



**John Lewis of Hungerford plc**

**Notice of Annual General Meeting**

Registered number

01317377



## **NOTICE OF ANNUAL GENERAL MEETING 2018**

### **Letter from the Chairman**

12 November 2018

Dear Shareholder,

I am pleased to invite you to attend the Annual General Meeting of John Lewis of Hungerford plc ("the Company") to be held at Crowne Plaza London Kensington, 100 Cromwell Road, London, SW7 4ER at 2.00 p.m. on Tuesday 11 December 2018 ("the AGM").

The formal notice of the AGM (the "AGM Notice") is set out below. In addition to the usual items of business, your Board of Directors is also seeking shareholder approval of an Unapproved and EMI Share Option Plan ("Option Plan")

The Company does not currently operate any form of share options scheme and the Long Term Incentive Plan ("LTIP") that was approved in March 2014 did not vest and awards made under the LTIP have now lapsed. Your Board believes that the proposed Option Plan is critical to strengthen the Company's ability to attract and retain key staff by ensuring participants receive competitive incentives that align their interests with those of the Company's shareholders. In this respect the proposed Option Plan will be inclusive of all staff, unlike the LTIP noted above that was restricted to several senior members of staff.

The Option Plan is being proposed at an important time for the Company and is accordingly ambitious. In order for the Option Plan to serve as a meaningful incentive to participants the number of awards will be capped at 20% of the Company's issued share capital. Participants in the Option Plan will be all staff and all members of the Board, including the non-executive directors, as every individual in the Company has an important role to play in the Company's growth and development. Equally aggressive performance conditions will therefore apply to the vesting of options under the proposed Option Plan that will be tied to stretching profit and share price performance. The Option Plan will have a price at granting of the higher of market or nominal value whereas the previous LTIP had a notional value of 0.1p.

In addition to aggressive performance conditions, and following discussions with key shareholders, it has been agreed that the scheme will include a 'hurdle' criteria which stipulates that no shares under the share price performance criteria will vest until the share price reaches 3 pence. This ensures that shareholders will have experienced significant value gains before Option Plan participants benefit.

The principal terms of the proposed Option Plan are summarised in Appendix 1 to the AGM Notice and will also be available at the AGM. Your Board of Directors believe that the resolution to adopt the proposed Option Plan and all other resolutions contained in the AGM Notice are in the best interests of the Company and its shareholders as a whole and unanimously recommend that shareholders vote in favour of all of the resolutions in the AGM Notice.

On behalf of the Board of Directors, I would like to thank you for your continued support of the Company and look forward to meeting you at the AGM.

Yours faithfully

**Gary O'Brien**  
Chairman

## **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any of the contents of this document or the action you should take you are recommended to consult an independent advisor authorised under the Financial Services and Markets Act 2000.

If you have recently sold or transferred all of your shares in John Lewis of Hungerford plc, you should forward this document and the accompanying form of proxy to your bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

**NOTICE** is hereby given that the Annual General Meeting of John Lewis of Hungerford plc ("the Company") will be held at Crowne Plaza London Kensington, 100 Cromwell Road, London, SW7 4ER at 2.00 p.m. on Tuesday 11 December 2018 for the following purposes:

### **As Ordinary Business**

To consider and if thought fit pass the following resolutions 1, 2 and 3 that will each be proposed as an ordinary resolution:

1. To receive, consider and adopt the Company's accounts for the 10 month period ended 30 June 2018 together with the Directors' report and Auditors' report thereon.
2. To re-appoint Kingston Smith LLP as auditor to the Company and to authorise the Directors to determine their remuneration.
3. To re-elect as a Director, Kiran Noonan, who retires in accordance with the Company's Articles of Association and who being eligible, offers herself for re-election.

### **As Special Business**

To consider and if thought fit pass the following resolutions 4, 5 and 6 that will be proposed as to resolution 4 as an ordinary resolution and as to resolutions 5 and 6 as special resolutions:

4. (a) That, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to allot shares in the Company and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being "relevant securities") provided that this authority shall be limited to relevant securities up to an aggregate nominal amount of £62,248.51 representing approximately one third of the nominal value of the issued ordinary share capital of the Company and unless previously revoked, varied or extended, this authority shall expire at the conclusion of the next Annual General Meeting of the Company, except that the Company may at any time 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 in pursuance of such an offer or agreement as if this authority had not expired,

and further,

(b) That the Directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (within the meaning of Section 560 of the Act) in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them up to an aggregate nominal amount of £62,248.51 provided that this authority shall expire on the date of the next Annual General Meeting of the Company after the passing of this resolution 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 Board may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

5. That, subject to the passing of resolution 4, the directors be and they are hereby empowered pursuant to section 570(1) of the Act to allot equity securities (as defined in section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the Directors under section 551 of the Act conferred by resolution 4 above, as if section 561(1) of the Act did not apply to such allotment provided that:

