

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the course of action to take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser (being, in the case of Irish resident shareholders an adviser authorised or exempt under the Investment Intermediaries Act 1995 of Ireland or an authorised investment firm within the meaning of the European Communities (Markets in Financial Instruments) Regulations 2007 and in the case of UK resident shareholders, an independent financial adviser who is authorised to carry on a regulated activity under the Financial Services and Markets Act 2000 of the UK).

If you have sold or transferred all your shares in Donegal Investment Group plc, please pass this document and the accompanying Form of Proxy to the purchaser or transferee or to the stockbroker, bank or the agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Donegal Investment Group plc

Annual General Meeting 2017

A letter from the Chairman of Donegal Investment Group plc ("**the Company**") is set out on pages 2 and 3 of this document.

Notice convening the Annual General Meeting of the Company to be held at The Silver Tassie Hotel, Ballymaleel, Ramelton Road, Letterkenny, Co. Donegal at 11:30 a.m. on Wednesday, 24 May 2017 and related statement of procedures are set out on pages 4 to 7 of this document.

To be valid, Forms of Proxy for use at the Annual General Meeting must be completed and returned so as to be received by the Company's registrars, Computershare Investor Services (Ireland) Ltd, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, D18 Y2X6, no later than 11:30 a.m. on Monday, 22 May 2017.

DONEGAL INVESTMENT GROUP PUBLIC LIMITED COMPANY

(Registered in the Republic of Ireland, Registered Number 162921)

Directors

Geoffrey Vance (Chairman)
Ian Ireland (Managing Director)
Padraic Lenehan
Geoffrey McClay
Patrick J Kelly
Norman Witherow
Michael Griffin
Frank Browne
Henry McGarvey

Registered Office

Ballyraine
Letterkenny
Co Donegal
F92 H688

12 April 2017

To the shareholders of Donegal Investment Group plc (“the Company”)

Dear Shareholder,

I am writing to you to outline the resolutions to be proposed at the forthcoming Annual General Meeting, all of which the Board of Directors are recommending for your approval. I draw your attention to the Notice of Annual General Meeting of the Company which will be held on Wednesday, 24 May 2017 at The Silver Tassie Hotel, Ballymaleel, Ramelton Road, Letterkenny, Co. Donegal, which is included in this document.

Resolution 1 – receipt and consideration of the accounts

This is a resolution to receive and consider the Company’s financial statements for the financial period ended 31 August 2016.

Resolutions 2 (a), (b) (c) and (d) – re-election of Directors

These are resolutions to re-elect Ian Ireland, Patrick Kelly, Frank Browne and Henry McGarvey as directors of the Company, each of whom retires in accordance with the Articles of Association.

Biographical details of the Directors standing for re-election are found on pages 4 and 5 of the Annual Report and are available on the Company’s website www.donegaligroup.com.

Resolution 3 – Non-executive directors’ remuneration

This is a resolution to receive and consider the remuneration of the non-executive directors as set out on page 23 of the Annual Report.

Resolution 4 – Auditor’s remuneration

KPMG, the statutory auditor, continues in office in accordance with the Companies Act 2014. This resolution is an ordinary resolution proposed each year to permit the Directors to fix the auditor’s remuneration.

Resolution 5 – Authority to dis-apply pre-emption rights

Resolution 5 is a special resolution to permit the Directors to allot “equity securities” (essentially ordinary shares in the Company) for cash (i) subject to adjustment for fractions and certain overseas jurisdictions in connection with rights issues or open offers to shareholders generally and (ii) otherwise in an amount up to 5% of the nominal value of the issued ordinary share capital of the Company at the date of the

passing of the resolution. This authority will expire 15 months after the passing of the resolution or at the conclusion of the 2018 AGM, whichever occurs first. The Directors have no current intention to exercise the power to be conferred by this resolution.

Resolution 6 (a) and (b) – Authorisation of market purchases of the Company's shares and setting of reissue price of those share

Resolution 6 (a) is a special resolution to empower the Company (or any subsidiary) to make market purchases of up to 15% of the Company's issued shares at the date of passing of the resolution, subject to the restrictions set out in the Company's Articles of Association.

Resolution 6 (b) is a related special resolution dependent on the passing of Resolution 6 (a) and is to set the reissue price of shares purchased pursuant to Resolution 6 (a) if held as treasury shares. It is anticipated that any shares repurchased will be cancelled.

The Directors have no current intention to utilise the power to be conferred by these resolutions and your Board undertakes to exercise the powers conferred by these resolutions only when it believes that such exercise is in the best interest of the shareholders. These authorities will expire 15 months after the passing of the resolution or at close of trading on the date of the 2018 AGM, whichever first occurs.

Resolution 7 – adoption of updated Memorandum and Articles of Association

This is a special resolution to update the memorandum of association and to adopt new articles of association to reflect the commencement of the Companies Act 2014 and the repeal of prior companies' legislation. No material amendments are being made by this resolution. Minor amendments are being made the articles of association to clarify the company's rules with respect to the rotation of directors. The text of the updated memorandum and articles of association along with redlines against the current text are posted on the Company's website www.donegaligroup.com.

Recommendation

The Directors believe that the proposals set out in the resolutions before the meeting are in the best interests of the Company and of its shareholders as a whole. Accordingly, the Directors recommend that you vote in favour of the resolutions at the Annual General Meeting, which they intend to do in respect of their shareholdings in the Company.

