

Executive Chairman's letter

DCD Media Plc

Notice of Annual General Meeting

Dear shareholder

This year's Annual General Meeting (the "Meeting") of DCD Media Plc (the "Company") will be held on 30 June 2014 at 10.00 a.m. at the offices of Dickson Minto WS, Broadgate Tower, 20 Primrose Street, London EC2A 2EW. The formal notice of this meeting is set out on page 4 (the "Notice"). You will also receive a proxy which will explain how you can vote if you cannot attend the meeting in person.

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 and are most likely to promote the success of the Company for the benefit of its members as a whole. The Directors unanimously recommend that you vote in favour of all the proposed resolutions as they intend to do in respect of their own shares (where relevant).

It is also noted that the issue of the convertible loan notes to each of The Alphagen Volantis Fund Limited, Timeweave Limited and to David Green and the modification of the 2013 Convertible Loan Notes (as described below) are considered to be related party transactions under the AIM Rules as each of these entities are substantial shareholders in the Company. finnCap Limited, the Company's Nominated Adviser, considers that the terms of these related party transactions are fair and reasonable insofar as shareholders of the Company are concerned.

The following provides some background in relation to certain items of business being considered at the Meeting in order to help you determine how to vote.

1. Issue of Convertible Loan Notes

Background to and Reasons for the Convertible Loan Notes

As announced on 30 September 2013, the Company was informed that WE tv would not be commissioning a new series of Bridezillas, a production which had made a large contribution to the Group's revenue in recent years. At that time, the Board stated its intention to reduce costs as a result of reduced revenue expectations. On 24 March 2014, the Board confirmed that the Group had been reducing costs and that trading continued to be difficult in the Production division, though the outlook in the Rights and Licensing division was strong. Notwithstanding this, the Company's cash reserves remain low.

David Craven, Executive Chairman and CEO, Neil McMyn, Director and John Farquharson, Financial Controller, are all employees of Timeweave and related companies. As part of the reshaping of the cost base and in order to conserve cash, contractual payments to Timeweave in respect of their services have been deferred. In order to settle these outstanding payments, the Company is issuing £0.57 million of convertible loan notes constituted by a convertible loan note instrument entered into by the Company on 30 May 2014 (the "**Convertible Loan Notes**") to Timeweave. In addition, the Company will issue £0.03 million of Convertible Loan Notes to David Green, Executive Director, in respect of payment for director services.

Furthermore, the Company has an immediate requirement for short-term working capital and as such is raising further capital by way of the issue of £0.22 million Convertible Loan Notes to Henderson.

As detailed above, the Company requires funding without which the Company would struggle to meet its debts as they fall due. Given the current position of the Company, it would be very difficult to secure any further funding from external providers and as such the Board believes that the issue of the Convertible Loan Notes is the best option for the Company and its shareholders.

Key Terms of the Convertible Loan Notes

The Convertible Loan Notes shall, subject to a prior conversion by the noteholders, be repayable on 31 May 2016 (the "**Maturity Date**"). The noteholders may, however, determine at any point prior to the Maturity Date to convert all, or part of, the outstanding principal sum (together with accrued but unpaid interest) into new ordinary shares of £1.00 each in the capital of the Company following the capital re-organisation as described below ("**New Ordinary Shares**").

Executive Chairman's letter

The principal and accrued interest shall convert into New Ordinary Shares at a price of £1.00 (the "**Conversion Price**"). In addition, the Conversion Price of the outstanding convertible loan notes that were issued pursuant to the loan note instrument dated 31 May 2013 (the "**2013 Convertible Loan Notes**") will be amended to match that of the Convertible Loan Notes.

The Convertible Loan Notes will earn interest at 10% per annum from the date of issue, however, if the resolutions required to allow conversion of the notes are not approved at the AGM (including the capital re-organisation resolutions referred to below), the rate will increase to 20% per annum from the date of issue. The Convertible Loan Notes are unsecured and subordinate to the Company's existing debt with Coutts & Co bank.

