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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to what action you should take, you are recommended to seek your own advice from an appropriate professional adviser who is authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your shares in Harworth Group plc, please send this document and the accompanying documents to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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# Harworth

## HARWORTH GROUP PLC

(Incorporated and registered in England and Wales no. 02649340)

### Notice of Annual General Meeting

**Including resolutions to approve the cancellation of the share  
premium account and share consolidation and the  
adoption of a long term incentive plan**

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Notice is hereby given that the Annual General Meeting of Harworth Group plc (the “Company”) will be held on 26 April 2016 at 1.00 p.m. at the Bessemer Conference Room, AMP Technology Centre, Advanced Manufacturing Park, Brunel Way, Waverley, Rotherham, S60 5WG.

This document should be read as a whole. Nevertheless, your attention is drawn to the letter from the Chairman which commences at page 4 of this document and your board's recommendation that you vote in favour of the resolutions to be proposed at the Annual General Meeting referred to below. This document should be read in conjunction with the Notice of Annual General Meeting set out at the end of this document and the accompanying Form of Proxy for use in connection with the meeting.

Notice of a General Meeting of Harworth Group plc, to be held at 1:00 p.m. on 26 April 2016 is set out at the end of this document. To be valid, the enclosed Form of Proxy for use at the meeting should be completed in accordance with the instructions thereon, signed and returned so as to be received by the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA as soon as possible but in any event not later than 1:00 p.m. on 24 April 2016. You may appoint a proxy in CREST by completing and transmitting a CREST proxy instruction to Equiniti so that it is received no later than 1:00 p.m. on 24 April 2016. Completion of the Form of Proxy will not preclude a Shareholder from attending and voting at the meeting in person. Further instructions relating to the Form of Proxy are set out in the Notice of the Annual General Meeting.

The contents of the Company's website or any website directly or indirectly linked to the Company's website do not form part of this document.

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## Expected timetable of principal events

Date of this document	31 March 2016
Latest time and date for receipt of forms of proxy for the Annual General Meeting	1:00 p.m. on 24 April 2016
Annual General Meeting	1:00 p.m. on 26 April 2016
Latest date and time for dealing in Existing Ordinary Shares ahead of Share Consolidation	6:00 p.m. on 29 April 2016
Record date and time for the Share Consolidation	6:00 p.m. on 29 April 2016
Effective time of the Share Consolidation and admission and first day of dealing in New Ordinary Shares	8:00 a.m. on 3 May 2016
CREST accounts credited with New Ordinary Shares	8:00 a.m. on 3 May 2016
Despatch of share certificates for New Ordinary Shares	13 May 2016
Expected hearing date of the application to confirm the Capital Reduction	19 May 2016
Expected effective date for the Capital Reduction	20 May 2016
Interim results announcement to permit dividend	6 September 2016
Record date for dividend	19 August 2016
Expected date for payment of dividend	9 September 2016

References to time in this document are to British Summer Time.

Each of the times and dates in the above timetable (except those for receipt of the Forms of Proxy and of the Annual General Meeting) are estimates only, being subject to confirmation of a hearing date for the Capital Reduction with the Court. The timetable assumes that the Annual General Meeting is not adjourned as a result of there being no quorum, or for any other reason. If there is an adjournment, all subsequent dates and any other dates referred to in this document are likely to be later than those shown. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement on a Regulatory Information Service.

**Harworth Group plc**  
(Incorporated and registered in  
England and Wales no. 02649340)

**Registered office**  
AMP Technology Centre  
Brunel Way  
Rotherham  
South Yorkshire  
S60 5WG

To: The Ordinary Shareholders of Harworth Group plc

31 March 2016

Jonson Cox Chairman  
Owen Michaelson Chief Executive Officer  
Andrew Kirkman Finance Director  
Martyn Bowes Non-Executive Director  
Lisa Clement Independent Non-Executive Director  
Anthony Donnelly Independent Non-Executive Director  
Peter Hickson Independent Non-Executive Director  
Steven Underwood Non-Executive Director

Dear Shareholder

### **Annual General Meeting 2016**

The Annual General Meeting of the Company will be held on 26 April 2016 at 1.00 p.m. at the Bessemer Conference Room, AMP Technology Centre, Advanced Manufacturing Park, Brunel Way, Waverley, Rotherham, S60 5WG. This will be the first Annual General Meeting to consider the results of the business following the completion of our acquisition of the 75.1% of the shares in Harworth Estates Property Group Limited which the Company didn't already own in March 2015. A map to help you with its location is found on the back page of the notice of meeting. As you can see from the notice of meeting there are several items of business to be considered at the Annual General Meeting. The purpose of this letter is to explain this business.

Resolutions 1 to 10 (inclusive) and Resolution 16 are proposed as ordinary resolutions. This means that, except for Resolution 5 which is an advisory vote only in accordance with the requirements of the Companies Act, for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

Resolutions 11 to 15 (inclusive) are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

### **Ordinary Resolution 1 – Adoption of Report and Accounts**

The Directors must present the report of the Directors and the accounts of the Company for the period ended 31 December 2015 to Shareholders at the Annual General Meeting. The report of the Directors, the accounts, and the Independent Auditors' report are contained within the Annual Report. These were originally announced to the market on 24 February 2016.

### **Ordinary Resolution 2 – Approval of Dividend**

At the time of the acquisition of HEPGL, the Board noted its intention to restore the payment of dividends to Shareholders at an initial level of £2 million on an annualised basis. The Board is proposing that a pro-rata dividend of £1.5 million is paid for the full year at a rate of 0.051p per Ordinary Share (2014: £nil). The uncertainty over the Company having a sufficient level of distributable reserves, which has arisen from both restructuring and the level of losses incurred by the former UK Coal, means that the dividend will be approved subject to both the passing of resolution 15 and the subsequent court approval to convert the £129 million of share premium account into a distributable reserve. Regulation also means that the dividend cannot be paid until accounts reflecting the change to distributable reserves are filed with the Registrar of Companies. For this reason the timing of the dividend payment will now be after the filing of the interim accounts for the Group with the Registrar of Companies which will take place immediately after the announcement of the half year results on 6 September 2016. Accordingly it is planned to pay the dividend on 9 September 2016 to shareholders on the register at 19 August 2016. Shareholders should note that should the Share Consolidation recommended in Resolution 14 be approved, the dividend per Ordinary Share will change to 0.51p per share.

### **Ordinary Resolution 3 – Election of Directors**

Resolution 3 proposes the election of Andrew Kirkman who joined the Company as Finance Director in January 2016 following the decision of Michael Richardson to step down from the role, Andrew's biographical details are contained in Appendix 1. The Board unanimously recommends his election.

#### Ordinary Resolution 4 – Re-election of Directors

Resolution 4 is put before Shareholders in accordance with the principles of best practice in corporate governance. Historically, and in accordance with the Articles of Association, one third of the Directors should offer themselves for re-election each year. However, best practice recommends that all Directors should offer themselves for re-election each year and in accordance with this all six of the continuing Directors, including myself, will offer themselves for re-election. Our biographical details are also shown in Appendix 1. As advised in the Annual Report Peter Hickson, who is both Senior Independent Director and Chairman of the Remuneration Committee, will be stepping down from the Board at the conclusion of this Annual General Meeting. The six Directors seeking re-election are:

- (1) Martyn Bowes – Non Executive Director representing the Pension Protection Fund;
- (2) Lisa Clement – Independent Non-Executive Director and Chairman of the Audit Committee;
- (3) Jonson Cox – Non Executive Chairman and Chairman of the Nomination Committee;
- (4) Anthony Donnelly – Independent Non-Executive Director and member of the Audit Committee;
- (5) Owen Michaelson – Chief Executive Officer; and
- (6) Steven Underwood – Non Executive Director – member of the Remuneration Committee and Audit Committee.

The Board unanimously recommends their re-election. Each resolution for re-election will be taken as a separate vote.

#### Ordinary Resolution 5 – Approval of the Directors' Remuneration Report

The Directors' Remuneration Report gives details of your Directors' remuneration for the year ended 31 December 2015 and sets out a revised policy on Directors remuneration. The Company's auditors, PricewaterhouseCoopers LLP, have audited those parts of the Directors' Remuneration Report capable of being audited.

The Board considers that appropriate executive remuneration plays a vital part in helping to achieve the Company's overall objectives and, accordingly, and in compliance with legislation, Shareholders will be invited to approve the Directors' Remuneration Report. The vote is advisory in nature in that payments made or promised to Directors will not have to be repaid, reduced or withheld in the event that the resolution is not passed.

#### Ordinary Resolution 6 – Approval of the Revised Directors' Remuneration Policy

Following completion of the Acquisition in March 2015, the Remuneration Committee have reviewed the Remuneration Policy that was approved at the Annual General Meeting of the Company in May 2015 in light of the changed circumstances of the Group. The changes to the policy are explained in the Directors' Remuneration Report as set out in the Annual Report. Once the revised Directors' Remuneration Policy is approved the Company will not be able to make a remuneration payment to a current or prospective Director or a payment for loss of office to an existing or past Director unless such payment is consistent with the policy or is approved by members of the Company in General Meeting.

#### Ordinary Resolutions 7 and 8 – Reappointment of Auditors and Auditors' Remuneration

The auditors of a Company must be reappointed at each general meeting at which accounts are laid. Resolution 7 proposes the reappointment of the Company's existing auditors, PricewaterhouseCoopers LLP until the conclusion of the next Annual General Meeting of the Company at which accounts are laid. Resolution 8 gives authority to the Directors to determine the auditors' remuneration.

#### Ordinary Resolution 9 – Authority to make political donations

Part 14 of the Act restricts companies from making political donations to: (i) political parties; (ii) other political organisations; and (iii) independent election candidates and on incurring political expenditure without Shareholders' consent. The Company does not make and does not intend to make donations to political parties, political organisations or independent election candidates, nor does it incur any political expenditure. However, as the definitions used in the Act are broad, it is possible that normal business activities such as sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling certain public duties, and support for bodies representing the business community in policy review or reform, which might not be thought to be political expenditure in the usual sense, could be caught. Shareholder approval is being sought in this Resolution on a precautionary basis only to allow the Company and any company, which at any time during the period for which this Resolution has effect, is a subsidiary of the Company, to continue to support the community and put forward its views to wider business and Government interests, without running the risk of being in breach of the Act.

