

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or the action you should take, you are recommended immediately to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or from an appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

Copies of this document are being sent to shareholders of Dillistone Group Plc (“**Dillistone**” or the “**Company**”). If you have sold or otherwise transferred all of your ordinary shares of 5p each in the issued share capital of Dillistone (“**Ordinary Shares**”) please forward this document and the accompanying form of proxy to be used in connection with this annual general meeting of the Company (“**AGM**” or “**Meeting**”) (“**Form of Proxy**”) at once to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected for onward delivery to the purchaser or transferee. If you have sold or transferred only part of your holding in Ordinary Shares you should retain this document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The distribution of this document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document does not constitute any offer to issue or sell or a solicitation of any offer to subscribe for or buy Ordinary Shares.

Dillistone Group Plc

(Registered in England and Wales with company number 4578125)

Notice of Annual General Meeting

14 June 2016

Notice of the Meeting, to be held at 10.30 a.m. at the offices of Voyager Software Limited, 12 Cedarwood, Crockford Lane, Chineham Park, Basingstoke, RG24 8WD on 14 June 2016, is set out at the end of this document.

A Form of Proxy is enclosed with this document for use in connection with the Meeting. To be valid the Form of Proxy for use in connection with the Meeting should be completed, signed and returned to reach the Company Secretary, Dillistone Group Plc, 50 Leman St, London, E1 8HQ by no later than 10.30 a.m. on 10 June 2016. The completion and return of the Form of Proxy will not preclude you from attending and voting in person at the Meeting should you wish. For full details on proxy appointments, see the notes to the Notice of AGM and the Form of Proxy.

Dear Shareholder,

I am writing to inform you that this year's Annual General Meeting ("**AGM**") of Dillistone Group Plc will be held on Tuesday 14 June 2016 at 10.30 a.m. at the offices of Voyager Software Limited at **12 Cedarwood, Crockford Lane, Chineham Park, Basingstoke, RG24 8WD**. Details of the business to be considered are set out in the notice of meeting ("**Notice**") which follows this letter. I should like to make some comments on a number of the matters to be dealt with at the AGM.

Resolutions 3, 4 & 5 – Re-election of Directors

These resolutions concern the re-election of Mike Love, Giles Fearnley and Julie Pomeroy. Giles Fearnley and Julie Pomeroy are retiring at the Meeting by rotation in accordance with article 83 of the Company's articles of association. Mike Love is retiring as he has served as a non-executive director for nine years and must offer himself annually for re-election under article 83. The Board of Directors of Dillistone ("**Board**" or "**Directors**"), following its evaluation of the performance of the Directors offering themselves for re-election, confirms that each of the Directors is performing effectively and demonstrates commitment to their role.

Resolution 8 – Directors' power to allot shares

Section 549 of the Companies Act 2006 (the "**Act**") stipulates that directors cannot allot shares or rights to subscribe for shares in a company (other than the shares allotted in accordance with an employees' share scheme) unless they are authorised to do so by its shareholders in general meeting. The Directors' current authority to allot shares was granted at last year's annual general meeting and is due to expire at the conclusion of the Meeting. Resolution 8 seeks new authority from shareholders (to the exclusion of the previous general authority granted at last year's annual general meeting) for the Directors to allot relevant securities up to an aggregate nominal value £327,800 (equating to 6,556,000 ordinary shares of 5p each in the share capital of the Company). This general authority equates to approximately one-third of the nominal value of the issued share capital of the Company. The Directors do not have any present intentions of exercising this authority, but they consider it desirable that the specified amount of unissued share capital is available for issue so that they can more readily take advantage of possible opportunities. Unless renewed, revoked, varied or extended, this authority will expire at the conclusion of the next annual general meeting of the Company.

Resolution 9 – Approval of a Sharesave scheme

Resolution 9 deals with the establishment of a new savings-related Share Option Scheme ("Sharesave Scheme"). The Dillistone Group Sharesave Scheme is a standard HM Revenue & Customs approved all-employee plan and will be used to encourage employee share ownership throughout the Group. The main terms of the new Scheme are summarised in Appendix 1 to this Notice.

