

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in doubt as to what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000.**

If you have sold or transferred all of your registered holdings of ordinary shares in the Company please forward this document, together with the Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank manager or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.



**HOSTELWORLD GROUP PLC**

**(Registered in England and Wales with no. 9818705)**

**NOTICE OF ANNUAL GENERAL MEETING 2017**

Notice of the Annual General Meeting of the Company to be held at the offices of McCann FitzGerald, Riverside One, 37-42 Sir John Rogerson's Quay, Dublin 2, Ireland on Thursday, 1 June 2017 at 2p.m. is set out at the end of this document and the recommendation of the Directors is set out on page 8.

A Form of Proxy for use at the Meeting is provided. To be valid, any instrument appointing a proxy must be received by Computershare Investor Services PLC at P.O. Box 954, Dublin 18, Ireland (if by post) or Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland (if by hand), as soon as possible but in any event so as to arrive no later than 2p.m. on Tuesday, 30 May 2017. Alternatively, a proxy may be appointed electronically at [www.eproxyappointment.com](http://www.eproxyappointment.com) or if you hold shares in CREST, by using the CREST electronic proxy appointment service.

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## HOSTELWORLD GROUP PLC

(Registered in England and Wales with no. 9818705)

### Directors:

Richard Segal (*Non-executive Chairman*)  
Feargal Mooney (*Chief Executive Officer*)  
Mari Hurley (*Chief Financial Officer*)  
Michael Cawley (*Non-executive Director*)  
Andy McCue (*Non-executive Director*)

### Registered Office:

High Holborn House  
52-54 High Holborn  
London WC1V 6RL

24 April 2017

*To holders of ordinary shares of €0.01 each in the Company*

Dear Shareholder

This letter accompanies the 2016 Annual Report (the "**Annual Report**") and gives details of the business to be transacted at the Annual General Meeting of the Company (the "**AGM**") to be held at the offices of McCann FitzGerald, Riverside One, 37-42 Sir John Rogerson's Quay, Dublin 2, Ireland on 1 June 2017 at 2p.m.

### Annual General Meeting

Notice of the AGM is given on page 9.

### Resolution 1 – Adoption of the audited accounts and the Directors' and Auditors' reports

Company law requires the Directors to present to the AGM the audited accounts and the Directors' and Auditors' reports for the financial year ended 31 December 2016 for formal adoption. The audited accounts and the Directors' and Auditors' reports for the financial year ended 31 December 2016 are included in the Annual Report.

### Resolution 2 – Approval of the Directors' remuneration report

The purpose of Resolution 2 is to approve the Directors' remuneration report for the financial year ended 31 December 2016. The Directors' remuneration report for the financial year ended 31 December 2016 is contained in the Annual Report.

### Resolution 3 – To declare a final dividend

Consistent with the dividend policy set out at the time of IPO, the Directors have recommended a full year final dividend of €0.104 per share which, together with the interim dividend of €0.048 per share paid in September 2016, is a distribution of 75% of the Company's adjusted profit after taxation for the year ended 31 December 2016. The purpose of Resolution 3 is to approve the final dividend for the year ended 31 December 2016. If the Resolution is approved, the final dividend for the year ended 31 December 2016 will be paid on 6 June 2017 to holders of ordinary shares on the register at the close of business on 28 April 2017.

Because the Company is tax resident in Ireland, dividend payments are subject to dividend withholding tax in Ireland at the standard rate of Irish income tax. Certain categories of shareholders not resident in Ireland are entitled to an exemption from the withholding tax if, prior to payment of the dividend, the Company's registrar (Computershare) has received all relevant documentation required for the exemption to apply. If you are in any doubt as to whether you may be entitled to such exemption you should read the information set out in Appendix 1 and take legal advice if necessary.

#### **Resolution 4 – To declare a supplementary dividend**

In light of the Company's strong free cash flow, the Board has reviewed its approach to returning capital to shareholders in order to ensure that the Company maintains an efficient and prudent capital structure, which looks to provide increased returns to shareholders, whilst at the same time retaining flexibility for capital and other investment opportunities.

In the absence of other investment opportunities at present, and in recognition that the Company's cash resources are currently greater than those required to meet the prudent requirements of the business, the Board is proposing to distribute €10m of surplus cash to shareholders via a supplementary dividend. This supplementary dividend of €0.105 per share is discretionary and non-recurring. The Board will keep under review the best method of returning surplus cash to shareholders, including by way of further supplementary dividends or share buy-backs.

The purpose of Resolution 4 is to approve the supplementary dividend recommended by the Directors of €0.105 per ordinary share. If the resolution is approved, the supplementary dividend will be paid on 6 June 2017 to holders of ordinary shares on the register at the close of business on 28 April 2017.

As noted with respect to Resolution 3, dividend payments are subject to dividend withholding tax in Ireland at the standard rate of Irish income tax. Certain categories of shareholders not resident in Ireland are entitled to an exemption from the withholding tax, as mentioned above and further information on this is set out in Appendix 1.