The Board is therefore seeking authority to make political donations to political parties and/or independent election candidates not exceeding £50,000 in total, to make political donations to political organisations other than political parties not exceeding £50,000 in total and to incur political expenditure not exceeding £50,000 in total. In line with the guidance issued originally by the Association of British Insurers ("ABI") and for which the Investment Association ("IA") has assumed responsibility, it is proposed that this Resolution will be put to shareholders annually. Therefore the authority will expire at the earlier of 26 July 2017 and the conclusion of the Annual General Meeting of the Company held in 2017.

### Ordinary Resolution 10 – Allotment of Shares

The Directors may only allot shares or grant rights to subscribe for, or convert any security into, shares if authorised to do so by shareholders. The authority conferred on the Directors at the 2015 Annual General Meeting under section 551 of the Act to allot shares expires on the date of the forthcoming Annual General Meeting. Accordingly, this resolution seeks to grant a new authority under section 551 of the Act to authorise the Directors to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company and will expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, the close of business on the date which is 15 months after the date that this Resolution is passed. Paragraph (A) of Resolution 10 will, if passed, authorise the Directors to allot shares or grant rights to subscribe for, or to convert any security into, such shares in the Company up to a maximum nominal amount of £9,742,326. This amount represents 33⅓ per cent. of the Company's existing issued ordinary share capital as at 31 March 2016 (being the latest practicable date prior to publication of this Notice). Paragraph (B) of Resolution 10 authorises the Directors to allot, including the shares referred to in (A), further of the Company's unissued shares up to an aggregate nominal amount of £19,484,652 in connection with a pre-emptive offer to existing Shareholders by way of a rights issue (with exclusions to deal with fractional entitlements to shares and overseas shareholders to whom the rights issue cannot be made due to legal and practical problems). This is in accordance with the latest institutional guidelines published by the Investment Association.

Although the Directors have no present intention of exercising this authority, there can be no certainty that this authority will not need to be utilised. The Directors intend to renew this authority annually. Where usage of these authorities exceeds the thresholds suggested by the Investment Association in their July 2014 guidance (as updated in June 2015), your Directors will stand for re-election at the following Annual General Meeting to the extent required by the Investment Association.

As at 31 March 2016 (being the latest practicable date prior to publication of this Notice), the Company held no shares in treasury.

### Special Resolution 11 - Disapplication of Pre-emption Rights

Under section 561 (1) of the Act, if the Directors wish to allot Ordinary Shares, or grant rights to subscribe for, or convert securities into Ordinary 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 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 under the Act unless the Shareholders have first waived their pre-emption rights. Resolution 11 asks the Shareholders to do this and, apart from rights issues or any other pre-emptive offer concerning equity securities, the authority contained in this Resolution will be limited to the issue of Ordinary Shares for cash up to an aggregate nominal value of £1,461,349 (which includes the sale on a non pre-emptive basis of any shares held in treasury), which represents approximately 5 per cent. of the Company's issued ordinary share capital as at 31 March 2016 (being the latest practicable date prior to the publication of this Notice). In accordance with the Pre-emption Group's Statement of Principles, the Board confirms its intention that no more than 7.5 per cent. of the issued share capital (excluding treasury shares) will be issued for cash on a non pre-emptive basis during any future rolling three year period. Shareholders should 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 2016 or, if earlier, the close of business on the date which is 15 months after the date of this Resolution.

Although the Directors have no present intention of exercising this authority, there can be no certainty that this authority will not need to be utilised. The Directors intend to renew this authority annually.

### Special Resolution 12 – Authority to Purchase Own Shares

This Resolution, which will be proposed as a special resolution, renews the authority granted at last year's Annual General Meeting which expires on the date of the forthcoming Annual General Meeting. The Resolution authorises the Company to make market purchases of its own Ordinary Shares as permitted by the Companies Act. The authority limits the number of shares that could be purchased to a maximum of 292,269,785 or, if Resolution 14 is passed, 29,226,978 New Ordinary Shares (representing less than 10 per cent. of the issued share capital of the Company as at 31 March 2016 being the last practicable date prior to the publication of this Notice) and sets minimum and maximum prices.

The Directors have no present intention of exercising the authority to purchase the Company's Ordinary Shares but will keep the matter under review, taking into account market conditions, the cash reserves of the Company, the Company's share price, appropriate gearing levels, other investment opportunities and the overall financial position of the Company. The authority will be exercised only if the Directors believe that to do so would result in an increase in earnings per share and would be likely to promote the success of the Company for the benefit of its Shareholders as a whole.

Any purchases of Ordinary Shares would be by means of market purchases through the London Stock Exchange. Any Ordinary Shares purchased under this authority may either be cancelled or held as treasury shares. Treasury shares may subsequently be cancelled, sold for cash or used to satisfy options issued to employees pursuant to employees' share schemes.

The authority will only be valid until the conclusion of the next Annual General Meeting in 2017 or, if earlier, 15 months from the date of the Resolution.

As at 31 March 2016, being the last practicable date prior to the publication of this Notice, the Company had no awards outstanding under its share schemes.

#### **Special Resolution 13 – General Meetings at Short Notice**

The Articles of Association of the Company allow it to call general meetings other than an Annual General Meeting on 14 clear days' notice without obtaining Shareholder approval. Changes made to the Companies Act by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 days unless Shareholders approve a shorter notice period, which cannot however be less than 14 clear days (Annual General Meetings will continue to be held on at least 21 clear days' notice). In order to preserve its ability to call general meetings on 14 days' notice, Resolution 13 seeks such Shareholder approval. It is intended that the shorter notice period would not be used as a matter of routine for such meetings but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of Shareholders as a whole. The Company undertakes to meet the requirements for electronic voting under the Shareholders' Rights Regulations before calling a general meeting on 14 clear days' notice. If given, the approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

#### **Special Resolution 14 – Share Consolidation**

Following on from the restructuring in 2012 and the Acquisition last year, the Company now has more than 2.9 billion Ordinary Shares with a nominal value of 1 pence per share in issue. In order to facilitate a reasonable number of Ordinary Shares relative to the market capitalisation of the Company and for the share capital of the Company to be more manageable it is proposed to combine 10 shares of 1 pence each nominal value into a New Ordinary Share with a nominal value of 10 pence.

The Articles of Association require that any variation of the rights attaching to Ordinary Shares will require the approval of 75% of Shareholders voting at the Annual General Meeting on a resolution and therefore this will be put as a Special Resolution to the meeting. If approved the Share Consolidation will result in fractional entitlements to Ordinary Shares which cannot be issued to holders. The Articles permit the Directors to deal with any fractions as they see fit. The Board recognise that, at the share price prevailing at the latest date possible before issue of the notice, 31 March 2016, the maximum value of any fractional entitlement arising would be circa £1.02 which would make a distribution to members of the value achieved on sale of these fractions uneconomic. The Articles provide that where any net proceeds of sale of fractions accruing to a member is less than £3.00 the proceeds can be retained for the benefit of the Company. Your Board proposes that the total amount achieved on the sale of fractions be donated to a charity.

To effect the Share Consolidation, it will be necessary to issue a minimal number of additional Existing Ordinary Shares (three) prior to the record date for the Share Consolidation so that the aggregate nominal value of the Ordinary Share capital of the Company is exactly divisible by 10.

Following the Share Consolidation, Shareholders will still hold the same proportion of the Company's ordinary share capital as before the Share Consolidation (save in respect of fractional entitlements). Other than a change in nominal value, the New Ordinary Shares will carry equivalent rights under the Articles to the Existing Ordinary Shares. Further details of the process are contained in Appendix 2.

#### **Special Resolution 15 – Cancellation of Share Premium Account**

In the Annual Report we have reflected on the transition of the Company from the parent of a loss making mining business to a property investment company. Historically the former business made significant losses which eroded the level of distributable reserves available to pay a dividend. The Board therefore propose to ensure the availability of distributable reserves by undertaking a capital reduction which will cancel the share premium account, which arose as the result of the rights issue in 2013 and the open offer and firm placing undertaken in 2015 and convert this into distributable reserves. If the resolution is approved by Shareholders an application will be made to the Court under section 645 of the Act to confirm the reduction. The Court application is expected to be heard on 19 May 2016. Further details of the process are contained in Appendix 3.

#### **Ordinary Resolution 16 – To adopt the Harworth Group plc Long Term Incentive Plan**

Resolution 16 seeks approval for the introduction of the Harworth Group plc Long Term Incentive Plan ("LTIP").

The LTIP is being proposed to align better the incentivisation of key executives with Shareholder interests given the new corporate structure. The first vesting of any award granted under the proposed LTIP would occur in the year after the final vesting of awards

granted under the existing cash based long term incentive plan introduced for executives of HEPGL in 2013 ("HEPGL Scheme"). Accordingly the proposed LTIP and the HEPGL Scheme will dovetail to allow the Company to provide continuous incentive arrangements for senior executives. It is intended that no further awards will be made under the HEPGL Scheme.

Appropriate performance conditions will be applied to any award under the proposed LTIP. Full details of the principal terms of the LTIP together with a description of the proposed performance targets to be applied to the initial awards that may be granted under the LTIP are contained in the summary of the principal terms of the LTIP in Appendix 4 to this document.

#### **Notice of publication of Annual Report**

Notice is hereby given that the Harworth Group plc Annual Report 2016 has been published on the Company's website [www.harwothgroup.com](http://www.harwothgroup.com). It can be accessed by going to the Company's home page, clicking on the Investors section of the website and then going to Reports and Presentations. If you have elected to receive shareholder correspondence in hard copy, then the Annual Report will accompany this Notice. Should you wish to change your election at any time, or if you wish to request a hard copy of the Annual Report, you can do so by contacting our Registrars, Equiniti Limited, on 0371 384 2301. Lines are open 8.30 a.m. to 5.30 p.m., Monday to Friday. Callers from outside the UK should dial +44 (0)121 415 7047.

