



Dear Shareholder,

I am pleased to enclose Notice of the IQE plc (“the Company”) annual general meeting (“AGM”) to be held at the Village Hotel, 29 Pendwyallt Rd, Cardiff CF14 7EF (M4, Junction 32), on Tuesday 25th June 2019 at 11:00am. You will already be aware that the full annual report and accounts in respect of the financial year ended 31 December 2018 has been published on the company’s website at www.iqep.com/investors/reports/ A copy of the report will be enclosed with this notice if you have requested a printed copy.

The board believes that the proposed resolutions set out in the notice of meeting are in the best interests of the Company and its members 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 the resolutions to be put to the meeting, as all members of the board intend to do in respect of their own beneficial shareholdings.

I hope that you will be able to attend the AGM and raise any questions you may have on the matters to be considered at the meeting. The Company will conduct the votes on all resolutions by way of a show of hands, the results of which will be announced on the business day following the meeting.

I look forward to meeting you in Cardiff on 25th June 2019.

Proxy voting

Whether or not you are able to attend the AGM, please complete and submit your proxy vote online via the share portal at www.signalshares.com. You will need to log into your IQE Signal Shares account, or register if you have not previously done so. To register you will need your Investor Code, this is detailed on your share certificate or is available from our Registrar, Link Asset Services.

Voting by proxy prior to the AGM does not affect your right to attend the AGM and vote in person should you so wish. Proxy votes must be received no later than 11:00am on 21st June 2019.

If you are unable to locate any of the documents on the Company’s website, need help with voting online or require a paper proxy form sent to you, please contact our Registrar, Link, on 0871 664 0300* if calling from the United Kingdom or +44 371 664 0300 if calling from outside of the United Kingdom.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Phil Smith', written over a faint, illegible printed name.

Phil Smith, Chairman
24th May 2019

**Calls cost 12p per minute plus your phone company’s access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.*

IQE plc., Pascal Close, Cardiff, CF3 0LW, UK
tel: +44 29 2083 9400
Website: www.iqep.com

Company Registered in England No. 3745726

IQE plc (“The Company”) Notice of Meeting

NOTICE IS HEREBY GIVEN

That the eighteenth Annual General Meeting of IQE plc will be held at **the Village Hotel, 29 Pendwyallt Rd, Cardiff CF14 7EF (M4, Junction 32)** on **Tuesday 25th June 2019 at 11:00am** to transact the following business:

ORDINARY BUSINESS

To consider and, if thought fit, pass the following Resolutions which will be proposed as Ordinary Resolutions:

1. To receive the Directors’ Report and Audited Financial statements for the financial year ended 31 December 2018 and the Auditors’ report thereon. **[Resolution 1]**
2. To approve the Directors’ Annual Report on Remuneration (this is an advisory vote). **[Resolution 2]**
3. To re-appoint Dr. Andrew Nelson who retires pursuant to Article 107 of the Articles and offers himself for re-election. **[Resolution 3]**
4. To re-appoint Mr. Timothy Pullen who joined IQE as CFO on 4th February 2019 and retires pursuant to Article 112. **[Resolution 4]**
5. To re-appoint Mrs. Carol Chesney who joined IQE as Non-Executive Director on 13th May 2019 and retires pursuant to Article 112. **[Resolution 5]**
6. To re-appoint KPMG LLP as Auditors of the Company to hold office from the conclusion of the Meeting to the conclusion of the next Meeting at which the Accounts are laid before the Company, and authorise the Directors to fix their remuneration. **[Resolution 6]**

SPECIAL BUSINESS

To consider and, if thought fit, pass the following Resolutions as an Ordinary Resolutions in respect of the Resolutions numbered 7 and 9 and as a Special Resolution in respect of the Resolution numbered 8:

7. To generally and unconditionally authorise the Directors, in substitution for all existing authorities to the extent unused, to exercise all the powers of the Company to allot shares in accordance with article 15 of the Articles up to an aggregate number of 295,532,081 ordinary shares of 1p each. This is calculated as one third of the total shares in issue, plus the number of un-exercised employee share options outstanding at 24 May 2019.

