

A member of PG Group

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SHAREHOLDERS' CIRCULAR

Dated 1 October 2019

This circular is being issued by PG p.l.c. (C 78333) with registered office at PG Group Head Offices, PAMA Shopping Village, Valletta Road, Mosta MST 9017, Malta (the **"Company"**) and sent to those shareholders appearing on the register of members of the Company as at the close of business on 24 September 2019, and is intended to provide an explanation on an extraordinary resolution which is being proposed to shareholders at the 3rd Annual General Meeting of the Company (the **"Circular"**).

1. IMPORTANT INFORMATION

This Circular, containing information about one of the resolutions to be proposed for approval at the forthcoming annual general meeting (**"AGM"**), as approved by the Board of Directors of the Company, is being dispatched to all persons appearing on the Company's register of members as at close of business on 24 September 2019 (the **"Members"**).

This Circular is being issued in compliance with the Listing Rules issued by the Listing Authority, in particular the requirements set out in Listing Rule 6.17 for circulars relating to changes to the memorandum and articles of association, and Listing Rule 6.2 on the contents of all circulars.

Where any or all of the shares in the Company held by a recipient of this Circular have been sold or transferred by the date of receipt of this document, a copy of this Circular should be passed on to the person through whom the sale or transfer was effected for transmission of the Circular to the purchaser or transferee.

All the directors of the Company as at the date hereof, namely John Zarb, Paul Gauci, Charles Borg, Claire Alexia Gauci, Ramona Piscopo, William Spiteri Bailey and Lawrence Zammit (together the **"Directors"**) accept responsibility for the information contained in this document. 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 which is likely to affect the import of such information.

This Circular is important and requires your immediate attention as you shall be required to vote at the AGM. If you remain in doubt as to what voting action to take, you are advised to consult an appropriate independent adviser.

2. INTRODUCTION

In addition to the resolutions relating to the ordinary business of the Company being placed before the Members at the AGM, the Directors are also placing before the Members an extraordinary resolution relating to proposed changes to the Company's Memorandum and Articles of Association and the substitution of the Company's current Memorandum and Articles of Association with that made available to Members at the registered office of the Company and on the Company's website since the dispatch of the notice convening the AGM.

The changes being proposed are the following:

1. amendments to article 2 (Interpretation), article 14 (Appointment of Directors other than the Chief Executive Officer), article 15 (Election of Directors), article 16 (The Nomination Committee), article 17 (Rotation of Directors) and article 26 (Accounts) of the Articles of Association; and
2. updates to clause 2 (Registered Office), clause 5 (Directors), clause 6 (Secretary) and clause 8 (Shareholders) of the Memorandum of Association.

3. PROPOSED EXTRAORDINARY RESOLUTION – EXTRAORDINARY BUSINESS

RESOLUTION 1: AMENDMENTS TO THE COMPANY'S MEMORANDUM AND ARTICLES OF ASSOCIATION

The proposed resolution reads as follows:

"That the current Memorandum and Articles of Association of the Company be and are hereby abrogated and replaced by the new Memorandum and Articles of Association (a copy of which was made available to shareholders at the registered office of the Company and on the Company's website since the dispatch of the notice convening this meeting), amended as explained in the Shareholders' Circular dated 1 October 2019 and circulated together with the notice convening this meeting."

- A. The change proposed to be made to article 2 of the Company's Articles of Association is that the term "Approved Candidates" contained in article 2 of the Articles of Association (Interpretation) shall be amended as follows:

"Approved Candidates means a candidate who is declared by the Nominations Committee as fit and proper to occupy the office of Director and whose nomination is an Approved Nomination provided that the definition of Approved Candidates shall not include the Chief Executive Officer of the Company."

- B. The changes proposed to be made to article 14 of the Company's Articles of Association (Appointment of Directors Other than the Chief Executive Officer) are as follows:

- I. Article 14.2.4 of the Company's Articles of Association shall be amended as follows:

"All Approved Nominations shall be proposed to the shareholders for election in terms of Article 14.4 (where applicable) and Article 14.5."

