

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

If you are in any doubt as to any aspect of the proposals referred to in the document or as to the action you should take, you should seek your own advice from an independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares in The Paragon Group of Companies PLC, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

## The Paragon Group of Companies PLC

(Incorporated and registered in England and Wales under number 2336032)

# NOTICE OF ANNUAL GENERAL MEETING

Your attention is drawn to the letter from the Chairman of The Paragon Group of Companies PLC (the 'Company') which is set out on page 3 of this document and which recommends you to vote in favour of the resolutions to be proposed at the Annual General Meeting.

Notice of the Annual General Meeting of the Company to be held at the offices of Jefferies International Limited at Vintners Place, 68 Upper Thames Street, London, EC4V 3BJ on Thursday 11 February 2016 at 9.00am is set out on pages 8 to 10 of this document.

Shareholders will also find enclosed with this document a form of proxy for use in connection with the Annual General Meeting. **To be valid, the form of proxy should be completed, signed and returned in accordance with the instructions printed on it, as soon as possible and, in any event, so as to reach the Registrar of the Company by no later than 9.00am on Tuesday 9 February 2016.** Completion and return of a proxy form will not preclude shareholders from attending and voting at the Annual General Meeting should they choose to do so. Further instructions relating to the proxy form are set out in the notes to the Notice of the Annual General Meeting.



paragon



# THE PARAGON GROUP OF COMPANIES PLC

(Incorporated and registered in England and Wales under number 2336032)

## Registered and Head Office:

51 Homer Road  
Solihull  
West Midlands  
B91 3QJ

27 November 2015

To all Shareholders

## NOTICE OF ANNUAL GENERAL MEETING

Dear Shareholder

I am pleased to advise you that our Annual General Meeting ('AGM') will be held at the offices of Jefferies International Limited at Vintners Place, 68 Upper Thames Street, London, EC4V 3BJ on Thursday 11 February 2016 at 9.00am.

The resolutions to be proposed at the meeting are set out in the Notice of AGM on pages 8 to 10. If you would like to vote on the resolutions but are unable to attend the AGM, please complete the proxy form sent to you with this notice and return it to our Registrar as soon as possible. They must receive it by 9.00am on Tuesday 9 February 2016 for your vote to count.

Explanatory notes on the proposed resolutions to be considered at the AGM appear on pages 4 to 7 of this document.

If you have access to the internet, the investor section on our website [www.paragon-group.co.uk](http://www.paragon-group.co.uk) includes financial news and other information which we hope will be of interest to shareholders. If you would like to register to receive shareholder documents electronically in the future please visit [www.investorcentre.co.uk/ecomms](http://www.investorcentre.co.uk/ecomms).

The directors consider that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. Accordingly, the Board (other than, in the case of resolutions 4 to 11, the director proposed for reappointment in each resolution) unanimously recommend that members vote in favour of each resolution.

Yours sincerely

**Robert G Dench**  
Chairman

# EXPLANATION OF THE PROPOSED RESOLUTIONS

**Resolutions 1 to 14 inclusive** are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than 50 percent of the votes cast must be in favour of the resolution.

**Resolutions 15 to 17 inclusive** are proposed as special resolutions. This means that for each of those resolutions to be passed, at least 75 percent of the votes cast must be in favour of the resolution.

## Resolution 1 (Annual Report and Accounts)

The directors must lay the Company's Annual Report and Accounts, including the Strategic Report, the Directors' Report and the Auditors' Report before the members of the Company at a general meeting for the members to receive and consider. This is a legal requirement following the directors having approved the Accounts and the Auditors prepared their report.

## Resolution 2 (Directors' Remuneration Report)

The Directors' Remuneration Policy must be put to a vote at least every three years or sooner if there are changes required to the policy. The policy was approved in 2014 and no changes are being proposed to it. Consequently shareholders are this year being asked only to consider and approve the Directors' Remuneration Report excluding the Policy Report (found at Section B5.3 of the Annual Report and Accounts 2015).

This vote is advisory only and the directors' entitlement to remuneration is not conditional on it being passed.

## Resolution 3 (Declaration of a final dividend)

Under the Articles of Association of the Company, a final dividend must be approved by shareholders by ordinary resolution. An interim dividend may, however, be authorised by the Board and the interim dividend of 3.6p per ordinary share paid on 24 July 2015 was so approved. The directors are recommending that shareholders declare a final dividend of 7.4p per ordinary share in respect of the year ended 30 September 2015. The amount declared as a final dividend may not exceed the amount recommended by directors. If approved, the final dividend will be paid on 15 February 2016 to shareholders on the Register of Members at close of business on 8 January 2016.

