

Notice of 2017 Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND
REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to what action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent advisor duly authorised under the Financial Services and Markets Act 2000.

If you have recently sold or otherwise transferred all your shares in Vectura Group plc, please pass this document and the accompanying document(s) to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Notice of the Annual General Meeting of Vectura Group plc (the "Company") to be held at 10.30 a.m. at the offices of Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ on Thursday 25 May 2017 is set out on pages 2 to 4 of this document.

Whether or not you propose to attend the Annual General Meeting, please complete and submit a Form of Proxy either in hard copy or by electronic means in accordance with the instructions printed on the Form as soon as possible but in any event so as to be received by not later than 10.30 a.m. on Tuesday 23 May 2017. If you hold Vectura Group plc shares in CREST, you may also appoint a proxy using CREST by following the instructions set out on page 9 of this document. Completion and return of the Form of Proxy will not preclude you from attending and voting at the Annual General Meeting in person, should you so wish.

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Deferred Share Bonus Plan 2017 (the "2017 DSBP")

Registered office

Vectura Group plc
One Prospect West
Chippenham
Wiltshire SN14 6FH
www.vectura.com

19 April 2017

Dear Shareholder

2017 Annual General Meeting

I am pleased to invite you to the 2017 Annual General Meeting (AGM) of Vectura Group plc (the "Company"). Following the change of the Company's year end from 31 March to 31 December, the AGM for the nine months ended 31 December 2016 will take place on Thursday 25 May 2017 at the offices of our lawyers, Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ and will commence at 10.30 a.m.

A Notice of Meeting, including the proposed Resolutions, follows this letter. A copy of the Notice of Meeting and the Company's Report and Accounts for the period ended 31 December 2016 can be viewed on our website at www.vectura.com.

The AGM provides an opportunity for your Directors to meet with you, provide our thoughts on the development of the Company and answer your questions. We therefore encourage you to attend. However, if you are unable to do so, please complete and return your Form of Proxy as soon as possible but in any event so as to arrive not later than 10.30 a.m. on Tuesday 23 May 2017. Please note that if you return your Form of Proxy, you may still attend, speak and vote at the AGM in person if you subsequently wish to do so.

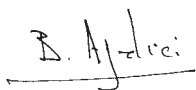
There are 20 Resolutions proposed at the AGM and we will once again take all of these on a poll vote. This will be conducted at the meeting by means of a paper poll, with each shareholder having one vote for each share held. The voting results will be notified to the London Stock Exchange as soon as possible following the conclusion of the meeting and posted on the Company's website.

Explanatory notes in respect of the proposed Resolutions are set out in the Notice of Meeting. Your Directors consider each Resolution to be in the best interests of the Company and its shareholders as a whole and unanimously recommend you vote in favour of each of them, as they intend to do in respect of their own beneficial shareholdings.

If you have any questions regarding your shareholding (e.g. share certificates) or you have received more than one copy of the Notice of Meeting, please call our registrars, Computershare, on 0370 707 1387.

My Board colleagues and I look forward to seeing as many of you as possible at the AGM and thank you for your continued support.

Yours sincerely

A handwritten signature in black ink, appearing to read "B. Angelici", written over a horizontal line.

Bruno Angelici
Chairman
Vectura Group plc

Notice is hereby given that the Annual General Meeting (AGM) of Vectura Group plc (the "Company") will be held at the offices of Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ on Thursday 25 May 2017 at 10.30 a.m. for the purposes of considering and, if thought fit, passing the following Resolutions.

Resolutions 1 to 16 will be proposed as Ordinary Resolutions and each Resolution must receive over 50% of the votes cast to be passed.

Resolutions 17 to 20 will be proposed as Special Resolutions and each Resolution must receive at least 75% of the votes cast in order to be passed.

Ordinary Resolutions

Report and Accounts

- 1 To receive the Company's Report and Accounts for the nine months ended 31 December 2016, including the independent auditor's report (the "Report and Accounts").

Directors' Remuneration Policy

- 2 To approve the Directors' Remuneration Policy as set out on pages 66 to 72 of the Report and Accounts.

Directors' Remuneration Report

- 3 To approve the Directors' Remuneration Report for the nine months ended 31 December 2016 (excluding the Directors' Remuneration Policy) as set out on pages 63 to 84 of the Report and Accounts.

Re-election of Directors

- 4 To re-elect Dr Per-Olof Andersson as a Director of the Company.
- 5 To re-elect Bruno Angelici as a Director of the Company.
- 6 To re-elect Frank Condella as a Director of the Company.
- 7 To re-elect Andrew Derodra as a Director of the Company.
- 8 To re-elect Dr Susan Foden as a Director of the Company.
- 9 To re-elect James Ward-Lilley as a Director of the Company.
- 10 To re-elect Neil Warner as a Director of the Company.
- 11 To re-elect Thomas Werner as a Director of the Company.

Appointment of auditor

- 12 To appoint KPMG LLP as the Company's auditor to hold office from the conclusion of this meeting until the conclusion of the next meeting at which the accounts of the Company are laid.

Remuneration of auditor

- 13 To authorise the Audit Committee for and on behalf of the Board to determine the auditor's remuneration.