- II. Article 14.4 of the Company's Articles of Association shall be amended as follows:

"Unless a Member or Members holding not less than 10% in nominal value of the shares having voting rights demands that a vote be taken in respect of all or any one or more of the Approved Candidates, in the event that the number of Approved Candidates recommended to shareholders pursuant to the provisions of Article 14.2.4 is equal to or less than the number of vacancies on the Board of directors, no election shall take place and all the candidates approved by the Nominations Committee shall take office as Directors."

- C. The change proposed to be made to article 15.4 of the Company's Articles of Association (Election of Directors) is that this shall be amended as follows:

"Such number of Approved Candidates necessary to fill the total number of vacancies on the Board of Directors, who obtain the highest number of votes overall from amongst all Approved Candidates listed on the ballot paper as aforesaid, shall be elected and appointed Directors."

- D. The change proposed to be made to article 16 of the Company's Articles of Association (The Nomination Committee) is that the title heading of the article in question, that is, "The Nomination Committee" shall be amended as follows:

"The Nominations Committee"

- E. The changes proposed to be made to article 17 (Rotation of Directors) of the Articles of Association are as follows:

- I. Article 17.1 of the Company's Articles of Association shall be amended as follows:

"Subject to the provisions of Article 17.2, the term of office of all Directors appointed pursuant to these Articles, other than the Chief Executive Officer, shall be three (3) years from the date of the annual general meeting at which an appointment was made."

- II. Article 17.2 of the Company's Articles of Association shall be amended as follows:

"At the annual general meeting falling on the third (3rd) anniversary of the general meeting referred to in Article 17.1, two (2) Directors, which for the purposes of this Article shall not include the Chief Executive Officer, shall retire from office, but shall be eligible for re-appointment. In every subsequent year, two (2) Directors holding office on the Board of Directors, other than the Chief Executive Officer, shall retire from office, but shall be eligible for re-appointment."

- F. The changes proposed to be made to article 26 (Accounts) of the Articles of Association is that sub-article 26.2 thereof shall be amended as follows:

"The Directors shall cause an electronic copy of the profit and loss account and balance sheet, together with any Directors' and auditors' report attached thereto, to be made available on its website at the time of issuance of a notice calling an annual general meeting."

- G. In addition, clauses 2, 5, 6 and 8 of the Memorandum of Association are to be updated so as to ensure that the details found in the Memorandum of Association are up to date and reflective of the information available at the Malta Business Registry.

Explanatory Note

- A. Amendments to article 2 of the Articles of Association:

This amendment was considered necessary for the purpose of clarifying that the Chief Executive Officer of the Company shall not be appointed to the Board of Directors in the same manner as the remaining members of the Board (article 14 of the Articles of Association (Appointment of Directors other than the Chief Executive Officer) and article 15 of the Articles of Association (Election of Directors) refer).

The Board of Directors has considered this proposed amendment to article 2 and the advice received in connection therewith, and recommends the adoption of this resolution by the General Meeting.

- B. Amendments to article 14 of the Articles of Association:

This amendment to article 14.2.4 was considered necessary for the purpose of clarifying that only in the following two events will the Approved Nominations be proposed to the shareholders for election pursuant to article 14.2.4: that is the cases specified in article 14.4 (a Member or Members holding not less than 10% in nominal value of the shares having voting rights demands that a vote be taken in respect of all or any one or more of the Approved Candidates) and 14.5 (the number of Approved Candidates is more than the number of vacancies on the Board of Directors).

Furthermore, references to the term 'directors' has been replaced with the capitalised term 'Directors' for consistency with the term defined in article 2 of the Articles of Association (Interpretation).

The Board of Directors has considered these proposed amendments to article 14 and the advice received in connection therewith, and recommends the adoption of this resolution by the General Meeting.