PROVIDED that this authority shall expire on the earlier of 15 months after the date of passing of this Resolution and the conclusion of the Annual General Meeting of the Company next following the passing of this Resolution, save that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired. **[Resolution 7]**

8. Subject to the passing of the previous Resolution, to empower the Directors pursuant to article 16 of the Articles to allot equity securities (within the meaning of Section 560 of the Companies Act 2006 (“the Act”)) of the Company pursuant to the general authority conferred by the previous Resolution as if Section 561 (1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

(a) the allotment (otherwise than pursuant to sub-paragraph (b) below) of equity securities which are, or are to be, wholly paid up in cash to an aggregate number of 79,082,175 ordinary shares of 1p each; and

(b) the allotment of equity securities in connection with a rights issue or any other pre-emptive offer in favour of the holders of ordinary shares and other persons entitled to participate therein in proportion (as nearly as may be) to their respective holdings of ordinary shares (or, as appropriate, the number of ordinary shares which they are deemed to hold for such purpose), subject only to such exclusions or arrangements as the Directors may consider appropriate to deal with fractional entitlements or legal or practical problems under the laws of the territory or the requirements of any recognised regulatory body or any stock exchange

and shall expire on the earlier of 15 months after the date of passing of this Resolution and the conclusion of the Annual General Meeting of the Company next following the passing of this Resolution, save that the Company may, before such expiry, make an offer or agreement which would or might require the allotment of equity shares pursuant to such offer or agreement as if the power conferred hereby had not expired. **[Resolution 8]**

9. To approve the adoption of the IQE Long Term Incentive Share Option Plan ("LTIP" or "Plan"). The new Plan replaces the previous Executive Share Option Scheme approved by shareholders in July 2009. The new Plan shall remain effective for a period of ten (10) years from the date of approval. Key features of the Plan include:
- a. The Plan will be aligned with the Directors' LTIP defined in the Directors' Remuneration Policy included in the Annual Report for the financial year ended 31 December 2018.
 - b. Options may be granted to eligible employees ("Eligible Employees") who are defined as any person who devotes substantially their whole working hours to the business of the Group and is either a full-time executive director holding salaried employment or office or a full-time employee of any company which is at the date of options being granted, a member/affiliate of the Group.
 - c. Vesting of awarded options is subject to achievement of performance conditions (for example, 25% of awarded options will be exercisable on achievement of 6% earnings per share ("EPS") growth and 100% exercisable on achievement of 12% EPS growth).
 - d. All options will be subject to a vesting period (the standard vesting period will be three years unless the remuneration committee exercises its discretion to set a different period) over which period the performance conditions will be measured. All options will be issued with an expiry date (which will not be longer than 10 years from the date of grant) following which unexercised options will lapse and may not be exercised.
 - e. (i) The aggregate market value of share options granted in any year to an Eligible Employee shall not exceed 200% of such Eligible Employee's salary for that year, and (ii) In respect of options granted to executives of the Company such limit shall be 5% of the number of Shares in issue on the relevant Date of Grant.
 - f. Shares granted under the Plan and any other share scheme adopted by the Company during the preceding 10 years shall not exceed 15 % of the number of Shares in issue on the relevant Date of Grant.
 - g. Malus (of any unvested options) and clawback (of any vested but unexercised options) may be applied during employment or for 2 years post-termination of employment in the event of the option holder's gross misconduct, material financial misstatement, error in calculation of outcomes or in any other circumstance that the remuneration committee considers appropriate.
 - h. All unexercised options shall lapse immediately on termination of employment except in the cases of:
 - death in service when options may be exercisable for a limited period following the employee's death;
 - redundancy or ill-health when options may be exercised for a limited period following termination (this exception does not apply to US employees); and
 - retirement in circumstances where the remuneration committee exercises its discretion to permit options to be exercised for a limited period following termination (this exception does not apply to US employees).
 - i. In the event of a change of control of the Company, an Option Holder may exercise any options then held during the period commencing on the date of such change of control and expiring six calendar months from the later of the date on which Control of the Company passes and the date on which any condition subject to which the offer is made has been satisfied.
 - j. In the event a company acquires control of the Company existing unexercised options may be exchanged for new rights in the acquiring company.
 - k. In the event of any reorganisation of the Company's share capital, an adjustment may be made to the number and/or nominal value of shares under option.