Political expenditure

- 14 To authorise the Company and all companies that are its subsidiaries at any time during the period for which this Resolution has effect for the purposes of section 366 of the Companies Act 2006 to:

- (a) make political donations to political parties or independent election candidates (as such terms are defined in sections 363 and 364 of the Companies Act 2006), not exceeding £25,000 in aggregate;
- (b) make political donations to political organisations other than political parties (as such terms are defined in sections 363 and 364 of the Companies Act 2006), not exceeding £25,000 in aggregate; and
- (c) to incur political expenditure (as such term is defined in section 365 of the Companies Act 2006), not exceeding £25,000 in aggregate,

during the period beginning with the date of the passing of this Resolution and ending with the conclusion of the next AGM of the Company (or, if earlier, close of business on 30 June 2018), unless previously renewed, revoked or varied by the Company in general meeting, provided that the maximum amounts referred to in (a), (b) and (c) may comprise sums in different currencies which shall be converted at such rate as the Board may in its absolute discretion determine to be appropriate.

Authority to allot shares

- 15 That the Directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for, or to convert any security into, shares in the Company:

- (a) up to an aggregate nominal amount of £56,562; and
- (b) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a further aggregate nominal amount of £56,562 in connection with an offer by way of rights issue,

provided that this authority shall, unless renewed, revoked or varied by the Company in general meeting, expire at the conclusion of the next AGM of the Company, or on 30 June 2018, whichever is the earlier (save that the Company may, prior to its expiry, revocation or variation, make offers, or enter into agreements, which would, or might, require shares to be allotted or rights to be granted after the expiry, revocation or variation of such authority and the Directors may allot shares or grant rights in pursuance of any such offer or agreement as if the authority conferred hereby had not expired or been revoked or varied). This authority is in substitution for all previous general authorities conferred on the Directors.

For the purposes of this Resolution 15 "rights issue" means an offer to:

- (i) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

Ordinary Resolutions continued

Authority to allot shares continued

- (ii) holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

to subscribe for further securities by means of the issue of a renounceable letter (or other negotiable document) which may be traded for a period before payment for the securities is due, including an offer to which the Directors may impose any limits or restrictions or make any other arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

Deferred Share Bonus Plan

16 That the rules of the Vectura Group plc Deferred Share Bonus Plan 2017 (the "2017 DSBP"), the principal terms of which are summarised in Appendix 3 of this Notice of Meeting, and produced in draft to the meeting be and are hereby approved and the Directors be authorised to:

- (a) make such modifications to the 2017 DSBP as they may consider appropriate to take account of the requirements of best practice and for the implementation of the 2017 DSBP and to adopt the 2017 DSBP as so modified and to do all such other acts and things as they may consider appropriate to implement the 2017 DSBP; and
- (b) establish further plans based on the 2017 DSBP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual or overall participation in the 2017 DSBP.

Special Resolutions

Disapplication of pre-emption rights

17 That, subject to the passing of Resolution 15 and in accordance with sections 570 and 573 of the Companies Act 2006, the Directors be generally and unconditionally authorised to allot equity securities of the Company (as defined in section 560(1) of the Companies Act 2006) for cash under the authority given by Resolution 15 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be limited:

- (a) to the allotment of equity securities and/or sale of treasury shares for cash in connection with an offer of, or an invitation to apply for, equity securities (but in the case of an allotment pursuant to the authority granted by paragraph (b) of resolution 15, by way of rights issue only): (i) in favour of ordinary shareholders where the equity securities are proportionate (as nearly as practicable) to the respective number of ordinary shares held by such holders; and (ii) to holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary, and so that the Directors may impose any limits or restrictions or make any other arrangements as the Directors may deem necessary or appropriate in relation to treasury shares, fractional entitlements record dates, or legal or practical problems arising in, or pursuant to, the laws of any territory or the requirements of any regulatory body or stock exchange in any territory; and
- (b) to the allotment of equity securities pursuant to the authority granted by paragraph (a) of Resolution 15 and/or sale of treasury shares for cash (otherwise than pursuant to paragraph (a) of this Resolution 17) up to an aggregate nominal amount of £8,484 (calculated, in the case of equity securities which are rights to subscribe for, or to convert securities into, ordinary shares, by reference to the aggregate nominal amount of relevant shares which may be allotted pursuant to such rights),

such authority to be subject to the continuance of the authority conferred by Resolution 15 and to expire unless renewed, revoked or varied by the Company in general meeting, at the conclusion of the next AGM of the Company or, if earlier, on 30 June 2018 but, in each case, prior to its expiry, revocation or variation the Company may make offers, and/or enter into agreements, which would, or might, require equity securities to be allotted or rights to be granted (and/or treasury shares to be sold) after the authority expires and the Directors may allot equity securities or grant rights (and/or sell treasury shares) under any such offer or agreement as if the authority had not expired or been revoked or varied. This authority is in substitution for all previous general authorities conferred on the Directors.

For the purpose of this Resolution 17, "rights issue" has the same meaning as in Resolution 15 above.

Special Resolutions continued

Disapplication of pre-emption rights continued

- 18 That, subject to the passing of Resolution 17 and in accordance with sections 570 and 573 of the Companies Act 2006, the Directors be generally and unconditionally authorised (in addition to any authority granted under Resolution 17) to allot equity securities of the Company (as defined in section 560(1) of the Companies Act 2006) for cash under the authority given by Resolution 15 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be:
- (a) limited to the allotment of equity securities and/or sale of treasury shares for cash up to an aggregate nominal amount of £8,484; and
 - (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice (19 April 2017),

such authority to be subject to the continuance of the authority conferred by Resolution 15 and to expire unless renewed, revoked or varied by the Company in general meeting, at the conclusion of the next AGM of the Company or, if earlier, on 30 June 2018 but, in each case, prior to its expiry, revocation or variation the Company may make offers, and/or enter into agreements, which would, or might, require equity securities to be allotted or rights to be granted (and/or treasury shares to be sold) after the authority expires and the Directors may allot equity securities or grant rights (and sell treasury shares) under any such offer or agreement as if the authority had not expired or been revoked or varied.

