

## **Notice of Annual General Meeting 2018**

**The Annual General Meeting (“AGM”) of Orchard Funding Group plc (the “company”) will be held on Wednesday 12 December 2018 at 10:00am at the company’s registered office at 721 Capability Green, Luton, Bedfordshire LU1 3LU.**

**This document is important and requires your immediate attention.**

If you are in any doubt as to any of the content of this document or as to the action you should take, you should immediately seek your own advice from a stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or another appropriately authorised independent adviser if you are in a territory outside the United Kingdom.

If you have sold or otherwise transferred all of your shares in Orchard Funding Group plc you should forward this document (but not the accompanying personalised Form of Proxy) to the purchaser or transferee, or the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The distribution of this document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document does not constitute any offer to issue or sell or a solicitation of any offer to subscribe for or buy ordinary shares.

A Form of Proxy is enclosed with this document for use in connection with the Meeting. To be valid the Form of Proxy for use in connection with the Meeting should be completed, signed and returned to reach the registrar, Neville Registrars, by no later than 10.00 am 10 December 2018. The completion and return of the Form of Proxy will not preclude you from attending and voting in person at the Meeting should you wish. For full details on proxy appointments, see the notes to the Notice of AGM and the Form of Proxy.

## Contents

Chairman's Letter .....	1
Notice of Annual General Meeting 2018 .....	2
Explanatory Notes to the Notice of Annual General Meeting.....	4
Administrative Notes.....	7

To the shareholders of Orchard Funding Group plc

Dear Shareholder

### **Notice of Annual General Meeting 2018**

I am pleased to give you notice of the company's annual general meeting which will be held at our offices at 721 Capability Green, Luton, Bedfordshire LU1 3LU on Wednesday 12 December 2018 at 10:00am (the "AGM").

The notice convening the AGM is set out on pages 2 and 3 of this document. An explanation of each of the resolutions to be proposed at the AGM is set out on pages 4, 5 and 6. There will be an opportunity for you to ask questions at the AGM. I would like to take this opportunity to draw your attention to the following resolutions:

#### **Directors**

The articles of association require directors to retire at the third annual meeting after they were appointed. At the previous AGM Mr Iacovos Koumi and myself were elected and therefore have no need to seek re-election this year and will remain in office.

Messrs. Ravi Takhar, Liam McShane and Jonathan Shearman all offer themselves for re-election this year. Their biographical details appear on pages 4 and 5.

Biographical details of each of the directors at 31 July 2018 appear on page 15 of the annual report and accounts and are also available for viewing on the company's website <http://www.orchardfundinggroupplc.com>.

#### **Voting Arrangements - Action to be taken**

If you would like to vote on the resolutions but will not be attending the AGM, you may appoint a proxy by completing and returning the enclosed Form of Proxy in accordance with the instructions printed on it. Forms of Proxy should be returned so as to be received by the company's registrar, Neville Registrars, Neville House, Steelpark Road, Halesowen B62 8HD as soon as possible and in any event no later than 10:00am on 10 December 2018.

Alternatively, if you hold your shares in CREST, you may appoint a proxy via the CREST system. Notice of your appointment of a proxy should reach the company's registrar, Neville Registrars, by no later than 10:00am on 10 December 2018. If you hold your shares through a nominee service, please contact the nominee service provider regarding the process for appointing a proxy.

#### **Poll voting**

Although the Articles of Association permit voting by a show of hands, the resolutions to be considered at the AGM will be voted on by way of a poll. This ensures that shareholders who are not able to attend the AGM, but who have appointed proxies, have their votes fully taken into account.

#### **Recommendation**

The board considers that resolutions 1 to 11 are in the best interests of the company and its shareholders as a whole and recommends that you vote in favour of such resolutions, as the directors intend to do in respect of their own beneficial holdings amounting to 11,458,333 ordinary shares (representing approximately 53.66% of the issued share capital of the company as at 16 November 2018).

