

THIS DOCUMENT IS IMPORTANT. Shareholders (Shareholders) of City of London plc (the Company) who are in any doubt as to what action to take should consult an appropriate independent advisor. If you have sold or transferred all your shares in the Company, this circular and the form of proxy with it should be passed to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.



CITY OF LONDON GROUP PLC
Mercury House, Triton Court, Finsbury Square, London EC2A 1BR
Registered in England No 1539241

15 February 2010

Dear Shareholder,

General Meeting of the Company

A. Introduction

Attached to this letter is a notice for a General Meeting of the Company (the **General Meeting**) to be held on 11 March 2010 at 11 am at Mercury House, Triton Court, 14 Finsbury Square, London, EC2A 1BR.

The General Meeting is being held in order that Shareholders of the Company may be asked to consider the approval of new employee share scheme arrangements that are proposed to be put in place by the Company. Further details of the business to be considered at the General Meeting are set out below.

B. The Resolutions

The resolutions to be considered may be briefly described as follows:

Resolution 1 is being proposed to approve the adoption of the City of London Group plc Annual and Deferred Incentive Plan (the **Incentive Plan**), which would be used to provide cash and equity incentives over ordinary shares of 10p each in the capital of the Company (**Ordinary Shares**) to selected employees (including executive directors). A summary of the principal terms of the Incentive Plan is set out in Paragraph D of this letter. Resolution 1 requires an ordinary resolution in accordance with the listing rules made by the UK Listing Authority in accordance with section 73A(2) of Part VI Financial Service and Markets Act 2000 relating to admission to the Official List of the UK Listing Authority (the **Listing Rules**).

Resolution 2 is being proposed to approve the grant of options to Eric Anstee, John Kent, Trevor Hanham and Graham White over the total of 230,000 Ordinary Shares at an exercise price of 55.8 pence per Ordinary Share (**Fixed Price Options**). A summary of the principal terms of the Fixed Price Options is set out in Paragraph E of this letter. Resolution 2 requires an ordinary resolution in accordance with the Listing Rules.

Resolution 3 is being proposed to approve the grant of options to Eric Anstee and John Kent over a total of 179,212 Ordinary Shares with an exercise price per Ordinary Share equal to the closing middle market quotation of an Ordinary Share on the dealing day immediately preceding the date on which the option is exercised (**Market Value Options**). A summary of the principal terms of the Market Value Options is set out in Paragraph F of this letter. Resolution 3 requires an ordinary resolution in accordance with the Listing Rules.

C. Background and rationale

On 11 November 2009, the Company announced the appointment of a new top management team with strong city experience and reputation, including two new directors of the Company: Eric Anstee as Chief Executive and John Kent as Executive Director, Corporate Development. This is a key step in the development of the Company following the disposal of its Public Relations business in December 2007 to concentrate upon building a portfolio of interests in the financial services sector. Whilst a number of steps have been taken, it has been a key objective of the board to recruit a top-flight executive team to take the strategy forward in a more dynamic way.

Having secured the team, it is appropriate to provide an employment package that best aligns their interests with those of the Company and its Shareholders.

Eric and John have expressed a desire to invest directly in Ordinary Shares and in a meaningful amount. The board considers it important that directors should hold Ordinary Shares. However, Shareholders may be aware that there is very little liquidity in Ordinary Shares, so the board has agreed, subject to approval of the Shareholders, to facilitate the holding of Ordinary Shares by Eric and John by granting the Market Value Options to them. The Market Value Options would be exercisable for a period of six months following their grant, with the exercise of such Market Value Options being satisfied by the issue of Ordinary Shares from treasury.

It is also proposed to grant Fixed Price Options over a total of 170,000 Ordinary Shares to Eric and John. The Fixed Price Options would become exercisable in full on 11 November 2012 subject to the Optionholder having remained in service with the group until that date.

The exercise price per Ordinary Share of the Fixed Price Options (55.8 pence) is equal to the average closing middle market quotations of an Ordinary Share for the three dealing days immediately preceding 11 November 2009, being the date of announcement of the appointment of Eric and John as new executive directors of the Company. This exercise price per Ordinary Share is at a discount of 30 per cent. to the Company's net asset value per Ordinary Share as at 31 January 2010.

At the same time, we are taking the opportunity to grant Fixed Price Options over a total of 60,000 Ordinary Shares, on the same terms, to a new senior manager, Trevor Hanham, and to an established senior manager, Graham White, our Group Financial Controller. It is proposed that both Trevor and Graham be granted Fixed Price Options over 30,000 Ordinary Shares each.