Authority to purchase own shares

- 19 That 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 0.025p 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 £16,968 (representing 10% of the issued ordinary share capital);
 - (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% of the average of the middle market price of an ordinary share as derived from the UK Listing Authority 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, on 30 June 2018; and
 - (e) the Company may agree before the authority terminates under this Resolution 19 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.

Notice of general meetings

- 20 To authorise the calling of any general meetings of the Company other than an AGM by notice of not less than 14 clear days.

By order of the Board



John Murphy
General Counsel and Company Secretary
Vectura Group plc
19 April 2017

The notes on the following pages give an explanation of the proposed Resolutions.

Resolutions 1 to 16 (inclusive) are proposed as Ordinary Resolutions. This means that for each of those Resolutions to be passed, more than half of the votes cast (more than 50%) must be in favour of the Resolution. Resolutions 17 to 20 are proposed as Special Resolutions. This means that, for each of those Resolutions to be passed, at least three-quarters of the votes cast (75%) must be in favour of the Resolution.

The Directors consider that all the Resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. The Board unanimously recommends that you vote in favour of all the Resolutions, as they propose to do in respect of their own beneficial holdings of ordinary shares in the issued share capital of the Company.

Ordinary Resolutions

Resolution 1 – Report and Accounts

The Company is required to present to the shareholders of the Company its Report and Accounts, including the Strategic Report, the Directors' Report and the Auditor's Report to shareholders at the AGM. This provides an opportunity to discuss the performance of the Company during the period, its management and its prospects for the future. A copy of the Report and Accounts of the Company for the nine months ended 31 December 2016 is enclosed with this Notice of Meeting, or made available to you electronically on our website at www.vectura.com.

Resolution 2 – Directors' Remuneration Policy

The Directors' Remuneration Policy was last approved by shareholders at a general meeting on 24 September 2015. Following completion of the merger with Skyepharma PLC in June 2016, the Remuneration Committee has consulted with major shareholders on proposals to amend the Directors' Remuneration Policy to ensure it remains appropriate in light of the strategy for the merged group and developments in market practice and best practice. Further information is contained in Dr Susan Foden's letter on pages 63 to 65 of the Report and Accounts.

If approved, the amended Directors' Remuneration Policy (the "Policy") will take effect from the date of the 2017 AGM and will apply until replaced by a new or amended Directors' Remuneration Policy. It is the Remuneration Committee's intention that it will submit the Policy to shareholders for approval once every three years unless circumstances dictate otherwise.

Once the Policy is effective, the Company will not be able to make remuneration payments to a Director, or any payments for loss of office, to a current or past Director, unless the payment is consistent with the Policy or has been otherwise approved by shareholders.

If the Policy is not approved by shareholders for any reason, the Company will, if and to the extent permitted to do so under the Companies Act 2006, continue to make payments to Directors in accordance with the current Directors' Remuneration Policy and existing contractual arrangements and will seek shareholder approval for a revised Directors' Remuneration Policy as soon as practicable.

The Board believes that the Policy represents an appropriate and proportionate framework to support the achievement of the Company's strategic goals and reward Executives for that achievement.

Resolution 3 – Directors' Remuneration Report

This Resolution seeks shareholder approval for the Directors' Remuneration Report for the nine months ended 31 December 2016, as set out on pages 63 to 84 (excluding the Directors' remuneration policy) in the Report and Accounts. The Directors' Remuneration Report contains details of the remuneration arrangements for, and payments made to, Directors for the nine months ended 31 December 2016.

This Resolution is an advisory vote and the Directors' entitlements to remuneration are not conditional upon it.

Resolutions 4 to 11 – re-election of Directors

Article 56 of the Company's Articles of Association and provision B7 of the UK Corporate Governance Code (September 2014) published by the Financial Reporting Council (the "UK Corporate Governance Code") require that any person appointed by the Board to fill a casual vacancy or as an additional Director should be subject to election by shareholders at the first AGM after their appointment. No new Directors have been appointed to the Board since the 2016 AGM held on 7 September 2016.

The UK Corporate Governance Code provides that all Directors of FTSE 350 companies should be subject to annual election by shareholders and, as such, all Directors offer themselves for re-election with the exception of Trevor Phillips who will retire from the Board at the conclusion of the 2017 AGM and shall not seek re-election.

The Board has a process for evaluation of its own performance and that of the individual Directors. The evaluation was carried out using an external consultant, Independent Audit Ltd. The performance of Directors has been so evaluated by the Chairman and the Board and it has been determined that they each perform effectively and show full commitment to their roles on the Board.

The Board therefore recommends that you support the re-election of each of the retiring Directors standing for re-election. Biographical details of each Director can be found in Appendix 1 to this Notice of Meeting.