#### **Resolutions 5 to 9 – Re-election of Directors**

The UK Corporate Governance Code requires FTSE 350 companies to put forward all of their Directors for re-election each year. For companies outside the FTSE 350, Directors must be put forward for re-election at least once every 3 years. In the spirit of good corporate governance, the Company has decided to voluntarily apply the standard that applies to FTSE 350 companies so that all of the Directors are subject to annual re-election. Accordingly, Resolutions 5 to 9 propose the re-election of each of the Directors.

The Board has considered the performance of each of the Directors to be re-elected and is satisfied that their performance continues to be effective and demonstrates commitment to the role.

Brief biographies of the Directors are included in the Annual Report.

### **Resolution 10 – To re-appoint the auditors**

The Company is required to appoint auditors at each AGM at which accounts are laid before the Company, to hold office until the conclusion of the next such meeting.

The Audit Committee, on behalf of the Board, has reviewed the effectiveness, independence and objectivity of the external auditors, Deloitte and now proposes their re-appointment as auditors of the Company.

### **Resolution 11 – Authority for the Directors to fix the auditors' remuneration**

This Resolution authorises the Directors, in accordance with standard practice, to negotiate and agree the remuneration of the auditors. In practice, the Audit Committee will consider the audit fees for recommendation to the Board.

### **Resolution 12 – Authority to allot shares or grant subscription or conversion rights**

This resolution asks shareholders to grant the Directors authority under section 551 of the Companies Act 2006 (the "Act") to allot ordinary shares or grant such subscription or conversion rights as are contemplated by sections 551(1)(a) and (b) respectively of the Act. Resolution 12.1 will allow the Directors to allot shares up to a maximum aggregate nominal value of €318,569.26, representing approximately one third of the nominal value of the Company's issued share capital on 21 April 2017, the latest practicable date prior to the publication of this Notice. This is the maximum permitted amount under best practice corporate governance guidelines.

In line with guidance issued by the Investment Association, Resolution 12.2 would give the Directors authority to allot ordinary shares in connection with a fully pre-emptive rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to €318,569.26. This amount represents approximately an additional third of the Company's issued share capital on 21 April 2017, the latest practicable date prior to the publication of this Notice.

The authorities sought under Resolutions 12.1 and 12.2 will expire on the earlier of 30 June 2018 and the conclusion of the AGM of the Company held in 2018. The resolution replaces a similar resolution passed by the Company on 26 May 2016.

The Directors have no present intention of exercising such authorities. However, the Directors consider it important to have the maximum ability and flexibility commensurate with good corporate governance guidelines to raise finance to enable the Company to respond to market developments and conditions.

No shares are held by the Company in treasury.

### **Resolution 13 – Disapplication of pre-emption rights - general (special resolution)**

The Act requires that shares or other equity securities allotted for cash are offered first to existing shareholders in proportion to their existing holding. The passing of this resolution would allow the Directors to allot shares (or sell any shares which the Company may hold in treasury following a purchase of its own shares) without first offering the securities to existing shareholders.

The authority would be limited to: (i) in the case of Resolution 13.1, allotments or sales in connection with pre-emptive offers (but where authority to allot has been granted under Resolution 12.2, by a rights issue only), allowing the Directors to make appropriate arrangements in relation to fractional entitlements or other legal or practical problems which might arise; and (ii) in the case of Resolution 13.2, otherwise up to an aggregate nominal amount of €47,785.39. The aggregate nominal amount set out in Resolution 13.2 represents 5% of the issued ordinary share capital of the Company as at 21 April 2017, being the latest practicable date prior to publication of this Notice. The proceeds of an issuance of equity securities pursuant to Resolution 13.2 may be used for any purpose the Directors consider is in the best interests of the Company and its shareholders.

In respect of the authority referred to in this Resolution 13, the Directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authority within a rolling three-year period. The Principles provide that usage in excess of 7.5% of issued ordinary share capital of the Company (excluding treasury shares) should not take place without prior consultation with shareholders.

The authority will expire on the earlier of 30 June 2018 and the conclusion of the AGM of the Company held in 2018.

**Resolution 14 – Disapplication of pre-emption rights – specific capital expenditure (special resolution)**

The Pre-Emption Group's Statement of Principles also supports the annual disapplication of pre-emption rights in respect of allotments of shares and sales of treasury shares for cash representing no more than an additional 5% of issued ordinary share capital (exclusive of treasury shares), to be used only in connection with an acquisition or specified capital investment. The Pre-Emption Group's Statement of Principles defines "specified capital investment" as meaning one or more specific capital investment related uses for the proceeds of an issue of equity securities, in respect of which sufficient information regarding the effect of the transaction on the Company, the assets the subject of the transaction and (where appropriate) the profits attributable to them is made available to shareholders to enable them to reach an assessment of the potential return.