The Company's existing employee share incentive arrangements, which are based on share options, are long outdated and there are only a few options still in existence. We have therefore also taken the opportunity to seek to establish the new Incentive Plan, which

would be used to provide cash and equity incentives over Ordinary Shares to selected employees (including executive directors).

D. Summary of the principal terms of the Incentive Plan

1 Introduction

The main terms of the Incentive Plan are summarised below.

The Incentive Plan will be used to provide cash and equity incentives over Ordinary Shares to selected employees (including executive directors). It is appropriate to provide an employment package that over time best aligns the interests of executives with those of the Company and its Shareholders.

Allocations will be made to participants in the Incentive Plan from a bonus pool, the value of which will depend on a minimum annual growth in the Company's net asset value (**NAV**) or total shareholder return (**TSR**).

One third of the bonus allocation will vest following the end of the relevant financial year and the remaining two thirds will be deferred into conditional equity awards.

If approved and adopted, it is currently proposed that the Incentive Plan will be reviewed after five years, with the final bonus allocation available in respect of the financial year of the Company ending 31 March 2014.

Set out below are the principal features of the Incentive Plan and copy of the draft rules of the Incentive Plan are available for inspection at the registered office of the Company.

2 Operation and administration

The remuneration committee of the board of directors of the Company (the **Committee**) will oversee the Incentive Plan having regard to the need to incentivise and retain the best people whilst aligning their interests with those of the Company's Shareholders.

3 Bonus Pool

In respect of each financial year, the available bonus pool (the **Bonus Pool**) shall be calculated as 20 per cent. of the higher of:

- (a) the NAV growth of the Company during the financial year which exceeds 8 per cent growth; or
- (b) the TSR of the Company during the financial year which exceeds 8 per cent.

In respect of the financial year ended 31 March 2010, the available Bonus Pool shall be based on the growth in NAV or TSR from 11 November 2009 (being the date of appointment of Eric Anstee and John Kent as initial participants in the Incentive Plan), with the same 8 per cent. target.

No Bonus Pool will be available in respect of any financial year unless either the NAV growth or TSR of the Company has exceeded 8 per cent.

NAV growth shall be determined by reference to the Company's accounts for the relevant financial year.

TSR shall be calculated on the assumption that any dividends are re-invested and using the average of the closing Ordinary Share prices for the 30 consecutive dealing days immediately preceding the start and end of the relevant financial year.

4 Eligibility

The Committee will allocate the Bonus Pool in respect of each financial year to such participants and in such individual proportions as the Committee shall, in its absolute discretion, determine. Employees and executive directors of the group will be eligible, but not entitled, to participate in the Incentive Plan.

5 Annual Bonus

One third of a participant's allocation from the Bonus Pool shall vest immediately following the announcement of the Company's results for the relevant financial year.

The annual bonus will be paid in cash to the extent that the Company has available distributable profits and cash reserves. Otherwise, the annual bonus will be paid by the allotment of Ordinary Shares and based on the market value of the Ordinary Shares at that time.

All annual bonuses are non-pensionable.

6 Deferral

Two thirds of a participant's allocation from the Bonus Pool shall be delivered in the form of the grant of a deferred award over the equivalent number of Ordinary Shares (a **Deferred Award**) following the announcement of the Company's results for the relevant financial year.

The market value of an Ordinary Share for the purposes of determining the number of Ordinary Shares subject to the Deferred Award shall be the average of the closing Ordinary Share prices for the three consecutive dealing days immediately following the announcement of the Company's annual results for the relevant financial year.

No Deferred Awards may be granted at a time when dealings in Ordinary Shares are prohibited under the Company's dealing code.

7 Deferred Awards

Deferred Awards over Ordinary Shares may be granted in such manner and form as the Committee may, in its absolute discretion, determine including as conditional shares awards, nil-cost options, forfeitable and restricted shares or as interests in shares (or any combination thereof).

50 per cent. of the Ordinary Shares subject to a Deferred Award shall vest on the first anniversary of grant and the remaining 50 per cent. shall vest on the second anniversary of grant, provided that the Committee is satisfied that:

- (a) the NAV or TSR of the Company achieved at the end of the financial period relevant to the Bonus Pool has been sustained over the preceding financial year(s) comprised in the deferred period; and
- (b) the participant has remained in employment with the group until the relevant vesting date (unless he ceases employment as a good leaver - see paragraph 8 below).

