



## THE COMPANIES ACT 2006

### NOTICE OF THE ANNUAL GENERAL MEETING

**NOTICE is hereby given** that the Annual General Meeting of Caffyns plc (the "Company") will be held at the Hydro Hotel, Mount Road, Eastbourne on Thursday 28 July 2011 at 11:30 am for the following purposes.

#### ORDINARY BUSINESS

1. To receive and adopt the Report of the Directors, the Report of the Independent Auditors and the audited financial statements for the year ended 31 March 2011.
2. To receive, approve and adopt the Directors' Remuneration Report for the year ended 31 March 2011.
3. To re-elect Mr S B Birkenhead, who retires by rotation and offers himself for reappointment by general meeting, as a director of the Company.
4. To re-elect Mr S G M Caffyn, who retires by rotation and offers himself for re-appointment by general meeting, as a director of the Company.
5. To reappoint Grant Thornton UK LLP as auditors and to authorise the directors to determine the auditors' remuneration.
6. To declare a final dividend of 7p per share on each of the Company's ordinary shares for the financial year ended 31 March 2011.

#### SPECIAL BUSINESS

As special business to consider and, if thought fit, pass resolution 7 as an ordinary resolution and resolutions 8 & 9 as special resolutions.

7. That the directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £479,883. This authority shall, unless previously revoked, varied or renewed by the Company in general meeting, expire on the conclusion of the next Annual General Meeting of the Company following the passing of this resolution or, if earlier, the date 15 months after the date of passing this resolution, save that the Company may before such expiry make any 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 any such offer or agreement as if the power and authority conferred by this resolution had not expired.
8. That the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (as defined in section 693(4) of the Act) of ordinary shares of £0.50 each in the capital of the Company ("Ordinary Shares") in such manner and on such terms as the directors of the Company may from time to time determine, and where such shares are held as treasury shares, the Company may use them for the purposes set out in section 727 or 729 of the Act, including for the purpose of its employee share schemes, provided that:
  - (a) the maximum number of ordinary shares hereby authorised to be purchased is 431,894;
  - (b) the minimum purchase price which may be paid for any Ordinary Share is 50p (exclusive of expenses);
  - (c) the maximum purchase price which may be paid for any Ordinary Share is the higher of (in each case exclusive of expenses):
    - (i) an amount equal to 105% of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made; and
    - (ii) an amount equal to the higher of the price of the last independent trade and the highest current independent bid as derived from the London Stock Exchange's trading system known as SETSqx,

and this authority shall take effect on the date of passing of this resolution and shall (unless previously revoked, renewed or varied) expire on the conclusion of the next Annual General Meeting of the Company following the passing of this resolution or, if earlier, 15 months after the date of passing of this resolution, save in relation to purchases of Ordinary Shares the contract for which was concluded before the expiry of this authority and which will or may be executed wholly or partly after such expiry.

9. That, subject to the passing of resolution 7 above, the directors be and are hereby generally and unconditionally given power for the purposes of section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred by resolution 7 above or where the allotment constitutes an allotment by virtue of section 560(2)(b) of the Act, in each case as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

(i) the allotment of equity securities in connection with an offer of equity securities (but in the case of an allotment pursuant to the authority granted under resolution 7, such power shall be limited to the allotment of equity securities in connection with an offer by way of a rights issue only) to:

(A) the holders of ordinary shares in the Company in proportion (as nearly as may be practicable) to the respective numbers of ordinary shares held by them; and

(B) holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the directors of the Company otherwise consider necessary,

and so that the directors of the Company may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter;

(ii) the grant of options to subscribe for shares in the Company, and the allotment of such shares pursuant to the exercise of options granted, under the terms of any share option scheme adopted or operated by the Company (including the Sharesave Scheme); and

(iii) the allotment of equity securities, other than pursuant to paragraphs (i) and (ii) above of this resolution, up to an aggregate nominal amount of £71,982.

This power shall (unless previously renewed, varied or revoked by the Company in general meeting) expire at the conclusion of the next Annual General Meeting of the Company following the passing of this resolution or, if earlier, on the date 15 months after the passing of such resolution, save that the Company may before the expiry of this power make any offer or enter into any agreement which would or might require equity securities to be allotted, or treasury shares sold, after such expiry and the directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired.