Resolutions 12 and 13 –

Appointment and remuneration of auditor

It is a requirement of the Companies Act 2006 that the Company's auditor be appointed at each general meeting at which accounts are laid. The Audit Committee keeps under review the independence and objectivity of the external auditor, further information on which can be found in the Report and Accounts on page 61. Since Deloitte had been appointed in 2007, it is mandatory that a tender take place for the 2017 financial statements. Following a competitive tender process, two firms were recommended by the Audit Committee to the Board for consideration with KPMG LLP being proposed as the preferred firm based on the results of the tender. The Board approved the proposal and is recommending to shareholders the appointment of KPMG LLP as the Company's auditor to hold office until the conclusion of the AGM in 2018. More information in respect of the audit tender can be found in the Audit Committee report on pages 60 to 62 of the Company's Report and Accounts. In accordance with the Companies Act 2006, Deloitte LLP has provided a "Statement of Circumstances" in connection with its resignation from office, which is set out in Appendix 2 on page 13 of this Notice of Meeting.

Resolution 13 proposes that the Audit Committee be authorised for and on behalf of the Board to determine the auditor's remuneration.

Resolution 14 – authority for political donations and expenditure
Resolution 14 concerns Part 14 of the Companies Act 2006 which provides that political donations made by a company to political parties, other political organisations and independent election candidates or political expenditure incurred by a company must be authorised in advance by shareholders.

It is the Company's policy not to make donations to, or incur expenditure on behalf of, political parties, other political organisations or independent election candidates and the Board has no intention of changing this policy. However, as a result of the wide definitions in the Companies Act 2006, normal expenditure (such as expenditure on organisations concerned with matters of public policy, law reform and representation of the business community) and business activities (such as communicating with the Government and political parties at local, national and European level) might be construed as political expenditure or as a donation to a political party or other political organisation and fall within the restrictions of the Companies Act 2006.

This Resolution does not purport to authorise any particular donation or expenditure but is expressed in general terms as required by the Companies Act 2006 and is intended to authorise normal donations and expenditure. If approved, Resolution 14 will allow the Company and its subsidiaries to make political donations (as defined in the Companies Act 2006) to political or independent election candidates up to an aggregate limit of £25,000, to make political donations to political organisations other than political parties up to an aggregate limit of £25,000 and to incur political expenditure (as defined in the Companies

Act 2006) up to an aggregate limit of £25,000, each in the period to the conclusion of the next AGM of the Company (or, if earlier, close of business on 30 June 2018), whilst avoiding, because of the uncertainty over the definitions used in the Companies Act 2006, inadvertent or technical infringement of the Companies Act 2006. Any political donation made or political expenditure incurred which is in excess of £200 will be disclosed in the Company's Annual Report for next year, as required by the Companies Act 2006. The authority will not be used to make political donations within the normal meaning of that expression.

Resolution 15 – authority to allot shares

Under section 551 of the Companies Act 2006, the Directors are prevented, subject to certain exceptions, from allotting shares without the authority of the shareholders in general meeting. This Resolution is proposed as an Ordinary Resolution to authorise the Directors to allot relevant securities up to an aggregate nominal value of £56,562 (representing approximately one-third of the share capital of the Company in issue at 18 April 2017 (being the latest practicable date before publication of this Notice of Meeting)).

In line with the Investment Association guidelines, the authority will also permit the Directors to allot an additional one-third of the Company's share capital in issue as at the date of this Notice of Meeting, provided such additional shares are reserved for a fully pre-emptive rights issue.

The Directors' authority will expire on the earlier of the conclusion of the next AGM and 30 June 2018 and it is their policy to seek annual renewal of this authority. The Directors have no immediate plans to make use of this authority. At 18 April 2017 (being the latest practicable date before publication of this Notice of Meeting) the Company did not hold any ordinary shares in treasury.

Resolution 16 – Deferred Bonus Plan

Resolution 16 seeks shareholder approval to establish the Vectura Group plc Deferred Share Bonus Plan 2017 (the "2017 DSBP").

The 2017 DSBP would be used to implement the deferred share bonus aspects of the new Directors' Remuneration Policy proposed to be approved under Resolution 2 as referred to above.

The terms of the 2017 DSBP have been designed to comply with prevailing best practice expectations and the new Directors' Remuneration Policy. A summary of the principal terms of the 2017 DSBP is set out in Appendix 3 to this Notice of Meeting. A copy of the draft rules of the 2017 DSBP will be available for inspection at the offices of New Bridge Street (an Aon Hewitt Ltd company) at 122 Leadenhall Street, London EC3V 4AN during normal business hours on any weekday (Saturdays and English public holidays excepted) until the close of the AGM and at the place of the AGM for at least 15 minutes prior to and during the AGM.

Special Resolutions

Resolutions 17 and 18 – disapplication of pre-emption rights
Under section 561 of the Companies Act 2006, when new shares or other equity securities are allotted or treasury shares sold, they must first be offered to existing shareholders pro rata to their holdings. The Directors are seeking the disapplication of pre-emption rights in accordance with the Statement of Principles issued by the Pre-Emption Group.

The Statement of Principles states that in addition to the previous standard annual disapplication of pre-emption rights of up to a maximum equal to 5% of issued ordinary share capital, the Pre-Emption Group is supportive of companies extending the general disapplication authority by an additional 5% for certain purposes. The Company confirms that it intends to use the additional 5% only in connection with financing (or refinancing, if the authority is to be used within six months after the original transaction) an acquisition or specified capital investment. Resolution 17 renews the authorities previously granted to the Directors to:

- (a) allot equity securities and/or sell treasury shares in the Company in connection with a rights issue or other pre-emptive offer; and
- (b) otherwise allot shares in the Company for cash up to a maximum nominal amount of £8,484 (representing approximately 5% of the share capital of the Company in issue at 18 April 2017 (being the latest practicable date before publication of this Notice of Meeting)),

in each case as if the pre-emption rights of section 561 of the Companies Act 2006 did not apply.