Accordingly, Resolution 14 authorises the Directors to allot new shares pursuant to the allotment authority given by Resolution 12, or sell treasury shares, for cash up to a further nominal amount of €47,785.39, being an additional 5% of the issued ordinary share capital of the Company as at 21 April 2017, being the latest practicable date prior to publication of this Notice, only in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment, or which has taken place in the preceding six month period and is disclosed in the announcement of the allotment. If the authority given in Resolution 14 is used, the Company will publish details of the allotment in its next annual report.

The authority will expire on the earlier of 30 June 2018 and the conclusion of the AGM of the Company held in 2018. The authorities referred to in Resolution 13.2 and this Resolution 14 replace similar authorities granted to the Directors by a resolution passed by the Company on 26 May 2016.

### **Resolution 15 – Purchases of own shares by the Company (special resolution)**

Resolution 15 seeks authority for the Company to make market purchases of its own ordinary shares, such authority being limited to the purchase of ordinary shares up to a maximum aggregate nominal amount of €95,570.78 (being approximately 10% of the nominal value of the issued ordinary share capital of the Company as at 21 April 2017 (being the last practicable date prior to the publication of this Notice). The maximum price payable for the purchase by the Company of its own ordinary shares will be limited to an amount equal to the higher of 5% above the average of the middle market quotations of the Company's ordinary shares, as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made and the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System SETS. The minimum price payable by the Company for the purchase of its own ordinary shares will be €0.01 per share (being the amount equal to the nominal value of an ordinary share). The Directors have no present intention of exercising such authority. The authority to purchase the Company's own ordinary shares will only be exercised if the Directors consider that there is likely to be a beneficial impact on earnings per ordinary share and that it is in the best interests of the Company at the time. The resolution renews a similar resolution passed by the Company on 26 May 2016. The Company will be able to hold the ordinary shares which have been repurchased as treasury shares and re-sell them for cash, cancel them or use them for the purposes of its employee share schemes.

Awards to acquire up to 1,766,469 ordinary shares have been granted and are outstanding as at 21 April 2017 (being the latest practicable date prior to the publication of this Notice) representing approximately 1.85% of the issued ordinary share capital at that date (excluding any shares held in treasury). If the Directors were to exercise in full the power for which they are seeking authority under Resolution 15, the awards outstanding as at 21 April 2017 would represent approximately 2.05% of the ordinary share capital (excluding any shares held in treasury) in issue following such exercise.

### **Resolution 16 – Approve the rules and implementation of The Hostelworld Group Plc Save As You Earn Plan (the “Plan”)**

The Company considers it important for employees to acquire shares in the Company and is therefore seeking shareholders' approval to introduce the Plan. The Plan is in two parts: (i) a tax advantaged Plan for the purposes of HM Revenue & Customs in respect of grants to UK employees and (ii) it will also be approved by the Irish Revenue in respect of the grants to Irish employees. The Company is also seeking shareholders' approval for the Plan to be operated for the benefit of employees overseas.

A copy of the rules of the Plan will be available for inspection during normal business hours on Monday to Friday each week (public holidays excepted) at the Company's Registered Office High Holborn House, 52 - 54 High Holborn, London, WC1V 6RL, from the date of this Notice up to and including the date of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and during the Meeting.

## **Resolution 17 – Political donations and political expenditure**

Part 14 of the Act requires companies to seek shareholder approval for donations to, or expenditure incurred in connection with, any political party, political organisation or independent election candidate.

Although the Company does not intend (and none of its subsidiaries intend) to make donations to political parties or to independent election candidates, within the normal meaning of that expression, the definition in the legislation of "political donations" and "political expenditure" can extend to bodies such as those concerned with policy review, law reform, the representation of the business community and special interest groups, which the Company might wish to support. Accordingly, the Company is seeking authority to make donations up to an aggregate amount of €100,000.

The resolution replaces the previous authority put in place by the Company on 26 May 2016 whereby a higher amount of €200,000 was authorised by the shareholders. No payments were made by the Company under this previous authority.

## **Resolution 18 – Calling of general meetings (special resolution)**

Resolution 18 to be proposed at the AGM seeks authority from shareholders to hold general meetings (other than AGMs) on 14 days' clear notice. This is permissible under the existing articles of the Company and the Act. However, pursuant to the EU Shareholders' Rights Directive the Company must offer the facility, accessible to all shareholders, to vote by electronic means and must obtain specific shareholder approval on an annual basis to retain this ability. The Directors believe that there may be circumstances in which it will be important for the Company to be able to call meetings at such short notice. The shorter notice period would not be used as a matter of course, but only where it is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole. Accordingly, the Directors believe that it is important for the Company to retain this flexibility.

