Meeting.

If you hold your Existing Ordinary Shares in CREST you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Capita Registrars (CREST Participant ID RA10) so that it is received no later than 2.30 p.m. on 7 August 2013. The completion and return of a CREST Proxy Instruction will not preclude Shareholders who hold their Existing Ordinary Shares in CREST from attending and voting in person at the General Meeting, or any adjournment thereof, should you wish to do so.

The New Ordinary Shares (including any issued upon conversion of the Convertible Loan Note) will rank *pari passu* in all respects with each other, including the right to receive all dividends and other distributions declared, made or paid on those shares after Admission.

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Expected Timetable

2013

Publication of this document	11 July
Latest time and date for receipt of Forms of Proxy/CREST Proxy instructions for the General Meeting	2.30 p.m. on 7 August
General Meeting	2.30 p.m. on 9 August
Record date for the Capital Reorganisation	6.00 p.m. on 9 August
Admission effective and trading expected to commence in the Redenominated Shares	8.00 a.m. on 10 August
Admission effective and trading expected to commence in the Subscription Shares	8.00 a.m. on 19 August

Each of the times and dates in the above timetable are London GMT times and are subject to change at the absolute discretion of the Company and Sanlam Securities UK Limited. Any such change will be notified by an announcement on a Regulatory Information Service.

Definitions

The following definitions apply throughout this document unless the context requires otherwise:

“2010 Convertible Loan Notes”	up to £1,000,000 nominal value fixed rate secured convertible loan notes which the Company, by resolution of the Board, agreed to issue on the terms of the loan note instrument dated 5 February 2010 of which £550,000 of nominal value are currently in issue
“2011 Convertible Loan Notes”	up to £1,250,000 nominal value fixed rate unsecured convertible fixed loan notes which the Company, by resolution of the Board, agreed to issue on the terms of a loan note instrument dated 28 January 2011 of which £811,000 of nominal value are currently in issue
“Act”	the Companies Act 2006 (as amended)
“acting in concert”	has the meaning attributed to it in the Code
“Admission”	the admission of the Subscription Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the rules for companies whose securities are admitted to trading on AIM as published by the London Stock Exchange, as amended from time to time
“Amended Articles”	the articles of association of the Company, as amended following the passing of Resolution 4 at the General Meeting
“Board” or “Directors”	the board of directors of the Company from time to time and as at the date hereof as set out on page 9 of this document
“Business Day”	a day (other than a Saturday, a Sunday or a public holiday) on which dealings in securities may take place on the London Stock Exchange
“Capital Reorganisation”	the proposed sub-division and re-designation of the Existing Ordinary Shares into New Ordinary Share and Deferred Shares, further details of which are set out in the paragraph entitled “Background to and reasons for the Capital Reorganisation” in Part I of this document
“Capital Reorganisation Record Date”	6.00 p.m. on 9 August 2013 (or such later time and date as the Board may determine)
“Company” or “Kellan”	The Kellan Group plc, a company incorporated and registered in England and Wales with registered number 02228050
“Code” or “Takeover Code”	the City Code on Takeovers and Mergers
“Conversion Price”	means 0.75 pence nominal amount of Convertible Loan Note per New Ordinary Share

Definitions (continued)

“Convertible Loan Note”	the 4% fixed rate £600,000 nominal amount unsecured convertible loan note 2017, to be issued on the terms of the Loan Note Instrument, further details of which are set out in paragraph 2 of Part I and 6.1.1 of Part III of this document
“CREST”	the system for paperless settlement of trades and the holding of uncertificated shares administered through Euroclear UK & Ireland Limited
“CREST Manual”	the manual issued by Euroclear UK & Ireland Limited from time to time
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/ 3755), including (i) any enactment or subordinate legislation which amends or supersedes those regulations and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force
“Deferred Shares”	the new deferred shares of 1.99 pence each in the capital of the Company created pursuant to the Capital Reorganisation and having the rights set out in the Amended Articles
“Enlarged Issued Share Capital”	the issued ordinary share capital of the Company, as enlarged by the issue of the Subscription Shares (but excluding any other New Ordinary Shares issued between the date of this document and Admission)
“Existing Articles”	the articles of association of the Company as at the date of this document
“Existing Loan Notes”	the 2010 Convertible Loan Notes and the 2011 Convertible Loan Notes
“Existing Loan Noteholders”	the holders of the Existing Loan Notes
“Existing Ordinary Shares”	the 213,067,300 ordinary shares of 2 pence each in the capital of the Company in issue at the date of this document
“FCA”	the UK Financial Conduct Authority
“Form of Proxy”	the form of proxy accompanying this document for use in connection with the General Meeting
“FSMA”	the Financial Services and Markets Act 2000, as amended from time to time
“GM” or “General Meeting”	the general meeting of the Company convened for 2.30 p.m. on 9 August 2013, notice of which is set out on pages 29 to 33 of this document

Definitions (continued)

“Group”	the Company, its Subsidiaries and Subsidiary Undertakings and/or (where the context requires) any one or more of them
“Independent Directors”	the Directors other than Quentin Spratt
“Independent Shareholders”	the Shareholders, other than Paul Bell or any person acting in concert with him (including any members of his immediate family, related trusts or connected persons)
“ISIN”	International Securities Identification Number
“Loan Note Instrument”	the deed constituting the Convertible Loan Note to be executed by the Company, following the passing of the Resolutions
“London Stock Exchange”	London Stock Exchange plc
“Money Laundering Regulations”	the Money Laundering Regulations 2007
“New Ordinary Shares”	new ordinary shares of 0.01 pence each in the capital of the Company following the implementation of the Proposals
“Notice of General Meeting”	the notice of the General Meeting set out on pages 29 to 33 of this document
“Proposals”	together the Subscription, the Capital Reorganisation and the Rule 9 Waiver
“Prospectus Rules”	the rules made by the FCA under Part VI of the FSMA in relation to offers of transferable securities to the public and admission of transferable securities to trading on a regulated market
“Registrar” or “Capita Registrars”	means Capita Registrars Limited, a private limited company incorporated in England and Wales, with registered number 02605568, whose registered office is at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU
“Redenominated Shares”	the ordinary shares of 0.01 pence each following the sub-division and the reclassification of the Existing Ordinary Shares pursuant to the Capital Reorganisation
“Resolutions”	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting
“Restricted Jurisdiction”	means the United States, Australia, Canada, Japan and the Republic of South Africa
“Rule 9 Waiver”	the agreement of the Panel to waive the obligation on Paul Bell to make a general offer to all Shareholders pursuant to Rule 9 of the Takeover Code, conditional upon the approval of Resolution 1 at the General Meeting

Definitions (continued)

“Sanlam Securities UK”	Sanlam Securities UK Limited, a company incorporated and registered in England and Wales with registered number 1825671, whose registered office is at 16 South Park, Sevenoaks, Kent TN13 1AN
“Shareholder(s)”	a holder of Existing Ordinary Shares
“Subscription”	the subscription to be made by Paul Bell (or his nominee), conditional upon the passing of the Resolutions, for the Subscription Shares and the Convertible Loan Note
“Subscription Price”	0.75 pence per Subscription Share
“Subscription Shares”	the 120,000,000 New Ordinary Shares to be issued pursuant to the Subscription
“Subsidiary”	a subsidiary of the Company as that term is defined in Section 1159 and schedule 6 of the Act
“Subsidiary Undertaking”	a subsidiary undertaking of the Company as that term is defined in Section 1162 and Schedule 7 of the Act
“Takeover Panel” or “Panel”	the Panel on Takeovers and Mergers
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the Financial Conduct Authority, acting through the United Kingdom Listing Authority, in its capacity as the competent authority for the purposes of Part VI of FSMA
“United States” or “US”	the United States of America, its territories and possessions and any state of the United States of America and the District of Columbia

Subscription statistics

Subscription Price per Subscription Share	0.75p
Number of Existing Ordinary Shares currently in issue	213,067,300
Number of Subscription Shares to be issued by the Company	120,000,000
Number of New Ordinary Shares in issue following the Capital Reorganisation and Subscription	333,067,300
Percentage of the Enlarged Issued Share Capital represented by the Subscription Shares	36.0%
Amount, before expenses, being raised pursuant to the Subscription	£0.9 million
Market capitalisation at the Subscription Price immediately following Admission	£2.50 million
ISIN number for Redenominated Shares	GB00B03W5P29

Part I
Letter from the Chairman
The Kellan Group plc

(Incorporated in England and Wales with registered number 02228050)