## Resolutions 4 to 11 inclusive (Reappointment of directors)

In accordance with the UK Corporate Governance Code (the 'Code'), the Board of Directors has decided that it is appropriate for all directors to submit themselves for reappointment on an annual basis. Accordingly all current directors will retire and seek reappointment at the AGM.

Following completion of formal performance evaluations, the Chairman confirms on behalf of the Board that each director continues to make an effective and valuable contribution and demonstrates commitment to their role. The Board is also satisfied that each of the non-executive directors seeking reappointment remain independent for the purposes of the Code.

Biographical details for the directors can be found in Section B2 of the Annual Report and Accounts circulated with this notice.

### **Resolutions 12 and 13 (Appointment and remuneration of auditors)**

At each meeting at which Accounts are laid before the members, the Company is required to appoint auditors to serve from the conclusion of that meeting until the conclusion of the next such meeting. Since the 2015 AGM, the Company has completed a formal tender process for external audit services, details of which can be found in section B4.4 of the Company's Annual Report and Accounts. On recommendation of the Audit Committee, the Board proposes that KPMG LLP be appointed as the Company's new auditors.

The Company's present auditors, Deloitte LLP, will stand down at the conclusion of the forthcoming AGM.

Resolution 13 gives authority to the directors to determine the remuneration of KPMG LLP as auditors which will then be disclosed in the next Accounts of the Company.

### **Resolution 14 (Renewal of authority to allot shares)**

Section 549 of the Companies Act 2006 (the 'Act') states that directors may not exercise a company's power to allot shares or grant rights to subscribe for or convert any security into shares unless given authority to do so by resolution of the shareholders in general meeting.

The present authority of the directors to allot shares of the Company was granted at the AGM on 12 February 2015 and will expire at the end of the forthcoming AGM. Resolution 14 seeks to give the directors authority to allot shares or grant rights to subscribe for or convert any security into shares up to an aggregate nominal value of £98,900,000 representing approximately one third of the Company's issued share capital, excluding treasury shares, at 31 October 2015. At 31 October 2015 the Company held 12,401,400 treasury shares, representing 4.2% of the Company's issued capital, excluding treasury shares, at that date. The directors have no present intention of exercising this authority, which will expire at the conclusion of the following AGM or, if earlier, on 10 May 2017. For information allotments are made in connection with the Company's employee share schemes, from time to time, for which statute provides an exemption from the requirement to obtain authority under Section 551 of the Act.

### **Resolution 15 (Renewal of Section 561 authority)**

Under Section 561 of the Act, any shares allotted (or, in the case of any shares held in treasury, sold) wholly for cash must be offered to existing shareholders in proportion to their holdings, but this requirement may be modified by the authority of a special resolution of the shareholders in general meeting.

## EXPLANATION OF THE PROPOSED RESOLUTIONS

The authority given at the AGM held on 12 February 2015 will expire at the end of the forthcoming AGM and resolution 15 seeks to renew it. It would give the directors the power to allot ordinary shares (or sell any ordinary shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

This power would be, similar to previous years, limited to (a) allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the Board otherwise considers necessary, or (b) otherwise up to an aggregate nominal amount of £29,600,000 (representing 29,600,000 ordinary shares). This aggregate nominal amount represents approximately 10% of the issued ordinary share capital of the Company (excluding treasury shares) as at 31 October 2015, the latest practicable date prior to publication of this Notice. The Board confirms that it will only allot shares representing more than 5% of the issued ordinary share capital of the Company (excluding treasury shares), for cash pursuant to the authority referred to in (b), where that allotment is in connection with an acquisition or specified capital investment (within the meaning given in the Pre-Emption Group's Statement of Principles) which is announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment. In respect of the authority referred to in (b), the Board also confirms its intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling 3-year period where the Principles provide that usage in excess of 7.5% of issued ordinary share capital of the Company (excluding treasury shares) should not take place without prior consultation with shareholders, except in connection with an acquisition or specified capital investment as referred to above.

This authority will expire at the conclusion of the following AGM or, if earlier, on 10 May 2017.

### **Resolution 16 (Renewal of authority to purchase own ordinary shares)**

In view of the strong capital base and low leverage in the Company's balance sheet, the Board has determined that the Group's debt and equity capital resources should be rebalanced to deliver returns at a higher rate to shareholders. The Company announced on 24 November 2015 that it would continue its share buy-back programme, commenced in 2014, over the coming year, initially up to a further £50.0 million, to be reviewed periodically to take account of anticipated investment opportunities and the balance of the Group's debt and equity capital resources. The Company intends that the repurchased shares will be held in treasury. Share buy-backs will only be undertaken if to do so would result in an increase in earnings per share and be in the best interests of shareholders generally.