Yours faithfully,

**Gary Jennison**

Chairman

16 November 2018

## Notice of Annual General Meeting 2018

Notice is hereby given that the Annual General Meeting (“A GM”) of Orchard Funding Group plc (the “company”) will be held at 721 Capability Green, Luton, Bedfordshire LU1 3LU on Wednesday 12 December 2018 at 10:00am to consider and, if thought fit, pass the following resolutions 1 to 9 (inclusive) as ordinary resolutions and resolutions 10 and 11 as special resolutions:

### Ordinary resolutions

1. To receive and adopt the company's annual accounts for the financial year ended 31 July 2018 and the associated strategic report, and reports of the directors and auditor.
2. To approve the remuneration policy set out in the remuneration report on pages 13 and 14 of the company's annual report and accounts for the financial year ended 31 July 2018.
3. To re-appoint RSM UK Audit LLP as auditor of the company to hold office from the conclusion of the Annual General Meeting until the conclusion of the Annual General Meeting of the company to be held in 2019.
4. To authorise the audit committee to determine the remuneration of the company's auditors.
5. To declare a final dividend of 2p per ordinary share in the company in respect of the year ended 31 July 2018 due and payable on 21 December 2018 to ordinary shareholders on the company's register of shareholders on 14 December 2018.
6. To re- elect Ravi Takhar as director.
7. To re-elect Liam McShane as director.
8. To re-elect Jonathan Shearman as director.
9. THAT the directors be generally and unconditionally authorised pursuant to and for the purposes of section 551 of the UK Companies Act 2006 (the “Act”) to exercise all the powers of the company to allot shares in the company and to grant rights to subscribe for, or to convert any security into, shares in the company up to an aggregate nominal amount of £71,180 (being approximately equal to 1/3<sup>rd</sup> of the ordinary shares in issue at 16 November 2018), and such authority shall expire at the conclusion of the Annual General Meeting of the company to be held in 2019 or at the close of business on 31 December 2019, whichever is the earlier, save that this authority shall allow the company before the expiry of this authority to make offers or agreements which would or might require shares to be allotted or rights to subscribe for, or to convert any security into, shares to be granted after such expiry and the directors may allot shares or grant rights to subscribe for, or to convert any security into, shares (as the case may be) in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

The above resolutions will be proposed as ordinary resolutions; this means that for each of those resolutions to be passed a majority of votes cast must be in favour.

### Special resolutions

10. THAT, subject to the passing of resolution 9, the directors be and are hereby empowered pursuant to sections 570 and 573 of the UK Companies Act 2006 (the “Act”) to allot equity securities (within the meaning of section 560 of the Act) for cash either pursuant to the authority granted by resolution 9 or by way of a sale of treasury shares up to an aggregate nominal amount of £21,354 (being approximately equal to 10% of the ordinary shares in issue at 16 November 2018) as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall expire at the conclusion of the Annual General Meeting of the company to be held in 2019 or at the close of business on 31 December 2019, whichever is the earlier, save that this power shall allow the company before the expiry of this power to make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offers.

11. THAT the directors be unconditionally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693 of the Act) of its ordinary shares of 1p each (“ordinary shares”), and may hold such shares as treasury shares, provided that in so doing so they:
- 11.1. purchase no more than 213,541 ordinary shares; and
  - 11.2. pay not less than 1p per ordinary share (exclusive of expenses); and
  - 11.3. pay no more than an amount equal to 105% of the average of the closing mid-market quotations for ordinary shares of 1p each (as derived from the AIM Appendix of the Daily Official List of the London Stock Exchange plc) for the five business days immediately preceding the date of purchase (exclusive of expenses),
- such authority to expire at the end of the AGM of the company to be held in 2019 or the close of business on 31 December 2019, whichever is the earlier (except in relation to any purchase of shares the contract for which was concluded before such date).

Resolutions 10 and 11 will be proposed as special resolutions; this means that for them to be passed not less than three quarters of the votes cast must be in favour.

By order of the Board

**Liam McShane**  
Company secretary  
16 November 2018

## Explanatory Notes to the Notice of Annual General Meeting

Resolutions 1 to 9 are being proposed as ordinary resolutions. For an ordinary resolution to be passed, a simple majority of the votes cast must vote in favour of the resolution.

