

Notice of Annual General Meeting

THE STANLEY GIBBONS GROUP PLC

Notice is hereby given that the Annual General Meeting of The Stanley Gibbons Group plc ("**Company**") will be held at Banjo Jersey, 8 Beresford Street, St Helier, Jersey JE2 4WN on Wednesday 30 July 2014 at 11 am for the purpose of considering and, if thought fit, adopting the following resolutions relating to the ordinary and special business of the Company at the Annual General Meeting or any adjournment thereof:

Ordinary Business

To consider, and if thought fit, to pass the following resolutions as Ordinary Resolutions:

1. "THAT the Company's audited accounts for the period ended 31 March 2014 and the Directors' and Auditors' Reports thereon be approved and adopted."
2. "THAT S Perrée, who retires in accordance with the Articles of Association of the Company, and, being eligible, be re-elected as a Director of the Company."
3. "THAT IG Goldbart, who retires in accordance with the Articles of Association of the Company, and, being eligible, be re-elected as a Director of the Company."
4. "THAT CS Jones, who retires in accordance with the Articles of Association of the Company, and, being eligible, be re-elected as a Director of the Company."
5. "THAT MRM Hall, who retires by rotation in accordance with the Articles of Association of the Company, and, being eligible, be re-elected as a Director of the Company."
6. "THAT J Byfield, who retires by rotation in accordance with the Articles of Association of the Company, and, being eligible, be re-elected as a Director of the Company."
7. "THAT Nexia Smith & Williamson be re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix the Auditors' remuneration."

Special Business

To consider, and if thought fit, to pass the following resolutions as Special Resolutions:

Authority to purchase own shares

8. "THAT the Company be generally and unconditionally authorised to make one or more market purchases of its own shares, such purchases to be of Ordinary Shares of one pence (1p) each in the capital of the Company ("**Ordinary Shares**") on the London Stock Exchange, provided that:
 - (a) the maximum number of Ordinary Shares authorised to be purchased shall be 6,900,000 Ordinary Shares, being approximately 15 per cent of the issued capital of the Company; and
 - (b) the minimum price which may be paid for any such Ordinary Shares shall be 1p per Ordinary Share (exclusive of expenses); and
 - (c) the maximum price which may be paid for such Ordinary Shares shall be an amount equal to 5 per cent above the average middle market quotations as derived from the Daily Official List of the UKLA for the five business days immediately preceding the day on which any such Ordinary Shares are purchased or contracted to be purchased;
 - (d) unless otherwise varied renewed or revoked the authority hereby conferred shall expire at the earlier of 31 October

2015 and the conclusion of the Annual General Meeting of the Company to be held in 2015; and

- (e) prior to expiry of the authority hereby conferred the Company may enter into a contract or contracts for the purchase of Ordinary Shares which may be executed in whole or in part after such expiry and may purchase Ordinary Shares pursuant to such contract or contracts as if the authority hereby conferred had not so expired."

Increase in authorised share capital

9. "THAT, pursuant to Article 38(1)(a) of the Companies (Jersey) Law 1991, as amended, the authorised share capital of the Company be increased from £500,000 (made up of 50,000,000 Ordinary Shares of 1p each) to £750,000 (made up of 75,000,000 Ordinary Shares of 1p each)."

Amendment of Articles

10. "THAT the Company's articles of association be and are hereby amended as follows:
 - (a) Article 2.2(a) shall be deleted and replaced by a new Article 2.2(a) as follows:

"Subject to the Law (in particular articles 38 and 52 of the Law and the other provisions of these Articles) the Directors may exercise the power of the Company to issue Shares, to grant rights to subscribe for, or convert any security into Shares or otherwise dispose of Shares to such persons, at such times and on such terms as they think fit provided that any Share may be issued with such rights or restrictions as to issuance as the Company may by Ordinary Resolution determine."
 - (b) Article 2.2(b) shall be deleted and replaced by a new Article as follows:

