

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to any aspect of the proposals in this document or the action you should take, please take advice immediately from an independent professional adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares in XPS Pensions Group plc, please send this document, together with the accompanying Form of Proxy, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was arranged, for onward transmission to the purchaser or transferee.

XPS Pensions Group plc

Notice of Annual General Meeting

2.00pm, 13 September 2018

Letter from the Chairman

13 July 2018

Dear Shareholder,

Annual General Meeting of XPS Pensions Group plc

(name changed from Xafinity plc on 16 May 2018)

On behalf of the Directors of XPS Pensions Group plc (together the 'Directors'), I am pleased to invite you to attend the second Annual General Meeting ('AGM') of XPS Pensions Group plc (the 'Company') which will be held in the Windsor Room at Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB on Thursday 13 September 2018 at 2.00pm.

The formal Notice of AGM is set out on the following pages of this document, detailing the resolutions that the shareholders are being asked to vote on together with explanatory notes of the business to be conducted at the AGM. The AGM provides shareholders with an opportunity to communicate with the Directors and we would welcome your participation.

Voting

Voting on the business of the meeting will be conducted by way of a poll. The results of voting on the resolutions will be announced to the London Stock Exchange and posted on the Company's website as soon as practicable after the AGM.

Whether or not shareholders propose to attend the AGM, it is important that they complete, sign and return a Proxy Form or vote electronically as set out below. Shareholders should return the Proxy Form to the reply paid address shown on the Proxy Form or, for personal delivery, to Equiniti at Aspect House, Spencer Road, Lancing BN99 6DA. Alternatively shareholders may give their instructions electronically via the Registrar's website: www.sharevote.co.uk using the unique voting reference numbers printed on the Form of Proxy. If their shares are held in CREST, they may if preferred give instructions electronically via CREST as detailed in the notes to the Notice of AGM on page 9. To be valid, the Proxy Form must be lodged with the Company's registrars by not later than 2.00pm on Tuesday 11 September 2018.

The completion and return of a Proxy Form in hard copy or voting electronically will not prevent you from attending and voting at the AGM in person if you wish. If I am appointed as proxy I will vote in accordance with any instructions given to me. If I am given discretion as to how to vote, I will abstain on resolution 20 (see recommendation below) and vote in favour of each of resolutions 1 to 19 to be proposed at the AGM.

Recommendation

The Directors believe that the resolutions set out in the Notice of AGM are in the best interests of the Company and its shareholders as a whole and, other than resolution 20 (in respect of which the Directors make no recommendation as a result of a conflict of interests that affects all of the Directors), unanimously recommend that shareholders vote in favour of all the resolutions to be proposed at the AGM. The Directors who own ordinary shares in the Company intend to vote in favour of the resolutions to be proposed at the AGM, except for resolution 20, on which they propose to abstain.

I look forward to seeing you at the AGM.

Yours faithfully,



Tom Cross Brown
Chairman

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN that the **ANNUAL GENERAL MEETING** of XPS Pensions Group plc (the 'Company') will be held in the Windsor Room at Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB on Thursday 13 September 2018 at 2.00pm to consider and, if thought appropriate, pass the following resolutions of which Resolutions 1 to 15 will be proposed as ordinary resolutions and Resolutions 16 to 20 will be proposed as special resolutions.

Ordinary Resolutions:

Reports and Accounts

1. To receive the Directors' Report and Accounts of the Company for the year ended 31 March 2018 (the 'Annual Report').

Dividend

2. To declare a final dividend of 4.2 pence per ordinary share for the year ended 31 March 2018.

Directors' Remuneration

3. To approve the Directors' Remuneration Report for the year ended 31 March 2018 (excluding the Directors' Remuneration Policy), the full text of which is set out on pages 42 to 56 of the Annual Report.

Directors

4. To re-elect Tom Cross Brown as a Director.
5. To re-elect Alan Bannatyne as a Director.
6. To re-elect Margaret Snowdon OBE as a Director.
7. To re-elect Ben Bramhall as a Director.
8. To re-elect Paul Cuff as a Director.
9. To re-elect Mike Ainslie as a Director.
10. To re-elect Jonathan Bernstein as a Director.
11. To elect Jonathan Punter as a Director.
12. To elect John Batting as a Director.

Auditors

13. To re-appoint BDO LLP as auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the next AGM at which accounts are laid before the Company.
14. To authorise the Audit and Risk Committee of the Company to fix the remuneration of the auditors.