Resolutions 10 and 11 are being proposed as special resolutions; this means that for them to be passed not less than three quarters of the votes cast must be in favour.

**Resolution 1** deals with the receipt of the annual accounts for the financial year ended 31 July 2018 and the associated strategic report and reports of the directors and auditor. The annual report and accounts accompany this document.

**Resolution 2** invites shareholders to approve the remuneration policy in the remuneration report on pages 13 and 14 of the company's annual report and accounts for the financial year ended 31 July 2018. Resolution 2 is an advisory vote and will not affect the way in which the company's pay policy has been implemented. Each year, shareholders will be given an advisory vote on the implementation of the company's remuneration policy in relation to the payments and, if any, share awards made to directors during the year under review.

**Resolutions 3 and 4** deal with the re-appointment of RSM UK Audit LLP as auditors of the company and the authorisation of the audit committee to determine their remuneration.

**Resolution 5** is to declare a final dividend of 2p per share in respect of the year ended 31 July 2018.

**Resolution 6, 7 and 8.** The company's Articles require that any director appointed to the board retire and seek election by shareholders at the first AGM following appointment, and subsequent re-election at least once every three years. Messrs. Takhar, McShane and Shearman have all served three years and therefore offer themselves for re-election at this AGM. All directors are expected to have the balance of skills, experience, knowledge and time, necessary to carry out their roles. In addition, Mr Shearman, as a non-executive director, needs to be independent. It is the board's view that all these directors, offering themselves for re-election, have demonstrated these requirements and the board therefore recommends their re-election.

### **Ravi Takhar:**

**Position:** Chief Executive Officer

**Skills and experience:** Mr Ravi Takhar has over 25 years' experience in the acquisition, growth, financing and disposal of financial businesses. Mr Takhar joined Bexhill UK Limited in 2002 and has led the growth of its business to its current size. Prior to creating the group, Ravi was an investment banker and head of Financial Services investment at Nikko, the Japanese investment bank, from 1998 to 2002 as well as chairman of Mortgages PLC, the mortgage lender. Mr Takhar was also head of Mortgage Principal Finance at Investec Bank PLC from 2005 to 2008. He qualified as a banking solicitor at Clifford Chance, a leading international law firm, and has an MA from the University of Oxford.

**Tenure:** elected December 2015.

**Other current principal external appointments:** Mr Takhar is currently a director of Urban Exposure plc and a non-executive director of Honeycomb Investment Trust PLC.

**Liam McShane:**

**Position:** Chief Financial Officer

**Skills and experience:** Mr Liam McShane has over 25 years' experience as a chartered certified accountant and is responsible for all internal accounting and treasury management, as well as all monthly and annual accounting for the group. has been involved in providing tax and financial advice to Bexhill UK Limited since 2000, from 2002 as a partner in McShane Wright Chartered Certified Accountants having qualified as a chartered certified accountant in 1994. From 1989 until its merger with the British Insurance Brokers Association in 2012, he advised the Institute of Independent Insurance Brokers, an association for professional insurance intermediaries, providing tax and financial advice to the Institute, its members and professional advisers.

**Tenure:** elected December 2015.

**Other current principal external appointments:** Mr McShane is currently a Fellow of the Association of Chartered Certified Accountants. He is a director of MW Corporate Secretaries Limited. He is a member of the Bank of England Decision Maker Panel.

**Jonathan Shearman:**

**Position:** Independent non-executive director

**Skills and experience:** Mr Jonathan Shearman has over 20 years' experience of public equity markets having started his career in equity research at James Capel in 1993, before working in equity sales at Williams de Broë and KBC Peel Hunt. He worked as an equity analyst at Gartmore Investment Management (2006 to 2008) followed by a role as strategic consultant to Altium Group (a pan European Investment Bank).

**Tenure:** elected December 2015.

**Other current principal external appointments:** Mr Shearman serves as an independent non-executive director of Trifast plc, a company listed on the Main Market of the London Stock Exchange, being a member of the audit and nominations committee and chairman of the remuneration committee.

He is a member of the audit committee and chairman of the remuneration committee.

