

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

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

This document should be read as a whole. Your attention is drawn to the letter from the board of directors (the “**Board**”) which is set out on pages 2 to 3 of this document and which recommends that you vote AGAINST all the resolutions.

Davenham Group plc

(Incorporated and registered in England and Wales with registered number 3976032)

Notice of General Meeting

**as requisitioned by one Member pursuant to section 303
of the Companies Act 2006**

This document has not been and will not be examined or approved by the London Stock Exchange or the Financial Services Authority.

Notice of a General Meeting of the Company to be held at 274 Deansgate, Camp Street, Manchester, M3 4JB at 11 a.m. on 10 March 2011 is set out at the end of this document. A Form of Proxy is enclosed with this document and you are asked to complete and sign the Form of Proxy in accordance with the instructions printed thereon and return it by post to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZX so as to be received by the Registrars by no later than 11 a.m. on 8 March 2011. Completion and return of a Form of Proxy will not prevent you from attending and voting in person at the General Meeting convened by the above mentioned Notice, should you so wish.

The contents of this document are not to be construed as legal, financial or tax advice.

Davenham Group plc

(the “Company” and together with its subsidiaries the “Group”)

(A company incorporated in England and Wales with company number 3976032)

Directors

James Rodier Kerr-Muir (Chairman)
Paul Edward Burke (Group Managing Director)

Registered Office

274 Deansgate
Camp Street
Manchester
M3 4JB

10 February 2011

Dear Shareholder

The Board of Davenham Group plc hereby gives notice of a general meeting of the Company (the “**General Meeting**”) to be held at 274 Deansgate, Camp Street, Manchester, M3 4JB on 10 March 2011 at 11 a.m.

The General Meeting has been called by the directors of the Company, as required under section 303 of the Companies Act 2006, in order that Shareholders may consider and vote on the resolutions proposed by the Requisitioner (as defined below).

This follows receipt of a requisition notice from Fitel Nominees Limited (the “**Requisitioner**”), being a shareholder holding not less than 5 per cent. of the paid up share capital of the Company. The requisition notice sets out ordinary resolutions for the removal of Paul Burke (Group Managing Director) and James Kerr-Muir (Chairman) as directors and for the appointment as directors of David Anthony and Gary Jennison (such resolutions, the “**Requisitioned Resolutions**”).

Board Recommendation

The Board unanimously recommends that Shareholders vote AGAINST all of the Requisitioned Resolutions, as they are considered by the Board to be against the best interests of the Company and of Shareholders as a whole.

This letter explains why your Board believes that the Requisitioned Resolutions are AGAINST the best interests of the Company and of Shareholders as a whole and sets out what actions you should take to exercise your vote.

Background to the Board’s recommendation

Shareholders will recall that in November 2010 the Company received a requisition notice from Mr David Anthony requesting that a General Meeting of the Company be held to consider resolutions for the current board to be replaced by Mr Anthony and Mr Jennison (the “**Anthony Resolutions**”). The Company’s circular of 14 December 2010 (“**December 2010 Circular**”) set out the Board’s recommendation to vote against the Anthony Resolutions and the reasons for this recommendation. The Board noted in the December 2010 Circular its view that, if the Anthony Resolutions had been passed, the Company would have been placed into a form of insolvency process by the Group’s lending bank syndicate (the “**Banking Syndicate**”). The General Meeting was held on 11 January 2011, at which the Anthony Resolutions were defeated on a show of hands (and were also defeated on the proxies received by a ratio of approximately 2:1).

Since the General Meeting on 11 January 2011 the banks leading the Banking Syndicate have continued to make clear to the Board that:

- a) they do not wish to see any changes to the Board; and
- b) they continue to be content for the Board to cooperate to the appropriate degree with parties who might credibly put forward ideas or proposals of interest.

As announced to the stock market on 20 January 2011, the Board has been assessing with the Company’s largest shareholder, Kingswood Property Finance Limited Partnership (“**Kingswood**”), whether a reconstruction of the Group may be achievable, so as to permit one or more of the Company’s divisions to recommence writing new business both in the short term and thereafter. These discussions are continuing and further announcements will be made as appropriate.

It is the firm belief of the Board (having discussed the matter in detail with the banks leading the Banking Syndicate) that, if the Requisitioned Resolutions are passed, the Banking Syndicate will not be minded to extend the maturity of the current on demand facilities beyond 31 March 2011. Failure to extend these facilities is likely to lead to the directors having to file for insolvency. The passing of the Requisitioned Resolutions would therefore (in the Board's view) deprive Shareholders of any remaining chance of a solvent reconstruction of the Group that might see some element of value for the Company's Shareholders (albeit that the Board remains of the view that it is likely that there will be no value for Shareholders' current shareholdings).

