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If you have sold or otherwise transferred some or all of your Ordinary Shares, please send this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY, NOR SHALL THERE BE ANY SALE, ISSUANCE OR TRANSFER OF SECURITIES REFERRED TO IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW. This document does not constitute a prospectus for the purpose of the Prospectus Rules of the UK Financial Conduct Authority (in its capacity as UK Listing Authority or otherwise) pursuant to Sections 85 and 87 of the FSMA, the London Stock Exchange or any other authority or regulatory body, and has not been approved for the purposes of Section 21 of the FSMA.



Vectura Group plc

Incorporated and registered in England and Wales under the Companies Act 1985
Registered number 03418970

Special Dividend of 6 pence per Existing Ordinary Share and a 13 for 12 Share Consolidation Notice of General Meeting and Circular to Shareholders

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Vectura Group plc which is set out on pages 4 to 7 of this document and which recommends you to vote in favour of the Resolutions to be proposed at the General Meeting referred to below. The Resolutions will be voted on by taking a poll, with each Shareholder having one vote for each share held.

Application will be made to the UK Listing Authority for the New Ordinary Shares arising from the proposed consolidation of the Company's ordinary share capital to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that dealings in the Existing Ordinary Shares will continue until 4.30 p.m. on 11 October 2019 and that Admission of the New Ordinary Shares will become effective and dealings for normal settlement will commence by or as soon as practicable after 8.00 a.m. on 14 October 2019.

Notice of the General Meeting of the Company to be held at 10.30 a.m. on Thursday, 10 October 2019 at the offices of Clifford Chance LLP, 4 Coleman Street, London EC2R 5JJ is set out at the end of this document.

A Form of Proxy is enclosed and, to be valid, should be completed, signed and returned so as to reach the Company's Registrar, Computershare, at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by no later than 10.30 a.m. on 8 October 2019.

Electronic Proxy Appointment is available for the General Meeting. This facility enables Shareholders to lodge their proxy appointment by electronic means through the Registrar's website, www.eproxyappointment.com or, for those who hold their shares in CREST, through the CREST electronic proxy appointment service. Further details are set out in the notes to this document.

At the General Meeting itself, the votes will be taken by poll rather than on a show of hands. The results of the poll will be announced to the London Stock Exchange and will appear on the Company's website at <https://www.vectura.com/investors/stock-exchange-announcements> as soon as practicable following the General Meeting.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

THIS DOCUMENT INCLUDES FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND VECTURA GROUP PLC'S CONTROL AND ALL OF WHICH ARE BASED ON THE DIRECTORS' CURRENT BELIEFS AND EXPECTATIONS ABOUT FUTURE EVENTS. FORWARD-LOOKING STATEMENTS ARE SOMETIMES IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "BELIEVE", "EXPECTS", "MAY", "WILL", "COULD", "SHOULD", "SHALL", "RISK", "INTENDS", "ESTIMATES", "AIMS", "PLANS", "PREDICTS", "CONTINUES", "ASSUMES", "POSITIONED", "ANTICIPATES", "CONFIDENT", "REALISATION", "CONSIDER" OR "TARGETS" OR THE NEGATIVE THEREOF, OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. THESE FORWARD-LOOKING STATEMENTS INCLUDE ALL MATTERS THAT ARE NOT HISTORICAL FACTS. THEY APPEAR IN A NUMBER OF PLACES THROUGHOUT THIS DOCUMENT AND INCLUDE STATEMENTS REGARDING THE INTENTIONS, BELIEFS OR CURRENT EXPECTATIONS OF THE DIRECTORS CONCERNING, AMONGST OTHER THINGS, THE FUTURE RESULTS OF OPERATIONS, FINANCIAL CONDITION, PROSPECTS, GROWTH, STRATEGIES, AND DIVIDEND POLICY OF VECTURA GROUP PLC AND THE INDUSTRY IN WHICH IT OPERATES.

These forward-looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing Vectura Group plc. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed, or implied in such forward-looking statements. Such forward-looking statements contained in this document speak only as of the date of this document. Vectura Group plc and its Directors expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law, the Listing Rules, the Market Abuse Regulation, the Prospectus Rules or the Disclosure Guidance and Transparency Rules of the FCA.

AVAILABILITY OF HARD COPIES

If you have received this document in electronic form, you may request this document in hard copy form by calling the Computershare shareholder helpline between 8.30 a.m. and 5.30 p.m. (London (UK) time) Monday to Friday (except public holidays in England and Wales) on 0370 707 1387. Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal, tax or investment advice or advice on the merits of the Special Dividend, the Share Consolidation or any Resolution. You may also request that all future documents, announcements and information to be sent to you in relation to the Special Dividend and/or Share Consolidation should be in hard copy form. Copies of this document and any document or information incorporated by reference into this document will not be provided unless such a request is made.

IMPORTANT INFORMATION TO OVERSEAS SHAREHOLDERS

It is the responsibility of any person receiving a copy of this document outside the United Kingdom to satisfy himself or herself as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required, or observing any other formalities required to be observed in such territory and paying any other issue, transfer or other taxes due in such territory. If in doubt, such persons should consult their professional advisers. Persons (including, without limitation, nominees and trustees) receiving this document should not, in connection with the Special Dividend and/or Share Consolidation, distribute or send it into any jurisdiction when to do so would, or might, contravene local securities laws or regulations.

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Expected Timetable of Principal Events

Latest time and date for receipt of Forms of Proxy and CREST proxy instructions for the General Meeting	10.30 a.m. on Tuesday, 8 October
General Meeting	10.30 a.m. on Thursday, 10 October
Latest time of dealings in Existing Ordinary Shares	4.30 p.m. on Friday, 11 October
Record Date for the Special Dividend and for the Share Consolidation	6.00 p.m. Friday, 11 October
Latest time and date for election to participate in the DRIP for the Special Dividend	6.00 p.m. Friday, 11 October
Ordinary Shares marked ex-Special Dividend	Monday, 14 October
Commencement of dealings in New Ordinary Shares (after Share Consolidation)	By or as soon as practicable after 8.00 a.m. on Monday, 14 October
CREST accounts credited with New Ordinary Shares (after Share Consolidation)	Monday, 14 October
Despatch of certificates for New Ordinary Shares (after Share Consolidation)	No later than Friday, 25 October
Special Dividend becomes payable to Shareholders	Friday, 25 October
Purchase of New Ordinary Shares for participants in the DRIP	Friday, 25 October
Commencement of period during which the first tranche of the Share Buyback Programme will be undertaken	30 October

Notes

Unless otherwise stated, all references to times in this document are to London, UK time.

These dates and times are given on the basis of the Board's current expectations and are subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service and will be made available on the Company's website at <https://www.vectura.com/investors/stock-exchange-announcements>.

All events in the timetable following the General Meeting are conditional upon approval of Resolution 1 in the Notice of General Meeting. All events in the timetable from Admission of the New Ordinary Shares are also conditional upon Admission occurring.

Shareholder Helpline

If you have any questions about the Special Dividend and Share Consolidation, the Share Buyback Programme, the DRIP or any of the other matters set out in the Circular, please call the Shareholder Helpline on 0370 707 1387 between 8.30 a.m. and 5.30 p.m. Monday to Friday (excluding public holidays in England and Wales). Calls to the Shareholder Helpline from outside the United Kingdom will be charged at the applicable international rates. Different charges may apply to calls from mobile telephones, and calls may be recorded and randomly monitored for security and training purposes. For legal reasons, the Shareholder Helpline will be unable to give advice on the merits of the Special Dividend and Share Consolidation, the Share Buyback Programme, the DRIP or any of the other matters set out in this Circular, or to provide financial, legal, tax or investment advice.