Directors

Anthony Henry Reeves, *Executive Chairman*
Rakesh Kirpalani, *Chief Financial Officer*
Michael Edward Wilson Jackson, *Non-Executive Director*
Quentin Rodney Spratt, *Non-Executive Director*

Registered Office
4th Floor
27 Mortimer Street
London W1T 3BL

11 July 2013

To Shareholders and, for information only, to holders of options and warrants over Existing Ordinary Shares

Dear Shareholder,

Capital Reorganisation
Subscription for 120,000,000 New Ordinary Shares at 0.75 pence per share and £600,000 nominal value
Convertible Loan Note
Approval of a waiver of the obligations under Rule 9 of the City Code on Takeover and Mergers
Notice of General Meeting

1. Introduction

The Company announced earlier today that, further to the announcement released by the Company on 25 July 2013, the Independent Directors have decided to proceed with the proposed transaction regarding the future funding of the Company offered by Paul Bell. The Independent Directors are grateful to both James McHugh and Paul Bell for the funding proposals offered by them but at this time they believe that the terms offered by Paul Bell are more beneficial to the Company and its shareholders as a whole. In order to complete the transaction proposed by Paul Bell the Company proposes to carry out a Capital Reorganisation for the purpose of effecting a fundraising in order to raise £1.5 million in aggregate before expenses. The proposed fundraising comprises the issue of 120,000,000 New Ordinary Shares at a price of 0.75 pence per share to Paul Bell and £600,000 nominal principal amount Convertible Loan Note at par to Paul Bell, the Company's largest shareholder.

As Paul Bell currently holds 88,991,840 Existing Ordinary Shares, representing 41.77 per cent. of the Existing Ordinary Shares, the issue to him of the Subscription Shares and any shares issued on the conversion of the Convertible Loan Note might otherwise result in him incurring an obligation under Rule 9 of the Takeover Code to make a general offer to all other Shareholders to acquire their shares in the Company. The Panel has agreed, however, to waive the obligation, subject to its approval by Independent Shareholders. Accordingly, a Resolution is being proposed at the General Meeting for this purpose and is required to be taken on a poll.

As the proposed Subscription Price of 0.75 pence per Subscription Share and the Conversion Price under the Convertible Loan Note of 0.75 pence per New Ordinary Share will be less than the nominal value of the Existing Ordinary Shares, it is proposed that a Capital Reorganisation is effected to enable the Subscription to proceed. Accordingly, a Resolution is also being proposed at the General Meeting for this purpose. Application will be made for the Redenominated Shares to be admitted to AIM and it is expected that Admission will become effective and that dealings in these shares will commence on 10 August 2013.

The Subscription is also conditional, *inter alia*, upon Shareholders passing the Resolutions at the General Meeting to grant the Directors the authority to allot the Subscription Shares, and to issue the Convertible Loan Note and to disapply the statutory pre-emption rights arising in respect of those allotments. The Subscription

is also conditional upon the Subscription Shares being admitted to trading on AIM. The enabling Resolutions are contained in the Notice of General Meeting, which is set out at the end of this document. Application will be made for the Subscription Shares to be admitted to AIM and it is expected that Admission will become effective and that dealings in these shares will commence on 19 August 2013.

Further information on Paul Bell is set out in the section headed “Information on Paul Bell” of this Part I and in Part II below.

The purpose of this document is to give you further information regarding the Proposals, to explain why your Board considers that they are in the best interests of the Independent Shareholders and to seek your approval of the Proposals at the forthcoming GM, including the Capital Reorganisation.

2. Background to and reasons for the Subscription

Kellan is a market leading recruitment business operating across a wide range of functional disciplines and industry sectors.

The Group has proactively controlled its cost base by consolidating locations and renegotiating with suppliers, where appropriate, resulting in the Group being streamlined for expansion. We are now in a position to focus on areas of the business where we have expertise and are able to create critical mass to achieve attainable growth.

The Group has realigned the leadership and management team so as to ensure it has the right people in the right roles, creating a robust operational infrastructure to provide support to everyone across the business.

The £1.5 million funds to be raised pursuant to the Subscription, comprising £0.9 million in equity and £0.6 million in unsecured convertible debt, which will replace the £0.6 million interim related party Paul Bell working capital facility arranged on 21 March 2013 (further details of which are contained in paragraph 6.1.3 of Part III of this document), along with the recent steps to restructure the operational structure of the Group, which will yield an annualised saving of circa £0.59 million per annum, puts the Group in a good position to deliver improved results.

Under the terms of the Subscription, Paul Bell, (either in his own name or through his nominee, Fitel Nominees Limited), has agreed, conditional upon the passing of the Resolutions, to subscribe for 120,000,000 Subscription Shares at 0.75 pence per share and £600,000 nominal Convertible Loan Note.

The Convertible Loan Note is unsecured and repayable on 20 September 2017. The Convertible Loan Note may only be repaid by the Company prior to such date where all other outstanding indebtedness owed by the Company to Mr Bell has been repaid in full. The Convertible Loan Note becomes repayable on demand by Mr Bell upon the occurrence of certain stipulated events of default. In addition, following the maturity of the Convertible Loan Note on 20 September 2017, it becomes repayable on demand.

The Convertible Loan Note carries a 4 per cent. per annum coupon (after deduction of any applicable income tax), payable in equal six-monthly instalments on the interest payment dates of 30 June and 31 December and with the first such payment due on 31 December 2013.

The Convertible Loan Note may be converted into New Ordinary Shares at the Conversion Price prior to its maturity on 20 September 2017. Conversion of the Convertible Loan Note can only take place if and to the extent that Existing Loan Noteholders in the Company convert some or all of their Existing Loan Notes, in which case, the Convertible Loan Note will be capable of being converted up to the lesser of (a) the amount outstanding on the Convertible Loan Note and (b) the amount that will enable Mr Bell to maintain his percentage interest in the Company at the same level as it was immediately prior to any conversion by an Existing Loan Noteholder.

The Company will use its reasonable endeavours to procure that any New Ordinary Shares issued upon conversion of the Convertible Loan Note are admitted to trading on AIM as soon as practicable following conversion.

The £900,000 subscription monies due from Mr Bell in respect of the Subscription Shares will be satisfied in cash. The £600,000 subscription monies due from Mr Bell in respect of his subscription for the Convertible Loan Note will be satisfied by way of the discharge of a corresponding amount due from the Company to him under the £600,000 working capital facility announced on 21 March 2013 (further details of which are contained in paragraph 6.1.3 of Part III of this document), which has been drawn down in full.

The Subscription is conditional, *inter alia*, upon Admission of the Subscription Shares to trading on AIM.

The New Ordinary Shares to be issued pursuant to the Subscription and those that may be issued pursuant to the conversion of the Convertible Loan Note will, when issued and fully paid, rank *pari passu* in all respects with the Redenominated Shares in issue following implementation of the Capital Reorganisation, including the right to receive all dividends and other distributions declared, made or paid after the relevant date of Admission. Pursuant to the terms of his Subscription for New Ordinary Shares, Mr Bell will be granted certain rights to participate in any future fundraisings carried out by the Company by way of the issue of new shares and/or convertible loan notes (whether or not on a pre-emptive basis), pro rata to his respective holding of New Ordinary Shares and/or the principal amount outstanding under his Convertible Loan Note (as applicable). Mr Bell shall also be entitled to a separate right to maintain his interest in the Company's voting rights attaching to the Company's New Ordinary Shares in the event that the Company elects to issue shares (whether for cash or non-cash consideration) for any other reason, at not less than 51 per cent. of the Company's issued share capital. These subscription rights shall remain in force for so long as Mr Bell (and any of his connected parties) owns or controls, directly or indirectly, 50 per cent. or more of the voting rights in the Company.

It is expected that Admission will become effective and dealings in the Subscription Shares will commence on 19 August 2013.

The Subscription is also conditional upon the passing of all the Resolutions. Accordingly, the Company has convened the General Meeting, notice of which is set out at the end of this document.

3. Information on Paul Bell

Mr Bell is a private individual who has an interest in a number of listed and private companies. He has been a shareholder in Kellan since January 2008 and currently holds 88,991,840 Existing Ordinary Shares, representing 41.77 per cent. of the Existing Ordinary Shares. Mr Bell is a graduate in Economics from Manchester University. Following a career in accountancy and then stockbroking, he has developed a number of interests in recruitment, payroll, property development and care homes. Mr Bell is married with 2 children. Further information relating to Mr Bell is set out in Part II of this document.