Deferred awards may be satisfied by the allotment or transfer of existing Ordinary Shares or by the issue of Ordinary Shares from treasury.

8 Cessation of employment

If a participant's employment with the group ceases prior to the vesting of a Deferred Award due to death, injury, ill-health, disability, redundancy, retirement, resignation other than to join a competitor or on a sale of the participant's business or employing subsidiary out of the group or for any other reason specifically permitted by the Committee (other than gross misconduct), such participant's Deferred Award may vest in accordance with the Incentive Plan rules in due course and subject to the requirement of sustained performance (as summarised at paragraph 7(a) above) unless the Committee, in its absolute discretion, determines that early vesting is appropriate.

In such circumstances, the number of Ordinary Shares which vest shall be reduced on a pro-rated basis to reflect the reduced period over which the participant was employed during the relevant deferral period.

If a participant's employment with the group ceases prior to the vesting of the Deferred Award other than for a reason set out above, his Deferred Award (or proportion of such award) shall immediately lapse.

9 Voting and distributions

Participants will have no voting rights in respect of Ordinary Shares subject to Deferred Awards granted as options or conditional awards. However, the number of Ordinary Shares subject to a conditional award over Ordinary Shares shall be increased to reflect any distributions (including dividends) paid by the Company from the date of grant until the Deferred Award vests. The number of additional Ordinary Shares will reflect the net distribution which would have been received by the participant if he had been the owner of the Ordinary Shares subject to the Deferred Award and will be determined using the ex-dividend value of the Ordinary Shares. The additional Ordinary Shares will be subject to the applicable terms of the Deferred Award.

Where Deferred Awards are granted in the form of forfeitable shares or restricted shares, such shares will carry voting and distribution rights as with all Ordinary Shares.

All Deferred Awards are non-transferable and non-pensionable

10 Takeover, change of control and winding-up

In the event of a takeover, change of control or winding-up, unvested Deferred Awards will vest in full subject to the requirement of sustained performance (as summarised at paragraph 7(a) above).

11 Variation of share capital and special dividends

In the event of any variation in the share capital of the Company or any capitalisation of profits or reserves by way of any consolidation, sub-division or reduction of the share capital of the Company and in respect of any discount element in any rights issue or any other variation in the share capital of the Company or upon payment of a special dividend, the number of Ordinary Shares subject to an Deferred Award may be varied in such manner as the Board considers appropriate.

12 Employee Benefit Trust

The Board may establish one or more employee benefit trusts (**EBTs**) for the purpose of settling Deferred Awards. Any new EBT which is established shall not be capable of holding more than five per cent. (5%) of the outstanding share capital of the Company at any time.

The EBT may also grant Deferred Awards under the terms of the Incentive Plan. Any awards granted by the EBT shall be subject to the recommendation of the Committee, with respect to the terms of such award and the exercise of any discretions. The same performance, employment and other vesting conditions shall be applied to awards granted by any EBT as are applied to awards granted by the Company.

In order that the EBT may satisfy the vesting of Deferred Awards, the Company may issue Ordinary Shares to the EBT or establish funding arrangements with the EBT in order to enable it to acquire Ordinary Shares in the market.

Deferred Awards granted in the form of forfeitable shares may be acquired by the EBT and a participant as joint owners.

13 Amendments

The Incentive Plan may be amended in any respect by the Committee provided that (subject to the exceptions set out below) the prior approval of the Company in general meeting is required before amendments may be made to the material benefit of participants (in respect of either their subsisting awards or future participation) to any provisions relating to.

- (a) the persons who may be invited to participate in the Incentive Plan;
- (b) the basis on which the Bonus Pool is calculated;
- (c) the basis for determining participants' entitlements to, and the material terms of, Deferred Awards;
- (d) the adjustment of Deferred Awards in the event of a variation of capital; and
- (e) the rules relating to amendmes to the Incentive Plan.

No amendment may be made to the rules of the Incentive Plan if it would (to a material extent) adversely affect the rights of participants without the approval of participants holding awards over the majority of Ordinary Shares subject to subsisting awards.