#### **Recommendation**

**Your Board is of the opinion that all the proposals to be considered at the Annual General Meeting are in the best interests of the Company and its Shareholders as a whole and recommends that you vote in favour of the Resolutions to be proposed at the Annual General Meeting, as they intend to do in respect of their own beneficial shareholdings.**

#### **Action to be taken**

Enclosed with this document is a Form of Proxy for the Annual General Meeting for use by the Company. If you do not intend to be present at the Annual General Meeting, please complete, sign and return the Form of Proxy as soon as possible (and, in any event, so as to be received not later than 1.00 p.m. 24 April 2016), in accordance with the instructions printed on it. Completion of the Form of Proxy will not preclude you from attending and voting in person if you so wish.

Yours sincerely

**Jonson Cox**  
Chairman



## Appendix 1: Directors biographies

### New appointments

#### 1. Andrew Kirkman

Andrew joined as Finance Director in January 2016. Andrew is a chartered accountant and has extensive experience having worked in a number of senior finance roles including as Finance Director of Viridor, the recycling and renewable energy company, from March 2011. Prior to that time Andrew held the position of Chief Financial Officer of Balfour Beatty Capital and Global Head of Corporate Finance at Bovis Lend Lease.

### Directors offering themselves for re-election

#### 2. Martyn Bowes (Non-executive Director)

Martyn joined the Board as the nominee of the Pension Protection Fund ("PPF") on 24 March 2015. He was appointed to the Board of HEPGL as the nominee of the Industry Wide Mining Pension Scheme Trustees in 2013 and was retained by the Pension Protection Fund when they acquired the Trustees' interest in HEPGL in 2014. Martyn originally trained as an accountant and a banker. He has spent the majority of his career in banking, most recently from 2001 to 2007 with Barclays Capital as Managing Director, Real Estate Finance. Since leaving Barclays he has pursued a portfolio business career, which in 2012 involved a takeover with fellow Directors of the South of England based Welbeck Land real estate business. Martyn now acts as Finance Director for Welbeck Land, and also maintains other interests in debt advisory and healthcare.

#### 3. Lisa Clement (Non-executive Director)

Lisa is a chartered accountant and was appointed as an independent non-executive Director and Chairman of the Audit Committee with effect from 15 December 2011. She was formerly Chief Financial Officer of Sea Containers Limited, Managing Director of Capita Learning and Development and has held senior divisional roles at Cendant Inc. and BPP Holdings Plc. Lisa is a Director of Everything But The Cow Limited.

#### 4. Jonson Cox (Chairman)

Jonson joined the Board on 15 November 2010 and led the former UK Coal plc through the restructuring of 2012. Jonson's early career was with Royal Dutch Shell Group and Kelda Group plc and he joined AWG plc (later Anglian Water Group plc) as Chief Executive in January 2004, serving until March 2010. He was a non-executive Director of Wincanton plc from October 2005 to May 2014. In November 2012 he was appointed Chairman of the Water Services Regulation Authority (Ofwat). He serves as a senior policy advisor to infrastructure fund I Squared Capital LLP and in 2015 was appointed as Chairman of the Cory Group. Jonson served as Chairman of the Company and of HEPGL from the 2012 restructuring until the transition to reacquire HEPGL in March 2015. Having led the Company through the Acquisition, Jonson now continues in a non-executive role as Chairman of Harworth Group plc.

#### 5. Anthony Donnelly (Non-executive Director)

Anthony joined the Board as an Independent non-executive Director on 24 March 2015. After early finance roles with Scottish & Newcastle Breweries from 1986, he joined Morrison Homes Limited as Finance Director in 1990. In 2000 he was appointed Managing Director of Scottish based AWG Property Limited. He has overseen the workout and extraction of value from an extensive commercial and residential portfolio across the UK & Ireland and its transformation into a strategic and income generating portfolio. He joined the board of HEPGL as an independent non-executive Director in 2012.

#### 6. Owen Michaelson (Chief Executive)

Owen joined the Board on 24 March 2015 as Chief Executive Officer and was previously the Chief Executive of HEPGL. He has more than 25 years' experience in the remediation of brownfield land and was previously the Managing Director of the Property Division (2010 to 2012) and a Board member (2007 to 2012) of the former UK Coal, joining from Peel Group, bringing experience from that role and his earlier experience as a Director at Black Country Properties (1999 to 2005) and a senior manager at Viridor (1991 to 1999). He took over the stand alone operations of HEPGL at the time of the restructuring of UK Coal Group in December 2012 and established the business as a recognised regional developer of brownfield land.

#### 7. Steven Underwood (Non-executive Director)

Steven has served on the Board as a non-executive Director since 2010 representing the Peel Group. Peel remains the Company's largest shareholder alongside the PPF, with holdings of 27.69% and 25% respectively. Steven is Chief Executive of the Peel Group of companies and brings the extensive experience of the Peel Group in brownfield land remediation and regeneration. He is also a non-executive Director of Pinewood Group plc and an alternate Director of Intu Properties plc.

## Appendix 2: Share Consolidation

### Information about the Share Consolidation

#### 1. Background to the Share Consolidation

Following the Company's rights issue in 2013 and firm placing and open offer in 2015 the Company has a large number of Ordinary Shares in issue. The Share Consolidation is based on every 10 Existing Ordinary Shares being consolidated into 1 New Ordinary Share with the intention that, following the Share Consolidation, the number of Ordinary Shares in issue will be more appropriate for a company of Harworth Group plc's size in the United Kingdom market. The Share Consolidation may also help to make the Ordinary Shares more attractive to investors and may result in a narrowing of the bid/offer spread, thereby improving liquidity.

#### 2. Effect of the Share Consolidation

Following the Share Consolidation, Shareholders will still hold the same proportion of the Company's ordinary share capital as before the Share Consolidation (save in respect of fractional entitlements). Other than a change in nominal value, the New Ordinary Shares will carry equivalent rights under the Articles of Association to the Existing Ordinary Shares.

To effect the Share Consolidation, it will be necessary to issue a small additional number of Existing Ordinary Shares (three) so that the Company's issued ordinary share capital is exactly divisible by 10. In accordance with the Articles of Association and the Companies Act, the Company proposes to use the authorities being obtained pursuant to resolutions 10 and 11 set out in the notice of Annual General Meeting in order to allot and issue such shares and to disapply statutory rights of pre-emption in relation to them. These additional Existing Ordinary Shares would be issued to the Secretary of the Company pursuant to the authority obtained pursuant to resolutions 10 and 11. Since these additional Existing Ordinary Shares would only represent an entitlement to a fraction of a New Ordinary Share, this fraction would be sold pursuant to the arrangements for fractional entitlements described below.

An application will be made to the UKLA for the New Ordinary Shares to be admitted to the Official List and to the London Stock Exchange.

If an individual shareholding is not exactly divisible by 10, the Share Consolidation will generate an entitlement to a fraction of a New Ordinary Share. Fractions of New Ordinary Shares will be aggregated and sold for the best price reasonably obtainable on behalf of the Shareholders entitled to the fractions. The net proceeds of the sale, after the deduction of the expenses of the sale, will be distributed in due proportion among the relevant Shareholders, except that any individual entitlement of £3.00 or less will be donated to charity. Only Shareholders with a holding of Existing Ordinary Shares that are not exactly divisible by 10 will be left with an entitlement to a fraction of a New Ordinary Share. Shareholders who hold fewer than 10 Existing Ordinary Shares will still have their shareholding consolidated and their shareholding will be dealt with in accordance with the procedure for fractional entitlements to New Ordinary Shares.

For purely illustrative purposes, examples of the effect of the Share Consolidation are set out below:

Number of Existing Ordinary Shares	Number of New Ordinary Shares
10	1
100	10
500	50
1,500	150
5,000	500

These examples do not show fractional entitlements, being fractions of a New Ordinary Share which will be sold on behalf of Shareholders as soon as practicable after the Share Consolidation. The net proceeds of the sale will be dispatched to Shareholders thereafter, or, in the case of individual entitlements of less than £3.00, donated to charity.

Following the Share Consolidation and assuming no further Ordinary Shares are issued between the date of this document and the Share Consolidation becoming effective, other than as described at the second paragraph above in this section, the Company's issued ordinary share capital will comprise of 292,269,786 New Ordinary Shares. No change in the total nominal value of the Company's issued ordinary share capital will occur; it will still be approximately £29.227 million.

If the Share Consolidation is approved, it is proposed that it will become effective at 8:00 a.m. on Tuesday 3 May 2016. It is also expected that dealings in the New Ordinary Shares will commence at 8:00 a.m. on Tuesday 3 May 2016, being the first business day after the record date. The New Ordinary Shares have been allocated a new stock identification code as follows: GB00BYZJ7G42. New share certificates, replacing those relating to Existing Ordinary Shares, will be despatched to Shareholders who hold their Existing Ordinary Shares in certified form by 13 May 2016. The new share certificates will be sent by pre-paid first class post, at the risk of the relevant holder of Ordinary Shares, to the registered address of that holder or, in the case of joint holders, to the one whose name appears first in the register of members.

Share certificates for Existing Ordinary Shares will no longer be valid and should be destroyed once the new documentation is received. Until a holder of certified Ordinary Shares receives a new share certificate, transfers of certificated Ordinary Shares will be certified against the register of members.

### 3. Taxation

The following summary is intended as a general guide only and is based on current UK tax law and HM Revenue and Customs practice as at the date of this document. It relates only to certain limited aspects of the UK taxation treatment of the Share Consolidation for Shareholders who are individual residents in the UK for tax purposes, who are the absolute beneficial owners of their Ordinary Shares and who hold them as investments. Shareholders who are in any doubt about their tax position, or who are subject to tax in any jurisdictions other than the UK, should take appropriate independent advice without delay.

It is expected that for the purposes of UK taxation on chargeable gains the Share Consolidation will be treated as follows:

- (a) The New Ordinary Shares arising from the Share Consolidation will result from a reorganisation of the share capital of the Company. Accordingly, to the extent that a Shareholder receives New Ordinary Shares, the Shareholder will not generally be treated as making a disposal of all or part of his or her holding of Existing Ordinary Shares by reason of the Share Consolidation being implemented, and the New Ordinary Shares which replace a Shareholder's Existing Ordinary Shares as a result of the Share Consolidation (the "new holding") will be treated as the same asset required at the same time as the Shareholder's holding of Existing Ordinary Shares was acquired;
- (b) To the extent that a Shareholder receives cash by virtue of a sale on his or her behalf of any New Ordinary Shares to which he or she has a fractional entitlement, the Shareholder will be treated as making a part disposal of his or her holding of Existing Ordinary Shares. The disposal will be subject to capital gains tax. This may, depending on the Shareholder's individual circumstances and the amount they paid for their shares, give rise to a chargeable gain or an allowable loss for capital gains tax purposes. In calculating any capital gains tax liability they have to pay on the disposal, the individual Shareholder may be able to deduct, amongst other things, their capital gains tax annual allowance, if available, which for the tax year 2016-2017 would be £11,100;
- (c) On a subsequent disposal of the whole or part of the New Ordinary Shares comprised in the holding, a Shareholder may, depending on his circumstances, have a tax liability on the amount of chargeable gain realised.