Letter from the Chairman of Vectura Group plc



10 September 2019

To: Shareholders and for information purposes holders of awards under the Share Plans

Dear Shareholder

Background to the proposed Special Dividend and Share Consolidation, Share Buyback Programme and Dividend Reinvestment Plan

On 17 July 2019, the Board announced its intention to undertake a capital return of approximately £50 million in 2019. The Board today announced that it intends to undertake an increased capital return of approximately £60 million as follows:

- Approximately £40 million is to be returned to Shareholders by way of a proposed special dividend of 6 pence per existing ordinary share in the capital of the Company ("**Special Dividend**") which is expected to become payable to Shareholders on 25 October 2019. The Special Dividend is to be accompanied by a consolidation of the Company's ordinary share capital ("**Share Consolidation**"). The Board also intends to launch a dividend reinvestment plan ("**DRIP**") in connection with the proposed Special Dividend. This will give Shareholders the opportunity to invest the proposed Special Dividend to purchase additional ordinary shares in the Company.
- The Company is intending to buy back approximately £20 million of its ordinary shares pursuant to an on-market share buyback programme ("**Share Buyback Programme**"), with the first £10 million tranche of the Share Buyback Programme to be undertaken during the period commencing on or around 30 October 2019 and ending on or around 30 April 2020 and the expectation that a second tranche of approximately £10 million will be undertaken thereafter.

The purpose of this document is to explain and to seek Shareholder approval for the Special Dividend and Share Consolidation and other Resolutions set out in this document. This document also provides details of the Company's Dividend Reinvestment Plan.

General Meeting

The Special Dividend and the Share Consolidation and certain related matters are conditional on the approval of Shareholders to be sought at the General Meeting of the Company, to be held at **10.30 a.m. on Thursday, 10 October 2019, at the offices of Clifford Chance LLP, 4 Coleman Street, London EC2R 5JJ**. A notice convening the General Meeting is set out at the end of this Circular and an explanation of the proposed Resolutions is set out in paragraphs 1 to 3 inclusive of Appendix I.

At the General Meeting, the Company is also seeking Shareholder approval to refresh its general authority to make market purchases of its ordinary shares granted at the Company's 2019 AGM so that the authority continues to be available in respect of the New Ordinary Shares after the Share Consolidation. It is proposed that the Share Buyback Programme will be undertaken in accordance with, and pursuant to, the general authority to be refreshed at the General Meeting.

Special Dividend

The proposed Special Dividend of approximately £40 million in aggregate represents 6 pence per Existing Ordinary Share. The Board is proposing to pay the Special Dividend to Shareholders on the Register as at 6.00 p.m. on 11 October 2019.

The Special Dividend is expected to become payable to Shareholders on 25 October 2019.

Shareholders may elect to participate in the Dividend Reinvestment Plan in respect of the Special Dividend. The Dividend Reinvestment Plan provides shareholders with the opportunity to reinvest their cash Special Dividend payments to purchase additional ordinary shares in the Company. Further details of the Dividend Reinvestment Plan are set out below.

Share Consolidation

The effect of the Share Consolidation will be to reduce the number of Ordinary Shares in issue by approximately the same percentage as the total amount of the Special Dividend bears in relation to the market capitalisation of the Company before the Share Consolidation is carried out.

The Share Consolidation is therefore intended to maintain comparability, as far as possible, of the Company's share price before and after payment of the Special Dividend.

As all Ordinary Shares will be consolidated, each Shareholder's percentage holding in the total issued share capital of the Company immediately before and after the implementation of the Share Consolidation will (save in respect of fractional entitlements) remain unchanged.

The Share Consolidation will replace every 13 Existing Ordinary Shares with 12 New Ordinary Shares. Fractional entitlements arising from the Share Consolidation will be aggregated and sold in the market on behalf of the relevant Shareholders. The proceeds of the sale are expected to be sent to relevant Shareholders on 25 October 2019. Due to the cost of postage, proceeds of less than £5 will be retained by the Company and will be donated to a charity of the Company's election.

To effect the Share Consolidation it may be necessary to issue or buy back for cancellation up to 12 additional Existing Ordinary Shares so that the number of the Company's Existing Ordinary Shares is exactly divisible by 13.

For purely illustrative purposes, examples of the effects of the Special Dividend and the Share Consolidation in respect of certain holdings of Existing Ordinary Shares are set out below:

<i>Existing Ordinary Shares</i>	<i>New Ordinary Shares</i>	<i>Special Dividend</i>
100	92	£6.00
250	230	£15.00
500	461	£30.00
1,000	923	£60.00

These examples do not show fractional entitlements, details of which are set out in paragraph 2 of Appendix I.

Following the Share Consolidation, and assuming no further shares are issued or bought back (other than the potential buy back for cancellation of up to 12 Existing Ordinary Shares referred to above) between 9 September 2019 (being the last practicable date prior to publication of this Circular) and the date on which the Share Consolidation becomes effective, the Company's total issued share capital will comprise 615,050,110 New Ordinary Shares. The New Ordinary Shares held by Shareholders will have the same rights, including voting and dividend rights, as the Existing Ordinary Shares.

Application will be made to the UK Listing Authority for the New Ordinary Shares arising from the proposed consolidation of the Company's ordinary share capital to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

Further details of the Special Dividend and the Share Consolidation are set out in paragraphs 1 and 2 of Appendix I.

Share Buyback Programme

It is expected that the Share Buyback Programme will be conducted in two tranches. For the first tranche, the Company has entered into an irrevocable, non-discretionary arrangement with J.P. Morgan Securities plc (“**JPMS**”) to enable JPMS to purchase the Company’s New Ordinary Shares on-market during the period commencing on or around 30 October 2019 and ending on 30 April 2020. The aggregate maximum consideration for the purchase of ordinary shares pursuant to the first tranche of the Share Buyback Programme is £10 million and will be undertaken in accordance with the terms of the general authority to make market purchases of up to 61,505,010 of the Company’s New Ordinary Shares, of which approval is sought from Shareholders at the General Meeting.

JPMS will make its trading decisions in relation to the first tranche of the Share Buyback Programme independently of, and uninfluenced by, Vectura.

Any New Ordinary Shares purchased in the market under the Share Buyback Programme will be cancelled or held as treasury shares, which may then be cancelled, sold for cash or used to meet the Company’s obligations under its share schemes.

The second tranche of the Share Buyback Programme is expected to be announced in due course to follow the first tranche.

Further details of the proposed Share Buyback Programme are set out in paragraph 4 of Appendix I.

Dividend Reinvestment Plan

The Board intends to launch a Dividend Reinvestment Plan which will apply in respect of the Special Dividend and may apply to potential future dividends that may be declared and/or paid by the Company.

The DRIP will be administered by the Registrar and provides you with the opportunity to reinvest your dividend payments to purchase additional Ordinary Shares in the Company. Reinvesting your dividend payments can be a convenient and easy way to build up your shareholding.

As the DRIP does not require the creation of any New Ordinary Shares in the Company, and thereby does not lead to dilution of the value of the Existing Ordinary Shares in the Company, the Directors believe that its introduction will be beneficial to Shareholders as a whole.