"Subject to the Law and subject and without prejudice to the other provisions of these Articles, the Directors are generally and unconditionally authorised to exercise all powers of the Company to issue, grant rights to subscribe for, or to convert any securities into, or otherwise dispose of, up to such number of Shares as the Company may from time to time by Ordinary Resolution determine. Subject to the provisions of article 36 of the Law, no Shares may be issued by the Company at a discount."
 - (c) A new Article 2.7 shall be inserted as follows:

"2.7 Pre-emption rights

- (a) Unless otherwise authorised by a Special Resolution, the Company shall not allot any Shares (the "**offer shares**") to a person on any terms unless:
 - (1) it has first made an offer to each Member to allot to him on the same or more favourable terms a proportion of the offer shares that is as nearly as practicable equal to the proportion in nominal value held by him of the ordinary share capital of the Company, subject always to such exclusions or other arrangements as the Board, in its absolute discretion, deems necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or the requirements of any regulatory body or stock exchange in, any country or jurisdiction;
 - (2) the offer referred to in Article 2.7(a)(1) above (the "**offer notice**") may be made in either hard copy form or by electronic form and:
 - (A) must state a period during which it may be accepted

which must be a period of at least 10 business days beginning:

- (a) in the case of an offer made in hard copy form, with the date on which the offer is sent or supplied; or
 - (b) in the case of an offer made by way of electronic form, with the date on which the offer is sent, and the offer shall not be withdrawn before the end of that period; and
- (B) shall be made from the Directors specifying the number and price of the offer shares and shall invite each relevant Member to state in writing within a period whether they are willing to accept any offer shares and, if so, the maximum number of offer shares they are willing to take;
- (3) at the expiration of the period specified for acceptance in the offer notice the Directors shall allocate the offer shares to or amongst the relevant Members who shall have notified to the Directors their willingness to take any of the offer shares but so that no relevant Member shall be obliged to take more than the maximum number of shares notified by him under Article 2.7(a) (2) (B) above;
 - (4) if any offer shares remain unallocated after the offer, the Directors shall be entitled to allot, grant options over or otherwise dispose of those shares to such persons on such terms and in such manner as they think fit save that those shares shall not be disposed of on terms which are more favourable to their subscribers than the terms on which they were offered to the relevant Members.
- (b) The provisions of Article 2.7(a) above shall not apply to the allotment of, or the grant of rights to subscribe for:
- (1) bonus shares;
 - (2) equity securities if these are, or are to be, wholly or partly paid up otherwise than in cash; or
 - (3) equity securities under or pursuant to an Employee Share Scheme.
- (c) Unless the context requires otherwise, references in this Article 2.7 to the allotment of equity securities shall include the sale of shares in the Company which immediately before the sale are held by the Company as treasury shares."
- (d) Article 16.2(e)(2)(A) shall be amended by the insertion of the words "and that person has not revoked such agreement" after the words "delivered to him)" on the third line.
- (e) New Articles 16.2(h), 16.2(i), 16.2(j), 16.2(k) and 16.2(l) shall be inserted as follows:
- "(h) Any document sent or supplied by means of a website must be made available in a form, and by a means, that the Company reasonably considers will enable the person to read it and to retain a copy of it. For this purpose, any document can be read only if it can be read with the naked eye, or to the extent it consists of images (for example photographs) it can be seen with the naked eye.
- (i) If a person has been asked individually by the Company to agree that the Company may send or supply documents or information generally or specific documents to the person by means of a website and the Company does not within a period of 28 days beginning with the date on which the Company's request was sent (or such longer period as the Board may specify) receive a response indicating a refusal, such person will be deemed to have agreed to receive such documents by means of a website in accordance with Article 16.2(e)(2)(A) above (save in respect of any documents or information as may be required to be sent in hard copy form pursuant to the Law). A person

can revoke any such deemed election in accordance with Article 16.2(j) below.