## Appendix 3: Reduction of Capital

### Background to, and reasons for, the proposed Capital Reduction

Current uncertainty over the sufficiency of the Company's distributable reserves resulting from the restructuring undertaken in 2012 and losses incurred by the former UK Coal are preventing the Company from paying dividends. Any company which has negative distributable reserves is prohibited under the Act from making distributions to its shareholders (including the payment of dividends).

The Board is proposing to implement the Capital Reduction to cancel the amount currently standing to the credit of the Company's share premium account. Subject to the Court being satisfied that the Company's creditors are adequately protected, the reserve produced by the cancellation will be available to create a distributable reserve available for the corporate purposes of the Company.

The Capital Reduction is conditional upon the passing of the Capital Reduction Resolution set out in the notice of Annual General Meeting at the end of this document and the confirmation by the Court of the Capital Reduction. If the Capital Reduction Resolution is not passed and/or the Court confirmation is not obtained, it will not be possible for the Company to make the dividend payment referred to at resolution 2 in the notice of Annual General Meeting ("Proposed Dividend").

### Further details of the Capital Reduction

The Capital Reduction will involve the cancellation of the amount standing to the credit of the share premium account of the Company. Share premium arises on the issue by the Company of shares at a premium to their nominal value. The premium is credited to the share premium account which, as at 31 December 2015 was £129 million. The share premium account has been credited with the premium that arose pursuant to the rights issue that was undertaken in 2013 and the firm placing and placing and open offer that took place in 2015.

The share premium account is treated by statute as an undistributable capital reserve and the Company's ability to use any amount credited to that reserve is limited by the Companies Act, except to the extent that its reduction or cancellation has first been approved by Shareholders by special resolution, and, in the case of public limited companies, subsequently confirmed by order of the High Court upon the application to the Court by the Company. In certain circumstances, a company can either return all or part of the sum arising on a reduction or cancellation of its share premium account to shareholders as a return of capital, or credit some or all of such sum arising to its profit and loss account. To the extent that the release of such sum from the share premium account creates or increases a credit on the profit and loss account, such sum represents distributable reserves of the Company.

The reserve arising on the cancellation of the share premium account will be credited to the Company's profit and loss account, and subject to the terms of any order of the Court to the contrary (see below) will create a positive distributable reserve. This will permit the Company to pay the Proposed Dividend and other dividends in the future, subject to the amount of such distributable reserve, should the Directors, in the future, deem it appropriate to do so.

The Capital Reduction will not involve any reduction in the Company's issued share capital, nor will it have any effect on the Company's cash position.

If the Shareholders pass the Capital Reduction Resolution, it will then be necessary for the Company to seek the Court's confirmation of the Capital Reduction. The Court will be concerned to ensure that the interests of any creditors of the Company who have not already given their consent to the Capital Reduction as at the date on which Capital Reduction takes effect are not prejudiced.

In order to approve the Capital Reduction, the Court will need to be satisfied that the interests of the Company's creditors will not be prejudiced by the Capital Reduction. The Company will be seeking written consent to the Capital Reduction from certain of its creditors, including Harworth Estates Limited (being a member of its Group). The Company's other creditors are providers of professional services (which the Company will discharge in the ordinary course), and its liability under the Blenkinsopp Pension Scheme which the company is discharging in accordance with the arrangement made under an agreement with the trustees of that scheme. The Blenkinsopp Pension Scheme is a liability which was retained by the Company as part of the 2012 restructuring. The scheme had a deficit of £0.4 million as at 31 December 2015. The estimated liability in relation to the scheme on a buyout basis was £2.5 million as at 31 December 2012.

It is therefore not expected that the Company will need to offer any form of undertaking to the Court to create a special reserve account in respect of the amount of share premium that will be cancelled, or that any form of security from the Company will be required in order for the Court to confirm the Capital Reduction. It is expected that the Court will be satisfied that the Capital Reduction will not affect the ability of the Company to discharge its creditors as they fall due and such creditors will be sufficiently protected, and as such, the Court will not require any further protection for the benefit of creditors in order that the sum released by the Capital Reduction can be credited to the profit and loss account of the Company so as to create distributable reserves.

Although the Board believes that it will be unnecessary, it reserves the right to put into place any form of creditor protection that (a) the Court requires, and (b) it believes to be in the best interests of the Company.

The Board reserves the right (where necessary by an application to the Court) to abandon, discontinue or adjourn any application to the High Court for confirmation of the Capital Reduction, and hence the Capital Reduction itself, if the Board believes that the terms required to obtain confirmation are unsatisfactory to the Company or if as a result of a material unforeseen event the Board considers that to

continue with the Capital Reduction is inappropriate or inadvisable. In such event, it would not be possible for the Company to make payment of the Proposed Dividend.

The Capital Reduction does not affect the voting or dividend rights or the rights on a return of capital of any holder of Ordinary Shares.

It is expected that the Court Order confirming the Capital reduction will be made on or around 19 May 2016 with the Capital Reduction becoming effective on or around 20 May 2016 (upon the registration of the Court Order with the Registrar of Companies).

## Appendix 4: The Harworth Group plc Long Term Incentive Plan (“LTIP”)

### Status of the LTIP

The LTIP is not subject to approval by HM Revenue & Customs (“HMRC”) and awards made under it will have no beneficial tax status.

### Eligibility

All employees (including Executive Directors) of the Company and any of its subsidiaries may be granted awards under the LTIP.

### Types of award

Awards made under the LTIP may take the form of a Conditional Award or a Nil-Cost Option.

A Conditional Award is a conditional right to receive fully paid ordinary shares in the capital of the Company (referred to hereafter in this Appendix 4 as “Shares”) pursuant to which Shares may be received without any action on the part of the award holder provided that the conditions imposed on such award are satisfied.

A Nil-Cost Option is an option to acquire Shares (with an exercise price set at zero) which has to be exercised by the award holder in order for them to acquire Shares.

### Grant of awards

The remuneration committee of the Company (“Remuneration Committee”), will have absolute discretion to select the persons to whom awards under the LTIP may be granted and, subject to the limits set out below, the number of Shares over which any such award is granted. The Remuneration Committee will also have absolute discretion to decide whether any award will be granted as a Conditional Award or a Nil-Cost Option.

Awards may be granted in the period of 42 days commencing on: (a) the date that the LTIP is adopted by the Company; (b) the dealing day immediately following the date that the Company announces its results for any period (save that if the Shares continue to be admitted to the Official List of the London Stock Exchange (“Official List”) at the time in question, no award may be granted during the first three dealing days following the date of any such announcement); and (c) any other date fixed by the Remuneration Committee, where, in its discretion, circumstances are considered to be exceptional so as to justify the grant of awards.

If the grant of an award on any of the above days would be prohibited by virtue of the model code on Directors’ dealings set out in the appendix to rule 9 of the Listing Rules (“Model Code”), or any statute or regulation or any order made pursuant to such statute, then such award may be granted during the period of 39 days commencing immediately after the third dealing day following the time that such prohibition ceases to have effect.

No consideration is payable for the grant of an award.

### Plan limits

On any date, no award may be granted under the LTIP if, as a result, the aggregate nominal value of Shares issued or issuable pursuant to awards granted during the previous 10 years under the LTIP or any other discretionary employees’ share scheme (which excludes any Save As You Earn Scheme satisfying the requirements of Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003, a share incentive plan satisfying the requirements of Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003 or any other share option scheme of the Company which is linked to a contractual savings scheme) adopted by the Company would exceed 5 per cent. of the nominal value of the ordinary share capital of the Company in issue on that date.

On any date, no award may be granted under the LTIP if, as a result, the aggregate nominal value of the Shares issued or issuable pursuant to awards granted during the previous 10 years under the LTIP or any other employees’ share scheme, profit sharing scheme or employee share ownership plan adopted by the Company would exceed 10 per cent. of the nominal value of the ordinary share capital of the Company in issue on that date.

For the purposes of the limits set out above:

- any Shares which were subject to an award which has lapsed or been surrendered will not count towards the limits;
- where an award takes the form of a right to acquire Shares from an employee benefit trust established by the Company, such Shares will only be counted as “issued or issuable” to the extent to which they have been issued (or there is an intention for them to be issued) by the Company to the trust for the purposes of the LTIP or any other employees’ share scheme operated by the Company;
- Shares held in treasury which are used to satisfy awards shall be taken into account unless and until treasury shares are no longer required by the Investment Association to be so included for the purpose of such limits; and
- any Shares issued or then capable of being issued pursuant to any options granted or rights obtained on or prior to the Company’s admission to the Official List on 24 March 2015 shall not count towards the limits set out above.

### Individual limit

Each individual's participation is limited so that, in any one financial year of the Company, the aggregate market value of Shares subject to all awards (calculated as at the date of grant of each award by reference to the average of the closing prices of a Share for each of the three dealing days prior to the date of grant) granted to the individual under the LTIP in that financial year, will not exceed 200 per cent. of the individual's basic salary at the date of grant.

### Performance conditions

Awards granted under the LTIP will be subject to objective performance conditions set by the Remuneration Committee at the date of grant ("Performance Conditions").

Such Performance Conditions shall be measured over a performance period (determined by the Remuneration Committee at the date of grant but which shall not be less than three years) ("Performance Period").

Subject to the satisfaction of the relevant Performance Conditions, an award will normally "vest" following a date ("Vesting Date") specified at the date of grant of the award. The Vesting Date for any award will be a date selected by the Remuneration Committee which occurs after the expiry of the relevant Performance Period and not before the third anniversary of the date of grant.

When a Conditional Award vests, the award holder will become beneficially entitled to receive Shares.

