

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Severfield plc, please forward this document and the accompanying Form of Proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your shareholding, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The Board of Severfield plc considers all of the proposed resolutions contained in this Notice of Annual General Meeting to be in the best interests of the Company and its shareholders and accordingly recommends that shareholders vote in favour of all of the resolutions proposed.

SEVERFIELD plc

**(Incorporated and Registered in England and Wales with
registered number 1721262)**

Notice of Annual General Meeting 2017

**Directions to find the place of the Annual General Meeting
are set out at the end of this document.**

Notice is hereby given that the Annual General Meeting of Severfield plc (the "**Company**") will be held at Aldwark Manor Hotel, Aldwark, Alne, York, YO61 1UF on Wednesday 6 September 2017 at 12.00 noon to consider and, if thought fit, pass the following resolutions, all of which are fully described in the explanatory notes below:

Ordinary Business

Resolutions 1 to 15 will be proposed as ordinary resolutions.

1. To receive and adopt the annual accounts and the reports of the Directors for the financial year ended 31 March 2017 together with the report of the auditors thereon.
2. To approve the Directors' remuneration report (other than the part containing the Directors' remuneration policy) for the financial year ended 31 March 2017 as set out in the Annual Report and Accounts 2017.
3. To approve the Directors' remuneration policy, the full text of which is set out on pages 83 to 90 of the Annual Report and Accounts 2017.
4. To declare a final dividend of 1.6p per ordinary share in respect of the year ended 31 March 2017 payable on 15 September 2017 to shareholders on the register at the close of business on 18 August 2017.
5. To reappoint John Dodds as a Director.
6. To reappoint Ian Lawson as a Director.
7. To reappoint Ian Cochrane as a Director.
8. To reappoint Alan Dunsmore as a Director.
9. To reappoint Derek Randall as a Director.
10. To reappoint Alun Griffiths as a Director.
11. To reappoint Chris Holt as a Director.
12. To reappoint Tony Osbaldiston as a Director.
13. To reappoint Kevin Whiteman as a Director.
14. To reappoint KPMG LLP as auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company in 2018.
15. To authorise the Directors to determine the auditors' remuneration.

Special Business

Resolutions 16, 21 and 22 will be proposed as ordinary resolutions and Resolutions 17, 18, 19 and 20 will be proposed as special resolutions. To pass special resolutions, 75 per cent of the votes cast must be in favour.

16. That the Directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "**Act**"), to exercise all of the powers of the Company to allot shares and grant rights to subscribe for, or convert any security into, shares in the Company:
- (a) up to an aggregate nominal amount (within the meaning of sections 551(3) and (6) of the Act) of £2,496,299 (such amount to be reduced by the nominal amount allotted or granted under (b) below in excess of such sum); and
 - (b) comprising equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount (within the meaning of section 551(3) and (6) of the Act) of £4,992,598 (such amount to be reduced by the allotments or grants made under (a) above) in connection with or pursuant to an offer or invitation by way of a rights issue in favour of:
 - (i) holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment; and
 - (ii) holders of any other class of equity securities entitled to participate therein or if the Directors consider it necessary, as permitted by the rights of those securities,

but subject to such exclusions or other arrangements as the Directors may consider necessary or appropriate to deal with fractional entitlements, treasury shares, record dates or legal, regulatory or practical difficulties which may arise under the laws of, or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever, provided that such authorities shall expire at the conclusion of the Annual General Meeting of the Company in 2018 or on 30 September 2018 whichever is the earlier, save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or rights to be granted, after such expiry and the Directors may allot shares, or grant rights to subscribe for or to convert any security into shares, in pursuance of any such offer or agreement as if the authorities conferred by this Resolution had not expired.