Directors' authority to allot shares

15. To generally and unconditionally authorise the Directors pursuant to and in accordance with Section 551 of the Companies Act 2006 (the '2006 Act') to exercise all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares of the Company:
(A) up to an aggregate nominal amount of £33,975.28; and
(B) comprising equity securities (as defined in Section 560(1) of the 2006 Act) up to a further aggregate nominal amount of £33,975.28 in connection with an offer by way of a rights issue;
such authorities to apply in substitution for all previous authorities pursuant to Section 551 of the 2006 Act and to expire at the end of the next Annual General Meeting or on 30 September 2019, whichever is the earlier, but in each case so that the Company may make offers and enter into agreements during the relevant period 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 the authority ends.

For the purposes of this Resolution, 'rights issue' means an offer to:

- (i) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
- (ii) holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory.

Special Resolutions:

Disapplication of pre-emption rights

16. That if Resolution 15 is passed, the Directors be authorised to allot equity securities (as defined in the Companies Act 2006 (the '2006 Act')) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561 of the 2006 Act did not apply to any such allotment or sale, such authority to be limited:
(A) to allotments for rights issues and other pre-emptive issues; and
(B) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (A) above) up to an aggregate nominal value of £5,096.29, being approximately 5% of the issued ordinary share capital as at 6 July 2018:
such authority to expire at the end of the next AGM of the Company or, if earlier, at the close of business on 30 September 2019 but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

17. That if Resolution 15 is passed, the Directors be authorised in addition to any authority granted under Resolution 16 to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be:
(A) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £5,096.29, being approximately 5% of the issued ordinary share capital as at 6 July 2018; and

Notice of the Annual General Meeting continued

(B) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice, such authority to expire at the end of the next AGM of the Company or, if earlier, at the close of business on 30 September 2019 but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

Authority to purchase own shares

18 To unconditionally and generally authorise the Company for the purpose of Section 701 of the Companies Act 2006 (the '2006 Act') to make market purchases (as defined in Section 693(4) of the 2006 Act) of ordinary shares of £0.0005 each in the capital of the Company provided that:

- (A) the maximum number of ordinary shares which may be purchased is 20,385,169;
- (B) the minimum price which may be paid for each ordinary share is £0.0005 (being the nominal value of an ordinary share);
- (C) the maximum price which may be paid for an ordinary share is an amount equal to the higher of (i) 105 per cent. of the average of the closing price of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such ordinary share is contracted to be purchased and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System; and
- (D) this authority shall expire at the conclusion of the Company's next Annual General Meeting or, if earlier, 30 September 2019 (except in relation to the purchase of ordinary shares the contract for which was concluded before the expiry of such authority and which might be executed wholly or partly after such expiry) unless such authority is renewed prior to such time.

Notice of general meetings

19. To authorise the Directors to call a general meeting other than an annual general meeting on not less than 14 clear days' notice.

Matters relating to a previous distribution

20 That:

- (A) the appropriation of distributable profits of the Company (as shown in the interim accounts of the Company made up to 30 November 2017 and filed with the Registrar of Companies on 21 June 2018) to the payment of the interim dividend of 2.1 pence per ordinary share paid on 8 February 2018 (the "Relevant Distribution") and having a total value of £2,836,249.20 be and is authorised by reference to the same record date as the original accounting entries for the Relevant Distribution;

- (B) any and all claims which the Company has or may have arising out of or in connection with the payment of the Relevant Distribution against its shareholders who appeared on the register of shareholders on the record date for the Relevant Distribution (or the personal representatives and their successors in title (as appropriate) of a shareholder's estate if he or she is deceased) be waived and released, and that a deed of release in favour of such shareholders (or the personal representatives and their successors in title (as appropriate) of a shareholder's estate if he or she is deceased) be entered into by the Company in the form produced to the AGM and initialled by the Chairman for the purposes of identification (the "Shareholders' Deed of Release") and any Director in the presence of a witness, any two Directors or any Director and the Company Secretary be authorised to execute the same as a deed poll for and on behalf of the Company; and
- (C) any and all claims which the Company has or may have against each of its Directors (or the personal representatives and their successors in title (as appropriate) of his or her estate if such Director is deceased) arising out of or in connection with the approval, declaration or payment of the Relevant Distribution be waived and released and that a deed of release in favour of each of such Directors (or the personal representatives and their successors in title (as appropriate) of his or her estate if such Director is deceased) be entered into by the Company in the form produced to the AGM and initialled by the Chairman for purposes of identification (the "Directors' Deed of Release") and any Director in the presence of a witness, any two Directors or any Director and the Company Secretary be authorised to execute the same as a deed poll for and on behalf of the Company.

By order of the Board



Prism Cossec Limited
Company Secretary
13 July 2018

Registered in England and Wales No. 08279139
Registered Office: Phoenix House, 1 Station Hill, Reading,
Berkshire RG1 1NB

Explanatory Notes to the Notice of Annual General Meeting

The notes on the following pages give an explanation of the proposed AGM Resolutions.