When a Nil-Cost Option vests, such award will become capable of exercise.

The ability of the award holder to deal with the Shares to which they become beneficially entitled will be subject to the provisions described below under the heading "Holding Period".

The extent to which an award vests (and hence the number of Shares to be delivered to the award holder pursuant to the award) will normally be determined in accordance with the Performance Conditions that apply to the award in question. Accordingly the vesting of any award may not normally occur unless and until the Remuneration Committee has determined the extent to which the Performance Conditions applying to the award have been satisfied.

In relation to the initial grant of awards under the LTIP it is intended that the Performance Period will be three years long commencing on the first day of the financial year in which the award is made and that:

- half of the Shares subject to any award will be subject to the total return performance condition as described below ("Total Return Performance Condition"); and
- half of the Shares subject to any award will be subject to the total shareholder return performance condition as described below ("TSR Performance Condition").

### *Total Return Performance Condition*

The Total Return Performance Condition is based on the level of internal rate of return ("IRR") that would be generated by an investment equal to the net asset value of the Company at the end of the financial year preceding the first year of the Performance Period (according to the Company's accounts for that year) and yielding:

- an annual dividend for each of the three financial years in the Performance Period as reported in the Company's accounts; and
- a final net asset value equal to the net asset value of the Company at the end of the final financial year in the Performance Period (according to the Company's accounts for that year).

To the extent that such IRR is less than 8 per cent. then the award will not vest to any extent at all in respect of the Shares subject to the Total Return Performance Condition.

If the IRR is exactly equal to 8 per cent. ("Threshold") then the award will vest in respect of 10 per cent. of the Shares that are subject to the Total Return Performance Condition (rounded down to the nearest whole number of Shares).

If the IRR is exactly equal to 10 per cent. ("Target") then the award will vest in respect of 25 per cent. of the Shares that are subject to the Total Return Performance Condition (rounded down to the nearest whole number of Shares).

Where the IRR falls between the Threshold and the Target, the number of Shares that vest will be determined on a straight line basis between 10 per cent. and 25 per cent. of the Shares subject to the Total Return Performance Condition (rounded down to the nearest whole number of Shares).

If the IRR is equal to 14 per cent. or more ("Maximum") then the award will vest in respect of 100 per cent. of the Shares that are subject to the Total Return Performance Condition.



Where the IRR falls between the Target and the Maximum, the number of Shares that vest will be determined on a straight line basis between 25 per cent. and 100 per cent. of the Shares subject to the Total Return Performance Condition (rounded down to the nearest whole number of Shares).

#### ***Total Return Underpin***

Regardless of the extent to which the Total Return Performance Condition is satisfied, if either of the following additional conditions are not met, then the Remuneration Committee may reduce (including to nil) the number of Shares that would otherwise vest in accordance with the Total Return Performance Condition as it deems appropriate:

- Condition 1 – “Disposal Proceeds” must represent at least 30 per cent. of “Value Created”; and
- Condition 2 – the Remuneration Committee is satisfied, in its absolute discretion, that the dividends paid by the Company during the Performance Period are sustainable.

For these purposes, Disposal Proceeds is the aggregate amount of cash generated by the sale of the Company’s assets over the Performance Period (as determined from the Company’s accounts). Value Created is such amount as is equal to  $(A - B) + C$ , where:

“A” = the net asset value of the Company as reported in the accounts of the Company in respect of the final financial year in the Performance Period;

“B” = the net asset value of the Company as reported in the accounts of the Company in respect of the financial year preceding the first financial year in the Performance Period; and

“C” = the aggregate of the annual dividends for each of the three financial years in the Performance Period as reported in the Company’s accounts.

If Value Created (as determined above) is negative, Condition 1 will be deemed not to have been satisfied.

#### ***TSR Performance Condition***

The TSR Performance Condition, will consist of two separate performance conditions so that:

- 70 per cent. of the Shares subject to the TSR Performance Condition will be subject to the comparator group TSR condition described below (“Comparator Group TSR Condition”); and
- 30 per cent. of the Shares subject to the TSR Performance Condition will be subject to the index TSR condition described below (“Index TSR Condition”).

#### ***Comparator Group TSR Condition***

The Comparator Group TSR Condition is based on the amount by which the total shareholder return of the Company measured over the Performance Period exceeds the median of the total shareholder returns, measured over the Performance Period, of each of the members of a group of comparator companies (“Comparator Group”).

For the purpose of the initial awards made under the LTIP, it is intended that the Comparator Group shall consist of Henry Boot PLC, Inland Homes plc, St Modwen Properties PLC, U & I Group PLC and Urban & Civic plc.

If the total shareholder return of the Company measured over the Performance Period is strictly less than the median of the total shareholder returns of each of the members of the Comparator Group measured over the Performance Period, then the award will not vest to any extent at all in respect of the Shares subject to the Comparator Group TSR Condition.

If the total shareholder return of the Company measured over the Performance Period is exactly equal to the median of the total shareholder returns of each of the members of the Comparator Group measured over the Performance Period (“Group TSR Target”), then the award will vest in respect of 25 per cent. of the Shares that are subject to the Comparator Group TSR Condition (rounded down to the nearest whole number of Shares).

If the amount by which the total shareholder return of the Company measured over the Performance Period exceeds the median of the total shareholder returns of the members of the Comparator Group measured over the Performance Period is 9 per cent or more per annum (“Group TSR Maximum”), then the award will vest in respect of 100 per cent. of the Shares that are subject to the Comparator Group TSR Condition.

In any case where the total shareholder return of the Company measured over the Performance Period falls between the Group TSR Target and the Group TSR Maximum, the number of Shares that vest pursuant to an award will be determined on a straight line basis between 25 per cent. and 100 per cent. of the Shares subject to the Comparator Group TSR Condition (rounded down to the nearest whole number of Shares).



***Index TSR Condition***

If the total shareholder return of the Company measured over the Performance Period is strictly less than the total shareholder return of the FTSE All Share Real Estate Investment Services Index ("Index") measured over the Performance Period, then the award will not vest to any extent at all in respect of the Shares subject to the Index TSR Condition.

If the total shareholder return of the Company measured over the Performance Period is exactly equal to the total shareholder return of the Index measured over the Performance Period ("Index TSR Target"), then the award will vest in respect of 25 per cent. of the Shares that are subject to the Index TSR Condition (rounded down to the nearest whole number of Shares).

If the amount by which the total shareholder return of the Company measured over the Performance Period exceeds the total shareholder return of the Index measured over the Performance Period is 9 per cent or more per annum ("Index TSR Maximum"), then the award will vest in respect of 100 per cent. of the Shares that are subject to the Index TSR Condition.

In any case where the total shareholder return of the Company measured over the Performance Period falls between the Index TSR Target and the Index TSR Maximum, the number of Shares that vest pursuant to an award will be determined on a straight line basis between 25 per cent. and 100 per cent. of the Shares subject to the Index TSR Condition (rounded down to the nearest whole number of Shares).

***General***

The number of Shares that vest pursuant to the Comparator Group TSR Condition and the Index TSR Condition shall be aggregated to determine the total number of shares that vest pursuant to the TSR Performance Condition.

For the purpose of undertaking the calculations for the TSR Performance Condition, the relevant total shareholder return for the Company, the Index and the constituents of the Comparator Group will be averaged over a period of three months prior to the start of the Performance Period and averaged over a period of three months prior to the end of the Performance Period.

If during the Performance Period any member of the chosen Comparator Group ceases to exist, its shares cease to be listed on a recognised stock exchange, or otherwise becomes, in the opinion of the Remuneration Committee, no longer suitable to be a member of the Comparator Group, then the Remuneration Committee may either remove that company from the Comparator Group, replace that company with its acquirer (in the case of a takeover of the company concerned), include a substitute for that company as a member of the Comparator Group, track the performance of that company by reference to some other index, or otherwise treat that company in such manner as the Remuneration Committee, in its sole discretion, deems appropriate.

If during the Performance Period, the Index ceases to exist, or otherwise becomes, in the opinion of the Remuneration Committee, no longer suitable, then the Remuneration Committee may determine to replace the Index with another more relevant index or comparator group of companies (whether taken from the Index or not) or otherwise treat the Index in such manner as the Remuneration Committee, in its sole discretion, deems appropriate.

***TSR Performance Underpin***

In the event that the Remuneration Committee determines that the Company's TSR measured over the Performance Period is not consistent with the underlying financial performance of the Company over the Performance Period, the Remuneration Committee may determine that the level of vesting determined for an award in accordance with the TSR Performance Condition, may be scaled back and reduced (including to nil) by such extent as the Remuneration Committee determines is appropriate.

***Other provisions relating to Performance Conditions***

If an event occurs which causes the Remuneration Committee reasonably to consider that it would be appropriate to amend or waive any Performance Condition, the Remuneration Committee may waive or amend that Performance Condition in such manner as it (acting fairly and reasonably) deems fit provided that any such amended condition is not materially less challenging to achieve than the original Performance Condition would have been but for the event in question.

It should also be noted that a Performance Condition, applying to an award, may be measured over an abbreviated period less than the Performance Period in circumstances where an award holder ceases to be an employee before the end of the relevant Performance Period or certain corporate events occur (such as a change of control of the Company) before the end of the relevant Performance Period. In these circumstances such performance condition may be modified in such manner as the Remuneration Committee reasonably thinks fit so as to be applied over such abbreviated period.

The Remuneration Committee has the right to determine and set different performance conditions to those described above in relation to any award made under the LTIP.

In relation to the initial awards to be granted under the LTIP, it is proposed that the Remuneration Committee shall have a discretion to adjust the formulaic outcome of the Total Return Performance Condition and TSR Performance Condition described above, in exceptional circumstances, to ensure appropriate alignment of pay with performance.

### Dividend equivalents

Shares transferred to an award holder pursuant to any Conditional Award or Nil-Cost Option shall have no entitlement to any dividends or other distributions payable by reference to a record date preceding the date on which the award holder first becomes entitled to receive such transfer.