However, neither Shareholders' nor participants' approval will be required for:

- (a) minor amendments to benefit the administration of the Incentive Plan or other amendments desirable or necessary to take account of changes in legislation, exchange control or regulatory treatment provided such amendments do not alter the basic principles of the Incentive Plan; or
- (b) modifications to the terms of the Incentive Plan to obtain or maintain favourable tax treatment (for the participants or the group) and if considered necessary and expedient the Committee may without further formality adopt sub-plans or schedules to the Incentive Plan suitable for such purpose provided that the terms of the awards granted pursuant to such modifications, sub-plans or schedules shall not be materially more favourable overall than the terms of awards granted under the Incentive Plan as set out in this summary

E. Summary of the principal terms of the Fixed Price Options

1 Introduction

Options over Ordinary Shares are proposed to be granted to two new executive directors of the Company, Eric Anstee and John Kent, one new senior manager of the Company, Trevor Hanham, and one existing senior manager of the Company, Graham White, (the **Optionholders**) over 100,000, 70,000, 30,000 and 30,000 Ordinary Shares respectively, with an exercise price of 55.8 pence per Ordinary Share.

Such options are proposed to be granted pursuant to a one-off scheme under which option agreements will be entered into by the Company and each of the Optionholders. The main terms of the proposed options are summarised below. It is appropriate to provide an employment package that over time best aligns the interests of executives with those of the Company and its Shareholders.

A copy of the draft option agreements in respect of the options proposed to be granted to the Optionholders pursuant to the new scheme are available for inspection at the registered office of the Company.

2 Exercise price

The exercise price per Ordinary Share of the proposed options (55.8 pence) is equal to the average closing middle market quotations of a Ordinary Share for the three dealing days immediately preceding 11 November 2009, being the date of announcement of the appointment of Eric Anstee and John Kent as new executive directors of the Company (the **Appointment Date**).

This exercise price per Ordinary Share is at a discount of 30 per cent. to the Company's net asset value per Ordinary Share as at 31 January 2010.

3 Exercise of Options

The options shall become exercisable in full on 11 November 2012 (being the third anniversary of the Appointment Date) subject to the Optionholder having remained in service with the group until that date (unless he ceases employment as a good leaver - see paragraph 4 below).

Options shall lapse on 11 November 2019 to the extent unexercised, being the tenth anniversary of the Appointment Date.

Options may be satisfied by the allotment or transfer of existing Ordinary Shares or by the issue of Ordinary Shares held in treasury.

4 Cessation of employment

Early exercise of options is permitted if an Optionholder's employment with the group ceases prior to 11 November 2012 due to his death (by his personal representatives) injury, ill-health, disability, redundancy, retirement or on a sale of the Optionholder's business or employing subsidiary out of the group or for any other reason (other than gross misconduct) specifically permitted by the remuneration committee of the board of directors of the Company (the **Committee**). In these circumstances, the number of Ordinary Shares which may be acquired on exercise shall be reduced on a pro-rated basis to reflect the reduced service period (unless the Committee, in its absolute discretion, determines otherwise)

If an Optionholder's employment with the group ceases prior to 11 November 2012 other than for a reason set out above, his option will immediately lapse.

5 Takeover, change of control and winding-up

In the event of a takeover, change of control or winding up prior to the third anniversary of the date of grant of an option, an option shall become exercisable and the number of Ordinary Shares which may be acquired on exercise shall be reduced on a pro-rated basis to reflect the reduced service period (unless the Committee, in its absolute discretion, determines otherwise).

6 Voting and other rights

Prior to the exercise of an option, Optionholders will have no voting or dividend rights in respect of the Ordinary Shares subject to their option.

All options are non-transferable and non-pensionable.

7 Variation of share capital and special dividends

In the event of any variation in the share capital of the Company or any capitalisation of profits or reserves by way of any consolidation, sub-division or reduction of the share capital of the Company and in respect of any discount element in any rights issue or any other variation in the share capital of the Company or upon payment of a special dividend, the number of Ordinary Shares subject to an option may be varied in such manner as the Committee considers appropriate.

8 Amendments

The terms of an option may be amended in any respect by agreement between the Committee and the relevant Optionholder, provided that the prior approval of the Company in general meeting is required before amendments may be made to the material benefit of an Optionholder.

F. Summary of the principal terms of the Market Value Options

1 Introduction

Options over a total of 179,212 Ordinary Shares are proposed to be granted to two new executive directors of the Company, Eric Anstee (over 89,606 Ordinary Shares) and John Kent (over 89,606 Ordinary Shares) (the **Optionholders**).

Such options are proposed to be granted pursuant to a one-off scheme under which option agreements will be entered into by the Company and each of the Optionholders. The main terms of the proposed options are summarised below.

