

CITY OF LONDON GROUP PLC

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS GIVEN that the Annual General Meeting of the Company will be held at 10.00am on Tuesday 23 September 2014 at Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London, EC1Y 4AG to consider the following resolutions, of which numbers 1 to 9 will be proposed as ordinary resolutions and numbers 10 to 13 will be proposed as special resolutions:

1. To receive the report and accounts for the year ended 31 March 2014.
2. To approve the remuneration policy.
3. To approve the remuneration report for the year ended 31 March 2014.
4. To elect Andrew Crowe as a director.
5. To elect Paul Milner as a director.
6. To re-elect Howard Goodbourn as a director.
7. To re-elect John Kent as a director.
8. To re-appoint BDO as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the members and to authorise the directors to determine their remuneration.
9. That, the directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights") up to an aggregate nominal value of £673,550 during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the next Annual General Meeting of the Company or on 30 September 2015 whichever is earlier and provided further that the Company shall be entitled before such expiry to make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot shares and grant Rights under such offer or agreement as if this authority had not expired.

Special Resolutions

10. That, subject to the passing of resolution 9 above, the directors be empowered under section 570 of the Act to allot equity securities, as defined in section 560 of the Act, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment or allotments of equity securities up to a nominal amount or (in the case of any other equity securities) giving the right to subscribe for or convert into relevant shares having a nominal amount, not exceeding in aggregate £202,060 and this power shall expire at the conclusion of the next Annual General Meeting of the Company or on 30 September 2015 whichever is earlier except that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot securities under such offer or agreement as if this power had not expired.
11. That, subject to the passing of resolutions 9 and 10 above, the directors be authorised to exercise the powers conferred on them by resolutions 9 and 10 to undertake issues of shares or sales of treasury shares for a cash consideration at a discount of up to 10 per cent to the consolidated net asset value of those shares.

12. That the Company be generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) on the London Stock Exchange subject to the following conditions:

(i) the maximum number of ordinary shares authorised to be purchased shall be 2,020,600;

(ii) the minimum price which may be paid for a share shall be the nominal value of such share and the maximum price which may be paid shall be not more than 5 per cent above the average of the middle market quotations for ordinary shares of the Company as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding that on which such market purchases are made (in each case exclusive of expenses);

(iii) unless previously revoked or varied, the authority conferred by this resolution shall terminate on the conclusion of the next Annual General Meeting of the Company or 30 September 2015, whichever is the earlier; and

(iv) the Company may make a contract to purchase ordinary shares under this authority prior to the expiry of such authority which may be or will be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares under such contract notwithstanding such expiry.

13. That any general meeting of the Company other than an annual general meeting may be called on not less than 14 days' notice.

By order of the Board
Lorraine Young
Company Secretary

Registered office
30 Cannon Street
London
EC4M 6XH

28 July 2014

Notes

1. If you are a member entitled to attend and vote at the meeting, you may appoint one or more proxies to attend and vote on your behalf. A proxy need not be a member of the Company. A form of proxy is enclosed. If you appoint a proxy it will not prevent you from attending the meeting and voting in person.

2. You must send the form of proxy and any power of attorney or other authority under which it is signed, (or a notarially certified copy of such power or authority), to the Company's registrars: Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU so that it is received by them not less than 48 hours (excluding non-working days) before the time of the meeting.

3. If your shares are held in joint names, the signature of only one of the joint holders is required. However, if more than one of the joint holders votes, the vote of the first named on the register of members will be accepted to the exclusion of other joint holders.

4. Any corporation which is a member may appoint one or more corporate representatives to exercise all of its powers as a member, on its behalf, provided that not more than one corporate representative may exercise powers over the same shares.

5. You may appoint more than one proxy, provided that each proxy is appointed to exercise rights in relation to different shares. If you wish to appoint more than one proxy, please call Capita Asset Services Helpline on 0871 664 0300 (for callers within the UK) or +44 208 639 3399 (for callers outside the UK) between 9.00am and 5.30pm on any business day, or photocopy the proxy form. Please ensure that all proxy forms for one registered holding are sent in the same envelope if possible.

6. If you appoint more than one proxy, you must state the number of shares over which each proxy is entitled to exercise rights. As long as the total number of shares covered by all of the forms of proxy is not more than your total holding, it will be assumed that the proxies are appointed in relation to different shares, rather than that you have made conflicting appointments over the same shares. If two or more forms of proxy are received in relation to the same share(s) and the same meeting, the form of proxy which is received last will be treated as replacing and revoking any other forms received.