The Remuneration Committee may however, at the time of grant of an award, decide that the award holder shall receive the benefit of dividends paid on Shares in respect of the period commencing on the date of grant of the award and ending on the Vesting Date of such award. In such case, at the same time that Shares are transferred to the award holder pursuant to the award, the award holder shall also be transferred such number of additional Shares ("Dividend Equivalent Shares") as could have been acquired over the period from the date of grant of the award to its Vesting Date at the prevailing market value of a Share on each dividend payment date with the amount of dividends that the award holder would have received in respect of the Shares that vested under his award. For the purposes of calculating the number of Dividend Equivalent Shares to be transferred to an award holder, the Remuneration Committee may, but do not have to, assume that any dividend payable on a Share that has vested pursuant to an award was reinvested in Shares on the dividend payment date at a price equal to the market value of a Share on such dividend payment date. No Dividend Equivalent Shares shall be added to an award by reference to any dividends paid after the date that the award concerned vests or lapses in accordance with the rules of the LTIP.

The number of Dividend Equivalent Shares that would otherwise be transferred to an award holder in respect of an award may be settled with a payment of cash of equivalent value or a mixture of cash and Shares of equivalent value at the discretion of the Remuneration Committee.

Dividend Equivalent Shares that have been issued pursuant to an award shall be taken into account for the purposes of applying the plan limits set out above. Any potential right to receive additional Dividend Equivalent Shares in the future shall not, however, be taken into account.

### Vesting and exercise of awards

Normally, an award will only vest following the occurrence of the Vesting Date to the extent that the Performance Conditions have been satisfied and the award holder is still an employee within the Company or its subsidiaries ("Group").

Vesting of an award may however not occur during any prohibited period specified by the Model Code and no award shall in any event be capable of exercise during such a prohibited period. In the event that the vesting of an award is prohibited by the Model Code, such vesting shall occur as soon as the relevant prohibitions cease to apply.

Awards structured as Nil-Cost Options may normally only be exercised during the period commencing with the Vesting Date of the award and expiring on the tenth anniversary of its date of grant. All Nil-Cost Options will lapse on the tenth anniversary of their date of grant unless they lapse sooner pursuant to another provision of the LTIP.

If an award holder ceases to be employed within the Group the treatment of an award held by the award holder will normally differ depending on whether the Vesting Date in respect of such award has been reached at the point of cessation of employment. In relation to:

- any award structured as a Nil-Cost Option for which the Vesting Date has passed at the date of such cessation, the award holder will be able to retain such award for a period of six months following the date of cessation of employment and exercise the same during this period, provided it does not lapse under some other provision of the LTIP. To the extent it is not so exercised, it will lapse and become worthless;
- any award structured as a Conditional Award for which the Vesting Date has passed at the date of such cessation, the award holder will, (subject to any applicable "Holding Period" as described below), be entitled to receive a transfer of the Shares pursuant to the Conditional Award that has vested, to the extent not already received by the award holder concerned prior to cessation of employment;
- any award structured as a Nil-Cost Option for which the Vesting Date has not passed at the date of such cessation, provided that the reason for such cessation of employment is retirement with the agreement of the Remuneration Committee, ill health, injury or disability, redundancy, the business or company in which the award holder works being sold outside the Group or such other circumstances in which the Remuneration Committee determines to treat the award holder as a good leaver ("Good Leaver Reasons"), then the award holder will be able to retain such award. In any such case, the Remuneration Committee may require the award to be retained until after the normal Vesting Date before being capable of exercise or may permit the award to be exercised at any time during the period of six months immediately following cessation of employment in respect of the Shares that have vested under the award. In the former case, to the extent that the award vests subsequent to the Vesting Date, the award may be exercised at any time during the period of six months following the Vesting Date provided it does not lapse under some other provision of the LTIP. To the extent that the award is not so exercised in the relevant six month period that is applicable to the award, it will lapse and become worthless;

- any award structured as a Nil-Cost Option for which the Vesting Date has not passed at the date of such cessation, if the reason for such cessation is the award holder's death, then the award shall vest immediately following the date of cessation of employment and the award holder's personal representatives may exercise such Nil-Cost Option in respect of the number of Shares that have vested pursuant to such Nil-Cost Option at any time during the period of six months following the date of cessation of employment. To the extent it is not so exercised, it will lapse and become worthless. If the award was subject to a "Holding Period" as described below, such Holding Period shall cease to apply immediately upon the death of the award holder;
- any award structured as a Conditional Award for which the Vesting Date has not passed at the date of such cessation, provided that the reason for such cessation is one of the Good Leaver Reasons, then the award holder will be able to retain such award. In any such case, the Remuneration Committee may require the award to be retained until after the normal Vesting Date or may permit the award to vest immediately following the date of cessation of employment. In the former case, to the extent that the award vests subsequent to the Vesting Date, the award holder will, (subject to any applicable "Holding Period" as described below), be entitled to receive a transfer of the Shares to the extent that the award has vested;
- any award structured as a Conditional Award for which the Vesting Date has not passed at the date of such cessation, if the reason for such cessation is the award holder's death, then the award shall vest immediately following the date of cessation of employment and the award holder's personal representatives will be entitled to receive the Shares to the extent that the award has vested irrespective of whether the award was subject to a "Holding Period" as described below.

In any case where an award holder ceases to be an employee within the Group prior to the Vesting Date of an award he holds for any reason which is not one of the Good Leaver Reasons or death, then such award will lapse on cessation of employment and be worthless.

Vesting of awards is possible earlier than the Vesting Date in the event of a takeover, a scheme of arrangement under Part 26 of the Companies Act 2006 being sanctioned by the court, a demerger of the Company by way of an exempt distribution or a resolution being passed for the voluntary winding up of the Company. In the case of a takeover of the Company or the transfer out of the Company's group of the company employing the award holder concerned, the Remuneration Committee may allow the award to vest (and any exercise of the award, if relevant to the award in question, to occur) immediately before, but with effect from, the takeover or the transfer of the undertaking concerned.

In any case where a corporate event described above or cessation of employment of the award holder occurs before the Vesting Date relating to the award, the maximum number of Shares which may vest pursuant to the award concerned shall, subject to the discretion of the Remuneration Committee, be pro-rated down on a time apportioned basis. Such time apportionment will be undertaken by reference to the time that has elapsed from the relevant date of grant of the award to the relevant date of cessation of employment or the corporate event concerned as compared to the length of the vesting period relating to the award (being the period commencing on the date of grant and expiring on the Vesting Date of the award).

In relation to the pro-rating mechanism outlined above, the Remuneration Committee has a discretion to ignore the prescribed pro-rating of the Shares over which such award may vest.

In any case where an award is permitted to vest or be exercised prior to the Vesting Date relating to the award in question, the award will only vest or be capable of exercise (as the case may be) to the extent to which the Performance Conditions applying to the award have been satisfied. In these circumstances the Performance Conditions may be modified in such manner as the Remuneration Committee thinks fit so as to be applied over the abbreviated Performance Period. The Remuneration Committee retains discretion to waive the Performance Conditions in appropriate circumstances.

### **Holding Period**

The Remuneration Committee may, in its discretion, at the date of grant of an award specify that the award holder shall be required to retain the Shares that vest pursuant to such award (or any proportion of them) for a holding period determined by the Remuneration Committee ("Holding Period"). The Holding Period will normally commence on the Vesting Date of the award in question (irrespective of whether it is a Conditional Award or a Nil-Cost Option) and may be any period selected by the Remuneration Committee between six months and three years long.

During the Holding Period, the award holder will not be entitled to transfer, assign or otherwise encumber the Shares that are subject to the Holding Period, save that:

- the award holder will be permitted to dispose of such number of Shares as may produce a sum sufficient to discharge any tax liability arising as a result of the vesting or exercise of the award in question;
- the Remuneration Committee may, in its sole discretion, permit the award holder to dispose of, or otherwise encumber or deal with, such Shares or some of them.

In relation to any Nil-Cost Option, if such option is exercised at any time during the Holding Period that applies to it, the Shares resulting from such exercise shall normally be subject to that part of the Holding Period that remains after the date of such exercise. If a Nil-Cost Option is exercised after the end of any relevant Holding Period that applied to it, the Shares resulting from the exercise of such Nil-Cost Option will not be subject to the restrictions described above.

In relation to the initial awards to be granted under the LTIP it is proposed that half of the Shares that vest pursuant to such awards should be made subject to a two year Holding Period.

#### ***Effect of Corporate Events on the Holding Period***

In any case where an award vests as a result of a corporate event described above any Holding Period applicable to the award concerned shall immediately cease to apply to the award in question.

#### ***Effect of Cessation of Employment on the Holding Period***

In the event that an award holder ceases to be employed within the Group at any time by reason of death, any Holding Period that is applicable to such award holder's awards shall immediately cease to apply to the awards in question.

In the event that an award holder ceases to be employed within the Group for one of the Good Leaver Reasons, any award held by the Award Holder that was subject to a Holding Period shall (unless the Remuneration Committee determines otherwise pursuant to its discretion referred to above), remain subject to the restriction not to dispose of, assign or otherwise encumber the Shares throughout the Holding Period. For these purposes, in any case where the relevant award has vested prior to the Vesting Date applying to the award, the Holding Period shall be deemed to have commenced on the date of such vesting.

At the end of the Holding Period, the Shares concerned will normally be released to the award holder concerned.

Shares which are subject to the restrictions summarised above during the applicable Holding Period shall at all times be subject to the malus and clawback provisions summarised below.

#### **Malus and clawback**

At any time during the employment of an award holder and during the period of two years following that award holder's cessation of employment within the Group, the Remuneration Committee shall have the ability to reclaim the value of awards from the award holder concerned. This ability shall be capable of exercise in any case where:

- there has been a material misstatement of the Company's financial results;
- an error has been made in assessing the extent to which the Performance Conditions applying to an award have been met;
- the award holder in question ceases to be employed as a result of gross misconduct;
- there has been a significant breach of health and safety standards by any member of the Group; or
- a significant environmental incident has occurred which involves any member of the Group.

In any case where either a material misstatement of the Company's financial results has occurred or an error has been made in assessing the extent to which the Performance Conditions applying to an award have been met, the value to be reclaimed from the award holder in question shall be determined, as far as practicable, by reference to the number of Shares that would not have vested had such misstatement or error not been made. In any of the other circumstances described above, the Remuneration Committee shall have a discretion to determine the value to be reclaimed from the award holder concerned.