A full copy of the Plan is available for inspection at the AGM [**Resolution 9**]

ANY OTHER BUSINESS

To transact any other ordinary business which may be transacted at an Annual General Meeting.

By Order of the Board of Directors

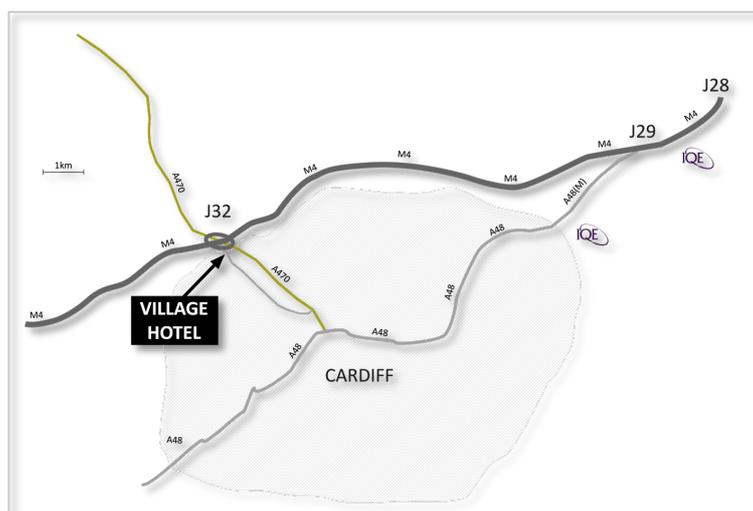


Mr J M Howells
Company Secretary

Notes:

1. A member entitled to attend and vote at the AGM may appoint one or more proxies (who need not be a member of the Company) to attend and to speak and to vote on his or her behalf whether by show of hands or on a poll. 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. In order to be able to attend and vote at the AGM or any adjourned meeting (and also for the purpose of calculating how many votes a person may cast), a person must have his/her name entered on the register of members of the Company by close of business on 21 June 2019 (or close of business two days before any adjourned meeting). Changes to entries on the register of register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
3. Any member attending the Annual General Meeting has the right to ask any question relating to the business being dealt with at the meeting. The Company will answer any such questions unless exempted by the provisions of section 319A of the Act.
4. In order to be valid an appointment of proxy (together with any authority under which it is executed or a copy of the authority certified notary) must be returned by one of the following methods: (a) in hard copy form by post, by courier or by hand to the Company's registrars, Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; (b) via www.signalshares.com by logging in and selecting the 'Proxy Voting' link. If you have not previously registered for this facility, you will first be asked to register as a new user, for which you will require your investor code (which can be found on your share certificate), family name and post code (if resident in the UK); (c) in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below and in each case must be received by the Company not less than 48 hours before the time of the meeting. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment, or instruction, 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 Limited's ('EUI') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it relates to the appointment of a proxy or to 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. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001. CREST members, and where applicable, their CREST sponsors or voting service providers, should note that EUI 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 therefore 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 or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this 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.
5. Biographical details of the Directors, including their membership of Board committees, are set out in the Annual Report and Accounts for the year ended 31 December 2018.
6. The issued share capital of the Company as at 24 May 2019 was 790,821,750 ordinary shares, carrying one vote each. Therefore, the total number of voting rights in the Company on 24 May 2019 was 790,821,750.
7. Copies of the service contracts of the Directors are available for inspection at the registered office of the Company during normal business hours on any weekday and will be available at the place of the AGM from 15 minutes before the meeting until it ends.

DIRECTIONS TO THE VILLAGE HOTEL, M4 Junction 32



29 Pendwyallt Rd, Cardiff CF14 7EF
<https://www.village-hotels.co.uk/hotels/cardiff/>