### **Action to be taken**

You are asked to either:

1. complete the Form of Proxy and return it, together with any power of attorney or other authority under which it is signed or a notarially certified or office copy thereof, to Computershare Investor Services PLC at P.O. Box 954, Dublin 18, Ireland (if by post) or Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland (if by hand), as soon as possible but in any event so as to arrive no later than 2p.m. on Tuesday, 30 May 2017; or
2. submit your proxy electronically by accessing [www.eproxyappointment.com](http://www.eproxyappointment.com); or
3. if you hold your shares in uncertificated form, use the CREST electronic proxy appointment service as described in Note (iii) to the Notice of AGM.

Completion of the Form of Proxy or appointment of a proxy through CREST does not prevent a member from attending and voting in person.

**Location of meeting**

The AGM will be held at the offices of McCann FitzGerald, Riverside One, 37-42 Sir John Rogerson's Quay, Dublin 2, Ireland.

**Recommendation**

The Board believes that the resolutions to be put to the AGM are in the best interests of the shareholders as a whole and, accordingly, recommends that the shareholders vote in favour of the resolutions, as the Directors who hold shares intend to do in respect of their beneficial shareholdings in the Company.

Yours sincerely

Richard Segal

**Chairman**



## NOTICE OF ANNUAL GENERAL MEETING

### HOSTELWORLD GROUP PLC

(Registered in England and Wales with no. 9818705)

**NOTICE** is hereby given that the Annual General Meeting of Hostelworld Group Plc (the "**Company**") will be held at the offices of McCann FitzGerald, Riverside One, 37-42 Sir John Rogerson's Quay, Dublin 2, Ireland on 1 June 2017 at 2p.m. for the transaction of the following business:

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 to 12, 16 and 17 will be proposed as ordinary resolutions and numbers 13-15 and 18 will be proposed as special resolutions:

1. That the reports of the Directors and the Auditors and the audited accounts for the financial year ended 31 December 2016 be adopted.
2. That the Directors' remuneration report, which is set out in the annual report of the Company for the year ended 31 December 2016, be approved.
3. That the final dividend recommended by the Directors of €0.104 per ordinary share for the financial year ended 31 December 2016 is approved.
4. That the supplementary dividend recommended by the Directors of €0.105 per ordinary share is approved.
5. That Fergal Mooney be re-elected as a Director.
6. That Mari Hurley be re-elected as a Director.
7. That Richard Segal be re-elected as a Director.
8. That Michael Cawley be re-elected as a Director.
9. That Andy McCue be re-elected as a Director.
10. That Deloitte be re-appointed as auditors to the Company until the conclusion of the next Annual General Meeting of the Company.
11. That the Directors be authorised to fix the auditors' remuneration.
12. THAT for the purposes of section 551 of the Companies Act 2006 (the "**Act**") (and so that expressions used in this resolution shall bear the same meanings as in the said section 551):
  - 12.1 the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares and to grant such subscription and conversion rights as are contemplated by sections 551(1)(a) and (b) of the Act respectively up to a maximum nominal amount of €318,569.26 to such persons and at such times and on such terms as they think proper during the period expiring at the end of the Annual General Meeting

of the Company in 2018 or, if earlier, on 30 June 2018 (unless previously revoked or varied by the Company in general meeting); and further

12.2 the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (as defined in section 560 of the Act) in connection with a rights issue in favour of the holders of equity securities and any other persons entitled to participate in such issue where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as maybe) to the respective number of equity securities held by them up to a maximum nominal amount of €318,569.26 during the period expiring at the end of the Annual General Meeting of the Company in 2018 or, if earlier, on 30 June 2018 subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory;

12.3 the Company be and is hereby authorised to make prior to the expiry of such periods any offer or agreement which would or might require such shares or rights to be allotted or granted after the expiry of the said periods and the Directors may allot such shares or grant such rights in pursuance of any such offer or agreement notwithstanding the expiry of the authorities given by this resolution;

so that all previous authorities of the Directors pursuant to the said section 551 be and are hereby revoked.

13. THAT, subject to the passing of Resolution 12 set out in the Notice convening this Meeting, the Directors be and are empowered in accordance with section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred on them to allot such shares or grant such rights by that resolution and/or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act, as if section 561(1) and sub-sections (1) - (6) of section 562 of the Act did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to:

13.1 allotments for rights issues and other pre-emptive issues; and

13.2 to the allotment of equity securities (otherwise than under paragraph 13.1 above) up to a nominal amount of €47,485.38,

and this power, unless renewed, shall expire at the end of the Annual General Meeting of the Company in 2018 or, if earlier, on 30 June 2018 but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

14. THAT, subject to the passing of Resolution 12 set out in the Notice convening this Meeting, the Directors be and are empowered in accordance with section 570 of the Act

to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred on them to allot such shares or grant such rights by that resolution and/or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act, as if section 561(1) and sub-sections (1) - (6) of section 562 of the Act did not apply to any such allotment, provided that the power conferred by this resolution shall be:

- 14.1 limited to the allotment of equity securities up to a nominal amount of €47,485.38; and
- 14.2 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 Board of the Company determines 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,

and this power, unless renewed, shall expire at the end of the Annual General Meeting of the Company in 2018 or, if earlier, on 30 June 2018 but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

- 15. THAT the Company be and is hereby generally and unconditionally authorised for the purpose of section 701 of the Act to make market purchases (as defined in section 693 of the Act) of ordinary shares of €0.01 each in the capital of the Company ("ordinary shares") provided that:

- 15.1 the maximum number of ordinary shares hereby authorised to be purchased is 9,557,078;
- 15.2 the minimum price (exclusive of expenses) which may be paid for such ordinary shares is €0.01 per share, being the nominal amount thereof;
- 15.3 the maximum price (exclusive of expenses) which may be paid for such ordinary shares shall be an amount equal to the higher of (i) 5% above the average of the middle market quotations for such shares taken from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made and (ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System SETS;
- 15.4 the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the end of the next Annual General Meeting of the Company and the date which is 18 months after the date on which this resolution is passed; and
- 15.5 the Company may make a contract to purchase its own ordinary shares under the authority conferred by this resolution prior to the expiry of such authority, and such contract will or may be executed wholly or partly after the expiry of such authority, and

the Company may make a purchase of its own ordinary shares in pursuance of any such contract.

**16. THAT:**

16.1 the Rules of the Hostelworld Group Plc Save As You Earn Plan (the “**Plan**”) comprising of two parts: a UK Save As You Earn (“**UK SAYE**”) and Irish Save As You Earn (“**Irish SAYE**”), the principal features of which are summarised in Appendix 2 to this Notice and a copy of which will be produced to the Annual General Meeting, be approved; and

16.2 the Directors be authorised to establish such further plans for the benefit of employees overseas based on the Plan, subject to such modifications as may be necessary or desirable to take account of overseas securities laws, exchange control and tax legislation, provided that any ordinary shares of the Company made available under such further plans are treated as counting against any limits on individual participation, or overall participation in the Plan.

**17. THAT the Company (and any of its subsidiaries) be and are hereby authorised to, for the purposes of Part 14 of the Act:**

17.1 make political donations to any political party or independent election candidates;

17.2 make political donations to any political organisation (other than a political party); and

17.3 incur political expenditure;

provided that, in any event, the aggregate amount of political donations and political expenditure made or incurred by the Company and its subsidiaries shall not exceed €100,000 during the period beginning with the date of the passing of this resolution and ending at the conclusion of the Company's next following Annual General Meeting.

For the purposes of this resolution, the expressions “**political donations**”, “**political party**”, “**political organisation**”, “**independent election candidate**” and “**political expenditure**” have the meanings set out in sections 363 to 365 of the Act.

**18. That a general meeting of the Company other than an annual general meeting may be called on not less than 14 clear days' notice.**

**BY ORDER OF THE BOARD**

**PAULA PHELAN**

**Secretary**

Date: 24 April 2017

Registered Office: High Holborn House, 52-54 High Holborn, London WC1V 6RL.

**Notes:**

- (i) A member entitled to attend and vote at the Meeting convened by the above Notice is entitled to appoint a proxy to exercise all or any of the rights of the member to attend and speak and vote on his behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. The right to appoint a proxy does not apply to any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "**Act**") to enjoy information rights (a "**Nominated Person**").
- (ii) To appoint a proxy you may:
- (a) use the Form of Proxy provided. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be received by post at Computershare Investor Services PLC at P.O. Box 954, Dublin 18, Ireland or (during normal business hours only) by hand at Computershare Investor Services PLC at Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland; or
  - (b) submit your proxy electronically by accessing [www.eproxyappointment.com](http://www.eproxyappointment.com). Shareholders will need their 5-digit PIN Number, Shareholder Reference Number and Control Number, which you will receive on your Form of Proxy or via email if you have elected to receive Stockholder communications electronically; or
  - (c) if you hold your shares in uncertificated form, use the CREST electronic proxy appointment service as described in Note (iii) below,

in each case by no later than 2p.m. on 30 May 2017.

Completion of the Form of Proxy or appointment of a proxy through CREST will not prevent a member from attending and voting in person.

- (iii) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by utilising 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.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message must be transmitted so as to be received by the issuer's agent, Computershare Investor Services PLC (ID 3RA50), by 2p.m. on 30 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 Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. 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(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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 (as amended).

- (iv) Any member or his proxy attending the Meeting has the right to ask any question at the Meeting relating to the business of the Meeting.
- (v) Pursuant to s.360B of the Act and Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only shareholders registered in the register of members of the Company as at 6p.m. on 30 May 2017 shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their name at such time. If the Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned Meeting is 6p.m. on the day preceding the date fixed for the adjourned Meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
- (vi) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (vii) To appoint more than one proxy, you may photocopy the REVERSE ONLY of the Form of Proxy. Please indicate the proxy holder's name and number of shares in relation to which they are authorised to act as your proxy (which, in aggregate should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned together in the same envelope.
- (viii) 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.