4. City Code on Takeovers and Mergers

The issue of the Subscription Shares and Convertible Loan Note to Paul Bell gives rise to certain considerations under the Code. Brief details of the aspects of the Code and the protections it affords to you as a Shareholder are described below.

The Code is issued and administered by the Takeover Panel. The Code governs, *inter alia*, transactions which may result in a change of control of a company to which the Code applies. The Company is a company to which the Code applies and its Shareholders are entitled to the protections afforded by its provisions.

Under Rule 9 of the Code ("Rule 9"), when a person acquires an 'interest' (as defined in the Code) in shares which, taken together with shares in which he is already interested and in which persons 'acting in concert' with him are interested (as defined in the Code), carry 30 per cent. or more of the voting rights of a company that is subject to the Code, then that person together with persons acting in concert with him are normally required to make a general offer in cash to all the remaining shareholders to acquire their shares.

Similarly where any person who, together with any person or persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company, but does

not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interest in shares is acquired by him or by any person acting in concert with him.

An offer under Rule 9 must be made at the highest price paid by the person required to make the offer, or any persons acting in concert with him, for any interest in shares in the company during the twelve months prior to the announcement of the offer for the remaining equity share capital of the company.

Mr Bell currently holds 88,991,840 Existing Ordinary Shares, representing approximately 41.77 per cent. of the Existing Ordinary Shares as at the date of this document. Immediately following completion of the Proposals and on Admission, Mr Bell will hold 208,991,840 New Ordinary Shares, representing 62.75 per cent. of the Enlarged Issued Share Capital. In addition, Mr Bell will hold £600,000 nominal principal amount of Convertible Loan Note which may be converted at the Conversion Price into 80,000,000 New Ordinary Shares. As noted above, conversion of the Convertible Loan Note can only take place if and to the extent that Existing Loan Noteholders in the Company convert some or all of their Existing Loan Notes, in which case, the Convertible Loan Note will be capable of being converted up to the lesser of (a) the amount outstanding on the Convertible Loan Note and (b) the amount that will enable Mr Bell to maintain his percentage interest in the Company at the same level as it was immediately prior to any conversion by an Existing Loan Noteholder.

Ordinarily the subscription for Subscription Shares and any New Ordinary Shares issued on the conversion of the Convertible Loan Note would trigger an obligation under Rule 9 for Mr Bell to make a general offer to all other Shareholders to acquire their shares in the Company. The Takeover Panel has agreed, however, to waive this obligation, subject to the approval of the Rule 9 Waiver by the Independent Shareholders. Accordingly, Resolution 1 set out in the Notice of General Meeting is being proposed at the General Meeting to approve the Resolution required to approve the Rule 9 Waiver, which will be taken on a poll. Paul Bell will not be entitled to vote on this Resolution.

Save for the subscription for 63,000,000 Existing Ordinary Shares made by Mr Bell on 26 September 2012, neither Mr Bell, nor any person acting in concert with him, has purchased, or has otherwise acquired any other interest in, any Existing Ordinary Shares in the 12 months immediately preceding the date of this document. The Rule 9 Waiver will be invalidated if any interest in Existing Ordinary Shares is acquired by Mr Bell, or any person acting in concert with him, in the period between the date of this document and the General Meeting. Mr Bell has undertaken to the Company that he will not make any such purchases of Existing Ordinary Shares.

On Admission, Mr Bell will be interested in shares carrying more than 50 per cent. of the voting rights of the Company and would be able to acquire further shares and, accordingly increase his aggregate interest in the Company's voting rights, without incurring an obligation to make a general offer to Shareholders of the Company under Rule 9.

5. Conflict of Interest

Quentin Spratt (appointed to the Board as a nominee of Mr Bell) has a conflict of interest, for the purposes of the Code, in relation to the proposed Subscription and the Rule 9 Waiver. Mr Spratt is also not considered to be an independent director for the purposes of the AIM Rules in respect of the related party transaction represented by the Subscription. Accordingly, Mr Spratt has not, therefore, participated in any of the Board's deliberations in this regard. None of the other Directors has any relationship, arrangement or understanding with Mr Bell.

6. Related Party Transaction

Paul Bell (who holds an interest in approximately 41.77 per cent. of the Existing Ordinary Shares) is classified as a related party of the Company for the purposes of the AIM Rules, by virtue of him having a substantial shareholding (as defined by the AIM Rules) in the Company. Mr Bell is subscribing for the Subscription Shares and the Convertible Loan Note and such participation constitutes a related party transaction under the AIM Rules.

The Independent Directors, having consulted with the Company's nominated adviser, Sanlam Securities UK, consider that the terms of the Subscription to be fair and reasonable so far as the Shareholders are concerned. In providing advice to the Independent Directors, Sanlam Securities UK has taken into account the Independent Directors' commercial assessments.

7. Background to and reasons for the Capital Reorganisation

The current market value of the Existing Ordinary Shares is below their nominal value. Under the Act, a company cannot issue shares at a price below their nominal value and this therefore impacts its ability to raise new money.

It is proposed that the Subscription Shares will be issued at the Subscription Price of 0.75 pence. The Conversion Price at which the Convertible Loan Note may convert into New Ordinary Shares is also priced at 0.75 pence. As this is less than the current nominal value of the Existing Ordinary Shares, the Directors propose to carry out the Capital Reorganisation, whereby each Existing Ordinary Share will be subdivided into and reclassified as one Redenominated Share (being an ordinary share in the capital of the Company of 0.01 pence nominal value) and one Deferred Share (being a deferred share in the capital of the Company of 1.99 pence nominal value).

The Existing Ordinary Shares are currently admitted to CREST. Application will be made for the Redenominated Shares arising from the Capital Reorganisation, to be admitted to CREST, all of which may then be held and transferred by means of CREST. The record date of the Capital Reorganisation is 6.00 p.m. on 9 August 2013.

The rights attaching to the Redenominated Shares will be identical in all respects to those of the Existing Ordinary Shares.

The Company does not intend to issue new share certificates to Shareholders following the Capital Reorganisation. Application will be made for the Redenominated Shares to be admitted to AIM and it is expected that Admission will become effective and that dealings in these shares will commence on 10 August 2013.

8. Current trading

The Group's operating loss for 2012 narrowed to £2.17 million compared to £5.45 million in 2011. Continued focus on streamlining administrative expenses (including impairment) resulted in a year on year saving of 34% from £16.3 million in 2011 to £10.8 million in 2012.

With the UK recruitment market being very inconsistent with some specialist sectors doing significantly better than others, the Group has proactively taken the opportunity to ensure it is in the strongest position possible. The Company has implemented a positive restructuring of the business to ensure that the businesses within the Group are in the best position to maximise their respective market shares as and when the opportunity arises, while maintaining a clear focus on controlling and further reducing the cost base. There is a clear strategy to invest in growth markets and niche sectors, thus ensuring the most productive return on investment. The diverse brands within the Group de-risk the overall impact of an inconsistent market, and there have been some strong performances from our hospitality and technology brands, while the professional services brands have faced numerous challenges in the last year.

Berkeley Scott continues to be a market leader in the hospitality and leisure markets. The brand has shown great strength especially in the senior appointment and general management market and with the new finance division generating some strong market traction. The temporary divisions enjoyed new business and increased revenue due to high profile events such as the Olympics, Paralympics and Queen's Jubilee, and the northern division has successfully expanded into the Warrington market place winning vital new business. The main challenges that Berkeley Scott now face are the competition from direct hires and smaller specialist agencies and the pressure on reduced margins due to such a competitive marketplace.

Quantica Technology, the Group's specialist IT Division, has continued to build its presence in London and regional UK operations, with increased revenue streams from mainland Europe; in particular Germany and Switzerland. Continued growth in all niche areas has given the business increased confidence in what is an extremely competitive market. 2013 has started very well for Quantica Technology with increased fees coupled with costs being managed effectively helping to ensure that the brand will continue to grow in carefully identified markets.

The RK and search brands had a difficult second half in 2012 but are showing promise under new leadership with a clear focus on the specialist markets in which they operate. **RK Accountancy** and **RK Finance** are gaining a valuable reputation with the key message of local finance specialists in the North of England. **RKHR Professionals** has enabled strong cross selling opportunities for the Group. **Quantica Search and Selection** is winning new business and maintaining its reputation as a food manufacturing recruitment specialist in the northern regions, an area of targeted growth and investment for our business.