Resolution 10 – Approval of the 2016 Share Option Scheme

Resolution 10 deals with the approval of a new Share Option Scheme. The previous scheme is ten years old in 2016 and under the rules of that scheme it can no longer be used to grant options and accordingly a new scheme needs to be adopted. The main terms of the new Scheme are summarised in Appendix 2 to this Notice.

Resolution 11 – Directors' power to allot shares for cash

Resolution 11 authorises the Directors in certain circumstances to allot equity securities for cash other than in accordance with statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are either where (i) the allotment takes place in connection with a rights issue or (ii) the allotment is limited to a maximum nominal amount of £147,510 (equating to 2,950,200 ordinary shares of 5p each in the share capital of the Company), representing approximately 15 per cent. of the nominal value of the issued ordinary share capital of the Company. Unless renewed, revoked, varied or extended, this authority will expire at the conclusion of the next annual general meeting of the Company. Resolution 11 will also give the Directors power to sell Ordinary Shares held in treasury on a non pre-emptive basis, subject always to the limitations noted above. The Directors consider that the power proposed to be granted by Resolution 11 is necessary to retain flexibility, although they do not have any intention at the present time of exercising such power.

Resolution 12 – Authority to purchase shares (market purchases)

Under Resolution 12, which is proposed as a special resolution, the Company will seek to renew the current limited authority to make purchases in the market of its own Ordinary Shares subject to specified limits, including the minimum and maximum prices which may be paid. The maximum number of Ordinary Shares which the Company may purchase pursuant to this authority is limited to 1,966,802 Ordinary Shares, representing approximately 10 per cent of the issued share capital of the Company.

In seeking this authority the Board is not indicating any commitment to buy back Ordinary Shares. The Board will only exercise the authority if, in the light of market conditions prevailing at the time, it considers that the purchases of Ordinary Shares can be expected to result in an increase in earnings per share and be in the best interests of shareholders generally. The Directors do, however, consider it desirable for this authorisation to be available to provide flexibility in the management of the Company's capital reserves. In the event of any purchase under this authority, the Directors would either hold the purchased Ordinary Shares in treasury or cancel them. The authority will expire at the conclusion of the next annual general meeting of the Company.

Action to be taken

Whether or not you intend to come to the AGM, please complete and return the accompanying Form of Proxy to the Company Secretary so as to be received no later than 10.30 a.m. on 10 June 2016. By doing so, you will not preclude yourself from attending and voting in person at the Meeting.

Recommendation

Your Board considers each of the proposed resolutions to be in the best interests of the Company and its shareholders as a whole. Accordingly, your Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial shareholdings amounting to 8,556,366 Ordinary Shares representing approximately 43.50 per cent of the issued share capital of the Company.

Yours faithfully

Mike Love

Non-Executive Chairman

Dillistone Group Plc Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (the “**AGM**” or “**Meeting**”) of Dillistone Group Plc (the “**Company**”) will be held at the offices of Voyager Software Limited at **12 Cedarwood, Crockford Lane, Chineham Park, Basingstoke RG24 8WD** on Tuesday 14 June 2016 at 10.30 a.m. for the following purposes:

Ordinary Resolutions

To consider and, if thought fit, pass the following resolutions, which will be proposed as ordinary resolutions:

1. Report and accounts

To receive the audited annual accounts of the Company for the year ended 31 December 2015, together with the directors' report and the auditor's report on those annual accounts.

2. Declaration of dividend

To declare a final dividend of 2.75 pence per ordinary share of 5 pence each in the issued share capital of the Company for the year ended 31 December 2015 payable on 24 June 2016 to shareholders who are on the register of members of the Company at 5.00 p.m. on 27 May 2016.

3. **Re-election of Director**

To re-elect Mike Love, who have served nine years on the Board as a non-executive director must offer himself for re-election annually in accordance with the Company's articles of association.