- (ix) A corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
- (x) The following documents are available for inspection at the registered office of the Company, High Holborn House, 52-54 High Holborn, London WC1V 6RL, during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this Notice until the conclusion of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the Meeting:
- (a) copies of the terms and conditions of appointment of the non-executive Directors;
  - (b) copies of the service contracts of the executive Directors; and
  - (c) a copy of the rules of The Hostelworld Group Plc Save As You Earn Plan.
- (xi) As at 21 April 2017 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 95,570,778 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 21 April 2017 are 95,570,778.
- (xii) The information required to be published by section 311A of the Act (information about the contents of this notice and numbers of shares in the Company and voting rights exercisable at the Annual General Meeting and details of any members' statements, members' resolutions and members' items of business received after the date of this notice) may be found at [www.hostelworldgroup.com](http://www.hostelworldgroup.com).
- (xiii) Members representing 5% or more of the total voting rights of all the members or at least 100 persons (being either members who have a right to vote at the Meeting and hold shares on which there has been paid up an average sum, per member, of £100, or persons satisfying the requirements set out in section 153(2) of the Act) may require the Company, under section 527 of the Act to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditors' report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.
- (xiv) A Nominated Person may under an agreement between him/her and the member who nominated him/her, have a right to be appointed (or to have someone else appointed) as a proxy entitled to attend and speak and vote at the Meeting. Nominated Persons are advised to contact the member who nominated them for further information on this and the procedure for appointing any such proxy.

- (xv) If a Nominated Person does not have a right to be appointed, or to have someone else appointed, as a proxy for the Meeting, or does not wish to exercise such a right, he/she may still have the right under an agreement between himself/herself and the member who nominated him/her to give instructions to the member as to the exercise of voting rights at the Meeting. Such Nominated Persons are advised to contact the members who nominated them for further information on this.



**Payment of Dividends**

**Withholding tax**

Any 'relevant distribution' made on shares is subject to dividend withholding tax in Ireland ("DWT") at the standard rate of Irish income tax (currently 20%) unless an exemption applies. Because the Company is resident in Ireland for the purposes of Irish tax ("**Irish Resident**") any distribution of cash, assets or other property would be a 'relevant distribution' for this purpose unless paid to certain specified Irish persons.

Certain categories of shareholder are entitled to an exemption from DWT if, prior to payment of the dividend, the Company or a 'qualifying intermediary' from whom the dividend is received by that shareholder, as the case may be, has received all documentation required by law in order for that exemption to apply, and in the case of shareholders that are not Irish Resident, that documentation is current at the date of payment of the dividend.

Individual shareholders who are Irish Resident and/or ordinarily resident in Ireland for the purposes of Irish tax ("**Ordinarily Resident in Ireland**") are generally not entitled to an exemption from DWT.

Categories of shareholder that are entitled to exemption include (but are not limited to):

- (a) companies that are Irish Resident;
- (b) Irish established pension schemes;
- (c) Irish authorised collective investment undertakings;
- (d) shareholders that are not companies, that are neither Irish Resident nor Ordinarily Resident in Ireland and are resident for tax purposes in an E.U. Member State other than Ireland or a territory that has signed a double taxation agreement with Ireland (a "Relevant Territory") under the laws of that Relevant Territory;
- (e) shareholders that are companies that are not Irish Resident and:
  - (i) are resident for tax purposes in a Relevant Territory under the laws of that Relevant Territory provided that company is not under the control, whether directly or indirectly, of a person or persons who is or are Irish Resident;
  - (ii) are under the control, whether directly or indirectly, of a person or persons resident in a Relevant Territory under the laws of that Relevant Territory, and who is or are, not under the control, whether directly or indirectly, of a person who is, or persons who are, not so resident; or
  - (iii) the principal class of shares of which, or where the company is a 75% subsidiary of another company, of that other company, or where the company is wholly owned, directly or indirectly, by two or more companies, where the principal class of shares of each of those companies, is substantially and regularly traded on a recognised stock exchange in a Relevant Territory or Relevant Territories, or in Ireland or on such other stock exchange approved by the Minister for Finance for that purpose.

## **Withholding Tax on Dividends – administrative matters**

Where applicable, the Company is responsible for withholding DWT at source and forwarding the relevant payment to the Revenue Commissioners of Ireland.

As mentioned above, certain shareholders (both individual and corporate) are entitled to an exemption from DWT. In particular, a shareholder who is not Irish Resident is not subject to DWT on dividends received from the Company if such shareholder is:

- (a) an individual shareholder resident for tax purposes in a Relevant Territory, and the individual is not Irish Resident nor Ordinarily Resident in Ireland.