Resolutions 1 to 15 are proposed as ordinary resolutions. For each of these Resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 16 to 20 are proposed as special resolutions. For each of these Resolutions to be passed, at least three quarters of the votes cast must be in favour of the Resolution.

Resolution 1: Report and Accounts

The first item of business is the receipt by the shareholders of the Directors' report and accounts of the Company for the year ended 31 March 2018. The Directors' report, the accounts and the report of the Company's auditors on the accounts and on those parts of the Directors' Remuneration Report that are capable of being audited are contained within the Annual Report.

Resolution 2: Declaration of Dividend

Resolution 2 deals with the recommendation of the Directors that a final dividend of 4.2 pence per ordinary share be paid. If approved, it is intended that the dividend will be paid to ordinary shareholders on 27 September 2018 that were on the register at the close of business on 31 August 2018.

Resolution 3: Annual Remuneration Report

This resolution seeks shareholder approval of the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) for the year ended 31 March 2018 as set out on pages 42 to 56 of the Annual Report. The Company's auditors, BDO LLP, have audited those parts of the Directors' Remuneration Report that are required to be audited and their report may be found on pages 62 to 67 of the Annual Report.

This resolution is subject to an 'advisory vote' by shareholders. In the event that the resolution is not passed, the Directors' Remuneration Policy would normally need to be reconsidered by shareholders at the next AGM. In such circumstances, the Directors' Remuneration Policy would remain in force until the next AGM, notwithstanding any failure to pass this resolution.

The Directors' Remuneration Policy is contained in the Directors' Remuneration Report and can be found on pages 45 to 50 of the Annual Report. It sets out the policy of the Company with respect to the making of remuneration payments and payments for loss of office to the Directors. Under Section 439A of the Companies Act 2006, there must be a binding shareholder vote on the Directors' Remuneration Policy at least once every three years (unless the Directors wish to change the policy within that three year period). Such a binding shareholder vote on the existing Directors' Remuneration Policy was passed by resolution at the AGM of the Company held on 14 September 2017. All payments to Directors, past and present, must normally comply with the terms of that policy, unless specifically approved by shareholders in a general meeting.

Resolutions 4 to 12: Election of Directors

It is the intention of the Board that all Directors will submit themselves for annual re-election by shareholders in accordance with provision B.7.1 of the UK Corporate Governance Code.

In accordance with the Company's Articles of Association, Jonathan Punter and John Batting, both Directors of the Company, having not previously been elected by shareholders, are required to submit themselves for election by shareholders. Separate Resolutions are proposed for each of these elections.

Biographical details of each of the Directors who are seeking election appear on pages 10 to 11 of this document. The Board believes that each Director standing for election brings considerable and wide ranging skills and experience to the Board as a whole and continues to make an effective and valuable contribution to the deliberations of the Board. Each individual proposed for election has continued to perform effectively and demonstrate commitment to their role.

The Board reviews the independence of its Directors on an annual basis. In considering the independence of the independent non-executive Directors proposed for election, the Board has taken into consideration the guidance provided by the UK Corporate Governance Code. Accordingly, the Board considers Alan Bannatyne and Margaret Snowden OBE to be independent in accordance with Provision B.1.1 of the UK Corporate Governance Code.

Resolution 13: Re-appointment of Auditors

The auditors of a company must be appointed or re-appointed at each general meeting at which accounts are laid. Resolution 13 proposes, on the recommendation of the Audit and Risk Committee, the appointment of BDO LLP as the Company's auditors until the conclusion of the next general meeting of the Company at which accounts are laid.

Resolution 14: Remuneration of Auditors

This Resolution seeks shareholder consent for the Audit and Risk Committee of the Company to set the remuneration of the Auditors.

Resolution 15: Directors' authority to allot

The purpose of Resolution 15 is to renew the Directors' power to allot shares. The authority in paragraph (A) will allow the Directors to allot new shares and grant rights to subscribe for, or convert other securities into, shares up to approximately one third (33.3%) of the total issued ordinary share capital of the Company (exclusive of treasury shares) which as at 6 July 2018, being the latest practicable date prior to publication of this notice of meeting, is equivalent to a nominal value of £33,975.28.

The authority in paragraph (B) will allow the Directors to allot new shares and grant rights to subscribe for, or convert other securities into, shares only in connection with a rights issue up to a further nominal value of £33,975.28, which is equivalent to approximately one third (33.3%) of the total issued ordinary share capital of the Company (exclusive of treasury shares) as at 6 July 2018. The Company currently holds no shares in treasury.