- (j) Any amendment or revocation of a notification given to the Company or agreement (or deemed agreement) under this Article 16.2 shall only take effect if in writing, signed (or authenticated by electronic means) by the person and on actual receipt by the Company thereof.
- (k) Where these Articles require or permit a document to be authenticated by a person by electronic means, to be valid it must incorporate the electronic signature or personal identification details of that person, in such form as the Directors may approve, or be accompanied by such other evidence as the Directors may require to satisfy themselves that the document is genuine.
- (l) Any communication sent to the Company by electronic means shall not be treated as received by the Company if it is rejected by computer virus protection arrangements."
- (f) Article 17.4(c) shall be amended by the deletion of the term "Article 17.217.2(b)" and the substitution in its place of the term "Article 17.2(b)".
- (g) New Articles 17.4(h) and 17.4(i) shall be inserted as follows:
 - "(h) If the Company receives a delivery failure notification following a communication by electronic means in accordance with Article 17.4(c) above, the Company shall send or supply the notice or document in hard copy or electronic form (but not by electronic means) to the Member either personally or by post addressed to the Member at his registered address or by leaving it at that address. This shall not affect when the notice or document was deemed to be received in accordance with Article 17.4(c) above.
 - (i) Where a document or notice is sent or supplied by means of a website in accordance with Article 16.2, it shall be deemed to have been received: when the material was first made available on the website, or if later, when the recipient was deemed to have received notice of the fact that the material was available on the website."

To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

Authority to allot Shares

11. "THAT, subject to the passing of the special resolution numbered 10 in this notice of Annual General Meeting, the Directors be generally and unconditionally authorised to exercise all powers of the Company to issue or grant equity securities (as defined in the articles of association of the Company (as amended by the passing of the special resolution numbered 10 in this notice of Annual General Meeting) (the "Articles")) in accordance with article 2.2(b) of the Articles:
- (a) up to a maximum number of 31,000,000 ordinary shares of 1p each ("**ordinary shares**") (such number to be reduced by the number of ordinary shares allotted pursuant the authority in sub-paragraph (b) below) in connection with an offer by way of a rights issue:
 - (1) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
 - (2) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,
 but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements, record dates, legal or practical problems in or under the laws of any territory

or the requirements of any regulatory body or stock exchange; and

- (b) in any other case, up to a maximum of 15,500,000 ordinary shares (such number to be reduced by the number any ordinary shares allotted pursuant to the authority in sub-paragraph (a) above in excess of 15,500,000), provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the earlier of 31 October 2015 and the conclusion of the Annual General Meeting of the Company to be held in 2015, save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be issued or granted and the Directors may issue or grant equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired."

To consider, and if thought fit, to pass the following resolution as a Special Resolution:

Disapplication of pre-emption rights

12. "THAT, subject to the passing of the ordinary resolution numbered 11 in this notice of Annual General Meeting, the Directors be given the general power to allot or grant equity securities (as defined in the Articles) for cash either pursuant to the authority conferred by the ordinary resolution numbered 11 in this notice of Annual General Meeting or by way of a sale of treasury shares, as if the pre-emption rights contained in article 2.7(a) of the Articles did not apply to any such allotment or grant, provided that this power shall be limited to:

- (a) the allotment or grant of equity securities in connection with an offer of equity securities (but, in the case of the authority granted under sub-paragraph (a) of the ordinary resolution numbered 11 in this notice of Annual General Meeting, by way of a rights issue only):

- (1) to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
(2) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

- (b) the allotment or grant (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to a maximum of 4,600,000 ordinary shares.

The power granted by this resolution will expire on the earlier of 31 October 2015 and the conclusion of the Annual General Meeting of the Company to be held in 2015 (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted or granted after such expiry and the Directors may allot or grant equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired."

To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

Approval of Value Creation Plan

13. "THAT the rules of the Stanley Gibbons Group plc Value Creation Plan (the "Plan") referred to in the Explanatory Notes to the Notice of AGM and produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be approved and the Directors be authorised

to make such modifications to the Plan as they may consider appropriate to take account of the requirements of best practice, for obtaining or maintaining favourable tax treatment and for the implementation of the Plan and to adopt the Plan as so modified and to do all such other acts and things as they may consider appropriate to implement the Plan."

by order of the board of Directors of
The Stanley Gibbons Group plc

RK Purkis,

Secretary

Dated: 26 June 2014

Registered Office Address:

2nd Floor, Minden House, Minden Place,
St Helier, Jersey JE2 4WQ, Channel Islands.