Substantial Shareholder Participation

The following existing substantial shareholders have subscribed for, or intend to subscribe for, the undernoted amounts of Convertible Loan Notes:

<i>Shareholder</i>	<i>Principal amount of Convertible Loan Notes Subscribed</i>	<i>Percentage of the existing share capital of the Company</i>	<i>Percentage of the Enlarged Share Capital post conversion²</i>
Timeweave Limited	569,075	55.24%	66.42%
Henderson ¹	217,146	21.08%	25.10%
David Green ³	30,000	2.96%	5.18%

Notes:

1. "Henderson" means together Henderson Global Investors Limited and certain funds managed by Henderson Alternative Investment Advisor Limited (including The Alphagen Volantis Fund Limited).
2. These percentages are based on the following assumptions: (1) None of the Convertible Loan Notes are transferred; (2) Resolutions 8 and 11 are approved at the Meeting; (3) All of the Convertible Loan Notes and the 2013 Convertible Loan Notes (together with accrued but unpaid interest) are converted on their respective maturity dates; and (4) No further ordinary shares in the capital of the Company are issued between the date hereof and the Maturity Date.
3. David Green intends to subscribe for the noted amount of Convertible Loan Notes once the close period in relation to the publication of the Company's results for the year ended 31 December 2013 has ended. During 2013, David Green transferred half of his shareholding to his former spouse as part of a divorce settlement. The percentage holding shown above is in relation to David only.

In order to ensure that the Company may proceed with conversions of the Convertible Loan Notes in accordance with the terms of the Convertible Loan Note Instrument, the Company is seeking approval from Shareholders to (i) authorise the Directors to allot the required nominal value of ordinary shares in the Company; and (ii) the waiver of pre-emption rights by the existing Shareholders in connection with any allotment to the holders of the Convertible Loan Notes as a result of a conversion (together the "**Conversion Authorities**"). **Resolution 11** has been proposed in order to approve the Conversion Authorities. If approved, the Conversion Authorities shall be applicable until 30 June 2016, however, such authorities shall only be utilised by the Directors in the event that the noteholders of the Convertible Loan Notes serve a conversion notice. It should also be highlighted that, if approved, the Conversion Authorities shall be independent of, and shall exist alongside, any other approval of the Shareholders which may authorise the (i) Directors of the Company to allot further ordinary shares in the capital of the Company and/or (ii) waiver of pre-emption rights in connection with an allotment of shares in the Company.

Conversion mechanics and proposed sub-division

The Company's voting share capital consists, at present, of 414,281 ordinary shares of five pounds each (the "**Existing Ordinary Shares**"). In addition the Company currently has 1,522,997,160 deferred shares of 0.5 pence each (the "**Existing 0.5p Deferred Shares**") and 50,933,729 deferred shares of 0.9 pence each (together the "**Existing Deferred Shares**") in issue. The Existing Deferred Shares effectively have no rights in relation to voting, income or on a distribution of capital.

The Companies Act 2006 prevents the Company from issuing any share at a price which is less than the nominal value of that share. Therefore, given the current share capital of the Company, the Company cannot issue any further ordinary shares of five pounds each for less than five pounds each. Accordingly, in order to enable the Company to proceed with any conversion of the Convertible Loan Notes at the Conversion Price, the Company proposes to (i)

Executive Chairman's letter

firstly, divide each Existing 0.9p Deferred Share into 1.8 deferred shares of 0.5 pence each (the "**New 0.5p Deferred Shares**", and together with the Existing 0.5p Deferred Shares, the "**0.5p Deferred Shares**") (the "**Deferred Share Sub-Division**"); (ii) immediately following the Deferred Share Sub-Division, consolidate every 200 0.5p Deferred Shares into one £1 deferred share ("**New Deferred Shares**") (the "**Deferred Share Consolidation**"); and (iii) immediately following the Deferred Share Consolidation divide each Existing Ordinary Share into one new ordinary share of £1.00 each (the "**£1 Ordinary Shares**") and four New Deferred Shares (the "**Ordinary Share Sub-Division**").

Save for their nominal value, the £1 Ordinary Shares will be identical to the Existing Ordinary Shares. Save for their nominal value, the New Deferred Shares will be identical to the Existing Deferred Shares. Immediately following the above sub-divisions, each Shareholder will hold the same number of £1 Ordinary Shares as the number of Existing Ordinary Shares which they held immediately before such sub-divisions.

No share certificates will be issued in respect of either the £1 Ordinary Shares or the New Deferred Shares. None of the New Deferred Shares will be admitted to AIM or to trading on any other stock or investment exchange.