Further details, including the associated fees and charges, are contained in the DRIP Terms and Conditions which are available to view on and download from the Company’s website at www.vectura.com/investors/general-meetings and on Computershare’s website at <https://www.investorcentre.co.uk>. Alternatively, you may request a hard copy of the DRIP Terms and Conditions by contacting Computershare via the shareholder helpline on 0370 707 1387.

If you do not wish to participate in the DRIP, you need take no further action.

If you wish to participate in the DRIP, a form of election is enclosed or you can apply online at <https://www.investorcentre.co.uk>, but you must first register if you are not already a member of Investorcentre. If you are a CREST member or sponsored by a CREST member and you wish to participate in the Plan you must submit your election using the CREST system. You may also request a hard copy DRIP election form by contacting Computershare via the shareholder helpline on 0370 707 1387. Further details are contained in the DRIP Terms and Conditions.

To participate in the DRIP in respect of the Special Dividend, Computershare must receive your completed election form, online application, or election using the CREST system by 6 p.m. on 11 October 2019.

Participation in the DRIP is at your option. This document does not constitute a recommendation to join the DRIP. The service may not be cost-effective for all participants, and the value of shares, and any income from them, can fall as well as rise. If you are in any doubt as to what action you should take, you should consult an appropriately qualified professional adviser.

Further details regarding the DRIP are contained in paragraph 6 of Appendix I.

Share Plans

Details of the impact of the Special Dividend and the Share Consolidation with respect to the Company's Share Plans are set out in paragraph 5 of Appendix I.

Taxation

A summary of certain taxation consequences of the Special Dividend and the Share Consolidation and the DRIP, for certain categories of UK-resident Shareholders and certain US Shareholders, is set out in paragraph 7 of Appendix I.

Shareholders should read paragraph 7 of Appendix I and, if they are in any doubt as to their tax position, consult their own independent tax advisers.

Action to be taken

Your vote is important to us, so, whether or not you propose to attend the General Meeting, you are requested to complete and sign the enclosed Form of Proxy. Completed Forms of Proxy should be returned to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, so as to arrive as soon as possible, and in any event so as to be received by Computershare no later than 10.30 a.m. on 8 October 2019. Electronic Proxy Appointment is available for the General Meeting. This facility enables Shareholders to lodge their proxy appointment by electronic means through the Registrar's website www.eproxyappointment.com. Further details are set out in the notes to the Form of Proxy.

If you hold shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Computershare (CREST participant ID number 3RA50) so that it is received by no later than 10.30 a.m. on 8 October 2019.

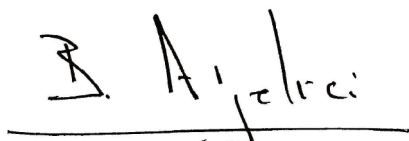
The return of a completed Form of Proxy or CREST Proxy Instruction will not prevent you from attending the General Meeting and voting in person if you wish to do so.

The Resolutions will be decided on a poll, rather than a show of hands, to enable those Shareholders who may be unable to attend the General Meeting in person to participate in the vote. The results of the polls will be announced to the London Stock Exchange and will appear on the Company's website at <https://www.vectura.com/investors/stock-exchange-announcements> as soon as practicable after the General Meeting.

Recommendation

Your Board considers that the passing of the Resolutions is in the best interests of Shareholders as a whole. Accordingly, your Board unanimously recommends Shareholders to vote in favour of the Resolutions, as the members of the Board intend to do in respect of their own beneficial holdings.

Yours sincerely

A handwritten signature in black ink that reads "B. Angelici". The signature is written in a cursive style and is positioned above a horizontal line.

Bruno Angelici
Chairman

Appendix I

Further details of the Special Dividend and Share Consolidation, Share Buyback Programme, Dividend Reinvestment Plan and other relevant information

1. Special Dividend

Resolution 1 recommends a Special Dividend of 6 pence per Existing Ordinary Share. If Shareholders approve Resolution 1, the Special Dividend will be paid on 25 October 2019 to those Shareholders on the Register at 6.00 p.m. on 11 October 2019, with an ex-dividend date of 14 October 2019.

Resolution 1 is proposed as an ordinary resolution and is conditional upon Resolution 2 and Admission occurring by or as soon as practicable after 8.00 a.m. on the Admission Date (or such later date or time as the Directors may determine in their absolute discretion).

2. Share Consolidation

The effect of the Share Consolidation proposed in Resolution 2 will be that Shareholders on the Register on the Record Date will, on the completion of the Share Consolidation, receive:

12 New Ordinary Shares for 13 Existing Ordinary Shares

and in that proportion for any other number of Existing Ordinary Shares then held. The proportion of the total issued share capital of the Company held by each Shareholder immediately before and following the Share Consolidation will, save for fractional entitlements, remain unchanged.

The nominal value of the Company's ordinary shares will change from £0.00025 per share to £0.000271 per share.

Apart from having a different nominal value, each New Ordinary Share will carry the same rights as set out in the Company's articles of association that currently attach to the Existing Ordinary Shares.

To effect the Share Consolidation it may be necessary to issue or buy back for cancellation up to 12 additional Existing Ordinary Shares so that the number of the Company's Existing Ordinary Shares is exactly divisible by 13.

Mandates and other instructions for the payment of dividends will, unless and until revoked, continue to apply to the New Ordinary Shares.

Effects of proposal

For purely illustrative purposes, examples of the effects of the Special Dividend and the Share Consolidation in respect of certain holdings of Existing Ordinary Shares are set out below:

<i>Existing Ordinary Shares</i>	<i>New Ordinary Shares</i>	<i>Special Dividend</i>
100	92	£6.00
250	230	£15.00
500	461	£30.00
1,000	923	£60.00

These examples do not show fractional entitlements, the value of which will depend on the market value of the New Ordinary Shares at the time of sale, as set out below.

If a shareholder's holdings of Existing Ordinary Shares cannot be consolidated into an exact number of New Ordinary Shares that shareholder will be left with a fractional entitlement. New Ordinary Shares representing such fractional entitlements will be aggregated and sold in the market on behalf of the relevant Shareholder. It is expected that relevant Shareholders will be sent a cheque for their proportion of the sale proceeds (net

of expenses) that relate to any fractional entitlements, where the value of those proceeds for any individual Shareholder is £5 or more, on 25 October 2019 (or CREST Members will have their CREST accounts credited with the sale proceeds that relate to any fractional entitlements on 25 October 2019). Due to the cost of postage, proceeds of less than £5 will be retained by the Company and will be donated to a charity of the Company's election.

The Share Consolidation is conditional on Resolution 1 set out in the Notice of General Meeting and is conditional upon Admission occurring by or as soon as practicable after 8.00 a.m. on the Admission Date (or such later date or time as the Directors may determine in their absolute discretion).

3. Authority to purchase own shares

Resolution 3 seeks to grant the equivalent authority to make market purchases of the New Ordinary Shares following the Share Consolidation as was granted at the Company's last AGM on 29 May 2019 and would replace this authority.

It is common practice for listed companies to have such authority, and the Directors consider that it is prudent for the Company to be granted such authority in respect of the New Ordinary Shares.

The proposed authority is for a maximum nominal amount of £16,667, which represents not more than 10 per cent. of the expected nominal value of the Company's issued New Ordinary Share capital of £166,679 (following Admission) and will expire at the end of the AGM to be held in 2020 or, if earlier, at close of business on 30 June 2020.