NOTES:

1. A member of the Company entitled to attend and vote at the meeting convened by the notice set out above is entitled to appoint a proxy to attend and, on a poll, to vote in his/her place. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company.
2. An instrument for the purposes of appointing a proxy is enclosed. To be valid, the instrument and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be received by the Company's registrars, Capita Registrars (Jersey) Limited, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF or at such other place as is specified for that purpose in the notice of meeting issued by the Company not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll, before the time appointed for taking the poll and, in default, the instrument shall not be treated as valid.
3. Completion of the instrument appointing a proxy does not preclude a member from subsequently attending and voting at the meeting in person if he/she so wishes.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding.
5. Pursuant to Article 40 of the Companies (Uncertificated Securities) (Jersey) Order 1999, the Company specifies that only those members entered on the register of members of the Company as at 11 a.m. on 28 July 2014 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 11a.m. on 28 July 2014 or, if the meeting is adjourned, on the register of members 48 hours before the time fixed for the adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the meeting.
6. A copy of the draft rules of the Stanley Gibbons Group plc Value Creation Plan will be available for inspection at the Company's registered offices and at the offices of New Bridge Street at 10 Devonshire Square, London EC2M 4YP during normal business hours on any weekday (public holidays excepted) until the close of the meeting and at the place of the meeting for at least 15 minutes prior to and during the meeting.

EXPLANATORY NOTES

Resolution 8: Authority for Company to purchase its own shares

The previous authority granted by the shareholders to the Directors for the Company to purchase its own limited ordinary shares will shortly expire and the Directors recommend that a further authority in this respect be obtained.

Resolution 9: Increase in authorised share capital

The Company's capital is currently £500,000 divided into 50,000,000 Ordinary Shares of 1p each. In order to achieve the Company's combined strategy of delivering organic growth and growth through suitable, complementary acquisitions, the Directors believe that the Company requires further headroom in its capital which will help to facilitate the financing of acquisitions should they arise. The Directors recommend that increasing the Company's capital to £750,000 divided into 75,000,000 Ordinary Shares of one 1p each will give the headroom required to support the strategy for the foreseeable future.

Resolution 10: Amendment of Articles

It is proposed to amend the Articles to (a) give shareholders the power by passing an ordinary resolution to that effect at a general meeting to limit the number of new shares that may be issued by the Company from time to time; (b) give pre-emption rights to shareholders in respect of the issue of new shares (other than in certain specified circumstances) which may be disapplied by a special resolution of the shareholders at a general meeting; and (c) allow electronic communication to reduce the Company's printing costs for distributing hard copy accounts given the increased number of shareholders in the Company.

Resolution 11: Authority to allot shares

This resolution deals with the Directors' authority to allot shares in accordance with new article 2.2(b) of the Articles (as amended by resolution 10) and will, if passed, authorise the Directors to allot: (a) in relation to a pre-emptive rights issue only, up to a maximum of 31,000,000 ordinary shares (which represents approximately two-thirds of the Company's issued ordinary shares as at the date of this notice). This maximum is reduced by the number of ordinary shares allotted under the authority referred to in sub-paragraph (b) below; and (b) in any other case, up to a maximum of 15,500,000 ordinary shares (which represents approximately one-third of the Company's issued ordinary shares as at the date of this notice). This maximum is reduced by the number of ordinary shares allotted under the authority referred to in sub-paragraph (a) above in excess of 15,500,000 ordinary shares. Therefore, the maximum number of ordinary shares which may be allotted under this resolution is 31,000,000 ordinary shares. The authority granted by this resolution will expire on the earlier of 31 October 2015 and the conclusion of the next Annual General Meeting of the Company.

Resolution 12: Disapplication of pre-emption rights

This resolution will, if passed, give the Directors power, pursuant to the authority to allot granted by resolution 11, to allot ordinary shares or sell treasury shares for cash without first offering them to existing shareholders in proportion to their existing holdings: (a) in relation to pre-emptive offers, up to a maximum of 15,500,000 ordinary shares (which represents approximately one-third of the Company's issued ordinary shares as at the date of this notice) and, in relation to rights issues only, up to a maximum additional of 15,000,000 ordinary shares (which represents approximately one-third of the Company's issued ordinary shares as at the date of this notice); and (b) in any other case, up to a maximum of 4,600,000 ordinary shares (which represents approximately 10% of the Company's issued ordinary shares as at the date of this notice). The power granted by this resolution will expire on the earlier of 31 October 2015 and the conclusion of the next Annual General Meeting of the Company.