10. That a general meeting other than an Annual General Meeting may be called on not less than 14 days' clear notice.

By order of the Board

**Sarah J Caffyn**

Company Secretary

Registered Office:

Meads Road

Eastbourne

East Sussex

BN20 7DR

Company number: 105664

Notes:

**The Company's Annual Report and Accounts for 2011 will be sent to shareholders on 4 July 2011 and will also be available on the Company's website at [www.caffynsplc.co.uk](http://www.caffynsplc.co.uk)**

1. At the date of this notice, the issued share capital of the Company, excluding those shares held in treasury, was 2,879,298 ordinary shares of 50p each and the total number of voting rights was 4,879,298.
2. Only holders of Ordinary Shares and 6% Second Cumulative Preference Shares are entitled to attend and vote at this meeting. A member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting and at any adjournment of it. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. If a proxy appointment is submitted without indicating how the proxy should vote on any resolution, the proxy will exercise his discretion as to whether and, if so, how he votes. (If you are not a holder of Ordinary Shares or 6% Second Cumulative Preference Shares but you have been nominated by a member of the Company to enjoy information rights, you do not have any right to appoint one or more proxies and should read note 16 below.)
3. A proxy need not be a member of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact our Company Secretary on 01323 730201. Members may also appoint a proxy through the CREST electronic proxy appointment service as described in note 12 below.
4. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand by our Company Secretary at Caffyns plc, Meads Road, Eastbourne, East Sussex BN20 7DR no later than 48 hours before the start of the meeting, together with, if appropriate, the power of attorney or other authority (if any) under which it is signed or a duly certified copy of that power or authority.
5. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in note 12(a) below) will not prevent a member attending the meeting and voting in person if he/she wishes to do so.
6. A vote withheld option is provided on the form of proxy to enable you to instruct your proxy not to vote on any particular resolution, however, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
7. To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 11:30 am on Tuesday 26 July 2010 (or, in the event of any adjournment, 11:30 am on the date which is two days before the time of the adjourned meeting). Changes to entries on the register of members after 11:30 am on Tuesday 26 July 2011 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
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 a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
10. 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 (i) to do so would interfere unduly with the preparation for the meeting or would involve the disclosure of confidential information or (ii) the answer has already been given on a website in the form of an answer to a question or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
11. Copies of the service agreements of the executive directors and the letters of appointment of the non-executive directors will be available for inspection during normal business hours from the date of dispatch of this notice until the date of the meeting (Saturdays, Sundays and public holidays excepted) at the registered office of the Company and at the office of the Company's solicitors (Taylor Wessing LLP, 5 New Street Square, London EC4A 3TW) and will also be made available for inspection at the place of the Annual General Meeting for a period of 15 minutes prior to and during the continuance of the meeting.

12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for our Annual General Meeting to be held on Thursday 28 July 2011 and any adjournment(s) of the meeting 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. Please note the following:
- (a) 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 ("EUI") 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 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 R035) by the latest time(s) for receipt of proxy appointments specified in this notice of the Annual General 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. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
  - (b) 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 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 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.
  - (c) 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.
13. 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.
14. A copy of this notice, and other information required by section 311A of the Companies Act 2006 can be found at [www.caffynsplc.co.uk](http://www.caffynsplc.co.uk).
15. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives ([www.icsa.org.uk](http://www.icsa.org.uk)) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.
16. *Note to nominated persons* — Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
17. Except as provided above, members who wish to communicate with the Company in relation to the meeting should do so using the following means:  
faxing our Company Secretary on 01323 410722; or  
writing to the Company Secretary, Caffyns plc, Meads Road, Eastbourne, East Sussex BN20 7DR

No other methods of communication will be accepted.

## EXPLANATORY NOTES

### **Report and Accounts (Resolution 1)**

The directors of the Company must present the accounts to the meeting.

### **Directors' Remuneration Report (Resolution 2)**

In line with legislation, this vote will be advisory and in respect of the overall remuneration package and not specific to individual levels of remuneration. You can find the Director's Remuneration Report on pages 18 to 22 of the Company's annual report and accounts.

### **Re-election of directors (Resolutions 3 & 4)**

The Company's articles of association require that one third of the board of directors retire by rotation every year.

At this meeting, Mr S B Birkenhead and Mr S G M Caffyn will retire and stand for re-election as directors. Having considered the performance of and contribution made by each of the directors standing for re-election the board remains satisfied that the performance of each of the relevant directors continues to be effective and to demonstrate commitment to the role and, as such, recommends their re-election.

### **Reappointment and remuneration of auditors (Resolution 5)**

Resolution 5 proposes the reappointment of Grant Thornton UK LLP as auditors of the Company and authorises the directors to set their remuneration.