The maximum price which may be paid for an ordinary share is the higher of (1) an amount equal to 105 per cent. of the average of the middle-market quotations for the five business days preceding the purchase, and (2) the higher of the price of the last independent trade and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out and the minimum price that may be paid for an ordinary share is its nominal value of £0.000271 (after the Share Consolidation).

From 29 May 2019 (being the date of the Company's last AGM when this authority was last renewed) up to 9 September 2019 (being the last practicable date prior to the publication of this Circular), the Company utilised its existing authority to make market purchases of its ordinary shares to buy back 574,829 Existing Ordinary Shares for an aggregate consideration of £499,998.18 (including expenses), in satisfaction of an overseas share incentive plan.

The Directors intend to exercise the authority pursuant to Resolution 3 for the Share Buyback Programme (further details of which are set out below in paragraph 4). The Company will only otherwise use this authority to purchase shares in the market after careful consideration by the Directors (taking into account market conditions, other investment opportunities, appropriate gearing levels and the overall financial position of the Company) and in circumstances where to do so would result in an increase in earnings per share and would be in the best interests of shareholders generally.

The Directors intend that any shares purchased in the market under this authority will be cancelled or held as treasury shares, which may then be cancelled, sold for cash or used to meet the Company's obligations under its share schemes. Whilst held in treasury, the shares are not entitled to receive any dividends and have no voting rights. The Directors believe that it is appropriate for the Company to have the option to hold its own shares in treasury and that doing so enables the Company to sell the shares quickly and cost-effectively, or use them to satisfy awards under the Company's employee share schemes, and provides the Company with additional flexibility in the management of its capital base. The Directors will have regard to investor group guidelines which may be in force at the time of any such purchase, holding or resale of shares held in treasury.

As at 9 September 2019 (being the latest practicable date before publication of this Circular), no shares were held in treasury by the Company.

If approved, this authority will expire at the end of the Company's next AGM or at close of business on 30 June 2020, whichever is earlier. The Directors intend to seek renewal of this authority at each AGM of the Company.

On 9 September (being the latest practicable date before publication of this Circular), the Company had 24,098,535 options outstanding over the Existing Ordinary Shares, representing approximately 3.61 per cent. of the nominal value of the Company's issued Existing Ordinary Share capital. Assuming no further shares are issued or repurchased or options or awards granted between 9 September 2019 (being the last practicable date prior to the publication of this Circular) and the Share Consolidation becoming effective, if the authority to purchase the Company's New Ordinary Shares was exercised in full, these options would represent 3.92 per cent. of the Company's expected issued New Ordinary Share capital immediately following Admission. The Company has no warrants in issue in relation to its shares.

4. Share Buyback Programme

The directors intend to exercise the authority sought by Resolution 3 in respect of the Share Buyback Programme. It is expected that the Share Buyback Programme will be conducted in two tranches. For the first tranche, the Company has entered into an irrevocable, non-discretionary arrangement with JPMS to enable JPMS to purchase the Company's New Ordinary Shares on-market during the period commencing on or around 30 October 2019 and ending on or around 30 April 2020. The aggregate maximum consideration for the purchase of New Ordinary Shares pursuant to the first tranche of the Share Buyback Programme is £10 million and will be undertaken in accordance with the terms of the general authority to make market purchases of up to 61,505,010 of the Company's New Ordinary Shares, of which approval is sought from Shareholders at the General Meeting.

The second tranche of the Share Buyback Programme is expected to be announced in due course to follow the first tranche.

Any New Ordinary Shares purchased in the market under the Share Buyback Programme will be cancelled or held as treasury shares, which may then be cancelled, sold for cash or used to meet the Company's obligations under its share schemes.

5. Share Plans

Participants holding unvested conditional share awards and options under the Vectura 2015 Long Term Incentive Plan and the Vectura 2014 Sharesave Scheme will not be entitled to receive the Special Dividend in respect of those awards and options.

The Directors have determined, in relation to those participants who will not be entitled to receive the Special Dividend, that, as the effect of the Share Consolidation will be to maintain comparability, as far as possible, of the Company's share price and to preserve the value of their share awards and options (subject to normal market fluctuations), the participants will not be disadvantaged by the Share Consolidation and so no adjustment to their share awards or options is required. Following the Share Consolidation, participants will be entitled, upon vesting of their share awards or exercise of their options, to receive the same number of New Ordinary Shares as the number of Existing Ordinary Shares to which they would have been entitled had the Share Consolidation not occurred.

Participants holding Existing Ordinary Shares within the Vectura Share Incentive Plan and the Vectura Global Share Incentive Plan will be eligible to receive the Special Dividend, and their Existing Ordinary shares will be subject to the Share Consolidation in the same way as other Shareholders.

As at 9 September 2019 (being the last practicable date prior to the publication of this Circular), there were 24,098,535 options outstanding over the Existing Ordinary Shares under the Share Plans.

The Share Plans are operated in such a way as to ensure that Ordinary Shares are not issued to employees under the Share Plans in excess of the maximum permitted percentage of the Company's issued share capital under the relevant institutional investor guidelines.

6. Dividend Reinvestment Plan

The Dividend Reinvestment Plan will apply in respect of the Special Dividend and may apply to potential future dividends that may be declared and/or paid by the Company. The DRIP is administered by the Registrar.

If you choose to participate in the DRIP, a dealing fee of 0.75 per cent. of the value of the Ordinary Shares purchased will be charged (subject to a minimum fee of £2.50). Purchases will be subject to stamp duty or stamp duty reserve tax of 0.5 per cent.

If you choose to join the DRIP, on payment of the Special Dividend by the Company, the Registrar will pool the cash dividend payment to which you are entitled with the cash dividend payments of all other participants in the DRIP. The Registrar will instruct a broker to buy as many Ordinary Shares as can be bought using the pooled cash dividends (after associated fees and charges have been deducted), and these will be allocated in line with each participating Shareholder's pro rata entitlement.

Since only whole Ordinary Shares can be bought under the DRIP, there will usually be a small cash surplus left that is insufficient to buy another whole share. This cash surplus will be returned to relevant Shareholders.

Further details, including the associated fees and charges, are contained in the DRIP Terms and Conditions which are available to view on and download from the Company's website at www.vectura.com/investors/general-meetings and also on Computershare's website at <https://www.investorcentre.co.uk>. Alternatively, you may request a hard copy of the DRIP Terms and Conditions by contacting Computershare via the shareholder helpline on 0370 707 1387.

If you do not wish to participate in the DRIP, you need take no further action.

If you wish to participate in the DRIP, a form of election is enclosed or you can apply online at <https://www.investorcentre.co.uk>, but you must first register if you are not already a member of Investorcentre. If you are a CREST member or sponsored by a CREST member and you wish to participate in the Plan you must submit your election using the CREST system. You may also request a hard copy DRIP election form by contacting Computershare via the shareholder helpline on 0370 707 1387. Further details are contained in the DRIP Terms and Conditions.

To participate in the DRIP in respect of the Special Dividend, the Registrar must receive your completed election form, online application, or election using the CREST system by 6.00 p.m. on 11 October 2019. Any valid applications or elections received after this time will not apply to the Special Dividend and will take effect only from the next dividend payment date.

Once the purchase of Ordinary Shares has been confirmed, the Registrar will send you an advice note, containing details of the purchase, within one Business Day of that purchase.

Shareholders can withdraw their participation in the DRIP at any time by notifying the Registrar in writing, provided that notices received after the relevant dividend reinvestment election date will not apply to that dividend and will take effect only from the next dividend payment.

