

# MEREO BIOPHARMA GROUP PLC

(the "Company")

(Registered and incorporated in England and Wales with Company number 09481161)

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Company (the "Meeting" or the "Annual General Meeting") will be held at the offices of Proskauer Rose (UK) LLP, 110 Bishopsgate, London EC2N 4AY on Tuesday 27 June 2017 at 10.00 am for the following purposes:

To consider and, if thought fit, to pass the following Resolutions which, in the case of Resolutions 1 to 5, will be proposed as Ordinary Resolutions and, in the case of Resolution 6, will be proposed as a Special Resolution:

### Ordinary Business

1. That the annual report and accounts for the financial year ended 31 December 2016 be received and adopted.
2. That Ernst & Young LLP be reappointed as auditors to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting at which the Company's annual report and accounts are presented.
3. That the directors be authorised to determine Ernst & Young LLP's remuneration.
4. That the Company is generally and unconditionally authorised to use electronic means to convey, send or supply all types of notices, documents or information to its shareholders, including, but not limited to, conveying, sending or supplying such notices, documents or information to its shareholders by making them available on a website.
5. That Richard Jones be elected as a Director of the Company.

### Special Business

6. That (i) any notice, document or information given, sent or supplied by the Company to the members or any of them in electronic form, in accordance with the provisions of the Companies Act 2006, shall be deemed to have been received 24 hours after it was sent; and (ii) this Resolution shall supersede any provision in the Company's Articles of Association to the extent that it is inconsistent with this Resolution with effect from the end of the meeting.

Explanatory notes to the business of the Meeting are given on page 6 of this document.

Members representing 5% or more of the total voting rights of all members or at least 100 persons (being either members who have a right to vote at the Annual General Meeting and hold shares on which there has been paid up an average sum, per member, of £100, or persons satisfying the requirements set out in s.153 (2) of the Companies Act 2006 (the "Act") may:

- (a) require the Company, under s.338 of the Act, to give notice of a resolution which may properly be moved at the Meeting. Any such request, which must comply with s.338(4) of the Act, must be received by the Company no later than 6 weeks before the date fixed for the Annual General Meeting; and
- (b) require the Company, under s.338A of the Act to include a matter (other than a proposed resolution) in the business to be dealt with at the Meeting. Any such request, which must comply with s.338A(3) of the Act, must be received by the Company no later than 6 weeks before the date fixed for the Meeting.

### Action to be taken

You will find a Form of Proxy enclosed with this document for use in connection with the Meeting. Whether or not you intend to be present at the Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible. To be valid, completed Forms of Proxy must be received by the Company's Registrars, Capita Asset Services at PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, United Kingdom not later than 10.00 am London time on 25 June 2017, being 48 hours before the time appointed for holding the Meeting. Completion of the Form of Proxy will not preclude you from attending the Meeting and voting in person if you so wish.

### Recommendation

The directors of the Company consider that the proposed resolutions to be considered at the Meeting is in the best interests of the Company and its shareholders as a whole and is most likely to promote the success of the Company. The directors unanimously recommend that you vote in favour of the proposed resolutions as they intend to do in respect of their own beneficial holdings, which amount to approximately 4.4% of the voting rights of the current issued share capital of the Company.

BY ORDER OF THE BOARD



**Charles Sermon**  
Company Secretary  
14 March 2017

**Registered office**  
4th Floor  
One Cavendish Place  
London  
W1G 0QF

## Notes

### Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
  - » close of business on 23 June 2017; or,
  - » if the Meeting is adjourned, at close of business on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

Changes to entries on the register of members after this time shall be disregarded in determining the right of any person to attend or vote at the Meeting.

### Website giving information regarding the Meeting

2. Information regarding the Meeting can be found at [www.mereobiopharma.com/news-and-media](http://www.mereobiopharma.com/news-and-media).

### Appointment of proxies

3. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a Form of Proxy with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.
4. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
5. If you are appointing more than one proxy you must indicate the number of shares in respect of which you are making this appointment, you should include the number in the box provided for your first named proxy and either obtain (an) additional proxy form(s) from the registrar of the Company at Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, BR3 4ZF or you may photocopy this form. Please return all the forms together and tick the box to indicate each form is one of multiple instructions being given. Please take care when completing the number of shares; if the total number of shares exceeds the total number held by the member, all appointments may be invalid.
6. Appointment of a proxy does not preclude a member of the Company from attending the Meeting and voting in person. If you wish to attend the Meeting in person, please bring with you the Attendance Card accompanying this Notice. This will authenticate your right to attend, speak and vote at the Meeting and assist us in registering your attendance without delay.
7. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 (nominated persons). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

### Appointment of proxy using hard copy Form of Proxy

8. The notes to the Form of Proxy explain how to direct your proxy to vote on the resolutions or withhold their vote. To validly appoint a proxy using the Form of Proxy, the form must be:
  - » completed and signed;
  - » sent or delivered to the Company's registrar's address at Capita Asset Services, PXS1, 34 Beckenham Road, Kent BR3 4ZF (the "Proxy Notification Address"); and
  - » received by Capita Asset Services at the Proxy Notification Address no later than 48 hours before the Meeting or adjourned meeting to which it relates.