### **Declaration of a dividend (Resolution 6)**

A final dividend can only be paid after the shareholders at a general meeting have approved it. A final dividend of 7p per Ordinary Share is recommended by the directors for payment to shareholders who are on the register of members at the close of business on 24 June 2011. If approved, the date of payment of the final dividend will be 28 July 2011.

### **Directors' authority to allot securities (Resolution 7)**

Your directors may only allot Ordinary Shares or grant rights over Ordinary Shares if authorised to do so by shareholders. The authority granted at the last Annual General Meeting is due to expire at the conclusion of this year's Annual General Meeting. Accordingly, this resolution seeks to grant a new authority to the directors to allot unissued share capital of the Company and will expire at the conclusion of the next Annual General Meeting of the Company in 2012 or, if earlier, on 28 October 2012 (the date which is 15 months after the date of passing of the resolution). There is no present intention of exercising this authority, which would give Directors authority to allot relevant securities up to an aggregate nominal value of £479,883, approximately one-third of the Company's issued ordinary share capital as at 3 June 2011.

### **Authority to purchase own shares (Resolution 8)**

In certain circumstances, it may be advantageous for the Company to purchase its own shares and resolution 8 seeks the authority from shareholders to continue to do so. The directors will continue to exercise this power only when, in the light of market conditions prevailing at the time, they believe that the effect of such purchases is in the best interests of shareholders generally. Other investment opportunities, appropriate gearing levels and the overall position of the Company will be taken into account when exercising this authority.

Any shares purchased in this way will be cancelled and the number of shares in issue will be reduced accordingly, save that the Company may hold in treasury any of its own shares that it purchases pursuant to the Act and the authority conferred by this resolution. This gives the Company the ability to re-issue treasury shares quickly and cost-effectively and provides the Company with greater flexibility in the management of its capital base. It also gives the Company the opportunity to satisfy employee share scheme awards with treasury shares. Once held in treasury, the Company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of the shares. Further, no dividend or other distribution of the Company's assets may be made to the Company in respect of the treasury shares.

The resolution specifies the maximum number of Ordinary Shares that may be acquired (approximately 15% of the Company's issued ordinary share capital as at 3 June 2012) and the maximum and minimum prices at which they may be bought.

Resolution 8 will be proposed as a special resolution to provide the Company with the necessary authority. If given, this authority will expire at the conclusion of the next Annual General Meeting of the Company in 2012 or, if earlier, 28 October 2012 (the date which is 15 months after the date of passing of the resolution).

The directors intend to seek renewal of this power at subsequent Annual General Meetings.

**Disapplication of pre-emption rights (Resolution 9)**

Under section 561 of the Act, if the directors wish to allot any of the unissued shares or grant rights over shares or sell treasury shares for cash (other than pursuant to an employee share scheme) they must in the first instance offer them to existing shareholders in proportion to their holdings. There may be occasions, however, when the directors will need the flexibility to finance business opportunities by the issue of Ordinary Shares without a pre-emptive offer to existing shareholders. This cannot be done unless the shareholders have first waived their pre-emption rights.

Resolution 9 asks the shareholders to do this and, apart from rights issues or any other pre-emptive offer concerning equity securities and the grant of share options, the authority will be limited to the issue of shares for cash up to a maximum number of £71,982 (which includes the sale on a non pre-emptive basis of any shares held in treasury), which is equivalent to approximately 5% of the Company's issued ordinary share capital as at 3 June 2012. The Company undertakes to restrict its use of this authority to a maximum of 7.5% of the Company's issued ordinary share capital in any three year period. Shareholders will note that this resolution also relates to treasury shares and will be proposed as a special resolution.

This resolution seeks a disapplication of the pre-emption rights on a rights issue so as to allow the directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems which, for example, might arise with overseas shareholders. If given, the authority will expire at the conclusion of the next Annual General Meeting of the Company in 2012 or, if earlier, 28 October 2012 (the date which is 15 months after the date of passing of the resolution).

**Notice of general meetings (Resolution 10)**

Resolution 10 is required to amend a regulation contained in the Shareholder Rights Directive. The regulation in the Shareholder Rights Directive increased the notice period for general meetings of the Company to 21 days. The Company is currently able to call general meetings (other than an AGM) on 14 clear days' notice and would like to preserve this ability. In order to be able to do so, shareholders must have approved the calling of meetings on 14 days' notice. Resolution 10 seeks such approval. The approval will be effective until the Company's next Annual General Meeting when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 days' notice.