In addition, Resolution 17 permits the Directors to deal with fractional entitlements and any legal or regulatory problems arising in any territory on any offer of new shares to be made to shareholders on a pro-rata basis.

Resolution 18 seeks separate and additional authority for the additional 5% of ordinary share capital in accordance with the Statement of Principles as detailed above.

The Directors also confirm, in accordance with the Statement of Principles, their intention that no more than 7.5% of the issued ordinary share capital of the Company (excluding treasury shares) will be issued for cash on a non-pre-emptive basis during any rolling three-year period without prior consultation with shareholders.

Save in respect of issues of shares in connection with employee share schemes, the Directors have no immediate plans to make use of the authorities sought in Resolutions 17 and 18. There are currently 15,303,695 options outstanding under the Company's share plans for which newly issued shares could be used. The Directors consider the authorities sought to be appropriate in order to provide the Company with flexibility to take advantage of business opportunities as they arise. Shareholders should note that Resolutions 17 and 18 are subject to Resolution 15 being passed.

If both Resolutions 17 and 18 are approved, the authorities will expire on 30 June 2018 or, if earlier, the date of the next AGM.

Resolution 19 – authority to purchase own shares

The Company is seeking authority to make market purchases of its ordinary shares. 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 at the 2017 AGM. The proposed authority is for a maximum nominal amount of £16,968 which represents not more than 10% of the Company's issued ordinary share capital as at 18 April 2017 (being the latest practicable date before publication of this Notice of Meeting) and will expire at the end of the AGM to be held in 2018 or, if earlier, 30 June 2018. The maximum price which may be paid for an ordinary share is the higher of (1) an amount equal to 105% 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 0.025p. The Directors intend to use this authority only when they consider it to be in the best interests of the shareholders taking into account prevailing market conditions and the financial position of the Company and where the effect would be expected to result in an increase in earnings per share.

In addition, it would be possible for the Company to hold any ordinary shares purchased by it in treasury instead of cancelling them. Such ordinary shares may be sold by the Company for cash or alternatively transferred for the purposes of an employees' share scheme. If the Company were able to purchase ordinary shares in accordance with this authority, the Directors would consider the possibility of holding them in treasury. The Directors have no present intention of exercising the authority conferred by this Resolution.

Resolution 20 – notice of general meetings

This Resolution seeks to renew an authority granted at last year's AGM to allow the Company to call general meetings other than an annual general meeting on not less than 14 clear days' notice.

Under the Companies Act 2006 the notice period required for general meetings of the Company is 21 clear days unless shareholders approve a shorter notice period, which cannot, however, be less than 14 clear days (annual general meetings will continue to be held on at least 21 clear days' notice). If passed, this Resolution will enable the Company to retain maximum flexibility to seek shareholder approval for any future change or transaction more quickly, where it is thought by the Directors to be an advantage to the shareholders as a whole to do so. The Resolution will be effective until the Company's next AGM, when it is intended that a similar Resolution will be proposed.

Shareholders should note that to call a general meeting on fewer than 21 clear days' notice, the Company will be required to provide a means for all shareholders to vote electronically for that meeting.

Resolutions to be decided by a poll

- 1 All Resolutions proposed at the AGM 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

- 2 To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company 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 6.00 p.m. on Tuesday 23 May 2017 (or, in the event of any adjournment, at 6.00 p.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 the AGM or adjourned meeting.

Appointment of proxies

- 3 Members of the Company entitled to attend, speak and vote at the AGM 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 AGM. 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 11, 12 and 13);
 - (b) lodging a proxy using the internet (see note 14); or
 - (c) through the CREST electronic proxy appointment service (see notes 16 to 19). If you wish your proxy to speak on your behalf at the AGM you will need to appoint a proxy of your own choice (not the Chairman) and give your instructions directly to them.
- 4 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 AGM 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.
- 5 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 20). The rights described in notes 3 and 4 above can be exercised only by shareholders of the Company.
- 6 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 AGM.

- 7 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.
- 8 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 8p and 40p 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, nor give any financial, legal or tax advice.
- 9 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.
- 10 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 Tuesday 23 May 2017, or 48 hours before the time appointed for the holding of an adjourned AGM. 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

- 11 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.

- 12 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).
- 13 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 Tuesday 23 May 2017, or 48 hours before the time appointed for the holding of an adjourned AGM or (in the case of a poll taken otherwise than at or on the same day as the AGM or adjourned AGM) for the taking of the poll at which it is to be used.
- 14 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 Tuesday 23 May 2017, or 48 hours before the time appointed for the holding of an adjourned AGM or (in the case of a poll taken otherwise than at or on the same day as the AGM or adjourned AGM) for the taking of the poll at which it is to be used.
- 17 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 Tuesday 23 May 2017. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- 18 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.

Receipt of documents or information relating to proxies

- 15 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](mailto: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 13, by electronic means in accordance with note 14, or through the CREST electronic proxy appointment service in accordance with notes 16 to 19.

Appointment of proxies through CREST

- 16 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.
- 19 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.
- 20 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 AGM.