As mentioned above, “Relevant Territory”, for the purposes of DWT, is defined to include all EU member states and all of those countries with which Ireland has signed a double tax treaty, which countries include: Albania, Armenia, Australia, Austria, Bahrain, Belarus, Belgium, Bosnia & Herzegovina, Botswana, Bulgaria, Canada, Chile, China, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Estonia, Ethiopia, Finland, France, Georgia, Germany, Greece, Hong Kong, Hungary, Iceland, India, Israel, Italy, Japan, Korea, Kuwait, Latvia, Lithuania, Luxembourg, Macedonia, Malaysia, Malta, Mexico, Moldova, Montenegro, Morocco, The Netherlands, New Zealand, Norway, Pakistan, Panama, Poland, Portugal, Qatar, Romania, Russia, Saudi Arabia, Serbia, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, Turkey, United Arab Emirates, Ukraine, United Kingdom, the United States, Uzbekistan, Vietnam, and Zambia;

- (b) a corporate shareholder that is under the control whether directly or indirectly, and a person or persons resident for tax purposes in a Relevant Territory under the laws of that Relevant Territory who is or are not under the control, whether directly or indirectly, of a person or persons who is or are not so resident;
- (c) a corporate shareholder resident for tax purposes in a Relevant Territory provided that such corporate Shareholder is not under the control, whether directly or indirectly, of a person or persons who is or are Irish Resident;
- (d) a corporate shareholder that is not Irish Resident and whose principal class of shares (or those of its 75% parent) is substantially and regularly traded on a stock exchange in Ireland, on a recognised stock exchange in a Relevant Territory or on such other stock exchange approved by the Irish Minister for Finance; or
- (e) a corporate shareholder that is not Irish resident and is wholly-owned, directly or indirectly, by two or more companies where the principal class of shares of each of such companies is substantially and regularly traded on a stock exchange in Ireland, on a recognised stock exchange in a Relevant Territory or on such other stock exchange approved by the Irish Minister for Finance,

and provided that, in all cases noted above but subject to the matters described below, the shareholder has provided the appropriate Irish DWT form to his or her broker (in the case of shares held through CREST), or to the Company's registrar ("Registrar") (in the case of shares held directly i.e. outside of CREST), by 5p.m. on the record date for the first dividend payment to which they are entitled.

The Company will rely on information received directly or indirectly from brokers and the Registrar in determining where shareholders reside and whether they have provided the required Irish DWT forms, as described below. Shareholders who are required to file Irish DWT forms in order to receive their dividends free of DWT should note that such forms are valid for five years and new forms must be filed before the expiration of that period, or where the information in such

declaration is no longer valid, in order to continue to enable them to receive dividends without deduction of DWT.

In most cases, individual shareholders resident in a Relevant Territory should complete a Form V2A and corporate (company) shareholders resident in a Relevant Territory should complete a Form V2B. Where a shareholder is neither an individual nor a company but is resident in a Relevant Territory, it should complete a Form V2C. Shareholders should contact their broker or tax adviser with any questions regarding Irish DWT.

If any shareholder who would have been entitled to an exemption from DWT had the prescribed declarations been in place on a given date receives a dividend subject to DWT, he or she should generally be able to make an application for a refund of the DWT from Revenue in the prescribed form.

While many double taxation treaties with Ireland contain provisions regarding the taxation of dividends, due to the wide scope of the exemptions from DWT available under Irish domestic law, it would generally be unnecessary for shareholders to have to rely on the treaty provisions.

Most shareholders who are Irish Resident or Ordinarily Resident in Ireland (other than Irish Resident companies) will be subject to DWT in respect of dividend payments on their shares. Shareholders that are Irish Residents but are entitled to receive dividends without DWT must provide the appropriate Irish DWT form to his or her broker (in the case of shares held through CREST), or to the Registrar (in the case of shares held directly), by 5p.m. on the record date for the first dividend payment to which they are entitled.

Shareholders who are Irish Resident or Ordinarily Resident in Ireland or are otherwise subject to Irish tax should consult their own tax advisers.

Shareholders who do not reside in a Relevant Territory or in Ireland should be subject to DWT, but there are a number of other exemptions that could apply on a case-by-case basis. Dividends paid to such shareholders will be paid subject to DWT unless the relevant shareholder has provided the appropriate Irish DWT form to his or her broker (in the case of shares held through CREST), or to the Registrar (in the case of shares held directly), by 5p.m. on the record date for the first dividend payment to which they are entitled.

If any shareholder who is not a resident of a Relevant Territory or Ireland but is exempt from withholding tax receives a dividend subject to DWT, he or she may make an application for a refund from Revenue in the prescribed form.

### **The Hostelworld Group Plc Save As You Earn Plan (the “Plan”)**

The Company considers it important for employees to acquire shares in the Company and is therefore seeking shareholders’ approval to introduce the Plan. The UK SAYE element of the Plan is a tax advantaged sharesave plan for the purposes of HM Revenue & Customs and the Irish SAYE element of the Plan will be approved by the Irish Revenue as an Irish approved sharesave plan. The Company is also seeking shareholders’ approval for the Plan to be operated for the benefit of employees overseas.