Explanatory Notes to the Notice of Annual General Meeting continued

There are no present plans to undertake a rights issue or to allot new shares other than in connection with employee share incentive plans. The Directors consider it desirable to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities as they arise. If the Resolution is passed the authority will expire on the earlier of 30 September 2019 and the end of the Annual General Meeting in 2019.

Resolutions 16 and 17: Disapplication of pre-emption rights

If the Directors wish to allot new shares and other equity securities, or sell treasury shares, for cash (other than in connection with an employee share scheme), company law requires that these shares are offered first to shareholders in proportion to their existing holdings.

Resolution 16 deals with the authority of the Directors to allot new shares or other equity securities pursuant to the authority given by Resolution 15, or sell treasury shares, for cash without the shares or other equity securities first being offered to shareholders in proportion to their existing holdings.

Such authority shall only be used in connection with a pre-emptive offer, or otherwise, up to an aggregate nominal amount of £5,096.29, being approximately 5% of the total issued ordinary share capital of the Company as at 6 July 2018. As at 6 July 2018 the Company holds no treasury shares.

The Pre-emption Group Statement of Principles supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities (and sales of treasury shares for cash) representing no more than an additional 5% of issued ordinary share capital (exclusive of treasury shares), to be used only in connection with an acquisition or specified capital investment. The Pre-emption Group's Statement of Principles defines 'specified capital investment' as meaning one or more specific capital investment related uses for the proceeds of an issuance of equity securities, in respect of which sufficient information regarding the effect of the transaction on the company, the assets the subject of the transaction and (where appropriate) the profits attributable to them is made available to shareholders to enable them to reach an assessment of the potential return.

Accordingly, and in line with the template resolutions published by the Pre-emption Group, Resolution 17 seeks to authorise the Directors to allot new shares and other equity securities pursuant to the authority given by Resolution 15, or sell treasury shares, for cash up to a further nominal amount of £5,096.29, being approximately 5% of the total issued ordinary share capital of the Company as at 6 July 2018, only in connection with an acquisition or specified capital investment 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 issue. If the authority given in Resolution 17 is used, the Company will publish details of the placing in its next annual report.

If these resolutions are passed, the authorities will expire at the end of the next AGM or on 30 September 2019, whichever is the earlier.

The Board considers the authorities in resolutions 16 and 17 to be appropriate in order to allow the Company flexibility to finance business opportunities or to conduct a rights issue or other pre-emptive offer without the need to comply with the strict requirements of the statutory pre-emption provisions.

The Board intends to adhere to the provisions in the Pre-emption Group's Statement of Principles not to allot shares for cash on a non-pre-emptive basis (other than pursuant to a rights issue or pre-emptive offer) in excess of an amount equal to 7.5% of the total issued ordinary share capital of the Company within a rolling three-year period other than (i) after prior consultation with shareholders or (ii) in connection with an acquisition or specified capital investment 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.

Resolution 18: Purchase of own shares

The effect of Resolution 18 is to renew the authority granted to the Company to purchase its own ordinary shares, up to a maximum of 20,385,169 ordinary shares, until the Annual General Meeting in 2019 or 30 September 2019, whichever is the earlier. This represents 10% of the ordinary shares in issue as at 6 July 2018 (excluding any treasury shares held by the Company), being the latest practicable date prior to the publication of this notice. The Company currently holds no shares in treasury. The Company's exercise of this authority is subject to the stated upper and lower limits on the price payable (the upper limit being the price stipulated in Commission Delegated Regulation (EU) 2016/1052 as referred to in Article 5(6) of the EU Market Abuse Regulation) and the Listing Rules.

Pursuant to the Companies Act 2006, the Company can hold any shares which are repurchased as treasury shares and either re-sell them for cash, cancel them, either immediately or at a point in the future, or use them for the purposes of its employee share schemes. Holding the repurchased shares as treasury shares will give the Company the ability to re-sell or transfer them in the future and will provide the Company with additional flexibility in the management of its capital base. No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares. Shares held as treasury shares will not automatically be cancelled and will not be taken into account in future calculations of earnings per share (unless they are subsequently re-sold or transferred out of treasury).

The Directors consider it desirable and in the Company's interests for shareholders to grant this authority. The Directors have no present intention to exercise this authority, and will only do so if and when conditions are favourable with a view to enhancing net asset value per share.

Explanatory Notes to the Notice of Annual General Meeting continued

The Company will not, save in accordance with a predetermined, irrevocable and non-discretionary programme, repurchase shares in the close period immediately preceding the preliminary announcement of its annual or interim results as dictated by the Listing Rules or Market Abuse Regulations or, if shorter, between the end of the financial period concerned and the time of a relevant announcement or, except in accordance with the Listing Rules and the Market Abuse Regulations, at any other time when the Directors would be prohibited from dealing in shares.