17. That, subject to the passing of Resolution 16 as set out in the notice of this Annual General Meeting, the Directors be empowered pursuant to sections 570(1) and 573 of the Companies Act 2006 (the "**Act**") to:
- (a) allot equity securities (as defined in section 560 of the Act) of the Company for cash pursuant to the authority conferred by Resolution 16 of the notice of this Annual General Meeting; and
 - (b) sell ordinary shares (as defined in section 560(1) of the Act) held by the Company as treasury shares for cash,

as if section 561 of the Act did not apply to such allotment or sale, provided that this power shall be limited to the allotment of equity securities and sale of treasury shares for cash:

- (i) in connection with or pursuant to an offer of or invitation to acquire equity securities (but in the case of the authority granted under Resolution 16(b), by way of a rights issue only) in favour of holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment or sale (and holders of any other class of equity securities entitled to participate therein or if the Directors consider it necessary, as permitted by the rights of those securities) but subject to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements, record dates or legal or practical difficulties which may arise under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory or any other matter whatsoever; and

- (ii) in the case of the authorisation granted under Resolution 16(a) above (or in the case of any sale of treasury shares) and otherwise than pursuant to sub-paragraph (i) of this Resolution, up to an aggregate nominal amount of £374,445,

and shall expire on the conclusion of the Annual General Meeting of the Company in 2018, or on 30 September 2018, whichever is the earlier, save that the Company may before such expiry make any offer or agreement that would or might require equity securities to be allotted, or treasury shares to be sold, after such expiry, and the Directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred by this Resolution had not expired.

18. That, subject to the passing of Resolutions 16 and 17 set out in the notice of this Annual General Meeting, and in addition to the power given by that Resolution 17, the Directors be empowered pursuant to sections 570 (1) and 573 of the Companies Act 2006 (the "**Act**") to:

- (a) allot equity securities (as defined in section 560 of the Act) of the Company for cash pursuant to the authorisation conferred by paragraph (a) of Resolution 16 of this Annual General Meeting; and
- (b) sell ordinary shares (as defined in section 560(1) of the Act) held by the Company as treasury shares for cash,

as if section 561 of the Act did not apply to any such allotment or sale, provided that this power shall be:

- (i) limited to the allotment of equity securities and the sale of treasury shares for cash otherwise than pursuant to the said Resolution 17, up to an aggregate nominal amount of £374,445; and
- (ii) used only for the purposes of financing (or refinancing, if the authority is to be used within six months of the original transaction), a transaction which the directors have determined to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice, or for any other purposes as the Company in general meeting may at any time by special resolution determine,

and shall expire at the conclusion of the next Annual General Meeting of the Company in 2018 or on 30 September 2018, whichever is the earlier, save that the Company may before such expiry make any offer or agreement that would or might require equity securities to be allotted, or treasury shares to be sold, after such expiry and the directors may allot equity securities, or sell treasury shares in pursuance of any such offer or agreement as if the power conferred hereby had not expired.

19. That the Company be and is generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (the "**Act**") to make market purchases (within the meaning of section 693(4) of the Act) of the Company's ordinary shares on such terms and in such a manner as the Directors may from time to time determine and where such shares are held as treasury shares, the Company may use them for the purposes of its employee share schemes, provided that:

- (a) the maximum aggregate number of ordinary shares which may be so purchased is 29,955,591 which represents approximately 10 per cent of the issued ordinary share capital as at 7 July 2017;
- (b) the minimum price that may be paid for each ordinary share is 2.5p, which amount shall be exclusive of expenses, if any;
- (c) the maximum price (exclusive of expenses) which may be paid for each ordinary share is an amount equal to the higher of: (i) 105 per cent of the average of the middle market quotations of the Company's ordinary shares, as derived from the Daily Official List of The London Stock Exchange plc for the five business days immediately preceding the date on which such share is contracted to be purchased; and (ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venues where the purchase is carried out;

- (d) unless previously renewed, revoked or varied, this authority shall continue in force until the conclusion of the next Annual General Meeting of the Company to be held in 2018, or on 30 September 2018, whichever is the earlier;
 - (e) the Company may, before this authority expires, make a contract to purchase ordinary shares that would or might be executed wholly or partly after the expiry of this authority, and may make purchases of ordinary shares pursuant to it as if this authority had not expired.
20. That a general meeting of the Company (other than an annual general meeting) may be called on not less than 14 clear days' notice.
21. That the rules of the Severfield Performance Share Plan 2017 (the "**2017 Plan**"), the principal terms of which are summarised in the Appendix to this Notice of Annual General Meeting, and produced in draft to this meeting and, for the purposes of identification, are initialled by the Chairman of the meeting, be and are hereby approved and the Directors be authorised to:
- (a) make such modifications to the 2017 Plan as they may consider appropriate to take account of the requirements of best practice and for the implementation of the 2017 Plan and to adopt the 2017 Plan as so modified and to do all such other acts and things as they may consider appropriate to implement the 2017 Plan; and
 - (b) establish further plans based on the 2017 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 the limits on individual or overall participation in the 2017 Plan.
22. That, pursuant to Article 88 of the Articles of Association of the Company, the maximum aggregate amount of fees for their services as directors payable to each Director be increased to £200,000 per annum with effect from the date of passing of this resolution.