Nominated persons

Nominated Persons continued

- (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

- 21 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 that they do so in relation to different shares held.

Issued shares and total voting rights

- 22 As at 18 April 2017 (being the latest practicable date before publication of this Notice of Meeting) the Company's issued share capital consisted of 678,746,802 ordinary shares of 0.025p each, carrying one vote each. At 18 April 2017 the Company did not hold any shares in treasury. Therefore, the total number of voting rights in the Company as at 18 April 2017 was 678,746,802.
- 23 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 AGM;
 - (c) the total number of voting rights that shareholders are entitled to exercise at the AGM 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

- 24 Pursuant to section 319A of the Companies Act 2006, any shareholder attending the AGM 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 the answer is in the undesirable interest of the Company.

Entitlement to raise audit concerns

- 25 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:
 - (a) 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 AGM; or
 - (b) 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.

The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with section 527 or section 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 that may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

Details of communications

- 26 Except as provided above, shareholders who wish to communicate with the Company in relation to the AGM 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.

Documents on display

- 27 The following documentation is available for inspection during business hours at the registered office of the Company and at the offices of Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ, on any weekday (public holidays excluded) from the date of this Notice until the close of the meeting, will also be available for inspection at the place of the Annual General Meeting from 10.00 a.m. on the day of the meeting until the conclusion of the meeting:
 - (a) copies of the Executive Directors' service contracts and contracts of appointment between the Non-Executive Directors and the Company;
 - (b) copies of the Company's Articles of Association;
 - (c) copies of this Notice and the Report and Accounts of the Company for the nine month period ended 31 December 2016; and
 - (d) copies of the Rules of the Deferred Share Bonus Plan.

Appendix 1: Directors' biographies



Bruno Angelici
Non-Executive Chairman



Appointment to the Board

Bruno Angelici was appointed to the Vectura Board on 1 December 2013 and became Non-Executive Chairman in February 2014. Following the merger with Skyepharma in June 2016, Bruno became Chairman of the enlarged Vectura Group plc.

Experience and expertise

Bruno has an MBA (Kellogg School of Management) and business and law degrees from Reims.

Bruno's career includes senior management roles in pharmaceutical and medical device companies. Bruno retired from AstraZeneca in 2010 as Executive Vice President International after a 20-year career. He was responsible for Europe, Japan, Asia Pacific, Latin America,

the Middle East and Africa having originally joined as president of ICI Pharmaceuticals France. Prior to this, he was at Baxter, a US-based global supplier of medical devices. He has extensive international business leadership experience, including in the US, and brings a deep understanding to the Company of the medical device and pharmaceutical industries.

Current external appointments

Bruno is a non-executive director of Smiths Group plc, a technology group. In March 2017, Bruno stepped down as a non-executive director of Novo Nordisk A/S, a global healthcare company and world leader in diabetes care. He is a member of the Global Advisory Board of Takeda Pharmaceutical Company Ltd, Japan, the largest pharmaceutical company in Asia, and a member of the supervisory board of Wolters Kluwer NV, a global information services and publishing company.



James Ward-Lilley
Chief Executive Officer

Appointment to the Board

James Ward-Lilley was appointed Chief Executive Officer of Vectura in September 2015 and became CEO of the enlarged Group following the merger with Skyepharma in June 2016.

Experience and expertise

James holds an Institute of Marketing Diploma, a BA (Hons) degree and an MBA.

Prior to joining Vectura, James was a senior executive at AstraZeneca, being vice president respiratory, inflammation & autoimmunity, global product and portfolio strategy (GPPS). In this role James had responsibility for the development of AstraZeneca's respiratory, inflammation and

autoimmunity (RIA) strategy which included the acquisitions of Almirall's respiratory business and Pearl Therapeutics. Prior to this, James led the AstraZeneca investor relations team from 2011 to 2012. His extensive international management career at AstraZeneca spanned 28 years across a variety of commercially focused roles. James progressed from sales and marketing roles in the UK through to country head of Belgium and Luxembourg. He then led AstraZeneca's business in China to become the number one pharmaceutical company in that market. James went on to become regional vice president for Central Eastern Europe and the Middle East, where the business enjoyed strong growth.

Current external appointments

James does not currently hold any other directorships.



Andrew Derodra
Chief Financial Officer

Appointment to the Board

Andrew Derodra was appointed Chief Financial Officer (CFO) on 10 June 2016 having previously been appointed CFO of Skyepharma in November 2013.

Experience and expertise

He is a Fellow of the Chartered Institute of Management Accountants and holds a BA (Hons) in mathematics from Oxford University.

Andrew brings to the role over 25 years' experience in senior finance and commercial roles in multinational FTSE 100 companies. Prior to Skyepharma he was with Tate & Lyle where he was Group Vice President Finance & Control from 2011. Previously, at SABMiller, he held a succession of commercial and strategic roles culminating in business transformation director – Europe. He held senior finance roles in several industries and sectors with Diageo, British Airways and Reed Elsevier.

Current external appointments

Andrew does not currently hold any other directorships.



Frank Condella
Non-Executive Vice Chairman



Appointment to the Board

Frank Condella was appointed as non-executive chairman of Skyepharma on 1 January 2010, having originally joined that company's board as chief executive officer in March 2006. Following the merger with Vectura, he was appointed to the Board on 10 June 2016 as Non-Executive Vice Chairman.

