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ARGO Group Limited  
08 February 2016

**Argo Group Limited ("Argo" or "the Company")**

**Notice of Extraordinary General Meeting  
Proposed authority to make purchases of its own shares and Rule 9 Waiver**

Argo Group Limited ("AGL"), the independent alternative investment manager offering a multi-strategy platform for investing in global emerging markets, announces that it has today posted a circular to shareholders in connection with a proposed authority to make purchases of its own shares and Rule 9 Waiver. An extraordinary general meeting of the Company will be held at its registered offices, at 3.00pm on Thursday, 3 March 2016. All documents relating to the Buyback can be found on the Company's website:<http://www.argogrouplimited.com>.

The Company intends to use up to £2 million to acquire Ordinary Shares in the market. The minimum price Argo intends to pay is 5p per Ordinary Share over a twelve month period.

The Independent Directors believe it is in the best interests of the Company to be able to buy Ordinary Shares if they become available for purchase at an attractive price as an important mechanism for creating liquidity in the stock market.

The Whitewash Resolution is proposed to seek approval for a waiver granted by the Takeover Panel of the obligations under Rule 9 of the Code which would otherwise apply to Kyriakos Rialas and Andreas Rialas as the holders of 36.20% of the Company's net issued share capital.

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## **Argo Group Limited ("Argo" or "the Company")**

### **Notice of Extraordinary General Meeting**

#### **Proposed authority to make purchases of its own shares and Rule 9 Waiver**

##### **Introduction**

The Board is proposing that the Company undertakes the purchase of Ordinary Shares in the market, and cancels them. The Company will undertake this purchase in accordance with the provisions of Isle of Man law. The Board intends to use up to £2 million to acquire the Ordinary Shares in the market, with the minimum price of 5p to be paid per Ordinary Share, over a twelve month period.

The Whitewash Resolution is proposed to seek approval for a waiver granted by the Panel of the obligations under Rule 9 of the Code which would otherwise apply to Kyriakos Rialas and Andreas Rialas as the holders of 36.20% per cent. of the Company's net issued share capital as at 3 February 2016 (being 23.19% held by Andreas Rialas and 13.00% held by Kyriakos Rialas), the last practicable date prior to this announcement, if that shareholding increased as a result of the Company purchasing and cancelling some or all of its own Ordinary Shares.

The Independent Directors believe it is in the best interests of the Company to be able to buy Ordinary Shares if they become available for purchase at an attractive price as an important mechanism for creating liquidity.

It is important to note that the Board would only proceed if it considered that the effect of such purchase would be to increase earnings and/or net assets per Ordinary Share and that such exercise would be in the best interests of Shareholders generally. In addition, the Board would only proceed where the acquisition is in accordance with Isle of Man law.

##### **Waiver of Requirements of the City Code**

As indicated above, the terms of the proposals set out in this announcement give rise to certain considerations under the City Code. Brief details of the Panel, the City Code and the protection they afford are given below.

The purpose of the City Code is to supervise and regulate takeovers and other matters to which it applies. The City Code is issued and administered by the Panel. The Company is a company to which the Code applies and as such its Shareholders are therefore entitled to the protections afforded by the City Code.

Under Rule 9 of the City Code, where any person acquires, whether by a single transaction or a series of transactions over a period of time, an interest (as defined in the City Code) in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required by the Panel to make a general offer to all the remaining shareholders to acquire their shares.

Additionally, under Rule 9 of the City Code, where any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company but does not hold shares carrying more than 50% of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which

increases the percentage of shares carrying voting rights in which he is interested, that person is normally required by the Panel to make a general offer to all the remaining shareholders to acquire their shares.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer or any person acting in concert with him for any interest in shares of the company during the 12 months prior to the announcement of the offer. Under the City Code, a concert party arises when persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of that company.

Under the City Code, control means an interest, or aggregate interests, in shares carrying 30 per cent. or more of the voting rights of a company, irrespective of whether the interest or interests gives de facto control. Kyriakos Rialas and Andreas Rialas are considered by the Panel to be acting in concert and therefore a Concert Party.

Following the Buyback (assuming the Company buys back the maximum number of Ordinary Shares it is able to buy back under the authority being sought, at the minimum price per share), as a result of the reduced number of Ordinary Shares in issue, the Concert Party's interest in the Company, of 24,406,509 Ordinary Shares, will represent a maximum of 88.98% per cent. of the issued share capital of the Company (being 57.01% held by Andreas Rialas and 31.97% held by Kyriakos Rialas). This will have the effect of increasing the amount to which the Concert Party will be able to exercise significant influence over all matters requiring Shareholder approval, including election of Directors, significant corporate transactions and the ability to pass special resolutions.

Under Rule 37 of the City Code, when a company purchases its own voting shares, any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9.