Participation in the DRIP is at your option. This document does not constitute a recommendation to join the DRIP. The service may not be cost-effective for all participants, and the value of shares, and any income from them, can fall as well as rise. If you are in any doubt as to what action you should take, you should consult an appropriately qualified professional adviser.

7. Taxation

The following summary is intended as a general guide only and is not intended to be, nor should it be considered to be, legal or tax advice to any particular Shareholder, nor should it be relied on.

A. United Kingdom Taxation

The following summary relates only to certain limited aspects of the UK taxation treatment of the Special Dividend, the related Share Consolidation and the Company's Dividend Reinvestment Plan. It is based on current UK tax law and what is understood to be the current practice of HM Revenue & Customs. It applies only to Shareholders who are resident for tax purposes in the UK and, in the case of individuals, domiciled or deemed domiciled in the UK for tax purposes only and to whom "split year" treatment does not apply (except in so far as express reference is made to the treatment of non-UK tax residents), who are the absolute beneficial owners of their shares and any dividends paid on them, and hold them as an investment (but not through an individual savings account ("ISA") or lifetime ISA

or self-invested personal pension). The tax position of certain categories of Shareholders who are subject to special rules (such as persons acquiring their shares in connection with employment, dealers in securities, trusts, tax-advantaged schemes, banks, financial institutions, insurance companies and collective investment schemes) is not considered.

Shareholders who are in any doubt as to their tax position, or who may be subject to tax in a jurisdiction other than the UK, are strongly recommended to consult their own independent tax advisers.

Special Dividend

The Company is not required to withhold tax when paying a dividend, including the Special Dividend. Liability to tax on the Special Dividend will depend upon the individual circumstances of a Shareholder.

(i) UK tax resident individual Shareholders

Individual Shareholders who are resident for tax purposes and who do not have a branch or agency (or, in the case of a non-UK tax resident company, a permanent establishment) in the UK and receive the Special Dividend will not be liable to UK tax to the extent that (taking account of any other dividends received in the same tax year) such dividend falls within their first £2,000 of dividend income (the nil rate band) or their personal allowance.

To the extent that (taking account of any other dividends received by the Shareholder in the same tax year) the dividend does not fall within the nil rate band or personal allowance, it will be subject to income tax at 7.5 per cent. (to the extent it is within the basic rate band), 32.5 per cent. (to the extent it is within the higher rate band) or 38.1 per cent. (to the extent it is within the additional rate band), in each case, when treated as the top slice of that Shareholder's income.

(ii) UK tax resident corporate Shareholders

For UK tax resident corporate Shareholders, it is likely that the Special Dividend will fall within one or more of the classes of dividend qualifying for exemption from corporation tax. However, it should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules. Shareholders within the charge to corporation tax should consult their own independent tax advisers.

(iii) Non-UK tax resident Shareholders

Shareholders who are tax resident outside the UK for tax purposes and who do not have a branch or agency (or, in the case of a non-UK tax resident company, a permanent establishment) in the UK generally will not be subject to UK tax on dividends. A Shareholder who is tax resident outside the UK may be subject to non-UK taxation on dividend income under local law. A Shareholder who is tax resident outside the UK for tax purposes should consult his or her own independent tax adviser concerning his or her tax position in respect of the Special Dividend.

Share Consolidation

It is expected that, for the purposes of UK taxation on chargeable gains, the Share Consolidation will be treated as follows:

- (a) the New Ordinary Shares arising from the Share Consolidation will result from a reorganisation of the share capital of the Company. Accordingly, to the extent that a Shareholder receives New Ordinary Shares, the Shareholder should not be treated as making a disposal of all or part of the Shareholder's holding of Existing Ordinary Shares by reason of the Share Consolidation being implemented, and the New Ordinary Shares which replace a Shareholder's holding of Existing Ordinary Shares (the "**New Holding**") as a result of the Share Consolidation will be treated as the same asset acquired at the same time as the Shareholder's holding of Existing Ordinary Shares was acquired;
- (b) to the extent that a Shareholder receives cash by virtue of a sale on his or her behalf of any New Ordinary Shares to which he or she has a fractional entitlement, the Shareholder will not in practice normally be treated as making a part-disposal of the Shareholder's holding of Existing Ordinary Shares, the proceeds instead being deducted from the base cost of the Shareholder's New Holding. If those proceeds exceed that base cost, however, or if a Shareholder holds only one

Existing Ordinary Share at the Effective Date and so is not entitled to any New Ordinary Shares, the Shareholder will be treated as disposing of part or all of his or her existing holding of Ordinary Shares and may, depending on his or her circumstances, be subject to tax on the amount of any chargeable gain realised;

- (c) on a subsequent disposal of the whole or part of the New Ordinary Shares comprised in the New Holding, a Shareholder may, depending on his or her circumstances, be subject to tax on the amount of any chargeable gain realised; and
- (d) non-UK tax resident Shareholders who do not have a branch or agency (or, in the case of a non-UK tax resident company, a permanent establishment) in the UK will generally not be subject to UK tax on disposal of the New Ordinary Shares. An individual Shareholder who has been UK tax resident but who ceases to be so resident or becomes treated as Treaty non-resident for a period of five years or less and who disposes of all or part of his or her New Ordinary Shares during that period may be liable to UK capital gains tax on his or her return to the UK, subject to any available exemption or relief.

Dividend Reinvestment Plan

It is expected that, for the purposes of UK taxation, Shareholders who elect to use the cash Special Dividend to buy additional shares under the Dividend Reinvestment Plan will be treated in the same manner as if he or she received the Special Dividend in cash. For capital gains tax purposes, the cost of the additional shares acquired with the Special Dividend, including any dealing charges and stamp taxes, should be the base cost of the additional shares purchased on the individual Shareholder's behalf.

Transactions in Securities anti-avoidance

Under the provisions of Chapter 1 of Part 13 Income Tax Act 2007 (for individuals) and Part 15 Corporation Tax Act 2010 (for companies), in each case as amended, HM Revenue & Customs can, in certain circumstances, counteract tax advantages arising in relation to certain transactions in securities. It is not expected that these provisions should be engaged in respect of the Special Dividend, and no clearance has been or will be sought by the Company from HM Revenue & Customs in relation to their applicability to the Special Dividend.

B. United States Federal Income Taxation

The following is a discussion of certain US federal income tax consequences of the Special Dividend and related Share Consolidation to the US Holders described below, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a particular person. This discussion does not address US state or local or non-US tax consequences. The discussion addresses only US Holders who hold Existing Ordinary Shares as capital assets for US federal income tax purposes. In addition, it does not describe all of the tax consequences that may be relevant in light of a US Holder's particular circumstances, including alternative minimum tax consequences, any aspect of the provisions of the Internal Revenue Code of 1986, as amended (the "**Code**"), commonly referred to as Medicare contribution tax, and consequences applicable to US Holders subject to special rules, such as:

- certain financial institutions;
- dealers and certain traders in securities;
- persons holding Existing Ordinary Shares as part of a straddle, conversion or other integrated transaction;
- persons whose functional currency for US federal income tax purposes is not the US dollar;
- partnerships or other entities classified as partnerships for US federal income tax purposes;
- tax-exempt organisations;
- persons holding Existing Ordinary Shares in connection with a trade or business conducted outside of the United States; or
- persons that own or are deemed to own 10 per cent. or more of the Company's stock by vote or value.

This discussion is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed US Treasury regulations, all as of the date hereof. These laws are subject to change, possibly on a retroactive basis.