Yours faithfully,

Geoffrey Vance
Chairman

DONEGAL INVESTMENT GROUP PUBLIC LIMITED COMPANY

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of Donegal Investment Group plc will be held at The Silver Tassie Hotel, Ballymaleel, Ramelton Road, Letterkenny, Co. Donegal, at 11:30 a.m. on Wednesday, 24 May 2017 for the following purposes:

1. To receive the Financial Statements for the period ended 31 August 2016 and the reports of the Directors and Auditors thereon **(Resolution 1)**.
2. To re-elect as Directors:
 - (a) Ian Ireland;
 - (b) Patrick Kelly;
 - (c) Frank Browne; and
 - (d) Henry McGarvey

who retire in accordance with the Articles of Association and being eligible offer themselves for re-election.

(Resolutions 2(a), 2(b), 2(c) and 2(d), each a separate ordinary resolution)

3. To approve the remuneration of the non-executive Directors on the basis set out in the Report of the Remuneration Committee on page 23 of the Annual Report. **(Resolution 3)**
4. To authorise the Directors to fix the remuneration of the Auditors. **(Resolution 4)**
5. **As a special resolution (Resolution 5)**

That, pursuant to (i) the authority granted by Resolution 6 as passed at the AGM of the Company in 2015 and (ii) Section 1023(3) of the 2014 Act, the Directors be and are hereby empowered to allot equity securities for cash, to include the reissue of any treasury shares from time to time, provided that the powers conferred by this resolution shall be limited to:

- (i) the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities and other persons entitled to participate in such issue or offering (other than the Company itself in respect of any shares held by it as treasury shares) where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory;
- (ii) the allotment, other than on foot of the authority conferred by sub-paragraph (i) above, of equity securities up to an aggregate nominal value equal to 5% of the issued ordinary share capital of the Company on the date of passing of this resolution; and
- (iii) an employee share scheme or share option scheme of the Company,

provided that the authority hereby conferred (unless previously revoked or renewed in accordance with the provisions of the 2014 Act) shall expire 15 months from the passing of the resolution or at the close of business on the date of the next Annual General Meeting of the Company, whichever occurs first, save that the Company may, before such expiry, make an offer or agreement which

would or might require equity securities to be allotted or issued after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power hereby conferred had not expired.

6. As a special resolution (Resolution 6(a)):

That the Company (and any subsidiary of the Company for the time being) be and is hereby authorised to make market purchases including overseas market purchases of any shares of and in the Company (including any contract of purchase, which will or might be concluded wholly or partly after the expiry date below), provided that:

- (a) the maximum number of shares, which may be acquired pursuant to this authorisation shall be 15% of the issued shares of and in the Company immediately following the passing of this resolution;
- (b) the maximum price at which a purchase pursuant to this authorisation will be made will be 5% above the average of the official closing prices of the relevant shares derived from the Irish Stock Exchange for the five days before the purchase is made;
- (c) the minimum price, which may be paid for shares purchased pursuant to this authorisation will be the par value thereof; and
- (d) this authorisation will expire at close of trading on the date of the 2018 AGM of the Company or 15 months from the passing of this resolution, whichever first occurs, save that the Company may make a purchase after the expiry of the authorisation in any case where the contract of purchase is executed before the authorisation expired.

As a special resolution (Resolution 6(b)):

That the Directors be and are hereby empowered pursuant to Section 1021 of the Companies Act 2014 to re-issue treasury shares within the meaning of section 106 of the Companies Act 2014 as relevant securities and, pursuant to section 1023 of the Companies Act 2014, to reissue treasury shares as equity securities as if subsection (1) of section 1022 of the Companies Act 2014 did not apply to any such reissue, provided that:

- (a) this power shall be subject to the limits provided by Resolutions 5 and 6(a) and shall expire at close of trading on the date of the 2018 AGM of the Company or on the expiry of 15 months from the date hereof, whichever first occurs, save that the Company may before such expiry make an offer or agreement, which would or might require such reissue to occur after such expiry and the Directors may reissue securities pursuant to such offer or agreement as if the power conferred hereby had not expired;
- (b) the price at which any treasury shares may be re-issued off market (within the meaning of section 1078 of the Companies Act 2014) shall be:
 - (i) in the case of reissues other than to satisfy entitlements under share options or employee share schemes not more than 25% above and not more than 5% below the average of the official closing prices of the relevant shares derived from the Irish Stock Exchange for the five days before the relevant reissue is made;
 - (ii) in the case of reissues to satisfy entitlements under share options or employee share schemes, not more than 25% above that average and not less than par value.

(Resolutions 6(a) and 6(b), each a separate special resolution)

7. As a special resolution (Resolution 7):

That the constitution of the Company be amended as follows:

- (a) that the memorandum of association of the Company be altered by the insertion of underlined text and the deletion of struck out text as appearing in the text made available from the date hereof on the Company's website www.donegaligroup.com; and
- (b) that the new articles of association made available on the Company's website www.donegaligroup.com be adopted as the new Articles of Association of the Company in substitution for the existing articles of association of the Company.

BY ORDER OF THE BOARD

Padraic Lenehan
Secretary
12 April 2017

Registered office:
Ballyraine,
Letterkenny,
Co. Donegal.

STATEMENT OF PROCEDURES

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her place. The proxy need not be a member of the Company.
2. To be effective, the instrument appointing a proxy and any authority under which it is executed (or a notarially certified copy of such authority) must be deposited at Computershare Services (Ireland) Limited, Heron House, Corrig Road, Sandyford, Dublin 18, D18 Y2X6 so as to arrive not later than 11:30 a.m. on Monday, 22 May 2017. A form of proxy is enclosed with this notice. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting.
3. Pursuant to sections 1095 and 1105 of the Companies Act 2014, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days before the date of the meeting (or in the case of an adjournment as at close of business on the day which is two days before the date of the adjourned meeting). Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

ber 162921)