The principal terms of the Plan are set out below.

#### **Eligibility**

All UK employees of the Company and any participating subsidiary may participate in the UK SAYE. All Irish employees of the Company and any participating subsidiary may participate in the Irish SAYE. However, the Directors may set a qualifying period of continuous employment which cannot exceed five years (or three years for the Irish SAYE) for eligibility. When the Plan is operated, all eligible employees must be invited to participate. In addition, the Directors may at their discretion offer participation to any other employees.

#### **Savings contract**

Under the Plan, participants are granted an option over shares and must enter into a savings contract in connection with the option, to save between £5 and £500 (or €5 and €500 for the Irish SAYE) per month by deduction from their salary. Shares can only be acquired with the amount saved (plus any interest or bonus, if the Directors so decide).

#### **Option price**

The Directors set the option price which must not be less than 80% of the market value (or 75% for the Irish SAYE) of a share either on the date of the invitation or the date specified in the invitation (calculated on the business day before the date of invitation, or if the Directors decide, the average market value over up to five preceding business days), or not less than the nominal value of an ordinary share if new issue ordinary shares are to be used to satisfy the options.

#### **Exercise of options**

The savings contract will generally mature three or five years after the start of the savings contract (although this may be up to 7 years for Irish SAYE options), and normally options can only be exercised six months after maturity. Options may, however, be exercised early to the extent of the savings made, in certain circumstances. These include, for example, an employee leaving service because of injury, disability, death, retirement or redundancy, or where the company or business for which he works ceases to be controlled by the Company or leaves the Group. On cessation of employment for other reasons, options will normally lapse.

#### **Change of control, merger or other reorganisations**

On a take-over, scheme of arrangement, merger or certain other corporate reorganisations, options can generally be exercised early to the extent of the savings made. Alternatively, participants may be allowed to exchange their options for options over shares in the acquiring company.

## **Plan limits**

The total number of shares allocated in the previous ten years under the Plan and any other employee share plan operated by the Company, added to commitments to issue new ordinary shares on any one day, may not exceed 10% of the issued share capital of the Company immediately before that day. This limit does not include rights to shares which have lapsed or been surrendered. The limit includes any shares transferred out of treasury, but only for as long as the Investment Association requires treasury shares to be included.

## **Operation of the new Plan**

The Plan may only be operated within a 42 day period starting on:

- the day on which the Plan is approved by shareholders in general meeting;
- the day after any announcement of results to the London Stock Exchange;
- any day on which changes to the legislation or regulations affecting the UK SAYE or Irish SAYE are announced, effected or made;
- any day on which a new savings contract prospectus is announced or takes effect; or
- any day on which other exceptional circumstances arise (as determined by the Directors),

or if restrictions on dealings or transactions in securities (“**Dealing Restrictions**”) prohibited the issue of an invitation in the periods mentioned above, then the date that all such Dealing Restrictions cease to apply.

The Plan will cease to operate in ten years, or earlier if the Directors so decide.

## **Amendments to the Plan rules**

The Directors may amend the Plan as they consider appropriate, however HM Revenue & Customs (and the Irish Revenue in the case of the Irish SAYE) must be notified where the changes are to “key features” of the Plan (features which are relevant to the Plan qualifying as a tax advantaged share plan in the UK or as an approved savings related share option plan in Ireland).

In addition, prior approval of shareholders in general meeting will be required to amend certain provisions to the advantage of participants. These provisions relate to: eligibility; plan limits; maximum contribution; the basis for determining participants’ entitlement to, and the terms of, shares provided under the Plan; adjustment of options in the event of a capitalisation issue, rights issue or open offer, sub-division or consolidation of shares, reduction or any other variation of capital; and the amendment powers (for the above provisions).

The Directors can without shareholder approval:

- make amendments to the Plan to ensure the Plan complies with the requirements of the legislation governing such tax advantaged Plans or any notice from HM Revenue & Customs (or the Irish Revenue) in relation to the same;
- make minor amendments to benefit the administration of the Plan or which relate to any changes in legislation, or which will obtain or maintain favourable tax, exchange control or regulatory treatment for any participating company or any participant; and
- adopt non tax-advantaged schedules to the Plan for the purpose of granting non qualifying options to non-UK and non-Irish employees, on terms which are appropriate to the jurisdiction that they are employed in (or any other terms which the Directors consider appropriate).

**General**

- Any ordinary shares issued under the Plan will rank equally with shares of the same class in issue on the date of allotment except in respect of rights arising by reference to a prior record date.
- Options may be adjusted following any variation in the share capital of the Company.
- Options granted under the Plan are not transferable.
- Benefits under the Plan are not pensionable.