As used herein, a “US Holder” is a beneficial owner of the Existing Ordinary Shares that is, for US federal income tax purposes: (i) a citizen or individual resident of the United States; (ii) a corporation, or other entity taxable as a corporation, created or organised in or under the laws of the United States, any state therein or the District of Columbia; or (iii) an estate or trust the income of which is subject to US federal income taxation regardless of its source.

US Holders should consult their own independent tax advisers concerning the US federal, state, local and non-US tax consequences of the Special Dividend and related Share Consolidation in their particular circumstances.

Except as described below, this discussion assumes that the Company has not been, and will not become, a passive foreign investment company (“**PFIC**”) for US federal income tax purposes.

Special Dividend

The Special Dividend paid on Existing Ordinary Shares will be treated as dividend income to the extent paid out of the Company’s current or accumulated earnings and profits (as determined under US federal income tax principles). To the extent the Special Dividend exceeds the Company’s current and accumulated earnings and profits (as determined under US federal income tax principles), it will be treated first as a tax-free return of capital to the extent of the US Holder’s tax basis in its Ordinary Shares, and as a capital gain thereafter. Because the Company does not maintain records of earnings and profits in accordance with US federal income tax principles, it is expected that the Special Dividend will be reported as a dividend for US federal income tax purposes.

In the case of a Special Dividend paid in Pounds Sterling with respect to Ordinary Shares, the US dollar amount included in the US Holder’s income will be calculated by reference to the exchange rate in effect on the date the Special Dividend is received by such US Holder regardless of whether the payment is in fact converted into US dollars at such time. If the Special Dividend is converted into US dollars on such date of receipt, a US Holder of Ordinary Shares generally should not be required to recognise a foreign currency gain or loss in respect of the dividend income. A US Holder of Ordinary Shares may have US-source foreign currency income or loss if the Special Dividend is converted into US dollars (or used to buy additional shares pursuant to the Dividend Reinvestment Plan) after the date of its receipt.

The Special Dividend will not be eligible for the dividends-received deduction generally allowed to US corporations under the Code. Subject to applicable limitations and the concerns expressed by the US Treasury discussed above, the Special Dividend paid to certain non-corporate US Holders may be taxable at preferential rates. Non-corporate US Holders should consult their tax advisers to determine whether they are entitled to be taxed at these preferential rates. If the preferential rates apply and the sum of the Special Dividend and any other dividends that have ex-dividend dates during a period of 85 consecutive days (including the Special Dividend payment date) in the aggregate exceeds 10 per cent. of a US Holder’s adjusted basis in its Ordinary Shares (or, if the preferential rates apply and the sum of the Special Dividend and any other dividends that have ex-dividend dates during a period of 365 consecutive days (including the Special Dividend payment date) in the aggregate exceeds 20 per cent. of the US Holder’s adjusted basis in its Ordinary Shares), any loss on the sale or exchange of such Ordinary Shares would be treated as a long-term capital loss to the extent of such dividend(s).

For U.S. federal income tax purposes, a US Holder that elects to use the cash Special Dividend to buy additional shares under the Dividend Reinvestment Plan will be treated as receiving the Special Dividend in cash, and then as using the cash to purchase additional shares. As noted above, if the Special Dividend is paid in Pounds Sterling which are, on subsequent dates, used to buy additional shares under the Dividend Reinvestment Plan, a US Holder may have a US-source foreign currency gain or loss as a result of such use of the Pounds Sterling.

Share Consolidation

A US Holder will not recognise a gain or loss in connection with the exchange of Existing Ordinary Shares for New Ordinary Shares in the Share Consolidation. The difference, as determined in US dollars, between the US Holder's tax basis allocable to the fractional entitlement and the cash received upon the sale of such entitlement will be a capital gain or loss, which will be a long-term capital gain or loss if the US Holder has held its Existing Ordinary Shares for more than one year.

A US Holder's tax basis in its New Ordinary Shares will equal its tax basis in its Existing Ordinary Shares. A US Holder's holding period for its New Ordinary Shares will include its holding period for the Existing Ordinary Shares exchanged therefor.

Passive Foreign Investment Company Considerations

In general, a non-US company will be a PFIC for any taxable year in which (i) 75 per cent. or more of its gross income consists of passive income (such as dividends, interest, rents and royalties, other than certain income derived in the active conduct of a trade or business); or (ii) 50 per cent. or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. Because PFIC status depends upon the composition of a company's income and assets and the fair market value of its assets from time to time, and the Company has not conducted a review of its status as a PFIC for prior taxable years, there can be no assurance that the Company will not be, or was not, a PFIC for any taxable year. If the Company were treated as a PFIC for any taxable year during which a US Holder held Ordinary Shares, certain adverse US federal income tax consequences could apply to such US Holder upon a disposition of Ordinary Shares or receipt of certain excess distributions. US Holders are urged to consult their own independent tax advisers concerning the US federal income tax consequences to them if the Company has been or becomes a PFIC for any taxable year.

Information Reporting and Backup Withholding

Payment of the Special Dividend made within the United States or through certain US-related financial intermediaries generally are subject to information-reporting and backup withholding unless the US Holder is a corporation or other exempt recipient or, in the case of backup withholding, the US Holder provides a correct taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred. The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against the US Holder's US federal income tax liability and may entitle the US Holder to a refund, provided that the required information is furnished to the Internal Revenue Service on a timely basis.

8. Dealings and settlement following Share Consolidation

Application will be made to the UK Listing Authority for the New Ordinary Shares arising from the proposed consolidation of the Company's total issued share capital to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that dealings in the Existing Ordinary Shares will continue until 4.30 p.m. on 11 October 2019 and that Admission of the New Ordinary Shares will become effective and dealings for normal settlement will commence by or as soon as practicable after 8.00 a.m. on 14 October 2019.

New share certificates in respect of the New Ordinary Shares following Share Consolidation are expected to be posted at the risk of Shareholders by 25 October 2019 to those Shareholders who hold their shares in Certificated Form. These will replace existing certificates which should then be destroyed. Following the issue of New Ordinary Shares, any existing share certificate(s) will be invalid and will become worthless. Pending the receipt of new certificates, transfers of New Ordinary Shares held in Certificated Form will be certified against the Register.

Shareholders who hold their entitlement to New Ordinary Shares in Uncertificated Form through CREST will have their CREST accounts adjusted to reflect their entitlement to New Ordinary Shares on 25 October 2019.

9. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Clifford Chance LLP at 10 Upper Bank Street, London E14 5JJ from the date of this document up to and including the date of the General Meeting and for the duration of the General Meeting:

- (a) this document; and
- (b) the DRIP Terms and Conditions.

Dated: 10 September 2019

Appendix II

Definitions

The following definitions apply throughout this document and the accompanying Form of Proxy unless the context requires otherwise.