9. General Meeting

A notice convening a General Meeting of the Company to be held at 2.30 p.m. on 9 August 2013 at the offices of The Kellan Group plc, 4th Floor, 27 Mortimer Street, London W1T 3BC is set out at the back of this document. Set out below is a summary of the Resolutions which are to be proposed at the GM. Resolutions 1 and 2 will be proposed as ordinary resolutions, whereas Resolutions 3 and 4 will be proposed as special resolutions.

Resolution 1 – Rule 9 Waiver

Resolution 1 seeks Independent Shareholder approval of the Rule 9 Waiver. In accordance with the requirements of the Takeover Panel for granting the Rule 9 Waiver, Resolution 1 shall be taken on a poll of Independent Shareholders.

Resolution 2 – Authority for directors to allot securities

Resolution 2 is being proposed to authorise the Directors for the purposes of section 551 of the Act to allot shares or grant rights to subscribe for or convert any security into shares in the capital of the Company. This authority will replace all existing authorities. The Directors will limit this authority to an aggregate nominal amount of £31,802.24, in connection with the allotment of the Subscription Shares, the issue of the Convertible Loan Note, and the allotment of New Ordinary Shares in satisfaction of interest payment due under the Existing Loan Notes, the allotment of any New Ordinary Shares that may need to be issued pursuant to the conversion of the Convertible Loan Note and otherwise up to 33 per cent. of the Enlarged Issued Share Capital. This authority shall expire (unless it is revoked, varied, renewed or extended) on the earlier of the date falling 15 months from the date of the General Meeting and the date of the 2014 Annual General Meeting of the Company, except that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

Resolution 3 – Authority to allot securities on a non pre-emptive basis

Resolution 3 is being proposed to authorise the Directors to disapply the statutory pre-emption rights contained in section 561(1) of the Act in respect of the allotment of New Ordinary Shares. This authority will replace all existing authorities. In addition to the allotment of the Subscription Shares, the issue of the Convertible Loan Note and the allotment of any New Ordinary Shares that may need to be issued pursuant to the conversion of the Convertible Loan Note, and the allotment of New Ordinary Shares in satisfaction of interest payment due under the Existing Loan Notes, the Directors are to be given a general authority to disapply statutory pre-emption rights in respect of the allotment of New Ordinary Shares for cash up to 20 per cent. of the Enlarged Issued Share Capital. This authority shall expire (unless it is revoked, varied, renewed or extended) on the earlier of the date falling 15 months from the date of the General Meeting and the date of the 2014 Annual General Meeting of the Company, except that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the

Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

The Directors consider the authority in Resolution 3 to be appropriate in order to allow the Company flexibility to finance business opportunities, ensure adequate management incentives via options, grant of restrictive shares or to conduct a pre-emptive offer or rights issue without the need to comply with the strict requirements of the statutory pre-emption provisions.

Resolution 4 – Capital Reorganisation

Resolution 4 is being proposed to approve the Capital Reorganisation. The Resolution will approve the subdivision into and re-classification of each of the Company's Existing Ordinary Shares into one Redenominated Share and one Deferred Share. In addition, the Company's Existing Articles will also be amended so as to contain the rights attaching to the Deferred Shares.

Save in respect of the allotment of the Subscription Shares and any New Ordinary Shares that may need to be issued pursuant to the terms of the Existing Loan Notes or the Convertible Loan Note, the Directors currently have no plans to issue any New Ordinary Shares.

However, the Directors believe that it will be in the best interests of the Company for the Directors to be granted the authorities contained in Resolutions 2 and 3 to enable the Board to issue New Ordinary Shares for cash on a non pre-emptive basis (subject to normal applicable guidelines) in order to take advantage of appropriate opportunities, should they arise without needing to seek further Shareholder approval.

10. Action to be taken in respect of the General Meeting

Shareholders will find enclosed with this document a Form of Proxy for use at the GM. The Form of Proxy should be completed and returned in accordance with the instructions printed thereon so as to arrive at the Company's Registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and in any event not later than 2.30 p.m. on 7 August 2013. **Shareholders may also appoint a proxy electronically at www.capitashareportal.com where details of the procedure are shown. You will need you investor code. If you hold Existing Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Registrar (CREST participant ID RA10), so that it is received by no later than 2.30 p.m. on 7 August 2013. The completion and return of a Form of Proxy or a CREST Proxy Instruction will not preclude you from attending and voting in person at the General Meeting or any adjournment thereof, if you so wish and are so entitled.**

If the Form of Proxy is not returned or the CREST Proxy Instruction submitted by 2.30 p.m. on 7 August 2013, your vote will not count.

11. Additional Information

Your attention is drawn to the additional information set out in Parts II and III of this document.

12. Irrevocable undertakings to vote in favour of the Resolutions

Michael Jackson, Rakesh Kirpalani, Dr Gerald Bereika, Donald Hanson, Ross Eades, and I, who in aggregate hold 66,149,130 Existing Ordinary Shares, representing 31.05 per cent. of the Existing Ordinary Shares held by Independent Shareholders, have undertaken to vote in favour of the Resolutions as detailed in paragraph 7 of Part III of this document.

Paul Bell, who holds 88,991,840 Existing Ordinary Shares, representing 41.77 per cent. of the Existing Ordinary Shares, has undertaken to vote in favour of the Resolutions (other than Resolution 1 on which he is unable to vote) as detailed in paragraph 7 of Part III of this document.

Accordingly, the Company has received irrevocable undertakings to vote in favour of Resolution 1 amounting to 53.31 per cent. of the Existing Ordinary Shares held by Independent Shareholders and to vote in favour of the remaining Resolutions amounting to 73.94 per cent. of the Existing Ordinary Shares.

13. Recommendation

The Independent Directors, who have been so advised by Sanlam Securities UK, believe that the Proposals, including the waiver of the obligation on Mr Bell to make a general offer to Shareholders pursuant to Rule 9 of the Code, are fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole. They recommend that Shareholders vote in favour of the Resolutions as they intend to do in respect of their aggregate shareholdings of 30,739,430 Existing Ordinary Shares, equivalent to 14.43 of the Existing Ordinary Shares. In providing advice to the Independent Directors, Sanlam Securities UK has taken into account the Independent Directors' commercial assessments.

Quentin Spratt is a director of the Company and a consultant to WH Ireland Limited, which provides financial advice services to Mr Bell. He has a conflict of interest for the purposes of Rule 25.2 (note 4) of the Takeover Code and AIM Rule 13. Mr Spratt has taken no part in the deliberations of the Board and is excluded from joining in the recommendation of the Board.

Yours faithfully

Tony Reeves
Executive Chairman

Part II

Information on Mr Bell

Mr Bell is a private individual who has an interest in a number of listed and private companies. He has been a shareholder in Kellan since January 2008 and currently holds 88,991,840 Existing Ordinary Shares representing 41.77 per cent. of the Existing Ordinary Shares. In addition, Mr Bell has provided two separate loan facilities to the Company, details of which are set out in paragraphs 6.1.3 and 6.1.6 of Part III of this document. Mr Bell is a graduate in Economics from Manchester University. Following a career in accountancy and then stockbroking, he has developed a number of interests in recruitment, payroll, property development and care homes. Mr Bell is married with 2 children.

Mr Bell's address is: 12 Manor Park, Onchan, Isle of Man, IM3 2EP.

Mr Bell has significant holdings in a number of public companies, as follows:

<i>Company</i>	<i>Holding as at 5 July 2013</i>	<i>Description</i>
Human Capital Resources plc	74.06%	An ISDX quoted company operating in the recruitment sector. Mr Bell is part of a concert party that holds a further 9.98% of the issued share capital of Human Capital Resources plc
Styles & Wood Group plc	35.24%	A company whose share capital is quoted on the Official List of the London Stock Exchange and which operates in the retail fit out market, providing services to major retailers.
Ultrasys plc	20.83%	An AIM quoted company that provides interactive healthcare products and associated services; solutions for healthcare professionals, the corporate market and individual consumers.
Silverdell plc	9.27%	An AIM quoted company that provides a comprehensive range of highly specialised asbestos removal and consultancy services, covering all aspects of the management of asbestos in buildings.

In addition, Mr Bell has a number of significant interests in a number of private companies predominantly operating in the recruitment, payroll services, healthcare and property investment sectors.