(a) the power conferred by this resolution shall be limited to:

- (i) the allotment of equity securities in connection with an offer of equity securities to the holders of ordinary shares in the capital of the Company in proportion as nearly as practicable to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws or requirements of any regulatory body or stock exchange; and
    - (ii) the allotment, otherwise than pursuant to sub-paragraph (a) (i) above, of equity securities up to an aggregate nominal value equal to £18,674.55 representing approximately 10% of the nominal value of the issued ordinary share capital of the Company as shown in the audited accounts of the Company for the ten month period ended 30 June 2018; and
  - (b) unless previously revoked, varied or extended, this power shall expire at the conclusion of the next Annual General Meeting of the Company, except that the Company may before the expiry of this power 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 such an offer or agreement as if this power had not expired.
6. That the John Lewis of Hungerford plc Unapproved and EMI Share Option Plan (“the Share Option Plan”) the principal terms of which are summarised in Appendix 1 of this Notice of Meeting, the rules of which are produced in draft to this meeting and, for purposes of identification, initialled by the Chairman, be approved and the Directors be and are hereby be authorised to:
- (a) make such modifications to the Share Option Plan as they may consider appropriate to take account of the requirements of best practice and for the implementation of the Share Option Plan and to adopt the Share Option Plan as so modified and to do all such other acts and things as they may consider appropriate to implement the Share Option Plan; and
  - (b) generally and unconditionally for the purposes of Section 551 of the Act and in connection with the operation of the Share Option Plan to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for or convert any equity securities (as defined in Section 560 of the Act) into shares in the Company up to a maximum aggregate amount of up to but not more than twenty per cent in aggregate of the issued ordinary share capital of the Company at the time of the allotment under the Share Option Plan (based on the enlarged ordinary share capital following exercise of options under the Share Option Plan), and that such power, unless previously revoked, renewed or varied by the Company at a General Meeting, shall expire on the date that is five years after the passing of this resolution and that this authority is in addition to any existing authorities conferred upon the Directors pursuant to Section 551 of the Act; and
  - (c) subject to the passing of resolution 6(b) above and in accordance with section 570 of the Act, generally and unconditionally to allot equity securities (within the meaning of Section 560 of the Act) of the Company pursuant to the authority conferred by resolution 6(b) above wholly for cash as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities in connection with the Share Option Plan up to a maximum aggregate amount of up to but not more than twenty per cent in aggregate of the issued ordinary share capital of the Company at the time of the allotment under the Share Option Plan (based on the ordinary enlarged share capital following exercise of options under the Share Option Plan) and that such power, unless previously revoked, renewed or varied by the Company at a General Meeting, shall expire upon the revocation or expiry of the authority conferred by resolution 6(b) above and that the power hereby conferred shall operate in addition to any previous power given to the Directors pursuant to Section 570 of the Act.

By Order of the Board

*Registered Office:*  
Grove Technology Park  
Downsview Road  
Wantage  
Oxfordshire  
OX12 9FA

**Cargil Management Services Limited**

*Company Secretary*

Dated: 12 November 2018

## **APPENDIX 1**

### **SUMMARY OF THE PRINCIPAL TERMS OF THE JOHN LEWIS OF HUNGERFORD plc UNAPPROVED AND EMI SHARE OPTION**

#### **1. PARTICIPATION**

Awards may be made under the Plan to any employees and Directors of the Company and its subsidiaries (“the Group”). The Remuneration committee will determine which employees and Directors will participate.

#### **2. NATURE OF AWARDS**

Awards will give participants a right to receive up to a specified maximum number of shares in the Company at the end of a minimum period of two years, subject to the satisfaction of performance conditions set by the Remuneration Committee when the Awards are granted. The Awards will be made in the form of options to acquire shares for the higher of nominal consideration of 0.1p per share and market value per share at the date of grant. The shares required to satisfy Awards will be issued by the Company, or transferred to participants from the employee benefit trust (“EBT”).

#### **3. CESSATION OF EMPLOYMENT**

If a participant ceases to be employed in the Group by reason of death, injury, disability, long-term illness, redundancy or retirement, an award may be exercised in respect of vested shares. If a participant ceases to be employed for any other reason, options will lapse unless the Remuneration Committee permits otherwise.

#### **4. PERFORMANCE CONDITIONS**

At the time of grant of an award under the Plan, the Remuneration Committee will determine the performance conditions that must be satisfied in order for the participant to receive the maximum number of shares to which the Award relates. The performance condition that is proposed to apply to the first grant of Awards under the Plan is as follows:

Vesting of one quarter of an award will be subject to a performance condition measuring the profit of the Company. Three quarters of an award will be subject to a performance condition based on the share price of the Company.

Once a performance condition has been set on the granting of an award, the Remuneration Committee will have limited powers to adjust that condition to take account of exceptional circumstances.