As at 6 July 2018, being the latest practicable date prior to publication of this notice, there were no outstanding warrants or options to subscribe for ordinary shares in the Company (other than in respect of options granted under the Company's employee share schemes) and the Company did not hold any treasury shares.

Resolution 19: Notice of general meetings

Under the Companies Act 2006, as amended, the notice period required for all general meetings of the Company is 21 clear days, though shareholders can approve a shorter notice period for general meetings that are not annual general meetings, which cannot however be less than 14 clear days. Annual general meetings will continue to be held on at least 21 clear days' notice. The shorter notice period would not be used as a matter of routine for other general meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole. In the event that a general meeting is called on less than 21 clear days' notice, the Company will meet the requirements for electronic voting under The Companies (Shareholders' Rights) Regulations 2009. Shareholder approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

Resolution 20: Matters relating to a previous distribution

The Directors have become aware of a technical issue in respect of the payment of the interim dividend of 2.1 pence per ordinary share paid on 8 February 2018 (the "Relevant Distribution").

The Companies Act 2006 provides that a public company may pay a dividend out of its distributable profits as shown in the last accounts circulated to members or, if interim accounts are used, those that have been filed at Companies House. The requirement for the relevant accounts to have been filed applies even if the company in question has sufficient distributable profits at the relevant time.

The Company had sufficient profits and other distributable reserves to pay the Relevant Distribution as shown by the accounts at the relevant time. However, the Company did not file interim accounts at Companies House to satisfy the procedural requirements of the Companies Act 2006 before making the Relevant Distribution. Therefore the Relevant Distribution was made otherwise than in accordance with the Companies Act 2006.

The Company has been advised that, as a consequence of the Relevant Distribution having been made otherwise than in accordance with the Companies Act 2006, it may have claims against past and present shareholders who were recipients of the Relevant Distribution and against persons who were directors of the Company at the time of payment of the Relevant Distribution. The Board notes, however, that the Company has no intention of bringing any such claims.

In order to remedy the potential consequences of the Relevant Distribution having been made otherwise than in accordance with the Companies Act 2006 and to put all potentially affected parties so far as possible in the position in which they were always intended to be had the Relevant Distribution been made in accordance with the requirements of the Companies Act 2006, the Company is proposing Resolution 20, the full text of which is set out in the Notice of AGM.

If passed, the effect of Resolution 20, which will be proposed as a special resolution, will be to:

- authorise the appropriation of the distributable profits of the Company to the payment of the Relevant Distribution having a total value of £2,836,249.20;
- waive any and all claims which the Company has or may have in respect of the payment of the Relevant Distribution against its shareholders who appeared on the register of shareholders on the record date for the Relevant Distribution (or the personal representatives and their successors in title of the estate of any deceased shareholders), such waiver to be effected by way of the entry by the Company into a shareholders' deed of release (the "Shareholders' Deed of Release"); and
- waive any and all claims which the Company may have against its Directors (or the personal representatives and their successors in title (as appropriate) of a Director's estate if he or she is deceased), such waiver to be effected by way of the entry by the Company into a Directors' deed of release (the "Directors' Deed of Release").

The waiver of claims the Company has or may have in respect of the payment of the Relevant Distribution under the Shareholders' Deed of Release will, insofar as those persons remain shareholders of the Company, comprise a shareholder distribution.

The proposed authorisation of the appropriation of the Company's distributable profits to the payment of the Relevant Distribution and the entry by the Company into the Shareholders' Deed of Release will not, however, have any effect on the Company's financial position. This is because the aggregate amount of the Relevant Distribution is equal to and offset by the release of each Recipient Shareholder from the liability to repay the amount already paid, and the Company will not be required to make any further payments to shareholders in respect of the Relevant Distribution.

In addition, the Company has not recorded or disclosed the potential right to make claims against past or present shareholders who were recipients of the Relevant Distribution (or the personal representatives and their successors in title (as appropriate) of a shareholder's estate if he or she is deceased) ("Recipient Shareholders") as an asset or a contingent asset in its financial statements. Under the Company's EU International Financial Reporting Standards ("IFRS") accounting policies, it could only record such a right as an asset when an inflow of economic benefits in favour of the Company as a result of such claim or claims being brought was virtually certain. The value of any economic benefit which the Company may derive from bringing claims against the Recipient Shareholders is uncertain (and, in any case, incapable of reliable estimation) on the basis that it may be possible for the Recipient Shareholders to establish defences to any such claims and there can be no certainty as to the amounts which could be recovered by the Company.

Explanatory Notes to the Notice of Annual General Meeting continued

In addition, under IFRS, a contingent asset is required to be disclosed only when an inflow of economic benefits in favour of the Company is probable. The directors of the Company have concluded that any inflow of economic benefits as a result of such claims is less than probable.