The options shall be satisfied by the issue of Ordinary Shares from treasury and are proposed to be granted in order to facilitate the holding of Ordinary Shares by the Optionholders at a time when it is not possible for the Optionholders to acquire Ordinary Shares in the market.

A copy of the draft option agreements in respect of the options proposed to be granted to the Optionholders are available for inspection at the registered office of the Company.

2 Exercise price

The exercise price per Ordinary Share of an option is proposed to be equal to the closing middle market quotation of a Ordinary Share on the dealing day immediately preceding the date on which the option is exercised. However, if there are no dealings in Ordinary Shares on this date, the exercise price per Ordinary Share of an option would be equal to the closing middle market quotation of a Ordinary Share on the dealing day preceding the date on which the option is exercised on which dealings in Ordinary Shares last occurred.

3 Exercise of Options

The options may be exercised immediately following grant and shall remain exercisable for the period of six months following grant subject to the Optionholder having remained in service with the group until the date of exercise.

The options shall lapse on the date which is six months following the date of their grant. However, If an Optionholder's employment with the group ceases for any reason before this date, or if there is a takeover, change of control or winding up of the Company before this date, his option will immediately lapse.

4 Voting and other rights

Prior to the exercise of an option, Optionholders will have no voting or dividend rights in respect of the Ordinary Shares subject to their option.

All options are non-transferable and non-pensionable.

5 Variation of share capital and special dividends

In the event of any variation in the share capital of the Company or any capitalisation of profits or reserves by way of any consolidation, sub-division or reduction of the share capital of the Company and in respect of any discount element in any rights issue or any other variation in the share capital of the Company or upon payment of a special dividend, the

number of Ordinary Shares subject to an option may be varied in such manner as the Committee considers appropriate.

6 Amendments

The terms of an option may be amended in any respect by agreement between the Committee and the relevant Optionholder, provided that the prior approval of the Company in general meeting is required before amendments may be made to the material benefit of an Optionholder.

G. Action to be taken

You are requested to complete and sign the enclosed form of proxy for use at the General Meeting and to return it to: Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Kent, BR3 4TU so as to arrive as soon as possible and, in any event, **not later than 11am on 9 March 2010**. Completion of a form of proxy does not prevent you from attending and voting at the General Meeting in person should you wish to do so.

If you are in any doubt as to what action to take you should consult an appropriate independent advisor.

If you have sold or transferred all your Ordinary Shares, this circular and the form of proxy with it should be passed to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

H. Recommendation

Your Board considers that the resolutions to be proposed at the General Meeting are in the best interests of the Company and its Shareholders as a whole and unanimously recommend Shareholders to vote in favour of the resolutions at the General Meeting as they intend to do so in respect of their own beneficial holdings which in aggregate amount to 2,201,470 Ordinary Shares representing in aggregate approximately 22.4% of the total voting rights of the Company.

Yours sincerely,

Henry Lafferty
Chairman

CITY OF LONDON GROUP PLC

Company Number 01539241
(the **Company**)

Notice of General Meeting

NOTICE IS HEREBY GIVEN THAT a General Meeting of the Company will be held on 11 March 2010 at 11am at Mercury House, Triton Court, 14 Finsbury Square, London, EC2A 1BR to consider and if deemed fit approve resolutions 1 to 3 as ordinary resolutions:

1 THAT the City of London Group plc Annual and Deferred Incentive Plan (the **Incentive Plan**) (the principal terms of which are summarised in Paragraph D of the Chairman's letter which accompanies this Notice and a copy of the draft rules of which were produced to the Meeting, for the purpose of identification initialled by the Chairman) be and is hereby approved and adopted and the directors be and are hereby authorised to do all such acts and things necessary or expedient to carry the Incentive Plan into effect.

2 THAT the grant of the options over:

- (A) 100,000 Ordinary Shares to Eric Anstee; and
- (B) 70,000 Ordinary Shares to John Kent;
- (C) 30,000 Ordinary Shares to Trevor Hanham; and
- (D) 30,000 Ordinary Shares to Graham White,

(the principal terms of which are summarised in Paragraph E of the Chairman's letter which accompanies this Notice and a copy of such draft option agreements which were produced to the Meeting, for the purpose of identification initialled by the Chairman), be and are hereby approved and the directors be and are hereby authorised to do all such acts and things necessary or expedient to carry such option grants into effect.