- C. Amendments to article 15 of the Articles of Association:

This amendment was considered necessary to clarify that the number of "Approved Candidates" to be elected and appointed as Directors shall, in the case of vacancies on the Board of Directors, not exceed the total number of vacancies that need to be filled.

The Board of Directors has considered this proposed amendment to article 15 and the advice received in connection therewith, and recommends the adoption of this resolution by the General Meeting.

- D. Amendments to article 16 of the Articles of Association:

This amendment proposed to be made to the heading of article 16 of the Articles of Association is required to ensure consistency with all other references to the nominations committee throughout the Articles of Association. The Board of Directors has considered this proposed amendment to Article 16 and recommends the adoption of this resolution by the General Meeting.

- E. Amendments to article 17 of the Articles of Association:

This amendment was considered necessary for the purposes of:

- I. extending the rotation of directors mechanism, which, in the existing Articles of Association, is limited to "all non-executive directors", to all directors, that is, both directors having an executive and those having a non-executive role, to the exclusion of the Chief Executive Officer;
- II. clarifying that the three-year term shall begin to run from the date of the annual general meeting at which an appointment is made; and
- III. clarifying that two directors shall retire from office at the annual general meeting falling on the third anniversary of the annual general meeting at which an appointment was made, but shall be eligible for re-appointment.

IV. The Board of Directors has considered this proposed amendment to article 17 and the advice received in connection therewith, and recommends the adoption of this resolution by the General Meeting.

F. Amendments to article 26 of the Articles of Association:

This amendment is being proposed in light of the recent amendments made to the provisions of Article 180(2) of the Companies Act (Chapter 386 of the laws of Malta) by virtue of Act XXVI of 2019 – Various Financial Services Laws (Amendment) Act, 2019 to the effect that, unless otherwise provided in the memorandum or articles of the company in question, copies of the annual accounts for the accounting period shall not be required to be sent to members of a company who have been duly given notice of a general meeting of the company at which the company's annual accounts shall be laid, and where the company has made available to its members an electronic copy of such annual accounts, either on its website or otherwise, and has informed its members accordingly, provided that the company shall provide a printed copy of such annual accounts to any member upon written request.

The Board of Directors noted that the provisions of article 26.2 of the Articles of Association, as currently drafted, would preclude the Company from availing itself of the newly introduced exemption in article 180(2) of the Companies Act.

Having considered this proposed amendment to article 26 of the Articles of Association and the advice received in connection therewith, recommends the adoption of this resolution by the General Meeting.

G. Updates to clauses 2, 5, 6 and 8 of the Memorandum of Association:

The updates proposed to be made to clauses 2, 5, 6 and 8 of the Memorandum of Association are required in order for the details found in the Memorandum of Association in respect of the registered office of the Company (Clause 2), the details of the Company Secretary of the Company (Clause 6), and the shareholders of the Company and the shareholding of the Company (Clause 8) are up to date and reflective of the most recent information available at the Malta Business Registry, further to statutory notifications made to the Malta Business Registry from time to time in the case of past changes in respect of the aforesaid or details relative thereto.

4. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or certified copies thereof will be available for inspection at the Company's registered office situated at PG Group Head Offices, PAMA Shopping Village, Valletta Road, Mosta MST 9017, Malta, for at least fourteen (14) days from the date of publication of this Circular:

- a) the Company's existing Memorandum and Articles of Association;
- b) the Company's draft Memorandum and Articles of Association, as amended should the resolution set out above be passed;
- c) the Company's last Annual Financial Report for the year ended 30 April 2019.

5. DIRECTORS' RECOMMENDATION

The Directors, having made the necessary considerations, are of the view that the proposed resolutions, including those not set out in this Circular, are in the best interests of the Company and its shareholders as a whole. The Directors therefore recommend that the shareholders vote in favour of the said resolutions at the forthcoming AGM.

1 October 2019

Approved and issued by PG p.l.c., with registered office situated at PG Group Head Offices, PAMA Shopping Village, Valletta Road, Mosta MST 9017, Malta.