The Board therefore recommends that you vote AGAINST the Requisitioned Resolutions.

VOTING INTENTIONS OF THE MAJOR SHAREHOLDER

Kingswood (which holds approximately 29.13% of the Company's issued share capital) has indicated to the Company that Kingswood intends to follow the recommendation of the Board and to vote against the Requisitioned Resolutions.

ACTION TO BE TAKEN

Set out at the end of this document is the Notice of General Meeting to be held at 274 Deansgate, Camp Street, Manchester, M3 4JB on 10 March 2011 at 11 a.m. A proxy form is enclosed with this document. Whether or not you intend to be present at the General Meeting, you are asked to complete the Form of Proxy so it is received by the Company's Registrar, Equiniti, as soon as possible but in any event not later than 11 a.m. on 8 March 2011.

Your Directors believe that the Requisitioned Resolutions are AGAINST the best interests of the Company and of Shareholders as a whole.

Accordingly, the Board unanimously recommends that Shareholders VOTE AGAINST ALL THE REQUISITIONED RESOLUTIONS.

Yours faithfully

J Kerr-Muir
Chairman

P Burke
Group Managing Director

Davenham Group plc
(the “Company”)

(Incorporated and registered in England and Wales with registered number 3976032)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a **GENERAL MEETING** of Davenham Group plc (the “**Company**”) will be held at 274 Deansgate, Camp Street, Manchester, M3 4JB at 11 a.m. on 10 March 2011 for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed as ordinary resolutions:

1. **THAT**, given the need to improve efforts to deliver, and take steps to secure, shareholder value, Mr Paul Burke be removed as a director of the Company with immediate effect.
2. **THAT**, given the need to improve efforts to deliver, and take steps to secure, shareholder value, Mr James Kerr-Muir be removed as a director of the Company with immediate effect.
3. **THAT**, given the need to improve efforts to deliver, and take steps to secure, shareholder value, Mr David Anthony be appointed as a director of the Company with immediate effect.
4. **THAT**, given the need to improve efforts to deliver, and take steps to secure, shareholder value, Mr Gary Jennison be appointed as a director of the Company with immediate effect.

By Order of the Board

QConsult Limited
Secretary

Registered Office:
274 Deansgate
Camp Street
Manchester
M3 4JB

10 February 2011

The attention of members is drawn to the following notes, which form part of this Notice.

Notes:

1. A member entitled to attend and vote at the General Meeting is also entitled to appoint a proxy or proxies to attend, speak and vote instead of him. A member may appoint more than one proxy in relation to the General Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company. Appointment of a proxy will not preclude a member from attending and voting in person at the General Meeting.
2. To be effective, the Form of Proxy and, if relevant, the power of attorney or other authority under which it is executed (or a notarially certified copy of such power or authority) must be received by the Company's registrars, Equiniti at the address stated on the Form of Proxy, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZX by 11 am on 8 March 2011. A Form of Proxy is enclosed with this notice.
3. 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 (available at www.euroclear.com/CREST). 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.
4. 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 Euroclear UK & Ireland Limited's ("Euroclear UK & Ireland") specifications and must contain the information required for such instructions, as described in the CREST manual.
5. 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 RA19) by the latest time for the receipt of proxy appointments specified in note 2 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by 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.
6. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK and Ireland does not make available special procedures in CREST for any particular message. Normal system timing 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 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 systems and timing.
7. 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.
8. Any 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.
9. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names of the holders stand in the register of members in respect of the joint holding.
10. To be entitled to attend and vote at the General Meeting (and for the purposes of determination by the Company of the votes they may cast), a person must be entered on the Register of Members of the Company at 6pm on 8 March 2011 or, if the General Meeting is adjourned, 6pm on the date two business days before the date for the adjourned Meeting. Changes to entries on the Register of Members after that time will be disregarded in determining the right of any person to attend or vote at the General Meeting.
11. As at 10 February 2011 (being the date of this notice) the Company's issued share capital consisted of 26,060,565 ordinary shares of 1p each. The total number of voting ordinary shares in the Company as at that date was 26,060,565.
12. You may not use any electronic address provided within this notice or any related documents (including the Form of Proxy) to communicate with the Company other than as expressly stated.