Admission	the admission of the New Ordinary Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities
Admission Date	14 October 2019 (or such other date as the Directors may determine in their absolute discretion)
AGM	an Annual General Meeting of the Company
Board	the board of Directors of the Company
Companies Act	the Companies Act 2006 (as amended)
Company or Vectura	Vectura Group plc
CREST	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the Operator (as defined in the CREST Regulations)
CREST Manual	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars' Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms)
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
Directors	the directors of the Company
Dividend Reinvestment Plan or DRIP	the dividend reinvestment plan being introduced by the Company, which may apply in respect of potential future dividends that may be declared and/or paid by the Company, including the Special Dividend
DRIP Terms and Conditions	the Terms and Conditions of the Dividend Reinvestment Plan which are available to view on and download from the Company's website at www.vectura.com/investors/general-meetings and also on Computershare's website at https://www.investorcentre.co.uk
Effective Date	the date on which entitlement to the Special Dividend and Share Consolidation becomes effective
Euroclear	Euroclear UK & Ireland Limited
Existing Ordinary Shares	the existing ordinary shares of £0.00025 each in the capital of the Company
FCA	the Financial Conduct Authority of the United Kingdom (or any successor body in respect thereof)
Form of Proxy	the form of proxy for use by holders of Existing Ordinary Shares accompanying this document in connection with the General Meeting

Fractional entitlement	an entitlement to a fractional New Ordinary Share
FSMA	the Financial Services and Markets Act 2000 (as amended)
General Meeting or GM	the general meeting of the Company convened for 10.30 a.m. on Thursday, 10 October 2019 (and any adjournment thereof)
in Certificated Form	not in Uncertificated Form
in Uncertificated Form	recorded on the Register as being held in uncertificated form on CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
JPMS	J.P. Morgan Securities plc
Listing Rules	the Listing Rules of the FCA for the purposes of Part VI of the FSMA
London Stock Exchange	London Stock Exchange plc
Market Abuse Regulation	the Market Abuse Regulation (EU) No. 596/2014 of the European Parliament and of the Council which became effective on 3 July 2016
New Ordinary Shares	the proposed new ordinary shares of £0.000271 each in the capital of the Company resulting from the Share Consolidation
Official List	the official list maintained by the FCA
Ordinary Shares	prior to the Share Consolidation, the Existing Ordinary Shares and, thereafter, the New Ordinary Shares
PRA	the Prudential Regulation Authority of the United Kingdom (or any successor body in respect thereof)
Prospectus Rules	has the meaning set out in section 73A(4) of the FSMA
Record Date	6.00 p.m. on 11 October 2019 (or such other time and date as the Directors may determine)
Register	the register of members of the Company
Registrar or Computershare	Computershare Investor Services Plc, or any other registrar appointed by the Company from time to time
Resolutions	the resolutions set out in the notice convening the General Meeting which is set out at the end of this document
SEC	the United States Securities and Exchange Commission
Share Consolidation	the proposed consolidation to be effected by consolidating every 13 Existing Ordinary Shares into 12 New Ordinary Shares
Share Buyback Programme	the proposed on-market share buyback programme
Share Plans	the Vectura 2015 Long-Term Incentive Plan, the Vectura Deferred Share Bonus Plan 2017, the Vectura 2014 Sharesave Scheme, the Vectura Share Incentive Plan, the Vectura Global Share Incentive Plan, the 2002 Skyepharma PLC International Share Plan, the 2014 Skyepharma PLC International Share Plan, the Skyepharma PLC Share Purchase Plan 2001 and the Skyepharma Share Incentive Plan 2014

Shareholders	holders of Ordinary Shares in the Company
Special Dividend	the proposed special dividend of 6 pence per Existing Ordinary Share
subsidiary	has the meaning given to that term in the Companies Act
subsidiary undertaking	has the meaning given to that term in the Companies Act
UK Listing Authority	the FCA acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended)
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
Vectura Group	Vectura Group plc and its subsidiaries and subsidiary undertakings

The singular shall include the plural and *vice versa*, and words importing the masculine gender shall include the feminine or neutral gender.

Terms defined in the CREST Manual shall, unless the context otherwise requires, bear the same meanings where used in this document.

References to “£”, “Sterling”, “Pounds Sterling”, “penny” and “pence” are to the lawful currency of the United Kingdom.

References to “\$”, “US dollars” and “US\$” are to the lawful currency of the United States.

Notice of General Meeting

Notice is hereby given that the General Meeting of Vectura Group plc (the “Company”) will be held at the offices of Clifford Chance LLP, 4 Coleman Street, London EC2R 5JJ at 10.30 a.m. on Thursday, 10 October 2019 for the purpose of considering and, if thought fit, passing the following Resolutions.

Resolutions 1 and 2 will be proposed as ordinary resolutions and each such Resolution must receive over 50 per cent. of the votes cast to be passed.

Resolution 3 will be proposed as a special resolution and each such Resolution must receive at least 75 per cent. of the votes cast in order to be passed.

Ordinary Resolutions

1 **Special Dividend**

THAT, conditional upon admission of the new ordinary shares of £0.000271 each (a “**New Ordinary Share**”) to the Official List of the United Kingdom Listing Authority and to trading on the London Stock Exchange plc’s main market for listed securities becoming effective by or as soon as practicable after 8.00 a.m. on 14 October 2019 (or such later time and/or date as the directors may in their absolute discretion determine) (“**Admission**”) and Resolution 2, a dividend of 6 pence per ordinary share in the capital of the Company be, and is hereby declared to be, paid to each shareholder on the register of members of the Company at 6.00 p.m. on 11 October 2019.

2 **Share Consolidation**

THAT, conditional upon Resolution 1 and Admission (as defined in Resolution 1), every 13 ordinary shares of £0.00025 each in the capital of the Company in issue and outstanding as at 6.00 p.m. on 11 October 2019 (or such other time and date as the Directors may determine) be consolidated into 12 ordinary shares of £0.000271 each provided that, where such consolidation results in any member being entitled to a fraction of a New Ordinary Share, such fraction shall, so far as possible, be aggregated with the fractions of a New Ordinary Share to which other members of the Company may be entitled and the Directors be and are hereby authorised to sell (or appoint any other person to sell to any person), on behalf of the relevant members, all the New Ordinary Shares representing such fractions at the best price reasonably obtainable to any person, and to pay the proceeds of sale (net of expenses) in excess of £5 in due proportion to the relevant members entitled thereto and that any Director (or any person appointed by the Directors) shall be and is hereby authorised to execute an instrument of transfer in respect of such shares on behalf of the relevant members and to do all acts and things the Directors consider necessary or expedient to effect the transfer of such shares to, or in accordance with the directions of, any buyer of any such shares.

Special Resolution

3 **Authority to purchase own shares**

THAT, conditional upon the passing of Resolutions 1 and 2 and Admission (as defined in Resolution 1) the Company be generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 to make one or more market purchases (as defined by section 693(4) of the Companies Act 2006) of its ordinary shares of £0.000271 on such terms and in such manner as the directors may from time to time determine, provided that:

- (a) the Company shall not purchase ordinary shares with an aggregate nominal value of more than £16,667 (representing approximately 10 per cent. of the expected issued New Ordinary Share capital of the Company following Admission);
- (b) the Company shall not pay less than the nominal share value for an ordinary share (excluding expenses);
- (c) the Company shall not pay more (excluding expenses) for each ordinary share than the higher of (1) an amount equal to 105 per cent. of the average of the middle market price of an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days

immediately preceding the date on which the Company agrees to buy the ordinary shares concerned and (2) the higher of the price of the last independent trade and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out;

- (d) this authority shall continue in force until the conclusion of the next AGM of the Company after the date on which this Resolution is passed or, if earlier, at close of business on 30 June 2020; and
- (e) the Company may agree before the authority terminates under this Resolution 3 to purchase ordinary shares where the purchase contract will or may be executed (either wholly or in part) after the authority terminates, and the Company may complete such purchase contract notwithstanding that the authority has terminated.