**Resolution 9** requests shareholders to give authority to the directors to allot shares. Resolution 9 will, if approved, give the directors authority to allot shares until the conclusion of the Annual General Meeting to be held in 2019 or 31 December 2019, whichever is the earlier. This authority is restricted to the allotment of shares having an aggregate nominal value of up to £71,180 representing approximately 1/3<sup>rd</sup> of the ordinary shares in issue at 16 November 2018. The company does not currently hold any shares in treasury. The extent of the authority follows the guidelines issued by institutional investors. There are no present plans to allot shares. The authority will remain in force until the end of the AGM in 2019 or the close of business on 31 December 2019, whichever is earlier.

**Resolution 10** is to disapply statutory pre-emption rights. Section 561 of the Act gives all shareholders the right to participate on a pro-rata basis in all issues of equity securities for cash, unless they agree that this right should be disappplied. The effect of this resolution is to empower the directors, until the conclusion of the AGM to be held in 2019 or 31 December 2019, whichever is the earlier, to allot equity securities for cash, without first offering them on a pro-rata basis to existing shareholders, but only up to a maximum nominal amount of £21,354, representing approximately 10% of the ordinary shares in issue at 16 November 2018. In addition, the resolution empowers the directors to deal with fractional entitlements and any practical problems arising in any overseas territory on any offer made on a pro-rata basis. The directors consider that it is appropriate for this authority and these powers to be granted to preserve maximum flexibility for the future. The authority will remain in force until the end of the AGM in 2019 or the close of business on 31 December 2019, whichever is earlier.

**Resolution 11** is to enable the company to buy back its own shares in the market. The board considers it desirable to have the general authority to do this in order to provide maximum flexibility in the management of the group's capital resources. However, the authority would only be used if the board was satisfied at the time that to do so would be in the interests of shareholders and would lead to an increase in the group's earnings per share. The authority would be restricted to a maximum of 213,541 ordinary shares (being approximately equal to 10% of the ordinary shares in issue at 16 November 2018). At 16 November 2018 there were no options or warrants over ordinary shares outstanding. Under the Act, the company may hold any shares bought back in treasury, which may then either be sold for cash, transferred for the purposes of an employees' share scheme (subject, if necessary, to approval by shareholders at a general meeting) or cancelled. The company, therefore, has the choice of either cancelling or holding in treasury any of its shares which it purchases. The authority will remain in force until the end of the AGM in 2019 or the close of business on 31 December 2019, whichever is earlier.

## Administrative Notes

**1. Attending the Annual General Meeting in person** If you wish to attend the Annual General Meeting in person, you should arrive at the venue for the Annual General Meeting in good time to allow your attendance to be registered. It is advisable to have some form of identification with you as you may be asked to provide evidence of your identity to the company's registrar, Neville Registrars, Neville House, Steelpark Road, Halesowen B62 8HD (the "Registrar"), prior to being admitted to the Annual General Meeting. It would be helpful if you could let the company secretary know in advance, at the registered office, of your intention to attend to ensure sufficient seating is provided.

**2. Appointment of proxies** Members are entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote at the Annual General Meeting. A proxy need not be a member of the company but must attend the Annual General Meeting to represent a member. To be a valid appointment, a proxy must be appointed using the procedures set out in these notes and in the notes to the accompanying Form of Proxy. If members wish their proxy to speak on their behalf at the meeting, members will need to appoint their own choice of proxy (not the chairman of the Annual General Meeting) and give their instructions directly to them. A member may instruct their proxy to abstain from voting on any resolution to be considered at the Annual General Meeting by marking the 'Vote Withheld' option when appointing their proxy. It should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes 'For' or 'Against' the resolution. The appointment of a proxy will not prevent a member from attending the Annual General Meeting and voting in person if they wish. A person who is not a member of the company but who has been nominated by a member to enjoy information rights does not have a right to appoint any proxies under the procedures set out in these notes and should read note 9 below.