4. **Re-election of Director**

To re-elect Giles Fearnley, who retires by rotation in accordance with the Company's articles of association.

5. **Re-election of Director**

To re-elect Julie Pomeroy, who retires by rotation in accordance with the Company's articles of association.

6. **Re-appointment of auditors**

To appoint Grant Thornton as auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next general meeting at which accounts are laid before the Company.

7. **Auditors' remuneration**

To authorise the Directors to determine the remuneration of the auditors.

8. **Directors' authority to allot shares**

That, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and they are generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the "**Act**") to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being "relevant securities") up to an aggregate nominal amount of £327,800 provided that, unless previously revoked, varied or extended, this authority shall expire on the conclusion of the annual general meeting of the Company to be held in 2017 except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

9. **Approval of Sharesave scheme**

That the rules of the Dillistone Group Sharesave Scheme (the "**Scheme**") referred to in the Chairman of the Board's letter to shareholders dated 20 May 2016 and produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be approved and the Directors be authorised to:

- (a) make such modifications to the Scheme as they may consider appropriate to take account of the requirements of HMRC and for the implementation of the Scheme and to adopt the Scheme or the Scheme as so modified ("**Modified Scheme**") and to do all such other acts and things as they may consider appropriate to implement the Scheme; and
- (b) establish further schemes based on the Scheme or the Modified Scheme but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further schemes are treated as counting against the limits on individual or overall participation in the Scheme or the Modified Scheme.

10. **Approval of the 2016 Share Option Scheme**

That the rules of the Dillistone Group 2016 Share Option Scheme referred to in the Chairman of the Board's letter to shareholders dated 20 May 2016 and produced in draft to this meeting and, for the purposes of identification, initialled by the Chairman, be approved and the Directors be authorised to:

- (a) make such modifications to the Scheme as they may consider appropriate to take account of the requirements of HMRC and for the implementation of the Scheme and to adopt the Scheme as so modified and to do all such other acts and things as they may consider appropriate to implement the Scheme; and
- (b) establish further schemes based on the Scheme but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further schemes are treated as counting against the limits on individual or overall participation in the Scheme.

Special Resolutions

To consider and, if thought fit, pass the following resolutions which will be proposed as special resolutions.

11. Directors' power to allot shares for cash

That the Directors be and they are empowered pursuant to Section 570(1) of the Act to allot equity securities (as defined in Section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the Directors under Section 551 of the Act conferred by resolution 8 above and/or by way of a sale of treasury shares (by virtue of Section 573 of the Act), in each case as if Section 561(1) of the Act did not apply to such allotment, provided that:

- (a) the power conferred by this resolution shall be limited to:
 - (i) the allotment of equity securities in connection with an offer of equity securities to the holders of ordinary shares in the capital of the Company in proportion as nearly as practicable to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any regulatory body or any stock exchange;
 - (ii) the allotment, otherwise than pursuant to sub-paragraph (i) above, of equity securities up to an aggregate nominal amount of £147,510; and
- (b) unless previously revoked, varied or extended, this power shall expire on the conclusion of the annual general meeting of the Company to be held in 2017 except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

12. Authority to purchase shares (market purchases)

That the Company be and it is generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 5 pence each of the Company provided that:

- (a) the maximum number of ordinary shares hereby authorised to be acquired is 1,966,802;
- (b) the minimum price which may be paid for any such share is 5 pence (exclusive of expenses);
- (c) the maximum price (exclusive of expenses) which may be paid for any such shares is an amount equal to 110% of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and
- (d) the authority hereby conferred shall expire at the conclusion of the annual general meeting of the Company to be held in 2017, save that the Company may, prior to the expiry of such authority, make an offer or agreement which would or might require ordinary shares to be purchased by the Company after such expiry and the Company may purchase ordinary shares notwithstanding such expiry.