Experience and expertise

He holds a BS in pharmacy and an MBA from Northeastern University, US.

Frank brings over 30 years' experience in the pharmaceutical industry to the Board. He is a non-executive director of Juniper Pharmaceuticals Inc. and Palladio Biosciences Inc. Previously, he was president and CEO of

Juniper Pharmaceuticals, has served as a non-executive director of Fulcrum Pharma Ltd and Prosonix Ltd and was president of European Operations at IVAX, Chief executive officer of Faulding Pharmaceuticals, vice president of the Specialty Care Products business at Roche and vice president and general manager of the Lederle unit of American Home Products (Pfizer).

Current external appointments

Frank is a non-executive director of Juniper Pharmaceuticals Inc., and Palladio Biosciences Inc.,

Appendix 1: Directors' biographies **continued**



Susan Foden
Non-Executive Director



Appointment to the Board

Dr Susan Foden joined the Vectura Board in January 2007.

Experience and expertise

She holds an MA and a DPhil in biochemistry from Oxford University.

Susan brings significant experience in venture capital, UK biotech and healthcare companies to the Board. Prior to undertaking a plural career, from 2000 to 2003 she was an investor director with the London-based venture capital firm Merlin Biosciences Limited, and was chief executive officer of the technology transfer company Cancer Research Campaign Technology Ltd from 1987 to 2000.

Current external appointments

Susan holds a number of non-executive directorships with both public and private companies in the biotech and healthcare field, including BTG plc, BerGenBio ASA, the Cell and Gene Therapy Catapult and Evgen Pharma plc.



Per-Olof Andersson
Non-Executive Director



Appointment to the Board

Dr Per-Olof Andersson joined the Vectura Board in April 2015.

Experience and expertise

He holds a degree in medicine from Lund University, Sweden.

Per-Olof is an expert in international research and development within the pharmaceuticals, bio-pharmaceuticals and speciality pharmaceutical industry and has considerable experience in respiratory therapeutic development. In 2011, Per-Olof retired from Almirall where he was executive director for R&D and a member of the board of directors. Prior to joining Almirall in 2006, Per-Olof had a distinguished international career at Pharmacia and Pfizer over a period of nearly 20 years. Since 2011, Per-Olof has been an independent consultant advising biotech and pharma companies.

Current external appointments

Per-Olof does not currently hold any other directorships.



Neil Warner
Non-Executive Director



Appointment to the Board

Neil Warner was appointed to the Board of Vectura as a Non-Executive Director in February 2011.

Experience and expertise

Neil holds an economics degree from the University of Leeds and is a Fellow of the Institute of Chartered Accountants.

Neil brings significant financial and leadership experience in multinational listed companies. He was finance director at Chloride Group plc, a position he held for 14 years until the company's acquisition by Emerson Electric. Prior to this, Neil spent six years at Exel plc (formerly Ocean Group plc and acquired by DHL/Deutsche Post in December 2005), where he held a number of senior posts in financial planning, treasury and control. He has also held senior positions in Balfour Beatty plc (formerly BICC Group plc), Alcoa and PricewaterhouseCoopers and was a non-executive director of Dechra Pharmaceuticals plc, where he was the senior independent director and chair of the audit committee.

Current external appointments

Neil is senior independent director and audit committee chair of Trifast plc, a global leader in design, technology and manufacturing of industrial fasteners for the automotive and technology sectors. He is also a non-executive director, chair of the audit committee and member of the remuneration committee of Directa Plus plc which floated on AIM in May 2016. Directa Plus is one of the world's largest producers of graphene-based materials – marketed under its "Graphene Plus" (G+) brand, which can be used by third parties in a wide variety of industrial and commercial applications. Neil was formerly the non-executive chairman of Enteq Upstream plc, a specialist reach and recovery products and technologies provider to the upstream oil and gas services market.



Thomas Werner
Non-Executive Director



Appointment to the Board

Thomas Werner was appointed to the Board of Skyepharma as a Non-Executive Director in May 2009 and joined the Board of Vectura following the merger in June 2016.

Experience and expertise

He holds a degree in chemistry from the University of Göttingen.

Thomas Werner has over 30 years of experience in the pharmaceutical industry, previously as senior vice president of GlaxoSmithKline where he was managing director for Germany and also co-ordinated its European oncology business. Prior to that, he was responsible for Glaxo Wellcome Germany and Central Europe, Bristol-Myers Squibb Germany and Convatec Germany/Central Europe. He has held various non-executive positions including Riemser Pharma GmbH

and New Oncology AG. Beside his business responsibilities he has previously served for many years on the board of trustees of the Paul Ehrlich Foundation and the Robert Koch Foundation and was a director of the American Chamber of Commerce in Germany representing healthcare companies.

Current external appointments

Thomas is chairman of Fertin Pharma, a Danish medicated chewing gum company, and sits on the boards of Basilea Pharmaceutica Ltd and BSN Medical. He is chairman of the investor advisory committee of the Seventure (France) Health for Life capital investment fund.

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The Directors
Vectura Group plc – registration number 03418970
One Prospect West
Chippenham
Wiltshire SN14 6FH
United Kingdom
19 April 2017


Dear Shareholder

Statement of circumstances relating to the resignation of Deloitte LLP as auditors to Vectura Group plc

In accordance with Section 519 of the Companies Act 2006, we set out below the circumstances connected with our ceasing to hold office as auditors of Vectura Group plc, registered no: 03418970:

The company put the audit out to tender and we were not successful in retaining it.