**3. Appointment of a proxy using a Form of Proxy** A Form of Proxy for use in connection with the Annual General Meeting is enclosed. To be valid, a Form of Proxy or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand by the registrar, Neville Registrars, at Neville House, Steelpark Road, Halesowen B62 8HD no later than 48 hours (excluding non-working days) before the time of the Annual General Meeting or any adjournment of that meeting. If you do not have a Form of Proxy and believe that you should have one, or you require additional Forms of Proxy, please contact the registrar.

**4. Appointment of a proxy through CREST** CREST members who wish to appoint a proxy through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) 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 specifications and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the registrar ID 7RA11 no later than 48 hours (excluding non-working days) before the time of the Annual General Meeting or any adjournment of that meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service 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

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**5. Appointment of proxy by joint holders** In the case of joint holders, where more than one of the joint holders purports to appoint one or more proxies, only the appointment submitted by the most senior holder will be accepted. Seniority shall be determined by the order in which the names of the joint holders stand in the company's register of members in respect of the joint holding.

**6. Corporate representatives** Any corporation which is a member can appoint one or more corporate representatives. Members can only appoint more than one corporate representative where each corporate representative is appointed to exercise rights attached to different shares. Members cannot appoint more than one corporate representative to exercise the rights attached to the same share(s).

**7. Entitlement to attend and vote** To be entitled to attend and vote at the Annual General Meeting (and for the purpose of determining the votes they may cast), members must be registered in the company's register of members at 10:00 am on 10 December 2018 (or, if the Annual General Meeting is adjourned, at 10:00 am on the day two days (excluding non-working days) prior to the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.

**8. Votes to be taken by a poll** At the Annual General Meeting all votes will be taken by a poll rather than on a show of hands. It is intended that the results of the poll votes will be announced to the London Stock Exchange by 6.00 p.m. on 13 December 2018. This will be in terms of whether the votes were passed or otherwise rather than announcing the number or percentage of votes for or against a resolution. Poll cards will be issued on registration to those attending the Annual General Meeting.

**9. Nominated persons** Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "Act") to enjoy information rights (a "nominated person") may, under an agreement between them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a nominated person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

**10. Website giving information regarding the Annual General Meeting** Information regarding the Annual General Meeting, including information required by section 311A of the Act, and a copy of this notice of Annual General Meeting is available from the Investors section of the website at [www.orchardfundinggroupplc.com](http://www.orchardfundinggroupplc.com).

**11. Voting rights** As at 16 November 2018 the company's issued share capital consisted of 21,354,167 ordinary shares, carrying one vote each. No shares are held by the company in treasury. Therefore, the total voting rights in the company as at 16 November 2018 were 21,354,167 votes.

**12. Notification of shareholdings** Any person holding 3% or more of the total voting rights of the company who appoints a person other than the chairman of the Annual General Meeting as their proxy will need to ensure that both they, and their proxy, comply with their respective disclosure obligations under the Disclosure Rules and Transparency Rules.

**13. Members' right to require circulation of resolution to be proposed at the Annual General Meeting** Members meeting the threshold requirements set out in the Act have the right to:

(a) require the company to give notice of any resolution which can properly be, and is to be, moved at the Annual General Meeting pursuant to section 338 of the Act; and/or

(b) include a matter in the business to be dealt with at the Annual General Meeting, pursuant to section 338A of the Act.

**14. Further questions and communication** Under section 319A of the Act, the company must cause to be answered any question relating to the business being dealt with at the Annual General Meeting put by a member attending the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, or the answer has already been given on a website in the form of an answer to a question, or it is undesirable in the interests of the company or the good order of the meeting that the question be answered. Members who have any queries about the Annual General Meeting should contact the company's investor relations team by post at 721 Capability Green, Luton, Bedfordshire LU1 3LU.

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**15. Documents available for inspection** The following documents will be available for inspection at the registered office of the company during normal business hours on any weekday (Saturdays, Sundays and English public holidays excepted) from the date of this notice until the conclusion of the Annual General Meeting and on the date of the Annual General Meeting at the location of the meeting from 9:45am until the conclusion of the Annual General Meeting:

- (a) copies of all contracts of service under which directors are employed by the company or any of its subsidiary undertakings; and
- (b) copies of directors' service agreements of the non-executive directors of the company.