Accordingly, the Company's entry into the Shareholders' Deed of Release will not result in any decrease in the Company's net assets or the level of its distributable reserves.

The entry by the Company into the Directors' Deed of Release will not have any effect on the Company's financial position because, as with the position in relation to the Relevant Distribution and potential claims against past and present shareholders, the Company has not recorded or disclosed its right potentially to make claims against past and present directors in respect of the Relevant Distribution as an asset or contingent asset of the Company.

Again, under the Company's IFRS accounting policies, it could only record such a right as an asset when an inflow of economic benefits in favour of the Company as a result of such claim or claims being brought was virtually certain. The value of any economic benefit which the Company may derive from bringing claims against past and present directors is uncertain (and, in any case, incapable of reliable estimation) on the basis that past and present directors would be entitled to seek the court's relief against such claims and there can be no certainty as to the amounts (if any) which could be recovered by the Company.

In addition, under IFRS, a contingent asset is required to be disclosed only when an inflow of economic benefits in favour of the Company is probable. The directors of the Company have concluded that any inflow of economic benefits as a result of such claims is less than probable.

Therefore, the Company's entry into the Directors' Deed of Release does not involve the disposition of any recognised asset or contingent asset by the Company in favour of past or present directors.

The entry by the Company into the Directors' Deed of Release, and consequential waiver of any rights of the Company to make claims against the Directors and the personal representatives (and their successors in title) of any deceased Directors in respect of the Relevant Distribution, constitutes a smaller related party transaction (as defined in the Listing Rules) as each of the Directors is a related party for the purposes of the Listing Rules.

In accordance with current best practice, and given the interests of the Directors in Resolution 20, the Directors have undertaken to abstain from voting on Resolution 20.

The approach that the Company is proposing by way of Resolution 20 is consistent with the approach taken by other UK incorporated companies whose shares are admitted to the UK Listing Authority's Official List and to trading on the Main Market of the London Stock Exchange and that have also made corporate distributions otherwise than in accordance with the Companies Act 2006, having failed to comply with the procedural requirement to file interim accounts specifically prepared for the purposes of the payment of a dividend or other distributions.

Further Notes

1. A shareholder is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend, speak and vote at the AGM. A proxy need not be a shareholder of the Company.
2. A shareholder may appoint more than one proxy in relation to the AGM, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the numbers of shares set out in the other proxy appointments is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid. A proxy may only be appointed in accordance with the procedures set out in this note 2 and notes 3 and 4 below and the notes to the Proxy Form.

The appointment of a proxy will not preclude a shareholder from attending and voting in person at the AGM.
3. A Proxy Form is enclosed. When appointing more than one proxy, complete a separate Proxy Form in relation to each appointment. The Proxy Form may be photocopied or additional Proxy Forms may be obtained by contacting the Company's Registrar, Equiniti, on 0371 384 2030. If you are outside the United Kingdom please call +44 121 415 7047. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 8.30am and 5.30pm Monday to Friday, excluding public holidays in England and Wales. State clearly on each Proxy Form the number of shares in relation to which the proxy is appointed. To be valid, a Proxy Form must be received by post or (during normal business hours only) by hand at the offices of the Company's Registrar, Equiniti, at Aspect House, Spencer Road, Lancing BN99 6DA, no later than 2.00pm on Tuesday 11 September 2018 (or, if the AGM is adjourned, no later than 48 hours before the time of any adjourned meeting).
4. As an alternative to completing the hard copy Proxy Form, a shareholder may appoint a proxy or proxies electronically by visiting www.sharevote.co.uk. Shareholders will need to enter their unique voting reference number as printed on the Proxy Form and agree to certain terms and conditions. For an electronic proxy appointment to be valid, the appointment must be received by Equiniti at Aspect House, Spencer Road, Lancing BN99 6DA, no later than 2.00pm on Tuesday 11 September 2018 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned AGM).
5. In the case of joint holders of a share the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names appear in the register of members in respect of the share.
6. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
7. Holders of ordinary shares are entitled to attend and vote at general meetings of the Company. The total number of issued ordinary shares (exclusive of treasury shares) in the Company on 6 July 2018, which is the latest practicable date before the publication of this document, is 203,851,691 carrying one vote each on a poll. Therefore, the total number of votes exercisable as at 6 July 2018 is 203,851,691.
8. Entitlement to attend and vote at the AGM, and the number of votes which may be cast at the meeting, will be determined by reference to the Company's register of members as at 6.30pm on Tuesday 11 September 2018 or, if the meeting is adjourned, 6.30pm on the day which is two business days' prior to the adjourned meeting (as the case may be). In each case, changes to the register of members after such time will be disregarded.
9. 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.
10. Shareholders meeting the threshold requirements set out in Section 527 of the Companies Act 2006 have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM for the financial year ended 31 March 2018; or (ii) any circumstance connected with an auditor of the Company appointed for the financial year ended 31 March 2018 ceasing to hold office since the previous meeting at which annual accounts and reports were laid. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 (requirements as to website availability) of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, 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 Annual General Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.
11. 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.
12. A copy of this notice and other information required by Section 311A of the Companies Act 2006 can be found at www.xpsgroup.com.