7. If you have been sent a copy of this notice because you have been nominated to have information rights under the Act by a nominee shareholder who holds shares on your behalf (and therefore your shares are not held in your own name) then you do not have the right to appoint a proxy using a form of proxy issued by the Company. However, you may have a right under an agreement with the registered shareholder to appoint someone else or to be appointed yourself as a proxy for this meeting. If you do not have this right, or if you do not wish to exercise it, you may have a right under such agreement to give instructions to the shareholder as to how they should vote in respect of the shares they hold on your behalf. You should contact the registered shareholder to find out more about any such arrangements.

8. Under Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), you must be on the register of members by the close of business two days before the AGM (excluding non-working days) in order to have the right to attend or vote at the meeting. The number of shares you hold at that time is the number over which you may exercise voting rights at the meeting. Changes to entries on the register of members after that time will be disregarded in determining your right to attend or to vote (and the number of votes you may cast) at the AGM or any adjournment of that meeting.

9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) of it by using the procedures described in the CREST Manual. If you are a CREST personal member or other CREST sponsored member, and/or a CREST member who has appointed a voting service provider(s), you should refer to your CREST sponsor or voting service provider(s), who will be able to take appropriate action on your behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specification 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 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 (RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of AGM. 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 Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take or, if you are a CREST personal member or sponsored member or you have appointed a voting service provider(s), to ensure that your 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.

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

11. You may not use any electronic address provided either in this notice or any related documents (including the form of proxy) to communicate for any purposes other than those expressly stated.

12. Under section 319A of the Act, you (or your proxy) have the right to ask questions in relation to the business being dealt with at the AGM. However, the Company is not obliged to answer a question raised at the meeting if: (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

13. Under section 527 of the Act shareholders who meet the threshold requirements that are set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstances connected with the auditors of the Company ceasing to hold office since the previous meeting at which the annual report and accounts were laid in accordance with section 437 of the Act.

The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with either section 527 or 528. Where the Company is required to place a statement on a website under section 527, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on a website under section 527.

14. A copy of this notice together with the other information required by section 311A of the Act may be found at www.cityoflondongroup.com.

15. As at 21 July 2014 (being the latest practicable date before the publication of this document) the Company's issued share capital consisted of 20,206,617 ordinary shares of 10 pence each, carrying one vote each. There are no shares currently held in treasury. Therefore, the total number of voting rights in the Company at that date was 20,206,617.

16. Copies of the directors' service contracts and the terms of appointment of the non-executive directors will be available for inspection at the registered office of the Company, 30 Cannon Street, London, EC4M 6XH, during normal business hours from the date of this notice until the date of the AGM and also at the AGM for at least 15 minutes before the meeting until its conclusion.

Explanation of business

The following is an explanation of the business to be considered at the meeting.

Resolution 1 – report and accounts. Company law requires the directors to present the Company's annual report and accounts to the shareholders in respect of each financial year.

Resolutions 2 and 3 – remuneration policy and remuneration report. Company law requires the directors to present the remuneration policy and the directors' remuneration report to shareholders for approval.

Resolutions 4 to 7 – election and re-election of directors. Under the recommended best practice set out in the UK Corporate Governance Code, all of the directors should retire and submit themselves for re-election at each AGM. The directors have decided to follow this best practice guidance and therefore they are all standing for re-election this year. The Board confirms that each of the directors to be proposed for re-election at the AGM continues to demonstrate the necessary commitment and to be a fully effective member of the Board. Andrew Crowe and Paul Milner joined the Board in November 2013 and December 2013, respectively, this is the first time they have stood for election at the AGM. Biographical details of each of the directors are on page 11 of the annual report sent to shareholders with this document.

Resolution 8 – reappointment of auditors and determination of their fees. Company law requires shareholders to reappoint the auditors each year. The audit and risk committee has reviewed the effectiveness, independence and objectivity of the external auditors and, on behalf of the Board of directors, recommends the external auditors' reappointment. The resolution also authorises the directors to determine the auditors' remuneration in accordance with normal practice.

Resolution 9 – authority to allot shares. This resolution asks shareholders, by ordinary resolution, to authorise the directors under section 551 of the Act to allot unissued shares and to grant rights to subscribe for, or to convert any security into, shares in the Company. This authority will, if granted, expire at the conclusion of next year's AGM, or, if earlier, on 30 September 2015, although offers or agreements can be made before the expiry of that period, which might require shares to be allotted or rights granted after the expiry of that period. In accordance with investor guidelines, this authority, if approved, will be limited to a maximum nominal amount of £673,550, representing a maximum of 6,735,500 ordinary shares of 10 pence each, equivalent to approximately one third of the issued capital of the Company as at 21 July 2014 being the latest practicable date prior to the publication of this document. The directors believe that they should have the authority proposed in the resolution to enable such allotments to take place to finance business opportunities as they arise.