Part III

Additional Information

1. Responsibility

- 1.1 The Directors whose names appear on page 9 of this document, accept responsibility for the information contained in this document, other than: (a) that relating to Paul Bell and persons connected with him, (for which Mr Bell accepts responsibility as set out below); and (b) the recommendation relating to the Rule 9 Waiver set out in the final paragraph of the Chairman's letter for which the Independent Directors accept responsibility. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 Paul Bell accepts responsibility for the information contained in this document relating to himself. To the best of the knowledge and belief of Mr Bell, having taken all reasonable care to ensure that such is the case, the information contained in this document for which he is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Information on the Company

- 2.1 The name of the Company is The Kellan Group plc. It was incorporated in England and Wales under the Companies Act 1985 under registered number 02228050. The Company's registered office is located at 27 Mortimer Street, London, W1T 3BL.
- 2.2 The Directors of the Company as at the date of this document are as follows:

Anthony Henry Reeves
Rakesh Kirpalani
Michael Edward Wilson Jackson
Quentin Rodney Spratt

3. Interests and dealings in relevant securities

- 3.1 The following expressions and words used in paragraphs 3 and 4 of this Part III shall have the following meanings:

“acting in concert”	has the meaning attributed in the Code;
“arrangement”	includes an indemnity or option arrangements, or any agreement or understanding, formal or informal, of whatever, relating to the relevant securities which may be an inducement to deal or refrain from dealing;
“associate”	has the meaning given to it in the Code and includes (without limitation) in relation to a company: <ul style="list-style-type: none">(i) its parent, subsidiaries and fellow subsidiaries, its associated companies and companies of which any such companies are associated companies;(ii) its connected advisers (as defined in the Code) to it or a company covered in (i) above, including persons (other than exempt principal traders or exempt fund managers) controlling, controlled by or under the same

control as such connected advisers;

- (iii) its directors and the directors of any company in (i) above (together in each case with their close relatives and related trusts);
- (iv) its pension funds or the pension funds of a company covered in (i) above;
- (v) its employee benefit trusts or those of a company covered in (i) above;
- (vi) (in relation to the Company) an investment company, unit trust or other person whose investments an associate (as otherwise defined in this paragraph) manages on a discretionary basis, in respect of the relevant instrument accounts; and
- (vii) a company holding a material trading arrangement with the company in question or a company covered in (i) above;

“associated company”

ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status;

“connected adviser”

has the meaning given to it by the Code;

“control”

means an interest or interests in shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding gives de facto control;

“dealing” or “dealt”

includes the following:

- (i) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to relevant securities, or of general control of relevant securities;
- (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
- (iii) subscribing or agreeing to subscribe for relevant securities;
- (iv) subscribing or agreeing to subscribe for relevant securities;
- (v) the exercise or conversion of any relevant securities carrying conversion or subscription rights;
- (vi) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or

	variation of, a derivative referenced, directly or indirectly, to relevant securities;
	(vii) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
	(viii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
“derivative”	includes any financial product whose value, in whole or part, is determined directly or indirectly by references to the price of any underlying security;
“disclosure date”	means 10 July 2013, being the last practicable date prior to the posting of this document;
“disclosure period”	means the period commencing on 11 July 2012 and ending on 10 July 2013, the last practical date prior to the publication of this document;
“exempt principal trader” or “exempt fund manager”	has the meaning attributed to it in the Code;
“interested”	a person “interested” in relevant securities shall include where a person: <ul style="list-style-type: none"> (i) owns relevant securities; (ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them; (iii) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or (iv) is party to any derivative whose value is determined by reference to its price and which results, or may result, in his having a long position in it;
“paragraph 1 associate”	means, in relation to a company, its parent, subsidiaries and fellow subsidiaries, their associated companies, and companies of which such parent, subsidiaries, fellow subsidiaries, associated companies (for which purpose, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of “associated company” status);
“relevant securities”	means shares in the Company (or derivatives referenced thereto) and securities convertible into or rights to subscribe for and options (including traded options) in respect thereof; and

“short position”

means a short position whether conditional or absolute and whether in the money or otherwise including any short position under a derivative, any agreement to sell or any delivery obligations or right to require another person to take delivery.

3.2 *Directors’ interests and dealings*

3.2.1 The interests of the Directors and any other person whose interests in shares the director is taken to be interested in (pursuant to Part 22 of the Act and related regulations) in the issued share capital of the Company as at the close of business on the disclosure date and as they are expected to be upon completion of the Proposals are as follows:

Name	At the date of this document		On Admission*	
	Number of Existing Ordinary Shares	Percentage of Existing Ordinary Shares	Number of New Ordinary Shares	Percentage of Enlarged Issued Share Capital
Tony Reeves	27,531,948	12.92	27,531,948	8.27
Rakesh Kirpalani	1,060,000	0.50	1,060,000	0.32
Michael Jackson	2,147,482	1.01	2,147,482	0.64
Quentin Spratt	-	-	-	-

3.2.2 As at close of business on the disclosure date, the Directors held the following warrants and options over Existing Ordinary Shares:

Name	Expiry Date	Exercise Price (£)	Number held as at 10 July 2013
Rakesh Kirpalani	09 Nov 2021	0.0262	2,000,000
Rakesh Kirpalani	09 Nov 2022	0.0238	3,000,000
Anthony Reeves	09 Nov 2021	0.0262	1,000,000
Anthony Reeves	14 Feb 2015	0.02	150,000
Michael Jackson	09 Nov 2021	0.0262	500,000

3.2.3 During the disclosure period, there have been no dealings in relevant securities by the Directors.

3.3 *Interests of three per cent. or more (excluding Directors)*

Except as set out in paragraph 3.2 above, so far as the Directors are aware, the only persons who are or will be interested, directly or indirectly, in three per cent. or more of the issued share capital of the Company as at the close of business on the disclosure date and immediately following Admission are as follows:

Name	At the date of this document		On Admission*	
	Number of Existing Ordinary Shares	Percentage of Existing Ordinary Shares	Number of Issued New Ordinary Shares	Percentage of Enlarged Issued Share Capital
Paul Bell	88,991,840	41.77	208,991,840	62.75
Dr G Berekia	15,693,929	7.37	15,693,929	4.71
J P Bowmer Esq	14,491,136	6.82	14,491,136	4.35
J McHugh Esq	11,169,019	5.24	11,169,019	3.35
Adam & Company Nominees Limited	9,930,466	4.66	9,930,466	2.98
R Eades Esq	9,785,305	4.65	9,785,305	2.94

3.4 *Interests and dealings of Paul Bell*

3.4.1 As disclosed in the table set out in paragraph 3.3 above, as at the close of business on the disclosure date, Mr Bell holds 88,991,840 Existing Ordinary Shares, representing approximately 41.77 per cent. of the Existing Ordinary Shares.

3.4.2 Pursuant to the Subscription, Mr Bell has agreed, conditional upon the passing of the Resolutions, to subscribe (either in his own name or through his nominee, Fitel Nominees Limited) for 120,000,000 Subscription Shares and £600,000 nominal amount of Convertible Loan Note, which are capable of converting into 80,000,000 New Ordinary Shares. Following completion of the Proposals and Admission, Mr Bell will hold 208,991,840 New Ordinary Shares, representing 62.75 per cent. of the Enlarged Issued Share Capital. Under the terms of the Loan Note Instrument, conversion of the Convertible Loan Note can only take place if and to the extent that Existing Loan Noteholders in the Company convert some or all of their Existing Loan Notes, in which case, the Convertible Loan Note will be capable of being converted up to the lesser of (a) the amount outstanding on the Convertible Loan Note and (b) the amount that will enable Mr Bell to maintain his percentage interest in the Company at the same level as it was immediately prior to any conversion by an Existing Loan Noteholder.

3.4.3 The following dealings have taken place during the disclosure period in relevant securities of the Company by Mr Bell:

Name	Date	Nature of Transaction	Number of Existing Ordinary Shares	Price per share
Paul Bell	26.09.2012	Subscription	63,000,000	2p

4. Additional disclosures required by the Takeover Code

4.1 Save as disclosed in paragraph 3 above or in this paragraph 4, as at the disclosure date, neither Paul Bell nor any person acting in concert with him is interested in, has any rights to subscribe for or short positions in relevant securities of the Company, nor has any such person dealt in any relevant securities in the disclosure period (see paragraph 3 above for definitions).