Further Notes continued

13. Each of the Resolutions to be put to the meeting will be voted on by poll and not by show of hands. A poll reflects the number of voting rights exercisable by each member and so the Board considers it a more democratic method of voting. Members and proxies will be asked to complete a poll card to indicate how they wish to cast their votes. These cards will be collected at the end of the meeting. The results of the poll will be published on the Company's website and notified to the UK Listing Authority once the votes have been counted and verified.

14. Under Sections 113 and 114 of the Companies Act 2006, a shareholder's name, address and the number of shares they hold in XPS Pensions Group plc must be made available on a Register of Members. XPS Pensions Group plc's share registrar is Equiniti Limited ('Equiniti') and they administer shareholder information on behalf of the Company.

XPS Pensions Group plc acts as a Data Controller when holding shareholder information. The Company has appointed Equiniti to carry out share registration services and in providing this service Equiniti acts as a Data Processor. Detailed information about how Equiniti process shareholder information can be found on their website (www.equiniti.com/uk/privacy). Key information about how shareholder information is processed can also be found on the Company's website (www.xpsgroup.com/investors/legal-regulatory/privacy-policy).

Members may not use any electronic address provided in either this notice of meeting or any related documents (including the enclosed Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

15. Copies of the executive Directors' service contracts, letters of appointment of the Non-Executive Directors, the Shareholders' Deed of Release and the Directors' Deed of Release may be inspected during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company at Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB.

16. Except as provided above, shareholders who have general queries about the AGM should call the Registrar's helpline on 0371 384 2030. If you are outside the United Kingdom please call +44 121 415 7047. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 8.30am and 5.30pm Monday to Friday; or write to the Registrar, Equiniti, at Aspect House, Spencer Road, Lancing BN99 6DA. No other methods of communication will be accepted.

17. Under Section 338 and Section 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company: (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is

defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than the date which is six clear weeks before the AGM, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

For CREST members only:

18. CREST members who wish to appoint a proxy or proxies for the meeting (or any adjournment of it) 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.

19. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message ('CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or 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 (Equiniti ID RA19) by no later than 2.00pm on Tuesday 11 September 2018 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned 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 Applications 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.

20. 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 messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instruction. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

21. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Board of Directors

Tom Cross Brown

Independent Non-executive Chairman

Tom Cross Brown was appointed Chairman of XPS in January 2017. He is currently a non-executive director of Artemis Alpha Trust plc and on 30 June 2018 stepped down as a non-executive member of the Management Committee of Artemis Investment Management LLP. Until 2003, he was chief executive officer of ABN AMRO Asset Management. Prior to joining ABN AMRO Asset Management in 1997, he spent 21 years at Lazard Brothers & Co., Limited, latterly as chief executive officer of Lazard Brothers Asset Management from 1994 to 1997. He was non-executive Chairman of Pearl Assurance plc from 2005 to 2009 and of Just Retirement Group from 2006 to 2016. Tom is Chairman of the Nomination Committee of XPS Pensions Group plc (formerly Xafinity plc) and a member of the Audit and Risk Committee and the Remuneration Committee.

Alan Bannatyne

Senior Independent Non-executive Director

After qualifying as a Chartered Accountant with Deloitte & Touche, Alan was Commercial Manager of Primecom and then Financial Director of Foresight, both subsidiaries of Primedia, a listed South African Media Group. Alan joined Robert Walters plc as Group Financial Controller in September 2002 and was appointed to the Board of Robert Walters plc as Group Finance Director in March 2007. He is Chairman of the Audit and Risk Committee of XPS Pensions Group plc, and a member of the Remuneration and Nomination Committees.

Margaret Snowdon OBE

Independent Non-executive Director

Margaret is a Pensions professional and experienced non-executive director. She is Chair of the Remuneration Committee of XPS Pensions Group plc, and a member of the Audit and Risk Committee and the Nomination Committee. Margaret is a non-executive director of the Pensions Regulator and a non-executive member of the Phoenix Group With Profits Committee. She also serves on the Advisory Board of Moneyhub Financial Technology Limited. She previously held partner and director level positions with leading employee benefit consultancies, as well as running her own pensions management consulting business. Among her many voluntary roles within the pensions industry, Margaret is Chair of the Pensions Administration Standards Association and of the Pension Scams Industry Group. She serves on the Council of the Pensions Policy Institute, and advises the Government on the national Pensions Dashboard and other matters.