Resolution 13: Adoption of Value Creation Plan

The Remuneration Committee of the Board of Directors (the "Committee") has reviewed the Company's current long-term incentive arrangements and has determined that a change in approach is needed to support the Company's long-term strategy to transform the Company from a stamp and collectibles trader generating steady growth to a leading online marketplace and global auction house for collectibles with far greater growth potential.

The Committee considers that the introduction of the proposed Stanley Gibbons Group plc Value Creation Plan (the "Plan") would provide a strong incentive for the Executive Directors to implement the Board's current strategy and deliver materially higher long term rates of growth. This, in turn, has the potential to generate significant returns to shareholders.

Under the Plan, participants would be granted awards over shares equal to a percentage of the Company's issued share capital. Following the end of a three year performance period, dependent on the extent to which total shareholder return growth targets are achieved (with total shareholder return the basis on which the value created is to be assessed), the awards will either be capable of exercise as to the full number of shares comprised within the awards or a reduced number.

Assuming the Plan is approved by shareholders, the Committee does not intend to make further awards to Executive Directors under the Company's existing long term incentive plan (the 2010 Share Option Plan) before 2017 at the earliest.

A summary of the principal terms of the Plan is set out below.

Operation

The Committee will supervise the operation of the Plan.

Participants

Participation in the Plan will be limited to the Company's four Executive Directors.

The Plan will be launched and awards granted within six weeks of shareholder approval of the Plan or as soon as reasonably practicable thereafter.

Award structure – Nil cost options

Participants in the Plan will each be granted an award, structured as a nil or nominal cost option (an "Option"), over a number of ordinary shares in the capital of the Company equal to a percentage of the Company's issued share capital as follows:

Participant	Number of shares under Option as a % of Company's issued share capital
Chief Executive	1.2% (representing 30% of 4% issued share capital of the Company)
Corporate Development Director	1.2% (representing 30% of 4% issued share capital of the Company)
Chief Finance Officer	0.8% (representing 20% of 4% of issued share capital of the Company)
Managing Director, Dealing and Auctions	0.8% (representing 20% of 4% of issued share capital of the Company)

No payment is required for the grant of an Option. Options are not transferable, except on death, and are not pensionable.

The above awards represent the maximum number of shares each individual can benefit from with the size of such award actually vesting dependent on total shareholder return created as described below and subject to continued service.

The Plan may be operated with an employee benefit trust to enable awards to be structured in a tax efficient manner.

Assessment of Value Created: Three-year TSR growth (the "Performance Condition")

The number of shares comprised within the Options to be granted that will ultimately vest subject to the terms of the Plan will be determined based on the level of total shareholder return ("TSR Growth") achieved over a three year measurement period

commencing on the grant of the Options (the "Performance Period").

The measure of TSR Growth will in effect assess share price growth plus dividends paid in the Performance Period (with dividends assumed to be reinvested into the company's shares on the ex-dividend date) and be determined as the result of a measure of "Start Value" subtracted from a measure of "End Value".

Start Value will be determined as the Company's average market capitalisation over the 90 days prior to the start of the Performance Period aggregated with any dividends payable during such period (by reference to the date the shares go ex-div).

End Value will be determined as the Company's average market capitalisation over the last 90 days of the Performance Period aggregated with total dividends payable during the Performance Period (by reference to the date the shares go ex-div).