By order of the Board

Registered Office:

Severs House
Dalton Airfield Industrial Estate
Dalton, Thirsk
North Yorkshire
YO7 3JN

Mark Sanderson
Company Secretary

18 July 2017

Important Information

- (i) **Attending in person:** If you wish to attend the Annual General Meeting in person and you hold shares as beneficial owner within a nominee account, you will need to bring an original letter of representation from the nominee in order to gain entrance as a shareholder (unless the nominee has validly appointed you as its proxy).
- (ii) **Proxies:** Any member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend to speak and to vote at the Annual General Meeting instead of the member. A member may appoint more than one proxy in relation to the Annual General Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him/her. A proxy need not be a member of the Company. Completion and return of a Form of Proxy, or other instrument appointing a proxy or any CREST Proxy Instruction will not preclude a member from attending and voting at the Annual General Meeting in person should he or she subsequently decide to do so. A Form of Proxy for the Annual General Meeting is enclosed. Please contact the Company's Registrars (see (iii) below) if you wish to appoint more than one proxy.
- (iii) **Forms of Proxy:** In order to be valid, any Form of Proxy and power of attorney or other authority under which it is signed (or a notarially certified or office copy of such power or authority), should be completed and returned by post or by hand or at the electronic address provided in the Form of Proxy, in each case so as to reach the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY (during business hours only) not less than 48 hours before the time of the Annual General Meeting or of any adjournment thereof (excluding any part of a day which is not a working day). If you are a CREST member, see note (v) below. If you have any questions relating to the completion and return of Forms of Proxy, please telephone Computershare between 9.00 a.m. and 5.00 p.m. (London time), Monday to Friday (except UK public holidays) on **0370 707 1329** from within the UK or **+44 370 707 1329** if calling from outside the UK. The helpline cannot provide financial, legal or tax advice.
- (iv) **Right to Attend and Vote:** Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that in order to have the right to attend and vote at the Annual General Meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the Company's register of members at 6.00 p.m. on 4 September 2017 or, in the event of any adjournment, at 6.00 p.m. on the date which is two days before the day of the adjourned meeting. Shareholders may only cast votes in respect of shares held at such time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.
- (v) **CREST members:** Alternatively, if you are a member of CREST, you may register the appointment of a proxy by using the CREST electronic proxy appointment service.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual (available via www.euroclear.com/CREST) subject to the provisions of the Company's articles of association. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK and Ireland Limited's ("**Euroclear**") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) no later than 48 hours before the time of the Annual General Meeting. 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 by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- (vi) **Documents on Display:** The following will be available for inspection at the registered office of the Company (and, in respect of the draft rules of the 2017 Plan only, at the offices of New Bridge Street (an Aon Hewitt Ltd company), The Leadenhall Building, London EC3V 4AN) during normal business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this Notice until the close of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting for at least 15 minutes prior to and during the meeting: (a) copies of the executive Directors' service contracts and the terms and conditions of appointment of each of the non-executive Directors; (b) a copy of the Articles of Association of the Company; and (c) the draft rules of the 2017 Plan.

A copy of this Notice of the Annual General Meeting, and other information required by section 311A of the Companies Act 2006, can be found at www.severfield.com.

- (vii) **Corporate Members:** Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
- (viii) **Right to Ask Questions:** Any member attending the Annual General 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 (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.

- (ix) **Nominated Persons:** Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may have a right, under an agreement between him/her and the member by whom he/she 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/she may have a right, under such an agreement, to give instructions to the member as to the exercise of voting rights.

The statement of the above rights of the members in relation to the appointment of proxies does not apply to Nominated Persons. Those rights can only be exercised by members of the Company.

- (x) **Website Publication of Audit Concerns:** 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 on a website a statement 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 appointed for the financial year beginning 1 April 2016 ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006, (in each case) that the members propose to raise at the Annual General Meeting. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor 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 2006 Act to publish on a website.