Dated: 20 May 2016

Registered Office:
50 Leman St
London
E1 8HQ

By order of the Board

Julie Pomeroy
Company Secretary

Notes:

1. A member who is entitled to attend, speak and vote may appoint a proxy to attend, speak and vote instead of him. A proxy need not also be a member of the Company but must attend the AGM in order to represent you. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A form of proxy is enclosed. The notes to the form of proxy include instructions on how to appoint the Chairman of the AGM or another person as proxy. To be effective the form must reach the Company Secretary, Dillistone Group Plc, 50 Leman St, London, E1 8HQ by no later than 10.30 a.m. on 10 June 2016.
2. If you wish to attend the AGM in person, you should make sure that you arrive at the venue for the AGM in good time before the commencement of the meeting. You may be asked to provide proof of your identity in order to gain admission.
3. Copies of the Executive Directors' service contracts with the Company and any of its subsidiary undertakings and letters of appointment of the Non-Executive Directors are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of this notice until the conclusion of the AGM.
4. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those persons registered in the register of members of the Company at 10.30 a.m. on 12 June 2016 (or if the AGM is adjourned, 48 hours (excluding, in the calculation of such time period, any part of a day that is not a working day) before the time fixed for the adjourned AGM) shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM.
5. As at 12 May 2016 (being the latest practicable date prior to publication of this document) the Company's issued share capital consists of 19,668,021 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 12 May 2016 are 19,668,021.
6. Completion and return of a form of proxy does not preclude a member from attending and voting at the AGM or at any adjournment thereof in person.
7. In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy but the vote of the first named on the register of members will be accepted to the exclusion of the other joint holders.
8. A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: either by the appointment of a proxy (described in Note 1 above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's articles of association and the relevant provisions of the Companies Act 2006.

Appendix 1

Summary of principal terms of the Dillistone Group Sharesave Scheme (the "Scheme")

OPERATION

The operation of the Scheme will be supervised by the Board of Directors of the Company (the "Board"). It is an HM Revenue & Customs ("HMRC") approved scheme which provides UK tax advantaged options to UK employees.

ELIGIBILITY

Employees and full-time directors of the Company and any designated participating subsidiary who are UK resident taxpayers are eligible to participate. The Board may require employees to have completed a qualifying period of employment before the grant of options. The Board may also allow other employees to participate. Invitations to participate can be made in a four week period commencing four days after the scheme has been adopted or the interim or full year announcement.

GRANT OF OPTIONS

Options can only be granted to employees who enter into HMRC approved savings contracts, under which monthly savings are normally made over a period of three years. Options must be granted within 30 days (or 42 days if applications are scaled back) of sending out invitations to eligible participants. The number of Shares over which an option is granted will be such that the total option price payable for those Shares will correspond to the proceeds on maturity of the related savings contract.

An option may not be granted more than ten years after shareholder approval of the Scheme. Options are not transferable, except on death. Options are not pensionable.

INDIVIDUAL PARTICIPATION

Monthly savings by an employee under all savings contracts linked to options granted under any sharesave scheme may not exceed the statutory maximum (currently £500). The Board may set a lower limit in relation to any particular grant. The minimum amount that may be saved per month is £5.

OPTION PRICE

The price per Share payable upon the exercise of an option will not be less than the higher of: (i) 80% or more of the price agreed with HMRC; and (ii) if the option relates only to new issue Shares, the nominal value of a Share.

EXERCISE OF OPTIONS

Options will normally be exercisable for a six month period from the third or fifth anniversary of the commencement of the related savings contracts. Earlier exercise is permitted, however, in the following circumstances:

- Following cessation of employment by reason of death, injury, disability, redundancy, retirement or the business or company that the employee works for ceasing to be part of the Company's group;
- Where employment ceases more than three years from grant for any reason other than dismissal for good cause; and
- In the event of a takeover, amalgamation, reconstruction or winding-up of the Company, except in the case of an internal corporate re-organisation when the Board may decide to exchange existing options for equivalent new options over shares in a new holding company.

Except where stated above, options will lapse on cessation of employment or directorship with the Company's group.

Shares will be allotted or transferred to participants within 30 days of exercise.