A Plan Pool will be determined. No value to the Plan Pool will arise unless TSR Growth equates to at least 7% per annum growth in the Company's total shareholder return over the Performance Period calculated by reference to the Start Value increased by 7% p.a. over the three year performance period less Start Value ("Threshold TSR"). Subject to such threshold performance, the Plan Pool will be determined as follows:

TSR Growth over the Performance Period	Pool Value
7% p.a. to 15.5% p.a.	2.5% of TSR Growth minus Threshold TSR
15.5% p.a. to 24% p.a.	5% of TSR Growth minus Threshold TSR
24% per annum	7.5% of TSR Growth minus Threshold TSR

The Committee will retain discretion to adjust the Start Value or End Value and the basis of the assessment of performance against the Performance Condition generally in such manner as it considers appropriate to take account of any changes in the Company's issued share capital over the Performance Period or otherwise if any other event occurs which causes the Committee to consider that it would be appropriate to make such adjustments, provided that the Committee considers that the varied calculation is reasonable and not materially less challenging in the circumstances than those described above.

Following the end of the Performance Period, the Committee will then determine the number of shares that may remain comprised within each Option as follows:

- **Step 1:** The Committee shall determine the Pool Value as detailed above.
- **Step 2:** Determine the maximum number of shares (the "Maximum Share Number") that may remain comprised within the Options as the result of the lower of (i) the Pool Value divided by the closing middle market quotation of a share on the dealing day immediately following the end of the Performance Period and (ii) 4% of the Company's issued share capital as at the end of the Performance Period.
- **Step 3:** Determine the corresponding maximum share number for each participant's Option as follows:
 - Chief Executive – 30% of the Maximum Share Number;
 - Corporate Development Director – 30% of the Maximum Share Number;
 - Chief Finance Officer - 20% of the Maximum Share Number; and
 - Managing Director, Dealing and Auctions - 20% of the Maximum Share Number
- **Step 4:** Determine the number of shares that may remain subject to each participant's Option as the result of the lower of (i) number of shares comprised within their Option at the time of grant (or such adjusted number as may apply under the Plan) and (ii) their Maximum Share Number determined under Step 3.

The following table illustrates the potential return (i.e. the Plan Pool) for participants and shareholders for various levels of growth in TSR over the three-year period (based on the current market capitalisation of £144m):

	Benefit assuming annual growth in TSR over the three-year period of:				
	7% p.a. (22.5% over three years)	15.5% p.a. (54.1% over three years)	24% p.a. (90% over three years)	30% p.a. (120% over three years)	40% p.a. (174% over three years)
Illustrative opening market cap (in practice this will be the Start Value calculated as detailed above)	£144m	£144m	£144m	£144m	£144m
Closing market cap (in practice this will be the End Value calculated as detailed above)	£177m	£222m	£275m	£316m	£395m
Management Share of the Pool Value	£0 (The pool is funded based on value created above a 7% hurdle rate of return)	5% of £45m (£222m - £177m) = £2.25m	7.5% of £98m (£275m - £177m) = £7.35m	7.5% of £139m (£316m - £177m) = £10.425m	7.5% of £218m (£395m - £177m) = £16.35m Capped at settlement at 4% of Issued Share Capital so pool restricted to £15.8m
Chief Executive (30%)	£0	£675,000	£2,205,000	£3,128,000	£4,740,000
Corporate Development Director (30%)	£0	£675,000	£2,205,000	£3,128,000	£4,740,000
Chief Finance Officer (20%)	£0	£450,000	£1,470,000	£2,085,000	£3,160,000
MD, Dealing and Auctions (20%)	£0	£450,000	£1,470,000	£2,085,000	£3,160,000
Total (100%)	£0	£2.25m	£7.35m	£10.425m	£15.8m
% of Issued Share capital used to settle management proportion of pool (capped at 4%)	0%	1%	2.7%	3.3%	4.0% (cap applies*)
Shareholder value created above management pool	£32m	£75.75m	£123.65m	£162.58	£235.2m

*Cap relates to the value of 4% of the issued share capital at the time of vesting using the closing middle market quotation of a share on the dealing day immediately following the end of the Performance Period.

Exercise of Options

Each Option shall comprise three tranches each relating to a separate one third of the total number of shares remaining comprised within the Option.

Options may be exercised as to one tranche as from the later of the expiry of the Performance Period and assessment by the Committee of the Company's TSR performance. The second and third tranches may be exercised as from the fourth and fifth anniversary of the date of grant respectively.