- (xi) **Total number of Shares and Voting Rights:** As at 7 July 2017 (being the last practicable day prior to the publication of this Notice) the Company's issued share capital consisted of 299,555,911 ordinary shares (carrying one vote each). No ordinary shares were held in treasury. Therefore, the total voting rights in the Company as at that date were 299,555,911.

- (xii) **Communication:** You may not use any electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided in this Notice, the Form of Proxy or any related documents to communicate with the Company for any purposes other than those expressly stated.

- (xiii) **Notice of resolutions:** Under section 338 and section 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the Annual General Meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request

Explanatory notes to the Resolutions

Ordinary Business

Resolutions 1 to 15 will be proposed as ordinary resolutions.

Annual Accounts, Reports of Directors and Auditors' Report – Resolution 1

The Directors are required to present to shareholders at the Annual General Meeting the Annual Accounts, the Reports of the Directors and Auditors' Report for the twelve months ended 31 March 2017.

Directors' Remuneration Report – Resolution 2

The Remuneration Committee of the Board is seeking shareholders' approval of the Directors' Remuneration Report which is set out on pages 81 to 100 of the Annual Report and Accounts 2017.

The Directors are required to prepare the Directors' Remuneration Report, comprising an annual report detailing the remuneration of the Directors and a statement by the Chairman of the Remuneration Committee. The Company is required to seek shareholders' approval in respect of the contents of the Directors' Remuneration Report on an annual basis (excluding the part containing the Directors' Remuneration Policy). As this vote is an advisory vote, no entitlement of a Director to remuneration is conditional on it.

Directors' Remuneration Policy – Resolution 3

The shareholders are separately asked to approve the Directors' Remuneration Policy which is set out on pages 83 to 90 of the Annual Report and Accounts 2017. It is intended that the Directors' Remuneration Policy will take effect immediately after the AGM and will replace the existing policy that was approved by shareholders in 2014 and which is due to expire this year. The vote is a binding vote and, subject to limited exceptions, no remuneration payment or loss of office payment may be made to a prospective, current or former Director unless consistent with the approved Directors' Remuneration Policy (or otherwise specifically approved by shareholders).

It is anticipated that the Directors' Remuneration Policy will be in force for three years although the Board will closely monitor regulatory changes and market trends and, if necessary, may present a revised policy within that three year period.

The Directors' Remuneration Policy has been developed taking into account the principles of the UK Corporate Governance Code and the views of the Company's major shareholders.

Dividend – Resolution 4

A final dividend can be paid only after it has been approved by the shareholders. A final dividend of 1.6p per ordinary share for the year ended 31 March 2017 is recommended by the Directors for payment to shareholders who were on the register as at the close of business on 18 August 2017. If approved, the final dividend will be paid on 15 September 2017.

Reappointment of Director – Resolution 5

Resolutions 5 to 13 concern the reappointment of the Directors. All the Directors are submitting themselves for annual reappointment by shareholders. The Chairman is satisfied that following formal performance evaluations, each Director continues to be effective and to demonstrate commitment to the role.

John Dodds is retiring at the Annual General Meeting and will be standing for reappointment. Biographical details of John Dodds can be found on the Company's website (www.severfield.com) and on pages 62 to 63 of the Annual Report.

Reappointment of Director – Resolution 6

Ian Lawson is retiring at the Annual General Meeting and will be standing for reappointment. Biographical details of Ian Lawson can be found on the Company's website (www.severfield.com) and on pages 62 to 63 of the Annual Report.

Reappointment of Director – Resolution 7

Ian Cochrane is retiring at the Annual General Meeting and will be standing for reappointment. Biographical details of Ian Cochrane can be found on the Company's website (www.severfield.com) and on pages 62 to 63 of the Annual Report.

Reappointment of Director — Resolution 8

Alan Dunsmore is retiring at the Annual General Meeting and will be standing for reappointment. Biographical details of Alan Dunsmore can be found on the Company's website (www.severfield.com) and on pages 62 to 63 of the Annual Report.

Reappointment of Director — Resolution 9

Derek Randall is retiring at the Annual General Meeting and will be standing for reappointment. Biographical details of Derek Randall can be found on the Company's website (www.severfield.com) and on pages 62 to 63 of the Annual Report.