OVERALL SCHEME LIMITS

The Scheme may operate over new issue Shares, treasury Shares or Shares purchased in the market.

In any ten calendar year period, the Company may not issue (or grant rights to issue) more than 10 per cent of the issued ordinary share capital of the Company under the Scheme and any other employee share Scheme adopted by the Company.

VARIATION OF CAPITAL

If there is a variation in the Company's share capital then the Board may, subject to HMRC approval, make such adjustment as it considers appropriate to the number of Shares under option and the option price.

RIGHTS ATTACHING TO SHARES

Any Shares allotted when an option is exercised under the Scheme will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

ALTERATIONS TO THE SCHEME

The Board may amend the provisions of the Scheme in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Shares or the transfer of treasury Shares, the basis for determining a participant's entitlement to, and the terms of, the Shares to be acquired and the adjustment of options.

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

OVERSEAS SCHEMES

The shareholder resolution to approve the Scheme will allow the Board, without further shareholder approval, to establish further schemes for overseas territories, any such scheme to be similar to the Scheme, but modified to take account of local tax, exchange control or securities laws, provided that any Shares made available under such further schemes are treated as counting against the limits on individual and overall participation in the Scheme.

Appendix 2

Summary of principal terms of the Dillistone Group 2016 Share Option Scheme

OPERATION

The operation of the Scheme will be supervised by the Board of Directors of the Company (the "Board"). It provides for the grant of Enterprise Management Incentive ("EMI") options and unapproved options.

ELIGIBILITY

Any employee of the Company or any of its subsidiaries will be eligible to participate in the Option Scheme at the discretion of the Board of Directors.

FORM OF AWARDS

Awards under the Option Scheme will be granted in the form of options to acquire ordinary shares in the Company, with a per share exercise price equal to the market value of a share at the date of grant (an "Option").

PERFORMANCE CONDITIONS

The Option Scheme permits the grant of Options on the basis that the proportion (if any) of the Option which will vest will be subject to the satisfaction of performance conditions.

INDIVIDUAL LIMITS

Options will not be granted to a participant under the Option Scheme over shares with a market value in excess of 200 per cent of salary in respect of any financial year, although this limit may be increased to 300 percent where the Board consider exceptional circumstances apply.

GRANT OF OPTIONS

Options may only be granted within the six week period following the approval of the Option Scheme by shareholders, announcement of the Company's results for any period, any day on which changes to legislation affecting employee share schemes are proposed or made or on any day on which the Remuneration Committee determines that exceptional circumstances exist.

VESTING AND EXERCISE

Options that are subject to a performance condition will normally vest at the end of any performance period (or on such later date as the Board of Directors determines) and then only to the extent that any performance condition has been satisfied. Where Options are granted without a performance condition, they will usually vest on the third anniversary of the grant date (or on such other date as the Board of Directors determine). Options will then normally be exercisable until the tenth anniversary of the grant date on payment of the aggregate exercise price.

Early exercise is permitted only at the absolute discretion of the Board except in the event of a takeover, amalgamation, reconstruction or winding-up of the Company, except in the case of an internal corporate re-organisation when the Board may decide to exchange existing options for equivalent new options over shares in a new holding company.

OVERALL SCHEME LIMITS

The Scheme may operate over new issue Shares, treasury Shares or Shares purchased in the market.

In any ten calendar year period, the Company may not issue (or grant rights to issue) more than 10 per cent of the issued ordinary share capital of the Company under the Scheme and any other employee share Scheme adopted by the Company.

VARIATION OF CAPITAL

If there is a variation in the Company's share capital then the Board may make such adjustment as it considers appropriate to the number of Shares under option and the option price.

RIGHTS ATTACHING TO SHARES

Any Shares allotted when an option is exercised under the Scheme will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

ALTERATIONS TO THE SCHEME

The Board may amend the provisions of the Scheme in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Shares or the transfer of treasury Shares, the basis for determining a participant's entitlement to, and the terms of, the Shares to be acquired and the adjustment of options.

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