3 THAT the grant of the options over:

- (A) 89,606 Ordinary Shares to Eric Anstee; and
- (B) 89,606 Ordinary Shares to John Kent;

(the principal terms of which are summarised in Paragraph F of the Chairman's letter which accompanies this Notice and a copy of such draft option agreements which were produced to the Meeting, for the purpose of identification initialled by the Chairman), be and are hereby approved and the directors be and are hereby authorised to do all such acts and things necessary or expedient to carry such option grants into effect.

Date: 15 February 2010

BY ORDER OF THE BOARD

Registered Office:
Mercury House
Triton Court
14 Finsbury Square
London
EC2A 1BR



D W Armour
COMPANY SECRETARY

Explanatory Notes:

1. The principal terms of the Incentive Plan and the options that are proposed to be granted pursuant to the new arrangements are summarised in Paragraphs D, E and F respectively of the Chairman's letter which accompanies this Notice.
2. Copies of the draft rules of the Incentive Plan and the draft agreements in respect of the options that are proposed to be granted pursuant to the new arrangements are available for inspection at the registered office of the Company from the date of this notice until the conclusion of the meeting, and at the meeting itself.

Notes:

- 1 A member is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company but must attend the meeting for the member's vote to be counted. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different Ordinary Share or Ordinary Shares held by the member.
- 2 A Form of Proxy is provided with this Notice for members. If a member wishes to appoint more than one proxy and so requires additional proxy forms, the member may photocopy the proxy form. To be valid, the Form of Proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be received by post or (during normal business hours only) by hand at the Company's registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Kent BR3 4TU not less than 48 hours before the time of the holding of the meeting or any adjournment thereof. Completion and return of the Form of Proxy will not preclude members from attending and voting at the meeting should they wish to do so. Amended instructions must also be received by the Company's registrars by the deadline for receipt of Forms of Proxy.
- 3 The proxy appointment and any power of attorney or other authority under which the proxy appointment is made must be received by Capita Registrars not less than 48 hours before the time for holding the meeting or adjourned meeting or (in the case of a poll taken subsequently to the meeting or adjourned meeting) not less than 24 hours before the time appointed for taking the poll at which it is to be used.
- 4 Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 Companies Act 2006 (a **Nominated Person**) should note that the provisions in Notes 1-3 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.

Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.

- 5 Pursuant to Regulation 41(1) of the Uncertificated Securities Regulations 2001 (as amended) and for the purposes of section 360B Companies Act 2006, the Company has specified that only those members registered on the register of members of the Company at 11 a.m. on 9 March 2010 (the **Specified Time**) (or, if the meeting is adjourned to a time

more than 48 hours after the Specified Time, by 11 am on the day which is two days prior to the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of Ordinary Shares registered in their name at that time. If the meeting is adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

- 6 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, if it is appointing more than one corporate representative, it does not do so in relation to the same Ordinary Shares. It is therefore no longer necessary to nominate a designated corporate representative.
- 7 Voting at the meeting on all resolutions will be conducted by way of a poll rather than a show of hands. The Company considers this to be a more transparent method of voting as member votes will be counted according to the number of Ordinary Shares held. As soon as practicable following the meeting, the results of the voting at the meeting and the number of proxy notes cast for and against and the number of votes actively withheld in respect of each of the resolutions proposed at the meeting will be announced via a Regulatory Information Service and also placed on the Company's website www.cityoflondongroup.com.
- 8 Any member attending the meeting has the right to ask questions. The Company must cause to be answered any question relating to the business being dealt with at the meeting put by a member attending the meeting. However, members should note that no answer need be given in the following circumstances:
 - (i) if to do so would interfere unduly with the preparation of the meeting or would involve a disclosure of confidential information;
 - (ii) if the answer has already been given on a website in the form of an answer to a question; or
 - (iii) if it is undesirable in the interests in the Company or the good order of the meeting that the question be answered.
- 9 As at 12 February 2010, being the last business day prior to the printing of this Notice, the Company's issued capital (excluding shares held in treasury) consisted of 9,811,642 Ordinary Shares carrying one vote each. Therefore, the total voting rights in the Company as at 12 February 2010 are 9,811,642.
- 10 This Notice, together with information about the total numbers of Ordinary Shares in the Company in respect of which members are entitled to exercise voting rights at the meeting as at 12 February 2010, being the last business day prior to the printing of this Notice and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice, will be available on the Company's website www.cityoflondongroup.com.
- 11 Any electronic address provided either in this Notice or in any related documents (including the Form of Proxy) may not be used to communicate with the Company for any purposes other than those expressly stated.