In the event that this "malus and clawback provision" is exercised, recovery of the value of any award from the award holder may be made by way of a reduction in any future bonus, reduction of the number of Shares subject to an existing award or that would otherwise be made subject to a future award and/or by way of the award holder making a cash payment to the Company.

#### **Other award terms**

Awards are not capable of transfer or assignment.

Until a Conditional Award vests, the award holder shall have no voting or other rights in relation to the Shares subject to that award.

Until a Nil-Cost Option is exercised, the award holder shall have no voting or other rights in relation to the Shares subject to that award.

Awards granted under the LTIP may be satisfied either by the allotment and issue of new Shares or the transfer of Shares held in treasury by the Company or purchased on the open market.

Shares allotted pursuant to the vesting or exercise of an award will rank *pari passu* in all respects with the Shares already in issue except for rights which attach to Shares by reference to a record date preceding the date of issue. Shares transferred on the exercise or vesting of an award shall be transferred without the benefit of any rights attaching to the Shares by reference to a record date preceding the

date of such exercise or vesting as the case may be. For so long as the Company's Shares are listed on the Official List, the Company will use its best endeavours to procure that the Shares issued to satisfy any awards are admitted to the Official List as soon as practicable after allotment.

Benefits obtained under the LTIP are not pensionable.

### **Adjustment of awards**

The number of Shares under an award and their nominal value may be adjusted by the Remuneration Committee in the event of any capitalisation issue or rights issue (other than an issue of Shares pursuant to the exercise of an option given to the shareholders of the Company to receive shares in lieu of a dividend) or open offer or any other variation in the share capital of the Company including (without limitation) any consolidation, subdivision or reduction of capital.

### **Administration and amendment**

The LTIP is administered by the Remuneration Committee. The Remuneration Committee may amend the provisions of the LTIP. The rules of the LTIP which relate to:

- the persons to whom Shares or cash are provided under the LTIP;
- the limits on the number of Shares or cash which may be issued under the LTIP;
- the maximum entitlement of any award holder;
- the basis for determining an award holder's entitlement to Shares, cash or awards; and
- the basis for determining the adjustment of any award granted under the LTIP in the event of a capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital of the Company,

cannot be amended to the advantage of any award holder or potential award holder without the prior approval of the Company in general meeting except for minor amendments to benefit the administration of the LTIP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for award holders or the Company and its subsidiaries.

The Remuneration Committee may, in respect of any award granted to an Eligible Employee who is or who may become primarily subject to taxation on his remuneration outside the United Kingdom, amend or alter the provisions of any such award to take account of relevant overseas taxation, securities or other laws.

### **Termination**

The LTIP may be terminated at any time by resolution of the Remuneration Committee and shall in any event terminate on the tenth anniversary of its adoption so that no further awards can be granted under the LTIP after such termination. Termination shall not affect the outstanding rights of existing award holders.

## Definitions

The following definitions apply throughout this document, unless the context requires otherwise:

<b>Act or Companies Act</b>	the Companies Act 2006, as amended
<b>Board or Directors</b>	the Board of Directors of the Company, whose names appear at page 4
<b>Aquisition</b>	the acquisition by the Company of the 75.1% of the shares in HEPGL which the Company didn't already own, which completed on 24 March 2015
<b>Annual General Meeting or AGM</b>	the annual general meeting of Harworth Group plc convened for 1:00 p.m. on 26 April 2016 (or any adjournment of it), notice of which is set out at the end of this document
<b>Annual Report</b>	the annual report and accounts of the Company sent to Shareholders on 31 March 2016
<b>Articles or Articles of Association</b>	the current articles of association of the Company
<b>Blenkinsopp Scheme</b>	the Blenkinsopp section of the Industry Wide Mineworkers' Pension Scheme
<b>Capital Reduction</b>	the proposed cancellation of the share premium account of the Company, details of which are set out in this document, to be approved by Shareholders passing the Capital Reduction Resolution
<b>Capital Reduction Resolution</b>	the resolution relating to the Capital Reduction set out at resolution number 15 of the Notice of Annual General Meeting
<b>CREST</b>	the UK based electronic system for paperless settlement of trades in listed securities, of which Euroclear UK is the operator
<b>Document or Notice</b>	this document
<b>Existing Ordinary Shares</b>	the Ordinary Shares of 1 pence each in issue prior to the Share Consolidation
<b>Form of Proxy</b>	the form of proxy relating to the Annual General Meeting being sent to Shareholders with this document
<b>Group or Harworth Estates Group</b>	the Company, its subsidiaries and subsidiary undertakings at the date of this document
<b>Harworth, or Company</b>	Harworth Group plc, a company incorporated in England and Wales with registered number 02649340
<b>HEPGL</b>	Harworth Estates Property Group Limited, a company incorporated in England and Wales with registered number 08232459
<b>New Ordinary Shares</b>	the Ordinary Shares of 10 pence each in issue following the Share Consolidation
<b>Official List</b>	the official list of the Financial Conduct Authority
<b>Ordinary Shares</b>	ordinary shares of 1 pence each in the capital of the Company
<b>Registrars</b>	Equiniti Limited of Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
<b>Resolutions</b>	the ordinary and special resolutions to be proposed at the Annual General Meeting, as set out in the notice of Annual General Meeting which is set out at the end of this document
<b>Shareholders</b>	holders of Ordinary Shares, each individually being a "Shareholder"
<b>Share Consolidation</b>	the proposed consolidation of Ordinary Shares to be effected on the terms described in Appendix 2 (Share Consolidation) of this document
<b>UKLA</b>	the United Kingdom Listing Authority, a division of the Financial Conduct Authority



## Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Harworth Group plc (the “Company”) will be held at the Bessemer Conference Room, AMP Technology Centre, Advanced Manufacturing Park, Brunel Way, Waverley, Rotherham, S60 5WG on 26 April 2016 at 1.00 p.m. for the following purposes:

### Ordinary business

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

1. To receive the Company's annual accounts together with the Directors' report and the auditors' report on those accounts for the period ended 31 December 2015.
2. Subject both to (i) the passing of resolution 15 to approve the cancellation of the amount of £129 million standing to the credit of the share premium account of the Company and (ii) the Company having sufficient distributable profits in accordance with the Companies Act 2006, to approve the payment of a final dividend in the amount of 0.051 per ordinary share in the capital of the Company for the year ending 31 December 2015.
3. To elect Andrew Kirkman as a Director appointed since the last Annual General Meeting of the Company.
4. To re-elect each of the following Directors who in accordance with best practice are retiring as Directors of the Company. Each re-election will be taken as a separate resolution:
  - a. to re-elect Martyn Bowes as a director of the Company;
  - b. to re-elect Lisa Jane Clement as a director of the Company;
  - c. to re-elect Jonson Cox as a director of the Company;
  - d. to re-elect Anthony Donnelly as a director of the Company;
  - e. to re-elect Owen Michaelson as a director of the Company; and
  - f. to re-elect Steven Underwood as a director of the Company.
5. To approve the Directors' Remuneration Report (other than that part containing the Directors' Remuneration Policy) for the period ended 31 December 2015. This is an advisory vote in accordance with the Companies Act 2006.
6. To receive and approve the revised Directors' Remuneration Policy, as set out on pages 31 to 38 of the Directors' Remuneration Report for the period ended 31 December 2015.
7. To resolve that PricewaterhouseCoopers LLP be reappointed as the auditors of the Company to hold office until the conclusion of the next Annual General Meeting.
8. To authorise the Directors to agree the remuneration of the Company's auditors.

### Special business

To consider and, if thought fit, pass the following resolutions of which resolutions numbered 9, 10 and 16 will be proposed as ordinary resolutions and resolutions numbered 11 to 15 (inclusive) will be proposed as special resolutions:

#### Political donations

9. That, in accordance with sections 366 and 367 of the Companies Act 2006, the Company and all companies that are its subsidiaries at any time during the period for which this Resolution is effective are authorised, in aggregate, to:
  - a. make political donations to political parties and/or independent election candidates not exceeding £50,000 in total;
  - b. make political donations to political organisations other than political parties not exceeding £50,000 in total; and
  - c. incur political expenditure not exceeding £50,000 in total,
 (as such terms are defined in sections 363 to 365 of the Companies Act 2006) during the period commencing on the date of the passing of this Resolution and finishing at the end of next year's annual general meeting (or if earlier, the close of business on 26 June 2017).

#### Authority to allot shares (up to a maximum of one-third of the Company's issued share capital)

10. a. That the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to:
  - i. allot shares in the Company, and to grant rights to subscribe for, or to convert any security into, shares in the Company:
    - (A) up to an aggregate nominal amount of £9,742,326; and
    - (B) Comprising equity securities (as defined in the Companies Act 2006) up to an aggregate nominal amount of £19,484,652 (including within such limit any shares issued or rights granted under paragraph (A) above) in connection with an offer by way of a rights issue
      - I. to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
      - II. to people who are holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider 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;

for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next Annual General Meeting of the Company after the date on which this resolution is passed (or, if earlier, at the close of business on the date which is 15 months after the date of this resolution); and

- ii. make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or convert any security into shares to be granted, after expiry of this authority and the Directors may allot shares and grant rights in pursuance of that offer or agreement as if this authority had not expired;
- b. That, subject to paragraph (c) all existing authorities given to the Directors pursuant to section 551 of the Companies Act 2006 be revoked by this resolution; and
- c. That paragraph (b) shall be without prejudice to the continuing authority of the Directors to allot shares, or grant rights to subscribe for or convert any security into shares, pursuant to an offer or agreement made by the Company before the expiry of the authority pursuant to which such offer or agreement was made.

#### *Authority to disapply pre-emption rights*

11. That, subject to the passing of Resolution 10 above, and in place of all existing powers, to the extent unused (other than in respect of any allotments made pursuant to offers or agreements made prior to the passing of this resolution), the Directors be generally empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (as defined in the Companies Act 2006) for cash, pursuant to the authority conferred by Resolution 10 above as if section 561 (1) of the Companies Act 2006 did not apply to the allotment. This power:

- a. expires (unless previously renewed, varied or revoked by the Company in general meeting) at the end of the next Annual General Meeting of the Company after the date on which this resolution is passed or, if earlier, at the close of business on the date which is 15 months after the date of this resolution, but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired; and
- b. shall be limited to:
  - i. the allotment of equity securities in connection with an offer of equity securities to:
    - (A) the ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
    - (B) people who hold other equity securities, if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider 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; and
  - ii. the allotment of equity securities for cash otherwise than pursuant to paragraph (i) up to an aggregate nominal amount of £1,461,349.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the Companies Act 2006 as if in the first paragraph of this resolution the words "pursuant to the authority conferred by Resolution 10 above" were omitted.