The Company currently has the necessary shareholder approval to undertake such share buy-backs and is proposing the appropriate renewal of this authority at its 2016 AGM. This resolution, which is being proposed as a special resolution, will enable the Company to purchase, in the market, up to a maximum of a 29.6 million of the Company's ordinary shares (approximately 10% of the issued share capital (excluding treasury shares) as at 31 October 2015) for cancellation, or to be held in treasury, at a minimum price of 10p per share and a maximum price of not more than 105% of the average middle market quotation for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately prior to purchase. Any shares purchased under this authority will be held as treasury shares. Listed companies, with authorisation from shareholders, may buy and hold their own shares in treasury instead of cancelling them immediately. Shares held as treasury shares can in the future be cancelled, re-sold or used to provide shares for employee share schemes.

Any purchases made by the Company will be announced no later than 7.30am on the business day following the transaction. This authority will expire at the conclusion of the following AGM or, if earlier, on 10 May 2017.

**Resolution 17 (Notice period for general meetings to be 14 clear days)**

Shareholders may give approval to shorten the notice period required for general meetings (other than AGMs) from 21 clear days to 14 clear days. At an AGM on 12 February 2015 shareholders approved the reduction of the notice period for general meetings (other than AGMs) to 14 clear days. In order to preserve this reduction, resolution 17 seeks to renew this approval. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The shorter notice period will not be used as a matter of routine, but only where flexibility is merited by the business of the meeting and is thought to be to the advantage of the shareholders as a whole.

# NOTICE OF ANNUAL GENERAL MEETING

## To all Shareholders

NOTICE IS HEREBY GIVEN that the twenty-seventh Annual General Meeting of The Paragon Group of Companies PLC (the 'Company') will be held at the offices of Jefferies International Limited at Vintners Place, 68 Upper Thames Street, London, EC4V 3BJ on Thursday 11 February 2016 at 9.00am for the following purposes:

## To consider and, if thought fit, pass the following as ordinary resolutions:

- 1 To receive and consider the Company's Annual Report and Accounts for the year ended 30 September 2015, the Strategic Report and the Reports of the Directors and the Auditors.
- 2 To consider and approve the Directors' Remuneration Report (excluding the Policy Report) for the year ended 30 September 2015.
- 3 To declare a final dividend of 7.4p per ordinary share payable to holders of ordinary shares registered at the close of business on 8 January 2016.
- 4 To reappoint as a director of the Company Mr R G Dench.
- 5 To reappoint as a director of the Company Mr N S Terrington.
- 6 To reappoint as a director of the Company Mr R J Woodman.
- 7 To reappoint as a director of the Company Mr J A Heron.
- 8 To reappoint as a director of the Company Mr A K Fletcher.
- 9 To reappoint as a director of the Company Mr P J N Hartill.
- 10 To reappoint as a director of the Company Ms F J Clutterbuck.
- 11 To reappoint as a director of the Company Mr H R Tudor.
- 12 To appoint KPMG LLP as auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which Accounts are laid before the members.
- 13 To authorise the directors to fix the remuneration of the auditors.
- 14 THAT the Board be and it is hereby generally and unconditionally authorised (in substitution for all subsisting authorities to the extent unused) to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £98,900,000 PROVIDED THAT this authority shall expire at the earlier of the conclusion of the next Annual General Meeting of the Company after the passing of this resolution and the close of business on 10 May 2017 (unless previously revoked or varied by the Company in general meeting) save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted after such expiry and the Board may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.'



**To consider and, if thought fit, pass the following as special resolutions:**

15 THAT, subject to the passing of resolution 14, the Board be and it is hereby empowered pursuant to Section 571 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by resolution 15 and/or to sell treasury shares for cash where allotment is treated as an allotment of equity securities under Section 560(3) as if sub-section (1) of Section 561 of the Act did not apply to any such allotment or sale, PROVIDED THAT this power shall be limited to:

- (a) the allotment of equity securities in connection with a rights issue, open offer or any other pre-emptive offer in favour of ordinary shareholders and in favour of all holders of any other class of equity security in accordance with the rights attached to such class where the equity securities respectively attributable to the interests of all such persons on a fixed record date are proportionate (as nearly as may be) to the respective numbers of equity securities held by them or are otherwise allotted in accordance with the rights attaching to such equity securities (subject in either case to such exclusions or other arrangements as the Board may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates or legal or practical problems arising in any overseas territory, the requirements of any regulatory body or any stock exchange in any territory or any other matter whatsoever); and
- (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) to any person or persons of equity securities up to an aggregate nominal value of £29,600,000 (representing approximately 10 percent of the Company's issued ordinary share capital excluding treasury shares),

and shall expire upon the earlier of the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (or, the close of business on 10 May 2017), save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.'