Reappointment of Director — Resolution 10

Alun Griffiths is retiring at the Annual General Meeting and will be standing for reappointment. Biographical details of Alun Griffiths can be found on the Company's website (www.severfield.com) and on pages 62 to 63 of the Annual Report.

Reappointment of Director — Resolution 11

Chris Holt is retiring at the Annual General Meeting and will be standing for reappointment. Biographical details of Chris Holt can be found on the Company's website (www.severfield.com) and on pages 62 to 63 of the Annual Report.

Reappointment of Director — Resolution 12

Tony Osbaldiston is retiring at the Annual General Meeting and will be standing for reappointment. Biographical details of Tony Osbaldiston can be found on the Company's website (www.severfield.com) and on pages 62 to 63 of the Annual Report.

Reappointment of Director — Resolution 13

Kevin Whiteman is retiring at the Annual General Meeting and will be standing for reappointment. Biographical details of Kevin Whiteman can be found on the Company's website (www.severfield.com) and on page 62 to 63 of the Annual Report.

The Auditor — Resolutions 14 and 15

Resolution 14 proposes the reappointment of KPMG LLP as the Company's auditor (following a recommendation to that effect made by the audit committee), to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at which the accounts are laid before the Company.

Resolution 15 proposes that the Auditor's remuneration be determined by the Directors.

Special Business

Resolutions 16, 21 and 22 will be proposed as ordinary resolutions and Resolutions 17, 18, 19 and 20 will be proposed as special resolutions. To pass special resolutions 75 per cent or more of the votes cast must be in favour.

Authority to Allot Shares — Resolution 16

The Directors of the Company 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 granted at the last Annual General Meeting is due to expire at the conclusion of this year's Annual General Meeting. Accordingly, Resolution 16 will be proposed as an ordinary resolution to grant new authorities to allot shares and grant rights to subscribe for, or convert any security into, shares (a) up to an aggregate nominal amount of £2,496,299 and (b) in connection with a rights issue up to an aggregate nominal amount (reduced by allotments under part (a) of the resolution) of £4,992,598.

These amounts represent approximately 33.3 per cent and approximately 66.7 per cent respectively of the total issued ordinary share capital of the Company as at 7 July 2017, the latest practicable date prior to publication of this Notice of Annual General Meeting. If given, these authorities will expire at the Annual General Meeting of the Company in 2018 or on 30 September 2018, whichever is the earlier.

Your Directors have no present intention of issuing shares pursuant to this authority.

Following best practice as recommended by The Investment Association, if the authority under Resolution 16(b) to allot share capital up to an aggregate nominal value of £4,992,598 is given, where allotments exceed £2,496,299 and one third of the issued share capital of the Company (that is it exceeds the authority under Resolution 16(a), if given), all the Directors of the Company will stand for reappointment at the Annual General Meeting of the Company in 2018.

Disapplication of Pre-emption Rights – Resolution 17

The Directors of the Company also require a power from shareholders to allot equity securities or sell treasury shares for cash otherwise than to existing shareholders pro rata to their holdings. The power granted at the last Annual General Meeting is due to expire at this year's Annual General Meeting. Accordingly, Resolution 17 will be proposed as a special resolution to grant such a power. Apart from offers or invitations in proportion to the respective number of shares held, the power will be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £374,445 (being approximately five per cent of the Company's issued ordinary share capital at 7 July 2017, the latest practicable date prior to publication of this Notice of Annual General Meeting). If given, this power will expire at the conclusion of the Annual General Meeting of the Company in 2018 or on 30 September 2018, whichever is the earlier to occur.

The figure of five per cent reflects the Pre-Emption Group 2015 Statement of Principles for the disapplication of pre-emption rights (the "**Statement of Principles**"). Your directors will have due regard to the Statement of Principles in relation to any exercise of this power, in particular they do not intend to allot shares for cash on a non-pre-emptive basis pursuant to this power in excess of an amount equal to 7.5 per cent of the total issued ordinary share capital of the Company in any rolling three-year period, without prior consultation with shareholders.