Resolution 10 – disapplication of pre-emption rights for the issue of new shares. If the directors wish to allot new shares and other equity securities for cash, the Act requires that any such shares are offered first to existing shareholders in proportion to their holdings. This is known as shareholders' pre-emption rights. There may be occasions, however, when the directors need the flexibility to finance business opportunities as they arise without offering securities on a pre-emptive basis. The Act allows a limited disapplication of these pre-emption rights in certain circumstances. Therefore, this resolution, which will be proposed as a special resolution, authorises the directors to issue, for cash, up to a total nominal amount of £202,060 in ordinary shares (that is 2,020,600 ordinary shares of 10 pence each), equivalent to approximately 10 per cent of the issued share capital of the Company (as at 21 July 2014), without the shares first being offered to existing shareholders. This resolution will be proposed subject to resolution 9 (referred to above) first being carried at the meeting and the authority sought, if granted will be for the same period as that granted under resolution 9.

Resolution 11 – issue of shares or sale of treasury shares at a discount to net asset value. As a closed investment company a non pre-emptive issue of shares, whether new shares or the sale of shares held in treasury, for cash at below the NAV of the shares, requires the consent of shareholders by ordinary resolution. While the directors would not normally seek to issue shares at a discount to NAV this authority will allow some flexibility should it be necessary or desirable to do so. This might be appropriate if the share price is at a discount to NAV. Investors would not subscribe for new shares at NAV if they could buy shares in the market at a lower price. Although the directors consider it unlikely that they would need this power, it is being requested in order to ensure that the sourcing of additional equity which would otherwise be desirable to allow the Company to grow and to achieve its business objectives, is not prevented in such a situation, should it arise.

Resolution 12 – authority for the Company to make market purchases of its own shares. The Act permits market purchases of shares subject to certain defined limits and there being distributable profits available for the purchase. Shareholder approval is required before such purchases can be made. This special resolution provides the required authority. This resolution is seeking to authorise the Company to make market purchases of its own shares up to a maximum amount of 2,020,600 ordinary shares. This represents 10 per cent of the Company's issued capital at 21 July 2014.

The maximum price paid per share shall be equal to 5 per cent above the average market values of the shares (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding the date on which the share is purchased. The minimum price paid shall be the nominal value per share. The directors will only use this authority to purchase shares after careful deliberation, taking into account market conditions, other investment opportunities, appropriate gearing levels and the overall financial position of the Company. The directors will also take into account the effects on earnings per share and the benefit for shareholders generally. Any shares bought by the Company under this authority will either be held in treasury, with a view to possible re-issue at a future date, or cancelled. The directors will decide at the time of purchase whether to cancel shares immediately or to hold them in treasury. In relation to treasury shares, the Board would also have regard to any investor guidelines in relation to the purchase of shares intended to be held in treasury or in relation to their holding or resale which may be in force at the time of any such purchase, holding or resale. This authority will expire at the conclusion of next year's AGM or on 30 September 2015, whichever is earlier, at which time the Board expects to seek its renewal.

As at 21 July 2014 there were outstanding options to subscribe for shares, granted under all share option schemes operated by the Company in respect of a total of 764,305 shares of the Company which, if exercised, would represent approximately 3.8 per cent of the issued share capital (excluding treasury shares) of the Company. If the authority now being sought together with the existing authority to purchase shares granted at last year's AGM were exercised in full, such options, if exercised, would represent approximately 4.7 per cent of the issued share capital (excluding treasury shares) of the Company.

Resolution 13 – convening of general meetings on 14 days' notice The Act requires at least 21 clear days' notice to be given for a general meeting, unless shareholders have passed a special resolution to authorise the convening of such a meeting, other than an annual general meeting, on not less than 14 days' notice. This authority needs to be renewed each year. The Act also requires the Company to offer a facility to shareholders to vote by electronic means at general meetings called on less than 21 days' notice. The Company's intention is that it will always try to give as much notice as possible of its general meetings, but should the circumstances require a general meeting to be called with less than 21 clear days' notice, appropriate arrangements would be made for shareholders to vote by electronic means.