16 THAT the Company be and is hereby generally and unconditionally authorised for the purposes of Section 701 of the Companies Act 2006 (the 'Act') to make one or more market purchases (within the meaning of Section 693(4) of the Act) on the London Stock Exchange PLC of ordinary shares of £1 each in the share capital of the Company ('Ordinary Shares') PROVIDED THAT:

- (a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 29,600,000 (representing approximately 10 percent of the Company's issued ordinary share capital excluding treasury shares);
- (b) the minimum price which may be paid for an Ordinary Share is 10p;
- (c) the maximum price which may be paid for an Ordinary Share is an amount equal to 105 percent of the average of the middle market price shown in the quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased;
- (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the close of business on 10 May 2017; and

# NOTICE OF ANNUAL GENERAL MEETING

- (e) the Company may make a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.'

17 'THAT a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.'

By order of the Board

**Pandora Sharp**  
Company Secretary

**Registered and Head Office:**

51 Homer Road  
Solihull  
West Midlands  
B91 3QJ

27 November 2015

Registered in England and Wales under number 2336032



# NOTES

The AGM is a private meeting for shareholders, proxies, duly authorised representatives and the Company's Auditors. Non-shareholders, including spouses and partners and nominated persons are not entitled to admission to the meeting. Any disabled shareholder may be accompanied and the person accompanying them need not be a shareholder.

## **Appointment of Proxies**

A member entitled to attend and vote at this meeting may appoint another person as their proxy to exercise all or any of their rights to attend and to speak and vote at a meeting of the Company. A member may appoint more than one proxy in relation to the AGM provided that the member specifies the number of shares in relation to which each proxy is appointed and each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not also be a member of the Company. A proxy form is enclosed for use in connection with the meeting. Proxy forms and any power of attorney or other written authority under which they are executed (or an office or notarially certified copy thereof) should be lodged with the Registrar of the Company at the address shown on the proxy form by 9.00am on Tuesday 9 February 2016. The appointment of a proxy or any CREST Proxy Instruction (as described below) will not preclude a shareholder from attending and voting at the meeting.

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at the close of business on Tuesday 9 February 2016 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

## **Nominated Persons**

The proxy appointment rights described above do not apply to any person nominated to enjoy information rights under Section 146 of the Act (a 'Nominated Person') by a member who holds shares on behalf of that person. The rights described in the above paragraphs can only be exercised by members of the Company.

A Nominated Person may, under an agreement between him or her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

## **Electronic Proxy Appointment through CREST**

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

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 (available via [www.euroclear.com](http://www.euroclear.com)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID number 3RA50) by 9.00am on Tuesday 9 February 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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.

## **Electronic Proxy Appointment**

As an alternative to appointing a proxy using the proxy form or CREST, members can appoint a proxy online at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). In order to appoint a proxy using this website, members will need their Control Number, Shareholder Reference Number (SRN) and PIN. This information is printed on the proxy form. If for any reason a member does not have this information, they should contact the Registrar by telephone on 0370 707 1244. Members may appoint a proxy using the website no later than 48 hours (excluding non-working days) before the time of the AGM or any adjournment of that meeting.

## **Shareholder Questions**

Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

# NOTES

## **Audit Information on Website**

Under Section 527 of the Act members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditors' Report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under Section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Act to publish on a website.

## **General**

The Register of Directors' Interests, copies of directors' service contracts and the letters of appointment of non-executive directors will be available for inspection during normal business hours on any weekday (public holidays excepted) at the Registered Office of the Company from the date of this notice until the date of the AGM and at the place of the AGM from 8.30am on the date of such meeting until the conclusion thereof.

Biographical details of current directors are provided in Section B2 of the Annual Report and Accounts circulated with this notice.

As at 26 November 2015 (being the last business day prior to the publication of this notice) the Company's issued share capital consisted of 309,512,361 ordinary shares, carrying one vote each, of which 12,401,400 were held in treasury. Therefore, the total voting rights in the Company as at 26 November 2015 were 297,110,961.

Except as provided above, members who have general queries about the AGM should contact the Company's Registrar by either calling their shareholder helpline on 0370 707 1244, emailing them at [webqueries@computershare.co.uk](mailto:webqueries@computershare.co.uk) or writing to them at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ.

You may not use any electronic address provided either in this notice or any related documents (including the Chairman's letter and proxy form) to communicate with the Company for any purposes other than those expressly stated.

A copy of this notice, and other information required by Section 311A of the Act, can be found at [www.paragon-group.co.uk](http://www.paragon-group.co.uk).





paragon

The Paragon Group of Companies PLC  
51 Homer Road, Solihull, West Midlands, B91 3QJ  
Telephone: 0121 712 2323  
[www.paragon-group.co.uk](http://www.paragon-group.co.uk)  
Registered No. 2336032