Disapplication of Pre-emption Rights in connection with an acquisition or capital investment – Resolution 18

The Directors are seeking a further power from shareholders to allot equity securities or sell treasury shares for cash otherwise than to existing shareholders pro rata to their holdings, to reflect the Statement of Principles. Accordingly, Resolution 18 will be proposed as a special resolution to grant such a power. The power will be limited to the allotment of equity securities and sales of treasury shares for cash up to an aggregate nominal value of £374,445 (being five per cent of the Company's issued ordinary share capital at 7 July 2017, the latest practicable date prior to publication of this Notice of Annual General Meeting. This is in addition to the five per cent referred to in Resolution 17). If given, this power will expire on 30 September 2018 or at the conclusion of the Annual General Meeting in 2018, whichever is the earlier. The Directors will have due regard to the Statement of Principles in relation to any exercise of this power and in particular they confirm that they intend to use this power only in connection with a transaction which they have determined to be an acquisition or other capital investment (of a kind contemplated by the Statement of Principles most recently published prior to the date of this notice) which is announced contemporaneously with the announcement of the issue, or which has taken place in the preceding six month period and is disclosed in the announcement of the issue.

Authorisation for the Company to purchase its own shares – Resolution 19

This resolution will give the Company the authority to buy, by way of market purchases, up to 10 per cent of the issued share capital of the Company representing a maximum of 29,955,591 shares. The maximum and minimum prices are stated in the resolution. This proposal does not indicate that the Company will purchase shares at any particular time or price, or imply any opinion on the part of the directors as to the market or other value of the Company's shares. This authority will expire at the end of the 2018 Annual General Meeting, or on 30 September 2018, whichever is the earlier. It is the present intention of the directors to seek a similar authority annually. The directors have no present intention of exercising this authority and will only do so at price levels which they consider to be in the interests of shareholders after taking account of the Group's overall financial position, and which would lead to a beneficial impact on the earnings per share of the Company. In the event that shares are purchased, they would either be cancelled (and the number of shares in issue would be reduced accordingly) or, in accordance with the Companies Act 2006, be retained as treasury shares.

As at 7 July 2017, the total number of awards over shares that were outstanding under all of the Company's share plans (assuming the awards granted vest in full) was 10,647,665 which, if they fully vest, would (assuming they are satisfied out of the issue of new shares) represent 3.43 per cent of the Company's issued share capital at that date. If the Company were to purchase its own shares to the fullest possible extent of its authority from shareholders (and were to cancel the shares purchased), this number of outstanding awards would, if they fully vest and are satisfied out of the issue of new shares, represent 3.8 per cent of the issued share capital of the Company.

Notice Period – Resolution 20

Changes made to the Companies Act 2006 by the Companies (Shareholders' Rights) Regulations 2009 increase the notice period required for general meetings of the Company to at least 21 clear 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.)

Until the coming into force of the Companies (Shareholders' Rights) Regulations 2009 on 3 August 2009, the Company was able to call general meetings other than an annual general meeting on at least 14 clear days' notice without obtaining such shareholder approval. In order to preserve this ability, Resolution 20 seeks the necessary shareholder approval. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed.

The shorter notice period would not be used as a matter of routine for such meetings. The flexibility offered by this resolution will be used where, taking into account the circumstances, the Directors consider this appropriate in relation to the business to be considered at the meeting.

The changes to the Companies Act 2006 mean that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

Severfield Performance Share Plan 2017 - Resolution 21

The Company's existing long-term incentive arrangement for the Company's Executive Directors and other selected senior management is the Severfield Performance Share Plan (the "**2007 Plan**").

Since its approval by shareholders in October 2007, the 2007 Plan has provided for annual share-based awards ordinarily vesting three years from grant, subject to the participant's continued service and to the extent to which objective performance criteria are met over a three year measurement period. The 2007 Plan reaches the end of its 10 year life on 5 October 2017.

The Remuneration Committee of the Board has recently undertaken a review of the 2007 Plan and concluded that shareholder authority should be sought for a replacement arrangement, the Severfield Performance Share Plan 2017 (the "**2017 Plan**").

The terms of the 2017 Plan have been designed to materially replicate the main features of the 2007 Plan. The 2017 Plan would be used in connection with the long-term incentive aspects of the new Directors' Remuneration Policy proposed for approval under Resolution 3 as referred to above.

A summary of the principal terms of the 2017 Plan is set out in Appendix 1 to this Notice of Annual General Meeting.