Once exercisable each tranche will ordinarily remain exercisable until the sixth anniversary of the grant of the Option.

Leaving employment

Cessation of employment during the Performance Period

As a general rule, if a participant ceases to hold employment or be a director prior to the end of the Performance Period his Option will normally lapse.

However, if a participant so ceases to be an employee or a

director because of death, ill-health, retirement, redundancy or in other circumstances at the discretion of the Committee, then his Option may be capable of vesting and exercise on normal timetable.

The extent to which an Option will vest in these situations will depend upon two factors: (i) the extent of achievement against the Performance Condition measured over the full Performance Period and (ii) pro-rating of the Option to reflect the reduced period of time served in the Performance Period, although the Committee can decide not to pro-rate an award if it regards it as inappropriate to do so in the particular circumstances.

To the extent a good leaver's Option vests a 12 month exercise period will apply in the case of each tranche commencing at the time the tranche first becomes exercisable.

Cessation of employment after the Performance Period

Unexercised tranches of Options held at the time of cessation will remain capable of exercise (or of becoming capable of exercise as relevant on normal timetable). The Committee has discretion to decide that in respect of any tranche of an Option that has not yet become capable of exercise, that tranche shall become exercisable on the date of cessation of employment or office. Unless shorter periods would otherwise apply under the Plan, exercise periods in such circumstances shall be 12 months from the time of cessation of employment or office in the case of tranches already capable of exercise or 12 months from the time the tranches become exercisable as relevant.

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation) during the Performance Period, the Performance Period will come to an end early and the Performance Condition (and the resulting remaining number of shares comprised with the Options) assessed early by reference to performance over the curtailed period.

A one month exercise period will apply in relation to Options which in such circumstances shall comprise a single part that is immediately exercisable.

The share price used to set the number of shares that vest in such circumstances will be based on the offer price rather than the closing price on the dealing day immediately following the end of the Performance Period. The offer price may also be used for the purposes of testing the Performance Condition.

The default position is that the Option will be subject to a time pro-rata reduction to reflect the reduced duration of the Performance Period, although the Committee has discretion to disapply this if it considers such a reduction to be inappropriate.

Options already otherwise held at the time of the change of control will remain exercisable or become exercisable as relevant in relation to all subsisting tranches for a period of one month.

In the event of an internal corporate reorganisation Options will be replaced by equivalent new awards in relation to shares in a new holding company unless the Committee decides that Options should vest on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of shares to a material extent and would, in the opinion of the Committee mean that it would not be appropriate to continue to operate the Plan as originally intended, then the Committee may decide that Options will vest on such basis as it reasonably decides.

Settlement of Options

Options may be settled with new issue shares, from issuance from treasury or with shares purchased in the market.

Any shares allotted when an award vests or is exercised will rank equally with shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Options will not confer any shareholder rights until the Options have been exercised and the participants have received their shares.

Options may be cash settled at the discretion of the Committee, although there is currently no intention to use this feature of the Plan.

Options under the Plan will count towards the dilution limit constraints of the Company's long-term incentive arrangements as to the use of newly issued and/or treasury shares as required under relevant provisions of such arrangements.

Duration

The Committee may not grant Options under the Plan after the commencement of the Performance Period.

Dividend equivalents on second and third tranches of Options

In relation to the second and third tranches comprised within each Option, participants will receive additional Shares (or cash) of value equivalent to the dividends that would have been payable on the underlying shares subject to the second and third tranche of the Option from the date of vesting to the fifth anniversary of the date of grant of the Option or, if earlier, to the exercise of the Option.

Variation of capital

In the event of any variation of the Company's share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the shares, the Committee may make such adjustment as it considers appropriate to Options and/or the 4% of issued share capital cap limit for the purposes of the Plan.

Alterations to the Plan

The Committee may, at any time, amend the Plan in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of shares or the transfer of treasury shares, the basis for determining a participant's entitlement to, and the terms of, the shares or cash to be acquired and the adjustment of Options.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's group.

Prior shareholder approval will not be required in relation to changes to the Performance Condition provided it is adjusted within the scope of the parameters described earlier in these notes.