#### *Authority to purchase own shares*

12. That the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of its ordinary shares of 1 pence each in the capital of the Company, subject to the following conditions:

- a. the maximum number of ordinary shares authorised to be purchased is 292,269,785;
- b. the minimum price (exclusive of expenses) which may be paid for an ordinary share is 1 pence or, if resolution 14 below is passed, shall be 10 pence;
- c. the maximum price (exclusive of expenses) which may be paid for each ordinary share is the higher of: (i) an amount equal to 105 per cent. of the average of the middle market quotations of an ordinary share of the Company as derived from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the ordinary share is contracted to be purchased; and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System ("SETS");
- d. this authority shall expire at the close of the Annual General Meeting of the Company held in 2017 or 15 months from the date of this resolution (whichever is earlier); and



- e. a contract to purchase shares under this authority may be made before the expiry of this authority, and concluded in whole or in part after the expiry of this authority.

#### ***Notice of general meetings***

- 13. That, subject to the Articles of Association of the Company as in force from time to time, a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

#### ***Share Consolidation***

- 14. That, subject to and conditional upon admission of the New Ordinary Shares (as defined herein) to the Official List of the UKLA and to trading on the London Stock Exchange's Main Market for listed securities becoming effective ("Admission"), every 10 ordinary Shares of 1 pence each in the capital of the Company (each an "Existing Ordinary Share"), as at 5.00 p.m. on 29 April 2016 (or such other time and date as the Directors of the Company may determine) be consolidated into one ordinary share of 10 pence each (each a "New Ordinary Share"), having the same rights as the Existing Ordinary Shares, provided that:
  - a. where such consolidation results in any shareholder being entitled to a fraction of a New Ordinary Share, such fraction shall, so far as possible, be aggregated with the fractions of a New Ordinary Share to which other shareholders of the Company may be entitled; and
  - b. the Directors be and are hereby authorised to sell (or appoint any other person to sell to any person), on behalf of the relevant shareholders, all the New Ordinary Shares representing such fractions at the best price reasonably obtainable to any person, and to distribute the proceeds of sale (net of expenses) in due proportion among the relevant shareholders entitled thereto (save that any fraction of a penny which would otherwise be payable shall be rounded up or down in accordance with the usual practice of the registrar of the Company, and save that the Company shall donate to charity the net proceeds of sale of such New Ordinary Shares representing such fractions where the individual amount of net proceeds to which any shareholder is entitled does not exceed three pounds (£3.00); and
  - c. any Director or any person appointed by the Directors shall be and is hereby authorised to execute an instrument of transfer in respect of such New Ordinary Shares on behalf of the relevant shareholders and to do all acts and things the Directors consider necessary or expedient to effect the transfer of such shares to, or in accordance with the directions of, any buyer of any such shares.

#### ***Cancellation of share premium account***

- 15. That the amount standing to the credit of the Company's share premium account be and is hereby cancelled.

#### ***Adoption of Harworth Group plc Long Term Incentive Plan***

- 16. That the Directors be, and are hereby authorised:
  - a. to adopt and establish the Harworth Group plc Long Term Incentive Plan, the principal terms of which are summarised in Appendix 4 to this Notice of Annual General Meeting, and the rules of which are produced to this Annual General Meeting and, for the purpose of identification only, initialled by the Chairman of the meeting, and to do all such acts and things which they may consider necessary or desirable to establish and carry it into effect; and
  - b. to establish further plans based on the Harworth Group plc Long Term Incentive Plan but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against any limits on individual or overall participation contained within the Harworth Group plc Long Term Incentive Plan.

By order of the Board

**Geoff Mason**

Secretary

31 March 2016

**Registered office**

AMP Technology Centre  
Brunel Way  
Rotherham  
S60 5WG

## Notes

### Entitlement to attend and vote

1. The right to attend and vote at the meeting is determined by reference to the Company's register of members. Only a member entered in the register of members at 6.00 p.m. on 24 April 2016 (or, if this meeting is adjourned, in the register of members at 6.00 p.m. on the day two days prior to the adjourned meeting) is entitled to attend and vote at the meeting and a member may vote in respect of the number of ordinary shares registered in the member's name at that time. Changes to the entries in the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

### Proxies

2. A shareholder of the Company may appoint one or more proxies (who need not be a member of the Company) to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A shareholder may only appoint a proxy or proxies by:
  - completing and returning the proxy form enclosed in this pack (Form of Proxy); or
  - if you are a user of the CREST system (including CREST Personal Members), having an appropriate CREST message transmitted.

You may not use any electronic address provided in this document to communicate with the Company for any purposes other than those expressly stated. To appoint more than one proxy, (an) additional Form(s) of Proxy may be obtained by contacting the Registrars helpline on 0371 384 2301 or you may photocopy the Form of Proxy enclosed in this pack. Lines are open 8.30 a.m. to 5.30 p.m., Monday to Friday. Callers from outside the UK should dial +44 (0)121 415 7047.

### IMPORTANT: In any case your Form of Proxy must be received by the Company's registrars no later than 1.00 p.m. on 24 April 2016.

To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent (ID number: RA 19) by 1.00 p.m. on 24 April 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings, please refer to the CREST Manual which can be viewed at [www.euroclear.com](http://www.euroclear.com). We may treat a proxy appointment sent by CREST as invalid in the circumstances set out in Regulation 35(5Ka) of the Uncertificated Securities Regulations 2001.

Further details of the appointment of proxies are given in the notes to the Form of Proxy enclosed with this pack.

### Corporate representative

3. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that where more than one corporate representative has been appointed they do not exercise their powers differently in relation to the same shares.

### Nominated persons

4. 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 have a right under an agreement between him and the shareholder by whom he was nominated, 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 may, under any such agreement have a right to give instructions to the shareholder as to the exercise of voting rights.
5. The statement of the rights of shareholders in relation to the appointment of proxies as stated above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by shareholders of the Company.

### Issued Share Capital and Total Voting Rights

6. As at 31 March 2016 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consisted of 2,922,697,857 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 31 March 2016 are 2,922,697,857.

### Members' requests under Section 527 of the Companies Act 2006

7. Under section 527 of the Companies Act 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish a statement on a website setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting. The Company may require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

### Members' rights to ask questions

8. 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 involve the disclosure of confidential information; (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.

### Inspection of documents

9. The following documents will be available for inspection at the location of the Annual General Meeting from 15 minutes before the Annual General Meeting until it ends:
  - Copies of the Executive Directors' service contracts.
  - Copies of the letters of appointment of the non-executive Directors.
  - A copy of the draft form of the rules of the Harworth Group plc Long Term Incentive Plan.

A copy of the draft form of the rules of the Harworth Group plc Long Term Incentive Plan will be available for inspection at the registered office of the Company and at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) from the date of this Notice of Annual General Meeting until the close of the Annual General Meeting.

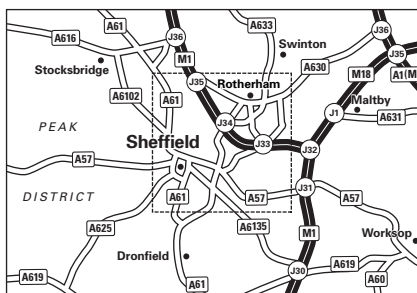
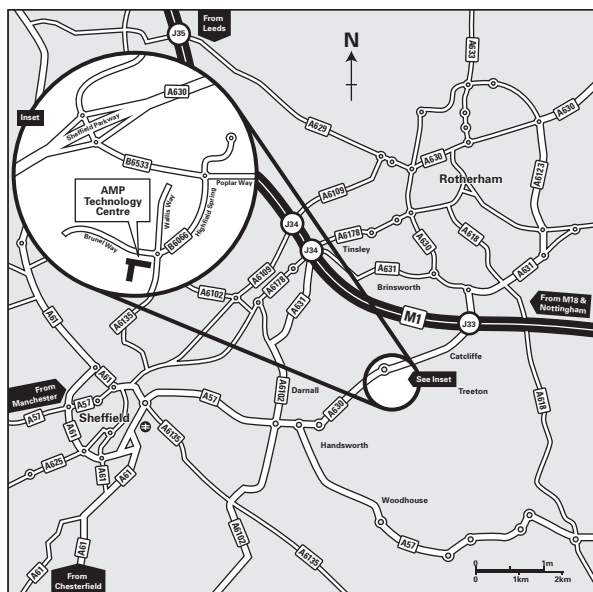
### Website

10. A copy of this notice and other information required by section 311A of the Companies Act 2006, can be found at [www.harworthgroup.com](http://www.harworthgroup.com).

### Voting results

11. The results of the voting at the Annual General Meeting will be announced through a regulatory information service and will appear on our website, [www.harworthgroup.com](http://www.harworthgroup.com) on 26 April 2016.

## Map and directions to the Advanced Manufacturing Park Technology Centre



**AMP Technology Centre**  
**Advanced Manufacturing Park**  
**Brunel Way**  
**Waverley**  
**Rotherham**  
**S60 5WG**

**Tel: 0114 254 1200**

### By car from M1

- Leave the M1 at junction 33 (signposted to Sheffield Centre, Rotherham, A630) and join the A630 for Sheffield.
- Continue on the A630 for approx. 1 mile and take the slip road exit signposted Advanced Manufacturing Park.
- At the next roundabout take the second exit onto Brunel Way into the Advanced Manufacturing Park.

Note: on some sat navs S60 5WG takes you into the centre of Rotherham as it is a new address. S60 5TZ is the post code for the adjacent AMRC building.

### By train

- Sheffield Midland station receives regular services from Newcastle Central, Manchester Piccadilly and London St. Pancras.
- The Advanced Manufacturing Park is a short taxi ride from the station.
- For further train service information please telephone the National Rail Enquiry Line on 08457 48 49 50 or visit [www.nationalrail.co.uk](http://www.nationalrail.co.uk).