By order of the Board

John Murphy
General Counsel and Company Secretary
10 September 2019

Registered in England and Wales

Registered Number:
03418970
Registered Office:
One Prospect West
Chippenham
Wiltshire
SN14 6FH

Notes for Shareholders

Explanations of the Resolutions

1. Explanations of the Resolutions are set out in paragraphs 1 to 3 inclusive of Appendix I of the Circular to Shareholders published by the Company on 10 September 2019 of which this Notice of General Meeting forms part.

Resolutions to be decided by a poll

2. All Resolutions proposed at this GM will be decided by a poll. This is a more transparent method of voting and means that the votes of all shareholders, including those of our shareholders who cannot attend the meeting but who submit a Form of Proxy, are counted.

Entitlement to attend and vote

3. To be entitled to attend and vote at this GM (and for the purpose of the determination by the Company of the number of votes that may be cast), the Company specifies, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, that shareholders must be registered in the Register of Members of the Company as at 10.30 a.m. on 8 October 2019 (or, in the event of any adjournment, at 10.30 a.m. on the date that is two business days before the date of the adjourned meeting).

Changes to entries in the Register of Members after the relevant deadline shall be disregarded in determining the rights of any persons to attend and vote (and the number of votes they may cast) at this GM or adjourned meeting.

Appointment of proxies

4. Members of the Company entitled to attend, speak and vote at the GM are entitled to appoint a proxy to exercise on their behalf all or any of their rights to attend and to speak and vote at the GM. A shareholder may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy or proxies may be appointed by:
 - (a) completing and returning the accompanying hard copy Form of Proxy (see notes 12, 13 and 14);
 - (b) lodging a proxy using the internet (see note 15); or
 - (c) through the CREST electronic proxy appointment service (see notes 17 to 20 inclusive). If you wish your proxy to speak on your behalf at the GM you will need to appoint a proxy of your own choice (not the Chairman) and give your instructions directly to them.
5. The return of a completed Form of Proxy, the lodgement of a proxy using the internet or any CREST Proxy Instruction will not prevent a shareholder attending the GM and voting in person if he or she wishes to do so. If you have appointed a proxy and attend the meeting in person, your proxy appointment will be automatically terminated.
6. The statement of the rights of shareholders in relation to the appointment of proxies in notes 3 and 4 above does not apply to Nominated Persons (see note 21). The rights described in notes 3 and 4 above can be exercised only by shareholders of the Company.
7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the Resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter that is put before the GM.
8. To change your proxy instructions, please submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

9. 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 Computershare's helpline on 0370 707 1387 or, if telephoning from outside the UK, on +44 370 707 1387 from Monday to Friday between 8.30 a.m. and 5.30 p.m. Calls to Computershare's 0370 number from landlines are typically charged up to 9p per minute; calls from mobiles typically cost between 3p and 55p per minute. Calls from landlines and mobiles are included in free call packages but providers' costs may vary. Calls to Computershare from outside the UK are charged at applicable international rates. Calls may be recorded and monitored randomly for security and training purposes. Computershare cannot provide advice on the merits of the proposed Resolutions, or give any financial, legal or tax advice.
10. If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.
11. In order to revoke a proxy instruction, you will need to inform the Company by sending a signed notice, clearly stating your intention to revoke your proxy appointment, to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. In the case of a shareholder that is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received no later than 10.30 a.m. on 8 October 2019, or 48 hours before the time appointed for the holding of an adjourned GM. If you attempt to revoke your proxy appointment but the revocation is received after the time specified, then, subject to note 4, your proxy appointment will remain valid.

Appointment of proxy using hard copy Form of Proxy

12. A Form of Proxy that may be used to make such appointment and give proxy instructions accompanies this Notice. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact Computershare Investor Services PLC on 0370 707 1387. The notes to the Form of Proxy that accompanies this Notice explain how to direct your proxy to vote or withhold your vote on each Resolution.
13. In the case of joint holders, the signature of only one of the joint holders is required on the Form of Proxy. Where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the more 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 more senior).
14. To be valid, any hard copy Form of Proxy must be completed and signed and received by post or (during normal business hours only) by hand at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 10.30 a.m. on 8 October 2019, or 48 hours before the time appointed for the holding of an adjourned GM or (in the case of a poll taken otherwise than at or on the same day as the GM or adjourned GM) for the taking of the poll at which it is to be used.
15. As an alternative to completing the hard copy Form of Proxy, you can submit your proxy by electronic means by lodging a proxy with Computershare Investor Services PLC using the internet at www.eproxyappointment.com. You will be asked to enter a Control Number, Shareholder Reference Number (SRN) and PIN, all of which are printed on the hard copy Form of Proxy, and to agree to certain terms and conditions. To be valid, a proxy lodged by electronic means must be lodged no later than 10.30 a.m. on 8 October 2019, or 48 hours before the time appointed for the holding of an adjourned GM or (in the case of a poll taken otherwise than at or on the same day as the GM or adjourned GM) for the taking of the poll at which it is to be used.

Receipt of documents or information relating to proxies

16. You may submit any documents relating to proxies, such as any document necessary to show the validity of, or otherwise relating to, the appointment of a proxy or a notice of termination of the authority of a proxy, by email to web.queries@computershare.co.uk. However, any Form of Proxy sent to this address will not be valid. Any proxy should either be submitted in hard copy in accordance with note 14,

by electronic means in accordance with note 15, or through the CREST electronic proxy appointment service in accordance with notes 17 to 20.

Appointment of proxies through CREST

17. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in 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.
18. 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 the specifications of Euroclear UK & Ireland Limited (the operators of CREST), and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is 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 (ID 3RA50) by 10.30 a.m. on 8 October 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp 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.
19. 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 message. 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 the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his or her 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 regard, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
20. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Nominated persons

21. If you are a person who has been nominated by a shareholder under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person"):
 - (a) You may have a right under an agreement between you and the shareholder who has nominated you to have information rights (the "Relevant Member") to be appointed, or to have someone else appointed, as a proxy for the GM.
 - (b) If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.
 - (c) Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

Corporate representatives

22. Any corporation that is a member can appoint one or more corporate representatives to exercise on its behalf the same powers as if it were an individual member of the Company provided it does so in relation to different shares held.

Issued shares and total voting rights

23. As at 9 September 2019 (being the latest practicable date before publication of this Notice) the Company's issued share capital consisted of 666,304,286 ordinary shares of £0.00025 each, carrying one vote each. At 9 September 2019 the Company did not hold any shares in treasury. Therefore, the total number of voting rights in the Company as at 9 September 2019 was 666,304,286.
24. Further information can be found at www.vectura.com about:
- (a) the matters set out in this Notice of Meeting;
 - (b) the total number of shares in the Company and the shares of each class in respect of which shareholders are entitled to exercise voting rights at the GM;
 - (c) the total number of voting rights that shareholders are entitled to exercise at the GM in respect of the shares of each class; and
 - (d) any shareholders' statements, shareholders' Resolutions and shareholders' matters of business received by the Company after the date of this Notice of Meeting.

Entitlement to ask questions

25. Pursuant to section 319A of the Companies Act 2006, any shareholder attending the GM has the right to ask questions relating to the business being dealt with at the meeting. In certain circumstances, prescribed by section 319A, the Company need not answer a question. For example, where answering the question would interfere unduly with the operation of the meeting or involve disclosure of confidential information, or where the answer is in the interests of the Company undesirable.

Details of communications

26. Other than as provided above, shareholders who wish to communicate with the Company in relation to the GM should do so by writing to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. No other methods of communication will be accepted. In particular, you may not use any electronic address provided either in this Notice of Meeting or in any related documents (including in the Chairman's letter and the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