A Shareholder who is in any doubt as to his or her tax position as a result of this share capital re-organisation or is subject to tax in any jurisdiction other than the UK should consult his or her duly authorised professional adviser without delay.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS IN RELATION TO THE CAPITAL RE-ORGANISATION

Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 27 June 2014
Annual General Meeting	10.00 a.m. on 30 June 2014
Record date for the Sub-Divisions	6.00 p.m. on 30 June 2014
Admission and dealings in the £1 Ordinary Shares expected to commence on AIM	8.00 a.m. on 1 July 2014
CREST accounts credited with £1 Ordinary Shares	1 July 2014
Certificates in respect of £1 Ordinary Shares dispatched	by 12 July 2014

Yours faithfully

David Craven
Executive Chairman

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of DCD Media Plc (the "**Company**") will be held on 30 June 2014 at 10.00 a.m. at the offices of Dickson Minto WS, Broadgate Tower, 20 Primrose Street, London EC2A 2EW to transact the following business.

Resolutions

Ordinary Resolutions:

1. To receive the financial statements, the report of the Directors and the auditors' report on the accounts for the year ended 31 December 2013.
2. To re-appoint David Green as a director of the Company.
3. To re-appoint David Craven as a director of the Company.
4. To re-appoint Neil McMyn as a director of the Company.
5. To re-appoint Andrew Lindley as a director of the Company.
6. To appoint SRLV as auditors of the Company to hold office until the conclusion of the next General Meeting at which financial statements are laid before the Company.
7. To authorise the directors to determine the auditors' remuneration.
8. Authority to undertake the Capital Re-organisation

That subject to and conditional upon the admission of the ordinary shares to be created as set out below to trading on AIM, the market of that name operated by the London Stock Exchange plc:

- a) the share capital of the Company be altered by the sub-division of each issued deferred share of 0.9 pence each in the capital of the Company into 1.8 deferred shares of 0.5 pence (the "**Deferred Share Sub-Division**"), each such deferred share having the rights and being subject to the restrictions set out in the Company's articles of association;
 - b) immediately following the Deferred Share Sub-Division, the share capital of the Company be altered by consolidating every 200 0.5p Deferred Shares into one £1 Deferred Share (the "**Deferred Share Consolidation**"); and
 - c) immediately following the Deferred Share Sub-Division and the Deferred Share Consolidation, the share capital of the Company be altered by the sub-division of each issued ordinary share of £5 each in the capital of the Company into one ordinary share of £1 and four deferred shares of £1 each (the "**Ordinary Share Sub-Division**").
9. General authority to allot shares

That, in addition to any authority or power granted pursuant to Resolution 11 below, but in substitution for any existing authority, the directors and the Company are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares ("**Allotment Rights**"), but so that the maximum amount of shares that may be allotted or made the subject of Allotment Rights under this authority are shares with an aggregate nominal value of £276,187, being approximately two-thirds of the nominal value of the issued share capital assuming that resolution 8 above is approved, provided that:

- a) one-half of this authority be allotted or made the subject of Allotment Rights in any circumstances and the other half may be allotted or made the subject of Allotment Rights pursuant to any rights issue (as referred to in the London Stock Exchange's AIM Rules for Companies) or pursuant to any arrangements made for the placing or underwriting or other allocation of any shares or other securities included in, but not taken up under, such rights issue; and

Notice of Annual General Meeting

- b) this authority shall expire on the date falling 15 months from the date of this resolution or, if earlier, on the conclusion of the Company's next annual general meeting, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or grant Allotment Rights in pursuance of such offer or agreement as if such authority had not expired.

Special Resolutions:

10. Disapplication of pre-emption rights in relation to general allotment authority

That, subject to the passing of Resolution 9 above, in addition to any authority or power granted pursuant to Resolution 11 below, but in substitution for any existing power, the directors and the Company are empowered (i) pursuant to section 570 of the Companies Act 2006 to allot equity securities, as defined in section 560 of that Act, pursuant to the authority conferred on them by Resolution 9 above, or by way of a sale of treasury shares, as if section 561 of the Companies Act 2006 did not apply to any such allotment, or sale out of treasury, of equity securities, provided that this power:

- a) is limited to the allotment of equity securities in connection with any rights issue or open offer (each as referred to in the London Stock Exchange's AIM Rules for Companies) or any other pre-emptive offer that is open for acceptance for a period determined by the directors to the holders of ordinary shares on the register on any fixed record date in proportion to their holdings of ordinary shares (and, if applicable, to the holders of any other class of equity security in accordance with the rights attached to such class), subject in each case to such exclusions or other arrangements as the directors may deem necessary or appropriate in relation to fractions of such securities, the use of more than one currency for making payments in respect of such offer, treasury shares, any legal or practical problems in relation to any territory or the requirements of any regulatory body or any stock exchange; and
- b) is limited to the allotment of equity securities (other than pursuant to paragraph (a) above) with an aggregate nominal value of £20,714, being approximately 5 per cent of the nominal value of the issued share capital of the Company assuming that resolution 8 above is approved; and
- c) shall expire on the date falling 15 months from the date of this resolution or, if earlier, on the conclusion of the Company's next annual general meeting, save that, the Company may, before such expiry, make 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 any such offer or agreement as if the power conferred hereby had not expired.

11. Authority to allot and waiver of pre-emption in relation to conversion of Convertible Loan Notes

That the directors are, in addition and without prejudice to any other authorities vested in the directors to allot shares or to grant other allotment rights (including such authority conferred by resolutions 9 and 10 above and at the Company's 2013 AGM):

- (a) generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares ("Allotment Rights"), subject to the following conditions:
 - (i) the maximum amount of shares that may be allotted or made the subject of the Allotment Rights under this authority are shares with an aggregate nominal value of £979,466;
 - (ii) this authority is limited to the allotment of ordinary shares in the capital of Company pursuant to the exercise of conversion rights attaching to Convertible Loan Notes;
 - (iii) this authority shall expire on 30 June 2016; and
 - (iv) the Company may make any offer or agreement before such expiry which would or might require shares to be allotted or Allotment Rights to be granted after such expiry; and
- (b) empowered pursuant to section 571 of the Companies Act 2006 to allot equity securities, as defined in section 560 of that Act, pursuant to the authority conferred on them by paragraph (a) of this resolution as if section 561 of that Act did not apply to any such allotment, provided that this power

Notice of Annual General Meeting

shall expire when such authority expires and save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry.

12. That the Company is authorised to call any General Meeting of the Company other than the Annual General Meeting by notice of at least 14 clear days during the period beginning on the date of the passing of this resolution and ending on the conclusion of the next annual general meeting of the Company.

Dated: 30 May 2014
REGISTERED OFFICE:
Glen House
22 Glenthorne Road
London
W6 0NG

BY ORDER OF THE BOARD
J M Sadler, FCIS

Notice of Annual General Meeting

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the meeting. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
2. Your proxy can be the Chairman, another director of the Company or another person who has agreed to attend to represent you. Your proxy will vote as you instruct and must attend the meeting for your vote to be counted. Details of how to appoint the Chairman or another person as your proxy using the proxy form are set out in the notes to the proxy form. Appointing a proxy does not preclude you from attending the meeting and voting in person. If you attend the meeting in person, your proxy appointment will automatically be terminated.
3. A form of proxy is provided with this notice and instructions for use are shown on the form. In order to be valid, completed proxies must be received (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority) by our registrars at Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 10.00 a.m. on 27 June 2014. Alternatively you may submit your appointment of proxy online at www.capitashareportal.com by following the on-screen instructions.
4. To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Capita Registrars on 0871 664 0300 (calls costs 10p a minute plus network extras. Lines are open 8.30a.m. – 5.30p.m. Monday- Friday). The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others.
5. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so 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.
6. 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. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. 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.
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. 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

Notice of Annual General Meeting

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.

9. Only those shareholders registered in the Register of Members of the Company as at 6:00 p.m. on 26 June 2014 (or, if the meeting is adjourned, on the date which is two days before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting or adjourned meeting in respect of the number of shares registered in their respective names at that time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting or adjourned meeting.
10. 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.
11. You may not use any electronic address provided either in this notice of annual general meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.
12. As at 28 May 2014 (being the last practicable date before the publication of this Notice), the Company's issued voting share capital consisted of 414,281 ordinary shares carrying one vote each. Therefore the total voting rights in the Company are 414,281.
13. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if:
 - (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - (b) the answer has already been given on a website in the form of an answer to a question; or
 - (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
14. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at www.dcdmedia.co.uk.
15. The following documents are available for inspection at the registered office of the Company during normal business hours on each weekday (public holidays excluded) and at the place of the annual general meeting for 15 minutes prior to and during the meeting:
 - (a) copies of the executive director's service contract with the Company; and
 - (b) copies of the letters of appointment for each of the non-executive directors.