Non-executive Directors' Fees - Resolution 22

The Articles of Association prescribe that the maximum amount of fees which may be paid to each non-executive director shall not exceed £150,000 per annum, unless the Company's shareholders otherwise resolve. In view of the increasing time commitment involved and in line with market trends, the Board believes it is appropriate to recommend an increase in the limit to £200,000 per annum in order to provide flexibility for the future.

Appendix 1

SUMMARY OF THE PRINCIPAL TERMS OF THE SEVERFIELD PERFORMANCE SHARE PLAN 2017 (THE "2017 PLAN")

Operation

The Remuneration Committee of the Board (the "**Committee**") will supervise the operation of the 2017 Plan (hereinafter the "**Plan**").

Eligibility

Any employee (including an Executive Director) of the Company and its subsidiaries will be eligible to participate in the Plan at the discretion of the Committee.

It is currently expected that participation in the Plan will be limited to the Company's Executive Directors and selected senior management.

Grant of awards

The Committee may grant awards to acquire shares within six weeks immediately following the Company ceasing to be in a "closed period" under the Market Abuse Regulation (EU) 596/2014. The Committee may also grant awards within six weeks of shareholder approval of the Plan or at any other time when the Committee considers there are sufficiently exceptional circumstances which justify the granting of awards.

The Committee may grant awards as conditional share awards or nil (or nominal) cost options.

The Committee may also grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash, although it does not currently intend to do so.

An award may not be granted more than 10 years after shareholder approval of the Plan.

No payment is required for the grant of an award. Awards are not transferable, except on death. Awards are not pensionable.

Individual limit

An employee may not ordinarily receive awards in any financial year over shares having a market value in excess of 150 per cent of their annual base salary in that financial year, save in exceptional circumstances (such as recruitment) in which case this limit increases to such percentage of their annual base salary as the Committee determines appropriate.

Market value for the purposes of the above limit shall be based on the market value of shares on the dealing day immediately preceding the grant of an award or by reference to a short averaging period.

Performance conditions

The vesting of awards granted to the Company's Executive Directors will be subject to performance conditions set by the Committee and may be so in the case of awards granted to others.

The terms of the performance conditions for awards to the Company's Executive Directors shall be set in line with the applicable Directors' Remuneration Policy from time to time.

Further details on the Company's performance condition policy and which will be applicable to the first awards intended to be made under the Plan are set out in the proposed Directors' Remuneration Policy for which the Company is seeking shareholder approval under Resolution 3 at the Company's 2017 Annual General Meeting.

The Committee may also vary the performance conditions applying to existing awards if an event has occurred which causes the Committee to consider that it would be appropriate to amend the performance conditions, provided the Committee considers the varied conditions are fair and reasonable and not materially less challenging than the original conditions would have been but for the event in question.

Vesting of awards

Awards normally vest on the third anniversary of grant or, if later, when the Committee determines the extent to which any performance conditions have been satisfied and provided the participant is still employed in the Company's group.

Where awards are granted in the form of options, once vested, such options will then be exercisable up until the tenth anniversary of grant (or such shorter period specified by the Committee at the time of grant) unless they lapse earlier. Shorter exercise periods shall apply in the case of "good leavers" and/or vesting of awards in connection with corporate events.

Dividend equivalents

The Committee may decide that participants will receive a payment (in cash and/or shares) of an amount equivalent to the dividends that would have been payable on an award's vested shares between the date of grant and the vesting of the award. This amount may assume the reinvestment of dividends and shall be paid at the same time as the delivery of the related vested shares (or cash payment as relevant).

Alternatively, participants may have their awards increased as if dividends were paid on the shares subject to their award and then reinvested in further shares.

Leaving employment

As a general rule, an award will lapse upon a participant ceasing to hold employment or be a director within the Company's group. However, if a participant ceases to be an employee or a director because of death, injury, disability, retirement with the agreement of their employer, their employing company or the business for which they work being sold out of the Company's group or in other circumstances at the discretion of the Committee, then their award will vest on the date when it would have vested if the participant had not ceased such employment or office. The extent to which an award will vest in these situations will depend upon two factors: (i) the extent to which the performance conditions (if any) have, in the opinion of the Committee, been satisfied over the original performance measurement period, and (ii) time based prorating by reference to the participant's departure date, although the Committee can decide to prorate an award to a lesser extent (including as to nil) if it regards it as appropriate to do so in the particular circumstances.