4.2 Save as disclosed in paragraphs 3 or 4 of this Part III, neither:

4.2.1 any company which is a paragraph (i) associate (as defined below) of the Company; nor

4.2.2 any connected adviser to the Company or to a company covered in paragraph 4.2.1 above; nor

4.2.3 any person controlling, controlled by or under the same control as any connected adviser referred to in paragraph 4.2.2 above (other than an exempt principal trader or an exempt fund manager); nor

4.2.4 the Directors (together with their close relatives and related trusts); nor

4.2.5 any employee benefit trust of the Company or of a company covered in paragraph 4.2.1 above; nor

4.2.6 any Company pension fund or any pension fund of a company covered in paragraph 4.2.1 above; nor

4.2.7 (in relation to the Company) an investment company, unit trust or other person whose investments an associate manages on a discretionary basis, in respect of the relevant securities accounts; nor

4.2.8 a company having a material trading arrangement with the Company,

is interested in, has any right to subscribe for or holds a short position (whether conditional or absolute, and whether in the money or otherwise) including a short position under a derivative or right

to require any person to purchase or take delivery of any of the Company's relevant securities, nor has any such person dealt in any relevant securities of the Company during the disclosure period.

- 4.3 Neither Paul Bell nor any person acting in concert with Paul Bell has borrowed or lent any relevant securities of the Company. No relevant securities of the Company have been borrowed or lent by the Directors or any parties acting in concert with them or the Company.
- 4.4 There are no arrangements in place in relation to the proposals set out in this document whereby repayment or security for any liability (contingent or otherwise) is dependent on the Company.
- 4.5 Paul Bell has confirmed that, save as disclosed in this document, he is not presently proposing any changes to the employment rights of the employees of the Company nor any redeployment of its fixed assets nor any change to the location of its place of business.
- 4.6 Paul Bell has confirmed that no changes are envisaged to be introduced to the Company's business as a result of completion of the proposals set out in this document.
- 4.7 Paul Bell has confirmed that no changes are envisaged to be introduced with respect to the existing trading facilities for the securities of the Company.
- 4.8 Paul Bell has confirmed that no changes are envisaged to be introduced with respect to employer contributions in the Company's pension scheme, the accrual of benefits for existing members, or the admission of new members.
- 4.9 Mr Tony Reeves is the Chairman of Paystream Limited, a company under the control of Paul Bell. Other than this there are no agreements, arrangements or understandings (including any compensation arrangements) in place between Paul Bell or any person acting in concert with him and any of the directors, recent directors, shareholders or recent shareholders of the Company, or any person interested or recently interested in shares of the Company which has any connection with or dependence upon the proposed transaction.
- 4.10 Neither Paul Bell nor the Company (or any associate of the Company) has any arrangement with any person in relation to the transfer of securities acquired under the proposed transaction.
- 4.11 There are no relationships, arrangements or understandings between Paul Bell and Sanlam Securities UK or any person who is, or is presumed to be, acting in concert with Sanlam Securities UK.

5. Directors' service contracts and terms of appointment

- 5.1 Mr Tony Reeves was appointed to act as the Company's Executive Chairman on or around 18 March 2013. Mr Reeves is entitled to receive a salary of £25,000 per annum, together with all reasonable expenses he incurs in connection with his employment. Mr Reeves' appointment may be terminated by either party on one month's prior notice. Mr Reeves does not have a written service contract.
- 5.2 Mr Rakesh Kirpalani was appointed to act as the Company's Finance Director pursuant to a service agreement dated 17 March 2010. Mr Kirpalani is entitled to receive a salary of £110,000 per annum, together with all reasonable expenses he incurs in connection with his employment. Mr Kirpalani is also entitled to receive a pension contribution equal to 10 per cent. of his salary. The agreement also contains some customary restrictive covenants. The agreement may be terminated by either party on six months' notice.
- 5.3 Mr Michael Jackson was appointed to act as a Non-Executive Director of the Company on or around 30 January 2007. Mr Jackson is entitled to receive a salary of £17,500 per annum. Mr Jackson's appointment may be terminated by either party on one month's prior notice. Mr Jackson does not have a written service contract.

- 5.4 Mr Quentin Spratt was appointed to act as a Non-Executive Director of the Company (as nominee for Paul Bell) on 20 September 2012. Mr Spratt is not entitled to receive any remuneration in respect of his appointment. Mr Spratt's appointment will continue until such time as all outstanding indebtedness due from the Company to Paul Bell has been repaid in full, subject to his re-election to the board being approved by the Company's shareholders in accordance with the Company's articles of association. Mr Spratt does not have a written service contract.
- 5.5 Except as disclosed in paragraphs 5.1 to 5.4 above, there are no existing or proposed service agreements or any commission or profit sharing arrangements, between any Director and the Company or any of its subsidiaries, whether providing for benefits upon termination of employment or otherwise, and no such agreements have been entered into, replaced or amended within the six months preceding the date of this document.

6. Material contracts

- 6.1 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company in the two years preceding the date of this document which are, or may be, material:

6.1.1 2013 Subscription Letters

Pursuant to a subscription letter ("**Share Subscription Letter**") dated 10 July 2013 between the Company and Fitel Nominees Limited ("Fitel"), Fitel has agreed, as nominee and on behalf of Paul Bell, to subscribe for 120,000,000 Subscription Shares at £0.0075. Under the terms of a separate subscription letter ("**Loan Note Subscription Letter**") dated 10 July 2013 between the Company and Paul Bell, Paul Bell has agreed to subscribe at par for £600,000 principal nominal amount of Convertible Loan Note.

The Convertible Loan Note is unsecured and repayable on 20 September 2017. The Convertible Loan Note may only be repaid by the Company prior to such date where all other outstanding indebtedness owed by the Company to Mr Bell has been repaid in full. The Convertible Loan Note becomes repayable on demand by Mr Bell upon the occurrence of certain stipulated events of default. In addition, following the maturity of the Convertible Loan Note on 20 September 2017, it becomes repayable on demand.

The Convertible Loan Note carries a 4 per cent. per annum coupon (after deduction of any applicable income tax), payable in equal six-monthly instalments on the interest payment dates of 30 June and 31 December and with the first such payment due on 31 December 2013.

The Convertible Loan Note may be converted into New Ordinary Shares at the Conversion Price prior to its maturity on 20 September 2017. Conversion of the Convertible Loan Note can only take place if and to the extent that Existing Loan Noteholders in the Company convert some or all of their Existing Loan Notes, in which case, the Convertible Loan Note will be capable of being converted up to the lesser of (a) the amount outstanding on the Convertible Loan Note and (b) the amount that will enable Mr Bell to maintain his percentage interest in the Company at the same level as it was immediately prior to any conversion by an Existing Loan Noteholder.

The Share Subscription Letter also gives Mr Bell certain rights to participate in any future fundraisings carried out by the Company by way of the issue of new shares and/or convertible loan notes, pro rata to his respective holding of New Ordinary Shares and/or the principal amount outstanding under his Convertible Loan Note (as applicable). Mr Bell shall also be entitled to a separate right to maintain his interest in the Company's voting rights attaching to the Company's New Ordinary Shares, in the event that the Company elects to issue shares (whether for cash or non-cash consideration) for any other reason, at not less than 51 per cent. of the Company's issued share capital. These subscription rights shall remain in force for so long as Mr Bell (and any of his connected parties) owns or controls, directly or indirectly, 50 per cent. or more of the voting rights in the Company.

The Subscriptions by Fitel for the Subscription Shares and by Paul Bell for the Convertible Loan Note pursuant to the Share Subscription Letter and Loan Note Subscription Letter respectively are each conditional upon, *inter alia*:-

- completion of the other occurring;
- the Rule 9 Waiver given by the Panel being approved by Independent Shareholders, pursuant to a Resolution being proposed at the General Meeting;
- the passing of all other Resolutions at the General Meeting;
- the Capital Reorganisation being effected;
- Barclays Bank plc providing all necessary consents required to enable the Subscription to proceed; and
- Admission of the Redenominated Shares and Subscription Shares becoming effective by 8.00 a.m. on 19 August 2013.

6.1.2 *Relationship Agreement*

A relationship agreement dated 10 July 2013 between (1) the Company, (2) Sanlam Securities UK and (3) Paul Bell under which Paul Bell has agreed (for himself and on behalf of any of his connected parties) with the Company and Sanlam Securities UK to, *inter alia*, ensure that the Company carries on its business independently, at arms' length and on a normal commercial basis and that a majority of the Board is comprised of Directors that are independent of Mr Bell and any of his connected parties. The agreement will remain in force until the later of the time at which Mr Bell (and any of his connected parties) ceases to own or control, directly or indirectly, 50 per cent. or more of the voting rights in the Company or, that there ceases to be any Directors that are not considered to be independent of Mr Bell on the Board.