Margaret was appointed an OBE in 2010 and has, uniquely, for seven years running been named as one of the Top 50 Influential People in Pensions and has received many awards for her contribution to Pensions.

Jonathan Punter

Non-executive Director

Jonathan Punter is the Punter Southall Group's chief executive officer and one of the founders of the Punter Southall Group. Jonathan began his actuarial career with Duncan C Fraser & Co, where he became a partner, prior to the company being acquired by William M Mercer. He has 40 years of experience in the actuarial profession, with particular expertise in the areas of UK pensions and investment strategy. Jonathan is also a Non-executive Director of River & Mercantile Group.

Jonathan Punter was appointed as a Non-executive Director of the Company pursuant to the Relationship Agreement entered into between Punter Southall Group Limited ('PSGL') and Xafinity plc on the completion of the Company's acquisition of Punter Southall Holdings Limited on 11 January 2018. The Relationship Agreement entitles PSGL to appoint one nominee director to the Board for so long as PSGL holds a beneficial interest, directly or indirectly, in ten per cent or more of the aggregate voting rights in the Company from time to time.

Ben Bramhall

Co-Chief Executive Officer

Ben is a senior actuary with around 20 years' experience in the pensions industry and advises a wide range of trustees and corporate sponsors on all matters relating to pension provision. Ben joined XPS in April 2014, and is primarily responsible for the day to day operations of the business. This covers the provision of services to XPS's existing clients, revenue generation and the Group's people agenda. Since joining XPS in April 2014, he has played a key role in the development and implementation of the strategy for XPS as well as the hiring of key staff and development of new services and infrastructure. Ben joined XPS from KPMG in London where he played a key role in its development from a small team to one of the leading providers of corporate pensions advisory services.

Paul Cuff

Co-Chief Executive Officer

Paul, who is a qualified actuary with almost 20 years' experience in the pensions industry, is Co-Chief Executive Officer alongside Ben Bramhall. Paul was a partner at KPMG for 8 years, and joined XPS in October 2016. Immediately prior to joining XPS, Paul was head of the KPMG London pensions team, where he was instrumental in growing the London pensions business. Paul is primarily responsible for raising the profile of XPS in the market and generating new business. This covers both growing the client base in the Group's traditional service areas and the development of new service offerings to help clients meet the challenges they face as the market evolves. Paul is also responsible for the Group's strategy with regard to acquisitions and investment, including, for example, the development of technology.

Mike Ainslie

Chief Financial Officer

Mike is a Chartered Accountant who, on leaving the profession, spent 18 years in Corporate Banking working for a US Bank. His roles included Head of Audit, CFO and COO for the Bank's International operations. For the last 10 years he has worked as CFO or COO for a number of fast growing companies owned by Private Equity or other investment firms. The industries covered include: Life Insurance; Anti-Money Laundering Due Diligence; Offshore Company Formation and Administration and Social Media Analytics (SaaS). Mike joined XPS in October 2015 and as CFO, Mike is responsible for the finance, legal and compliance functions.

Board of Directors continued

Jonathan Bernstein

Head of Pensions

Jonathan is a senior actuary with over 25 years' experience in the pensions industry. He joined XPS Pensions Group (XPS) in June 2015 and was made Head of Pensions at XPS in January 2016. Jonathan is responsible for the pensions consulting/actuarial business, as well as wider business matters. His main responsibility is to ensure there is effective management of the Pensions business at all office locations of the group, so that the business runs efficiently and as 'one team' of highly motivated staff and that XPS's strategy is successfully implemented. Jonathan provides advice on all aspects of UK pension schemes for some of XPS's largest clients. Prior to joining XPS, Jonathan was a senior partner at Mercer, UK. He has extensive experience of operational management, having run Mercer's Tower Retirement Unit for approximately five years before taking on a regional management role. His last role at Mercer was as UK Chief Actuary where Jonathan managed commercial risks across Mercer's Retirement Consulting business as well as leading on all aspects of professionalism and quality for approximately 500 qualified and trainee actuaries.

John Batting

Executive Director

John Batting was appointed as an Executive Director of the Company on 11 January 2018, on completion of the acquisition of Punter Southall Holdings Limited, having been CEO of Punter Southall Limited since 2004. He was one of the four founders of BGJ & Co Limited, an actuarial consulting business which was established in 1993 and subsequently merged with the Punter Southall businesses in 2002. He is a Scheme Actuary with over 38 years of experience in the actuarial profession, providing pensions and investment advice to both trustees and sponsoring companies, and has acted as an expert witness on pension matters.