Alternatively, if a participant ceases to be an employee or director in the Company's group for one of the "good leaver" reasons specified above (including in the case of a discretionary good leaver), the Committee can decide that their award will vest when they leave, subject to: (i) the performance conditions measured at that time; and (ii) prorating by reference to the time of cessation as described above (including as above discretion will be retained for the Committee in respect of proration).

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation) all awards will vest early subject to: (i) the extent that the performance conditions (if any) have been satisfied at that time; and (ii) time based prorating by reference to the relevant corporate event, although the Committee can decide not to prorate an award (or prorate to a lesser extent) if it regards it as appropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation awards will be replaced by equivalent new awards over shares in a new holding company unless the Committee decides that awards should vest on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of shares to a material extent, then the Committee may decide that awards will vest on such basis as it decides.

Participants' rights

Awards settled in shares will not confer any shareholder rights until the awards have vested or the options have been exercised as relevant and the participants have received their shares.

Rights attaching to shares

Any shares allotted when an award vests or is exercised will rank equally with shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Variation of capital

In the event of any variation of the Company's share capital or in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the shares, the Committee may make such adjustment as it considers appropriate to the number of shares subject to an award and/or the exercise price payable (if any).

Overall Plan limits

The Plan may operate over new issue shares, treasury shares or shares purchased in the market.

In any 10 calendar year period, the Company may not issue (or grant rights to issue) more than:

- (i) 10 per cent of the issued ordinary share capital of the Company under the Plan and any other employee share plan adopted by the Company; and
- (ii) 5 per cent of the issued ordinary share capital of the Company under the Plan and any other executive share plan adopted by the Company.

Treasury shares will count as new issue shares for the purposes of these limits unless institutional investor guidelines provide that they need not count.

Alterations to the Plan

The Committee may, at any time, amend the Plan in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of shares or the transfer of treasury shares, the basis for determining a participant's entitlement to, and the terms of, the shares or cash to be acquired and the adjustment of awards.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's group. Shareholder approval will also not be required for any amendments to any performance condition applying to an award varied on its terms.

Recovery and withholding

The Committee may apply the Plan's recovery and withholding provisions if, at any time before the later of: (a) the third anniversary of vesting of an award; or (b) the publication of the Company's third set of audited accounts following the date on which an award vests, it is discovered that there has been:

- (i) a material misstatement of the Company's financial results;
- (ii) an error of calculation of any condition attaching to the award (including on account of inaccurate or misleading information);
- (iii) a substantial failure of risk control;
- (iv) serious misconduct committed by the employee; or
- (v) any other exceptional circumstances that the Committee may determine.

The recovery and withholding may be satisfied by way of a reduction in the amount of any future bonus, subsisting award or future share award and/or a requirement to make a cash payment.

The discovery period may be extended by the Committee for an additional period of two years in the event of ongoing investigation as at the expiry of the normal three year discovery period.

Overseas plans

The shareholder resolution to approve the Plan will allow the Board to establish further plans for overseas territories, any such plan to be similar to the Plan, but modified to take account of local tax, exchange control or securities laws, provided that any shares made available under such further plans are treated as counting against the limits on individual and overall participation in the Plan.

DIRECTIONS TO THE MEETING

Aldwark Manor Golf & Spa Hotel, Aldwark, Alne, York, YO61 1UF

T: 01347 838146 / F: 01347 833950

Website: Stay@qhotels.co.uk

From the A1(M)

Exit the A1(M) at junction 47 and follow the signs along the A59 for York and Green Hammerton. After 3 miles, turn left where you see the sign for Aldwark Manor and Boroughbridge (B6265). After two-and-a-half miles you'll reach the village of Little Ouseburn. Turn right (signposted Aldwark Manor). At the T-junction, turn left, cross the humpback bridge and turn right into Boat Lane. A mile on, you will come to a toll bridge and you will need to pay to cross. After the bridge, take the next left and 800 yards further on you will see the entrance to Aldwark Manor.



Nearest train stations

Cattal – 6.6 miles

York – 15 miles

For information and timetables on local bus services, please visit the local council's website.

Nearest airports

Leeds Bradford International airport – 27 miles

Teesside airport – 40 miles

Robin Hood airport, Doncaster – 55 miles