6.1.3 *Working Capital Facility*

On 21 March 2013, the Company entered into a working capital facility with Paul Bell in the principal amount of £600,000 ("**PB Working Capital Facility**") which has been drawn down in full. The facility is unsecured and all drawn down funds accrue interest at the rate of 4 per cent. per annum, which will be paid together with the principal outstanding on 21 March 2014, unless the Company opts to repay such amounts at an earlier date. The funds were to be used by the Company as an interim working capital pending refinancing of the Company.

6.1.4 *2012 Subscription Letters*

Pursuant to subscription letters dated 13 September 2012 between the Company and each of Paul Bell, Don Hanson, Rakesh Kirpalani and Merchant Securities Limited (now called Sanlam Securities UK Limited) (together the "**Subscribers**"), the Subscribers agreed to subscribe for 70,000,000 Existing Ordinary Shares at a price of 2 pence per share ("**2012 Subscription Shares**").

The subscriptions ("**2012 Share Subscriptions**") made by the Subscribers for the 2012 Subscription Shares were made conditionally upon the PB Principal Facility (as referred to in paragraph 6.1.6 below) coming into effect and admission of the 2012 Subscription Shares taking place.

6.1.5 *Loan Note Conversion Letters*

Pursuant to letters dated on or around 25 June 2012 between the Company and each of Tony Reeves and Ross Eades (together the "**Loan Note Converters**"), the Loan Note Converters agreed to convert, in aggregate, £650,000 nominal amount of Existing Loan Notes into 30,500,000 Existing

Ordinary Shares ("**Loan Note Conversions**"). Completion of the Loan Note Conversions was conditional upon the 2012 Share Subscriptions occurring.

6.1.6 *Paul Bell Loan Facility*

Pursuant to a facilities agreement dated 20 September 2012 made between the Company and Paul Bell, (the "**PB Principal Facility**"), Mr Bell made available to the Company a facility in the principal sum of £1,260,000.

The PB Principal Facility may be used solely for the purpose of repaying amounts outstanding under the Company's existing bank debt facility with Barclays Bank plc ("the "**Bank**") in accordance with a stipulated draw down schedule.

The term of the facility was for 5 years and carries a 4 per cent. per annum interest rate, payable six-monthly in arrears, and repayable on demand at any time on or after 20 September 2017. The PB Principal Facility is secured against the Group's assets, but is subordinated to the senior debt security held by the Bank. The Loan Facility contains the usual termination clauses in the event of non-payment of interest or insolvency related events.

To date £840,000 of the PB Principal Facility has been drawn down, all of which, in accordance with the terms of the PB Principal Facility, has been used to repay amounts which the Company was required to pay to the Bank. Pursuant to the terms of the Company's banking facilities with the Bank, the Company was obliged to make repayments to the Bank of £210,000 on each quarter date from 30 September 2012 to 30 June 2013 (inclusive), following which a final repayment of £420,000 is to be made on 24 August 2013 and under the terms of the PB Principal Facility, the Company is able to draw down corresponding amounts in order to fund such repayments. The final repayment of £420,000 to be made on 24 August 2013 is the only outstanding amount.

6.1.7 *Debenture*

Pursuant to a composite guarantee and debenture dated 20 September 2012 between (1) Paul Bell (2) the Company and (3) Berkeley Scott Limited, Quantica Scott Limited, RK Group Limited, Quantica Group Limited and Robinson Keane Limited (together the "Guarantors"), each of the Guarantors agreed to guarantee the performance by the Company of its obligations to Mr Bell in respect of the PB Principal Facility. In addition, the Company and each Guarantor charged to Mr Bell, as a continuing security for the discharge of its respective obligations to Mr Bell, by way of legal mortgage and a fixed and floating charge, their respective undertaking, properties and assets.

6.1.8 *Intercreditor Deed*

Pursuant to an intercreditor deed ("**Intercreditor Deed**") dated 20 September 2012 between (1) the Bank (2) the Company (3) Paul Bell, Anthony Henry Reeves, John Philip Bowmer, Gerald Michael Bereika, Ross David Eades, Patrick De Maeseneire, James Mchugh, Don Hanson and Anthony Henry Reeves, John Philip Bowmer, Gerald Michael Bereika, Patrick De Maeseneire, James Mchugh, Don Hanson and Anthony Henry Reeves, Paul Bell, Berkeley Scott Limited, Quantica Limited, RK Group Limited, Quantica Solutions Limited, Quantica Group Limited and Robinson Keane Limited (together the "**Subordinated Creditors**"), each of the Subordinated Creditors agreed that the respective liabilities owed to it by the Company would rank for all purposes and at all times be postponed and subordinated to the liabilities owed by the Company to the Bank and thereafter in accordance with the provisions of the Intercreditor Deed.

7. **Irrevocable undertakings**

The Company has received irrevocable undertakings, which will be binding in all circumstances,

from certain Shareholders to vote in favour of the Resolutions in relation to Existing Ordinary Shares, as set out below:

<i>Name</i>	<i>Resolutions covered by irrevocable</i>	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>
Fitel Nominees Limited*	2, 3 and 4	88,991,840	41.77
Tony Reeves	1, 2, 3 and 4	27,531,948	12.92
Rakesh Kirpalani	1, 2, 3 and 4	1,060,000	0.50
Michael Jackson	1, 2, 3 and 4	2,147,482	1.01
Dr G Bereika	1, 2, 3 and 4	15,693,929	7.37
Don Hanson	1, 2, 3 and 4	9,930,466	4.66
R Eades Esq	1, 2, 3 and 4	9,785,305	4.59

** Fitel Nominees Limited acts as nominee for Paul Bell, who is prevented from voting on Resolution 1 to approve the Rule 9 Waiver*

8. Litigation

The Company has not been and is not involved in any governmental, legal or arbitration proceedings in the 12 months prior to the date of this document, including any such proceedings which are pending or threatened of which the Company is aware, which may have or have had in the recent past a significant effect on the Company, its financial position or profitability.

9. Market Quotations

The following table shows the closing middle-market quotations for the Existing Ordinary Shares, as derived from the historical price data service provided by Bloomberg on each of the first dealing day of each of the six months immediately preceding the date of this document and for 8 July 2013, being the latest practicable date prior to the posting of this document:

	Price per Existing Ordinary Share
1 February 2013	1.325p
1 March 2013	1.175p
1 April 2013	1.10p
1 May 2013	0.775p
3 June 2013	0.825p
1 July 2013	0.875p
9 July 2013	0.675p

10. General

- 10.1 Except as disclosed in this document, there has been no material change in the financial or trading position of the Company since 31 December 2012, being the date to which the last audited accounts of the Company were drawn up.
- 10.2 Sanlam Securities UK has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.

11. Documents available for inspection

Copies of the following documents will be available on the Company's website www.kellangroup.co.uk and shall also be available for inspection at the General Meeting:

- 11.1 the memorandum and articles of association of Kellan;
- 11.2 the audited financial statements of Kellan for the two financial years ended 31 December 2012;
- 11.3 the material contracts entered into in connection with the proposed transaction referred to in paragraph 6 above;
- 11.4 the consent letter referred to in paragraph 10.2 above;
- 11.5 the irrevocable undertakings referred to in paragraph 7 above; and
- 11.6 this document (including any documents incorporated herein by reference) and Form of Proxy.

12. Documents incorporated by reference

- 12.1 Kellan's consolidated audited annual report and accounts for the financial years ended 31 December 2011 and 31 December 2012 are available, free of charge, for inspection at the following web addresses:

Kellan Annual Report and Accounts 2011

http://kellangroup.co.uk/download/2011_Annual_Report.pdf

Kellan Annual Report and Accounts 2012

<http://kellangroup.co.uk/download/Annual-Report-and-Accounts-2012.pdf>

The above financial statements are available in "read only" format and can be printed from the relevant websites as set out above. In the Kellan Annual Report and Accounts 2011 the financial statements can be found on pages 12 to 15 with the notes to the accounts on pages 16 to 41. In the Kellan Annual Report and Accounts 2012 the financial statements can be found on pages 12 to 15 with the notes to the accounts on pages 16 to 39.