The Panel has been consulted and has agreed to waive the requirement for the Concert Party to make a general offer under Rule 9 of the City Code in cash for Ordinary Shares in the Company which might otherwise arise as a result of the exercise by the Company of the Buyback (whether exercised in whole or in part), subject to the Whitewash Resolution (as set out in the notice convening the General Meeting) being passed on a poll by the Independent Shareholders. To be passed, the Whitewash Resolution will require a simple majority of the votes cast by the Independent Shareholders. Members of the Concert Party will not vote on the Whitewash Resolution.

Following completion of the proposals set out in this announcement, the Concert Party will between them be interested in shares carrying more than 30 per cent. of the Company's voting share capital and may, depending on the price per share and the number of shares purchased, hold more than 50% of the Ordinary Shares. If the Concert Party comes to hold more than 50% of the Ordinary Shares, then, for so long as they continue to be treated as acting in concert, the Concert Party may accordingly increase their aggregate interests in shares without incurring any obligation under Rule 9 of the City Code to make a general offer, although each individual member of the Concert Party will not be able to increase his percentage interest in shares through or between a Rule 9 threshold without Panel consent.

The members of the Concert Party will not be restricted from making an offer for the Company.

### **The intentions of the Concert Party**

Argo Group Limited is an independent alternative investment manager offering a multi-strategy platform for investing in global emerging markets. The Company is focused on delivering a diversified approach to investing in emerging markets with the aim of seeking lower volatility than, and lower correlation to, wider global markets. The members of the Concert Party have each confirmed to the Company that they intend to operate the Company's business in the future as they currently do and that they have no intention to make any changes, following any increase in their percentage interests in Ordinary Shares or voting rights as a result of any buyback of its Ordinary Shares by the Company, to the Company's current plans regarding:

- the continued employment of its employees and management (and those of its subsidiaries), including any material change in conditions of employment;
- the strategic plans and investment strategy of the Company and their likely repercussions on employment and the locations of the Company's places of business;
- employer contributions into the Company's pension schemes, the accrual of benefits for new members and the admission of new members;
- the deployment of the Company's fixed assets; and
- maintenance of the Company's trading on AIM.

### **The General Meeting**

The Circular contains a notice convening an extraordinary general meeting of the Company, to be held at its registered offices, at 3.00 p.m. on Thursday, 3 March 2016 at which the Resolution will be proposed.

### **Recommendation**

The Independent Directors, having been so advised by PGD Strategy, consider the Proposals to be in the best interests of the Independent Shareholders and the Company as a whole and therefore recommend that you vote in favour of the Proposals. In providing advice to the Independent Directors, PGD Strategy has taken into account their commercial assessment. Accordingly, your Independent Directors unanimously recommend that Shareholders vote in favour of the Whitewash Resolution as they intend to do in respect of their own shareholdings of 1,088,141 Ordinary Shares, representing approximately 1.61 per cent. of the Ordinary Shares as at 3 February 2016. The Concert Parties will abstain from voting in respect of their own holdings.

### **Definitions**

The following definitions apply throughout this announcement, unless the context requires otherwise:

"acting in concert"	shall have the meaning ascribed thereto in the City Code
"AIM"	the market of that name operated by the London Stock Exchange

"Buyback"	the acquisition by the Company of its own shares in the market, spending up to a maximum of £2 million, with the minimum price of 5p per Ordinary Share over a twelve month period
"Circular"	the circular to Shareholders posted in connection with the Proposals
"City Code"	the City Code on Takeovers and Mergers
"Code Waiver"	the waiver by the Panel, conditional upon the passing of the Whitewash Resolution, of the obligation on the Concert Party (arising as a result of the Buyback) that may otherwise arise under Rule 9 of the City Code to make a mandatory cash offer for the issued Ordinary Shares not already owned by it
"Company" "	Argo Group Limited
"Concert Party"	Kyriakos Rialas and Andreas Rialas
"Directors" or "the Board"	the directors of the Company at the date of this announcement
"General Meeting"	the extraordinary general meeting of the Company (or any adjournment of such meeting) convened for 3.00 p.m. on 3 March 2016 to be held at 33-37 Athol Street, Douglas, Isle of Man, IM1 1LB
"Independent Directors"	Michael Kloter, David Fisher and Kenneth Watterson
"Independent Shareholders"	Shareholders other than the members of the Concert Party
"Ordinary Shares" or "Shares"	ordinary shares of US\$0.01 each in the capital of the Company
"Panel"	the Panel on Takeovers and Mergers
"PGD Strategy"	PGD Strategy Limited of Kemp House, 152 - 160 City Road, London EC1Y 2NX
"Proposals"	the passing of the Whitewash Resolution
"Shareholder"	a holder of Ordinary Shares
"Whitewash Resolution"	Resolution 1 set out in the notice of General Meeting at the end of the Circular, to be taken on a poll, in relation to approval by Independent Shareholders of the Code Waiver

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