**Appointment of proxy using hard copy Form of Proxy (continued)**

9. In the case of a poll taken more than 48 hours after it is demanded, the notice must be delivered to the Proxy Notification Address not less than 24 hours before the time appointed for the taking of the poll. In the case of a poll not taken during the meeting but taken not more than 48 hours after it was demanded, the Proxy Notice must be delivered:
  - » in accordance with note 1 above; or
  - » at the meeting at which the poll was demanded to the Chairman, secretary or any Director.
10. In the case of a member which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
11. Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

**Appointment of proxy electronically**

12. As an alternative to completing the hard-copy Form of Proxy, you can appoint a proxy electronically by visiting [www.capitashareportal.com](http://www.capitashareportal.com). You will be asked to enter your Investor Code shown on your share certificate or Form of Proxy and agree to certain terms and conditions. For an electronic proxy appointment to be valid, your appointment must be received by Capita Asset Services no later than 25 June 2017.

**Appointment of proxies through CREST**

13. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic appointment service, may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the "CREST Reference Manual" issued by Euroclear UK & Ireland Limited (the "CREST Manual"). CREST personal members or other CREST sponsored members and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
14. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or 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, Capita Asset Services (ID: RA10) by the latest time for receipt of proxy appointments specified in these notes. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
15. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.
16. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertified Securities Regulations 2001.

**Appointment of proxy by joint members**

17. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

**Changing proxy instructions**

18. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
19. Where you have appointed a proxy using the hard-copy Form of Proxy and would like to change the instructions using another hard-copy Form of Proxy, please contact Capita Asset Services at the Proxy Notification Address.
20. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

**Termination of proxy appointments**

21. Any appointment under a Form of Proxy may only be revoked by delivering a notice in writing given by or on behalf of the person by whom or on whose behalf the Form of Proxy was given to a Proxy Notification Address.
22. A notice revoking a proxy appointment only takes effect if it is delivered before:
- » the start of the Meeting or adjourned meeting to which it relates; or
  - » (in the case of a poll not taken on the same day as the Meeting or adjourned meeting) the time appointed for taking the poll to which it relates.
23. Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

**Corporate representatives**

24. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

**Issued shares and total voting rights**

25. As at close of business on 13 March 2017 (the last practicable business day prior to the publication of this Notice), the Company's issued share capital comprised 64,340,798 ordinary shares of £0.003 each. Subject to the articles of association of the Company, each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 13 March 2017 is 64,340,798.

**Shareholder questions**

26. Under section 319A of the Companies Act 2006, shareholders may ask any question relating to the business being considered at the meeting unless: (i) answering the question would interfere unduly with the business of the Meeting or involve the disclosure of confidential information; (ii) the answer has already been given on the Company's website in the form of an answer to a question; or (iii) it is undesirable in the interest of the Company or the good order of the Meeting that the question be answered.

### Website publication

27. Under Section 527 of the Companies Act 2006, members meeting the threshold requirements 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 auditor's report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006, (in each case) that the members propose to raise at the Meeting. The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

### Electronic address

28. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in this notice of meeting (or in any related documents including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

## Explanatory notes to the business of the Meeting

### Ordinary Business

**Resolution 1** – To receive and adopt the annual report and accounts for the financial year ended 31 December 2016

The Directors are obliged to lay the annual financial statements, the director's report and the independent auditor's report before shareholders each financial year at a general meeting. These reports are contained in the Company's Annual Report and Accounts 2016.

**Resolutions 2 and 3** – Appointment of auditors and approval of auditor's remuneration

The Company is required to appoint auditors at each general meeting at which accounts are laid before the shareholders to hold office until the next such meeting.

Resolution 2 proposes the re-appointment of Ernst & Young LLP (EY) as auditors of the Company. EY have indicated that they are willing to continue to act as the Company's auditors for a further year. The Audit and Risk Committee of the Company has reviewed EY's effectiveness and the effectiveness of their audit process and recommends their re-appointment.

Resolution 3 authorises the Directors to determine EY's remuneration. The Directors' have delegated the responsibility of fixing the auditor's remuneration to the Audit and Risk Committee of the Company.

You are asked to authorise the Directors to re-appoint EY as auditors and to authorise the Directors to determine their remuneration.

### Resolution 4

This resolution proposes that the Company be authorised to use electronic means to send notices, documents or information to shareholders including to send such notices, documents or information to shareholders by making them available on the Company's website.

### Resolution 5

Richard Jones is standing for election for the first time since his appointment to the Board in January 2017. Biographical details of Richard Jones are set out on page 20 of the Annual Report and Accounts 2016 and on the Company's website. The Directors of the Company believe this information is sufficient to enable shareholders to make an informed decision on his election.

### Special Business

#### Resolution 6

This special resolution provides that any notice, document or information sent by the Company to its members in electronic form shall be deemed received 24 hours after it was sent and that this resolution shall supersede any provision in the Company's Articles of Association to the extent it is inconsistent with this resolution with effect from the end of this meeting.