In addition to the above, hard copies of each document are available from the Company on request using the Company's address and telephone number below:

The Kellan Group plc
4th Floor
27 Mortimer Street
London
W1T 3BL
United Kingdom
UK Telephone: + 44 (0) 20 7268 6200

Dated 11 July 2013

The Kellan Group plc

(the “Company”)

(Incorporated in England and Wales with registered number 02228050)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that the General Meeting of the Company will be held at the offices of The Kellan Group plc, 4th Floor, 27 Mortimer Street, London W1T 3BC on 9 August 2013, at 2.30 p.m. for the purpose of considering and, if thought fit, passing the following Resolutions of which Resolutions 1 and 2 will be proposed as Ordinary Resolutions and Resolutions 3 and 4 will be proposed as Special Resolutions.

ORDINARY RESOLUTIONS

1. **THAT** the grant of a waiver by the Panel on Takeovers and Mergers (the “Takeover Panel”), on the terms set out in the Company’s circular to shareholders of which this notice forms part (the “Circular”), of the obligation that would otherwise arise for Paul Bell to make a general offer to shareholders of the Company pursuant to Rule 9 of the City Code on Takeovers and Mergers to acquire the issued and to be issued ordinary share capital of the Company, as a result of the allotment to him of the Subscription Shares and any shares issued on conversion of the Convertible Loan Note (as such terms are defined in the Circular), be and is hereby approved. In accordance with the requirements of the Takeover Panel for granting the Rule 9 Waiver, this Resolution 1 shall be taken on a poll of Independent Shareholders (as such term is defined in the Circular).
2. **THAT**, conditional upon the passing of Resolution 4, in substitution for all previous authorities which are hereby revoked, pursuant to the provisions of section 551 of the Companies Act 2006 (“the Act”) the directors of the Company be and they are hereby generally and unconditionally authorised for the purposes of section 560(1) of the Act to exercise all of the powers of the Company to allot relevant securities (within the meaning of section 560(1) of the Act), up to an aggregate nominal amount of £31,802.24, provided that this authority shall expire (unless it is revoked, varied, renewed or extended) on the date falling on the earlier of 15 months from the date hereof or the date of the 2014 Annual General Meeting of the Company, except that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors of the Company may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

SPECIAL RESOLUTIONS

3. **THAT**, conditional upon the passing of Resolution 2, in substitution for all previous authorities which are hereby revoked, the directors of the Company be and they are hereby authorised pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by Resolution 2 up to an aggregate nominal amount of £27,361.35, as if section 561(1) of the Act did not apply to the allotment, provided that this power is limited to:
 - (a) the allotment of 120,000,000 New Ordinary Shares in connection with the Subscription (as such terms are defined in the Circular) at price per share of 0.75p;
 - (b) the issue of the £600,000 principal nominal amount Convertible Loan Note (as such term is defined in the Circular);
 - (c) the allotment of up to 7,000,000 New Ordinary Shares in satisfaction of outstanding interest payments due under the Existing Loan Notes (as defined in the Circular); and
 - (d) the allotment of additional equity securities up to an aggregate nominal amount of £6,661.35;

provided that this authority, unless it is prior to its expiry duly revoked or varied or is renewed, will expire on the date of the 2014 Annual General Meeting of the Company, except that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired.

4. **THAT**, conditional upon the passing of Resolution 1 above:

- (a) each issued existing ordinary share of 2 pence each in the capital of the Company as shown on the Register of Members of the Company at 6.00 p.m on 9 August 2013 (or such other time and/or date as the Directors of the Company may determine) be subdivided into one new ordinary share of 0.01 pence (“Redenominated Share”) and one deferred share of 1.99 pence (“Deferred Share”) so as to form one class of Redenominated Shares having the same rights and ranking *pari passu* in all respects and one class of Deferred Shares which shall have the rights set out in the articles of association of the Company, as amended pursuant to Resolution 4(b) below); and
- (b) the articles of association of the Company be amended by inserting the following article in substitution for article 3:

"3.1 The share capital of the Company is £4,261,346, divided into 213,067,300 ordinary shares of 0.01p each (“Ordinary Shares”) and 213,067,300 deferred shares of 1.99p each (“Deferred Shares”).

3.2 The Deferred Shares shall have the following rights and restrictions:

(A) *as regards income:*

the Deferred Shares shall not entitle the holders thereof to receive any dividend or other distribution;

(B) *as regards voting:*

the Deferred Shares shall not entitle the holders thereof to receive notice of or to attend or vote at any General Meeting of the Company;

(C) *as regards capital:*

on a return of capital on a winding up the holders of Deferred Shares shall only be entitled to receive the amount paid up on such shares after the holders of the Ordinary Shares have received the sum of £1,000,000 for each Ordinary Share held by them and shall have no other right to participate in the assets of the Company; the Deferred Shares are liable to be cancelled without payment of any consideration to the holders thereof;

(D) *as regards transfers:*

the Deferred Shares shall not be transferable without the consent of the Board and the Company is authorised at any time:

(1) to appoint any person to execute on behalf of the holders of the Deferred Shares a transfer thereof and/or an agreement to transfer the same (without making any payment to the holders thereof and persons so entitled) to such persons as the Company may determine as holders thereof beneficially entitled thereto;

(2) pending any such transfer not to issue certificates for the Deferred Shares;

(E) *as regards variation of rights:*

neither:

- (1) the passing by the Company of any resolution for a reduction of capital involving the cancellation of the Deferred Shares without any repayment of capital in respect thereof, or a reduction of share premium account, or the obtaining by the Company or the making by the Court of an order confirming any such reduction of capital or share premium account or the making effective of such order; nor
- (2) the purchase by the Company in accordance with the provisions of the Act of any of its own shares or other securities or the passing of a resolution to permit any such purchase, shall constitute a variation of rights;

(F) *as regards further issues:*

the rights conferred by the Deferred Shares shall not be varied or abrogated by the creation or issue of further shares ranking *pari passu* with or in priority to the Deferred Shares."

Rakesh Kirpalani
Group Finance Director

11 July 2013

Registered office
4th Floor
27 Mortimer Street
London
W1T 3BL

NOTES

Entitlement to attend and vote

- 1 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at 6.00 p.m. on 7 August 2013.

Appointment of proxies

- 2 As a member of the Company, 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 notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
- 3 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. If you wish to appoint more than one proxy, please contact the Company's Registrars, Capita Registrars on Tel: 0871 664 0300 or if calling from outside the UK, on Tel: 0044 208 639 3399, or write to Capita Registrars, **The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU** for additional proxy forms and for assistance. If you have any queries please call Capita Registrars on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 am to 5.30 pm (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.
- 4 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 or via CREST 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.
- 5 If you do not give your proxy an indication of how to vote on any resolution, 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.

Appointment of proxy using hard copy proxy form

- 6 The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Capita Registrars, **PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU**; and
- received by Capita Registrars no later than 2.30 p.m. on 7 August 2013.

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.

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.

Electronic appointment of proxy

- 6 Shareholders may also appoint a proxy electronically at www.capitashareportal.com where details of the procedure are shown. You will need your investor code.

Appointment of proxy via CREST

- 7 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 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 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 (formerly CRESTCo's) 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 Capita Registrars (ID RA10) by no later than 2.30 p.m. on 7 August 2013. No such message received through the CREST network after this time will be accepted. 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 registrars are 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 provider(s) should note that Euroclear UK & 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(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.

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.

Appointment of proxy by joint members

8 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).

Changing proxy instructions

9 To change your proxy instructions simply direct your proxy and submit new instructions using the methods set out above. Note that the cut-off time for proxies will also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Registrars on Tel: 0871 664 0300 or if calling from outside the UK, on Tel: 0044 208 639 3399. Calls to the Capita Registrars 0871 664 0300 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot give any legal, financial or tax advice or advice on the merits of this Proposal.

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.

Termination of proxy appointments

10 In order to revoke a proxy appointment (other than a CREST Proxy appointment) you will need to inform your proxy and Capita Registrars by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars, **The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU**. 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. Revocation of a CREST Proxy Instruction should be made in accordance with the CREST manual.

The revocation notice must be received by Capita Registrars no later than 2.30 p.m. on 7 August 2013.

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.

Appointment of a proxy does not preclude you from attending the meeting and voting in person.

Communication

11 Except as provided above, members who have general queries about the meeting should contact Capita Registrars on Tel: 0871 664 0300 from within the UK or on Tel: 0044 208 639 3399 if calling from outside the UK. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday (except UK public holidays). Calls to the 0871 664 0300 number are charged at 10 pence per minute (including VAT) plus any of your service providers network extras. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice. No other methods of communication will be accepted.

You may not use any electronic address provided either:

- in this notice of general meeting; or
- any related documents (including the proxy form),

to communicate with the Company for any purposes other than those expressly stated.