#### **5. CHANGE OF CONTROL**

In the event of a change in control of the Company (other than as a result of a Group re-organisation) participants will normally be entitled to exercise their Awards within a limited period. Such exercise will still be subject to the satisfaction of the performance conditions unless the Remuneration Committee determines otherwise.

#### **6. LIMITS**

The Plan is subject to an overall limit on the number of shares in the Company that may be allocated under it. This provides that in any ten-year period, not more than twenty per cent in aggregate of the issued ordinary shares (based on the enlarged share capital following exercise of options) of the Company for the time being may be issued or transferred out of an EBT to satisfy Awards granted under the Plan and any other employees’ share schemes adopted by the Company. Shares acquired by an EBT in the market will not count towards this limit.

#### **7. TAXATION**

The acquisition of shares in the Company would ordinarily be subject to income tax and national Insurance (“NI”) (via PAYE) on the market value of the shares at exercise, less the exercise price.

However as the Award has been structured under the tax favourable Enterprise Management Investment (“EMI”) scheme. Under the EMI scheme, whilst the discount (if any) from market value at the date of grant will still be subject to tax and NI, any growth in the value of shares from the date of grant to the date of disposal will be subject to capital gains tax (currently at 10%) provided the award has been held for the minimum two year period.

## **8. VARIATION OF SHARE CAPITAL**

In the event of a variation of share capital of the Company, the Remuneration Committee may make appropriate adjustments to the number of shares to which Awards relate.

## **9. AMENDMENTS**

It is proposed that the Remuneration Committee should be able to amend the terms of the Plan without seeking shareholder approval.

## **10. PENSIONABILITY**

Benefits under the Plan will not be pensionable.

**End of Appendix 1**

## NOTES TO THE NOTICE OF MEETING

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a General Meeting of the Company.
2. Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. To appoint as your proxy a person other than the Chairman of the Meeting, insert their full name in the box on your proxy form. If you sign and return your proxy form with no name inserted in the box, the Chairman of the Meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the Meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank proxy form.
5. To direct your proxy how to vote on the resolutions mark the appropriate box on your proxy form with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
6. To appoint a proxy using this form, your proxy form must be:
  - completed and signed;
  - sent or delivered to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR; and
  - received by Share Registrars Limited no later than 2.00 p.m. on 7 December 2018.
7. In the case of a member which is a company, your proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer of the Company or an attorney for the Company.
8. Any power of attorney or any other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be included with your proxy form.
9. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

# John Lewis of Hungerford plc (the "Company")

## Annual General Meeting

to be held on Tuesday 11 December 2018 at 2.00pm  
at Crowne Plaza London Kensington, 100 Cromwell Road, London, SW7 4ER

### Form of Proxy

I/We.....

of .....  
being (a) member(s) of the above named Company,

hereby appoint the Chairman of the meeting or .....

of .....

as my/our proxy to exercise all or any of my/our rights to attend, speak and on a poll to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Crowne Plaza London Kensington, 100 Cromwell Road, London, SW7 4ER. at 2.00 p.m. on Tuesday 11 December 2018 and at any adjournment thereof. My/our proxy is directed to vote on the following resolutions at the Annual General Meeting (and any adjournment thereof), as indicated by an "X" in the appropriate box below and on any other resolutions as he thinks fit.

Please indicate with an "X" in the appropriate box how you wish your vote to be cast. If this form is returned without any indication as to how the proxy should vote in relation to the resolutions summarised below and set out in the Notice of Annual General Meeting, the proxy may vote or abstain at his/her discretion

	For	Against	Vote Withheld	Discretionary
<b>Ordinary resolutions</b>				
1. To receive and adopt the Company's accounts for the ten month period to 30 June 2018 together with the Directors' report and auditors' report thereon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-appoint Kingston Smith LLP as auditor to the Company and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Kiran Noonan as a Director who retires from the Board and who, being eligible, offers herself for re-election.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To generally and unconditionally authorise the Directors to allot relevant securities pursuant to section 551 of the Companies Act 2006 ("the Act").	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Special resolutions</b>				
5. To authorise the Directors pursuant to section 570 of the Act to allot equity securities in certain circumstances as if section 561(1) of the Act did not apply.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To approve the John Lewis of Hungerford plc Unapproved and EMI Share Option Plan and any modifications thereof and to authorise the Directors to allot shares as described in the resolution.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

See Notes overleaf

Dated .....

Signed.....



**Notes:**

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a General Meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. To appoint as your proxy a person other than the Chairman of the Meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the Meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the Meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote or abstain from voting as he or she thinks fit in relation to any other matter which is put before the meeting.
5. To appoint a proxy using this form, the form must be:
  - (a) completed and signed;
  - (b) sent or delivered to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR; and
  - (c) received by Share Registrars Limited no later than 2.00pm on 7 December 2018
6. In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
7. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
9. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.