Unless the company applies to the court, this statement of reasons is required to be brought to the attention of members or creditors of the company, must be sent by the company within 14 days to every person entitled under Section 423 of the Companies Act 2006 to be sent copies of the company's accounts. This is a requirement of Section 520(2) of that Act.



Deloitte LLP – Audit registration C009201919
19 April 2017

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom.

Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

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Appendix 3: Summary of the principal terms of the Vectura Group plc
Deferred Share Bonus Plan 2017 (the "2017 DSBP")

Operation

The Remuneration Committee of the Board (the "Committee") will supervise the operation of the 2017 DSBP (hereinafter simply referred to as the "DSBP").

Eligibility

Any employee (including an Executive Director) of the Company and its subsidiaries may be required to participate in the DSBP at the discretion of the Committee.

It is currently anticipated that participation in the DSBP will be limited to the Company's Executive Directors and selected senior management.

The portion (if any) of a participant's annual bonus for the relevant financial year that is required to be deferred under the DSBP shall be determined by the Committee.

Participation in the DSBP by the Company's Executive Directors will be in accordance with the applicable Directors' Remuneration Policy from time to time.

Grant of awards

The Committee may grant awards to acquire Shares within six weeks following the Company's announcement of its results for any period. The Committee may also grant awards within six weeks of shareholder approval of the DSBP or at any other time when the Committee considers there are sufficiently exceptional circumstances which justify the granting of awards.

The Committee may grant awards as forfeitable share awards, conditional share awards or nil (or nominal) cost options.

The Committee may also grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash, although it does not currently intend to do so.

An award may not be granted more than ten years after shareholder approval of the DSBP.

No payment is required for the grant of an award. Awards are not transferable, except on death. Awards are not pensionable.

The number of Shares (or notional as relevant) set under an Award shall be determined by reference to such market value basis as the Committee determines appropriate which may include using the market value of Shares as at the time of the announcement of results for the relevant financial period.

Vesting of awards

Awards normally vest on the second anniversary of grant.

Where awards are granted in the form of options, once vested, such options will then be exercisable up until the tenth anniversary of grant (or such shorter period specified by the Committee at the time of grant) unless they lapse earlier. Shorter exercise periods shall apply in the case of "good leavers" and/or vesting of awards in connection with corporate events.

Dividend equivalents

The Committee may decide that participants will receive a payment (in cash and/or Shares) of an amount equivalent to the dividends that would have been payable on an award's vested Shares between the date of grant and the vesting of the award. This amount may assume the reinvestment of dividends and shall be paid at the same time as the delivery of the related vested Shares (or cash payment as relevant).

Leaving employment

As a general rule, an award will lapse upon a participant ceasing to hold employment or be a Director within the Company's Group. However, if a participant ceases to be an employee or a Director because of death, injury, disability, retirement with the agreement of their employer, their employing company or the business for which they work being sold out of the Company's Group or in other circumstances at the discretion of the Committee, then their award will normally vest on the date when it would have vested if they had not ceased such employment or office. In these situations the award may be subject to pro-rating to reflect the reduced period of time between its grant and vesting.

Alternatively, if a participant ceases to be an employee or Director in the Company's Group for one of the "good leaver" reasons specified above (including in the case of a discretionary good leaver), the Committee can decide that their award will vest when they leave, and may include pro-rating by reference to the time of cessation as described above (as above discretion will be retained for the Committee in respect of pro-rating).

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation) all awards will vest early in full.

In the event of an internal corporate reorganisation awards will be replaced by equivalent new awards over shares in a new holding company unless the Committee decides that awards should vest on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of Shares to a material extent, then the Committee may decide that awards will vest on such basis as it decides.

Participants' rights

Conditional share awards and nil (or nominal) cost options will not confer any shareholder rights until the awards have vested or the options have been exercised as relevant and the participants have received their Shares.

Holders of awards of forfeitable shares will have shareholder rights from when the awards are made except they may be required to waive their rights to receive dividends.

Rights attaching to Shares

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

Variation of capital

In the event of any variation of the Company's share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the Shares, the Committee may make such adjustment as it considers appropriate to the number of Shares subject to an award and/or the exercise price payable (if any).

Overall DSBP limits

Further to shareholder approval the DSBP may operate over new issue Shares, treasury shares or Shares purchased in the market both in relation to existing and future grants.

In any ten calendar year period, the Company may not issue (or grant rights to issue) more than:

- (i) 10% of the issued ordinary share capital of the Company under the DSBP and any other employee share plan adopted by the Company; and
- (ii) 5% of the issued ordinary share capital of the Company under the DSBP and any other executive share plan adopted by the Company.

Treasury shares will count as new issue Shares for the purposes of these limits unless institutional investor guidelines provide that they need not count.

Alterations to the DSBP

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

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the DSBP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's Group. Shareholder approval will also not be required for any amendments to any performance condition applying to an award varied on its terms.

Clawback

The Committee may apply the DSBP's clawback provisions if at any time prior to the third anniversary of the grant of the award it is discovered that there has been a material misstatement of the Company's financial results or an error of calculation (including on account of inaccurate or misleading information). Clawback may also apply in the event of serious misconduct or in relation to any other matter the Committee deems relevant.

The clawback may be satisfied by way of a reduction in the amount of any future bonus, subsisting award or future share awards and/or a requirement to make a cash payment.



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