

**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 financial advice from your stockbroker, solicitor, accountant or other professional adviser or other independent adviser authorised under the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all of your shares in DFS Furniture plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass the documents to the person who now holds the shares.

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# DFS Furniture plc

## **Notice of Annual General Meeting**

***Friday 4 December 2015 at 2.30pm***

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This document should be read as a whole. Your attention is drawn to the letter from the Chairman of DFS Furniture plc set out on pages 2 and 3 of this document which contains the recommendation by the Directors to Shareholders to vote in favour of the resolutions to be proposed at the Annual General Meeting. Shareholders should read the whole of this document and not rely just on the summarised information set out in the Chairman's letter.

Notice of the Annual General Meeting of the Company to be held at 2.30pm on 4 December 2015 at Warmsworth House, Holiday Inn, High Road, Warmsworth, Doncaster, DN4 9UX is set out on pages 4 to 6 of this document. Shareholders will also find enclosed with this document a form of proxy to use in connection with the Annual General Meeting.

To be valid, the form of proxy should be completed, signed and returned in accordance with the instructions printed thereon, as soon as possible and, in any event, so as to reach the Company's registrars, Equiniti, by no later than 2.30pm on 2 December 2015. You may appoint a proxy in CREST by completing and transmitting a CREST proxy instruction to Equiniti so that it is received by no later than 2.30pm on 2 December 2015. The form of proxy can be delivered by post or by hand to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. Completion and return of a form of proxy will not preclude shareholders from attending and voting at the Annual General Meeting should they choose to do so. Further instructions relating to the form of proxy are set out in the notice of the Annual General Meeting.

# Letter from the Chairman

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27 October 2015

**Dear Shareholder**

## **Annual General Meeting**

I am pleased to give you notice of DFS Furniture plc's first Annual General Meeting ("AGM") which will be held at 2.30pm on Friday 4 December 2015 at Warmsworth House, Holiday Inn, High Road, Warmsworth, Doncaster, DN4 9UX.

The formal Notice of AGM and the resolutions to be proposed at the AGM are set out on pages 4 to 6 of this document. The following is a brief summary of the items of business:

- **Resolution 1** relates to the receiving of the reports and accounts for the 52 weeks ended 1 August 2015.
- **Resolution 2** relates to the approval of the final dividend. As set out in the Company's full year results announcement on 8 October 2015, the Directors recommend a final dividend of 6.2 pence per share in respect of the 52 weeks ended 1 August 2015.

Shareholders should note that the Directors have also resolved to pay an interim dividend of 3.1 pence per ordinary share. If Resolution 2 is passed, both the interim dividend and the final dividend will be paid together on 30 December 2015 to the holders of ordinary shares on 11 December 2015.

- **Resolutions 3 and 4** relate to Directors' remuneration. Resolution 3 is a resolution to approve the Directors' Remuneration Report and Resolution 4 is to approve the Directors' Remuneration Policy, both of which are set out in the Annual Report.
- **Resolutions 5 to 11** relate to the election of the Directors in accordance with the Company's Articles of Association and the UK Corporate Governance Code.

Resolutions 9 to 11 relate to the election of the independent Directors in accordance with changes to the UK Listing Rules applicable to Companies with a controlling shareholder. Under the Listing Rules, Advent Diamond (Luxembourg) S.à r.l. (the "Advent Shareholder") and myself (the "Chairman") are together classed as controlling shareholders of the Company. This means that the independent Non-Executive Directors of the Company must be elected or re-elected by a majority of the votes cast by the independent shareholders of the Company as well as by a majority of the votes cast by all shareholders. The independent shareholders of the Company are all of the shareholders of the Company other than the Advent Shareholder and the Chairman. This is explained more fully in the explanation to these resolutions on pages 12 to 15.

- **Resolution 12 and 13** relate to the re-appointment of auditors and authorise the Audit Committee to set their fees.
- **Resolution 14** seeks shareholders' approval to allow information and communications to be sent to shareholders electronically.
- **Resolutions 15 to 17** relate to the share capital of the Company.

Resolution 15 seeks shareholder approval in order to authorise the Directors, for the purposes of section 551 of the Companies Act 2006, to allot shares or grant rights to subscribe for or convert any securities into shares up to an aggregate nominal amount of £213,030,601. This represents the aggregate of two thirds of the nominal value of the Ordinary Shares in issue as at 20 October 2015, being the last practicable date before publication of this Notice.

Resolution 16 seeks shareholder approval in order to authorise the Directors, for the purpose of section 570 of the Companies Act 2006, to allot shares or grant rights to subscribe for or convert any security into shares up to an aggregate nominal amount of £31,954,590 as if section 561(1) of the Companies Act 2006 did not apply. This represents ten per cent of the nominal value of the Ordinary Shares in issue as at 20 October 2015, being the last practicable date before publication of this Notice.

Resolution 17 seeks shareholder approval in order to authorise the Directors, for the purposes of section 701 of the Companies Act 2006, to make market purchases of the Ordinary Shares up to a maximum number of 21,303,060 shares. This represents ten per cent of the total issued Ordinary Share capital of the Company excluding treasury shares as at 20 October 2015, being the last practicable date before publication of this Notice.

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- **Resolution 18** seeks shareholder approval to allow the Directors to call general meetings (other than annual general meetings) on 14 days' notice provided that facilities are available to shareholders to vote by electronic means for meetings called on such notice. The Company will not use such authority as a matter of routine, and only in circumstances where the flexibility is merited by the business of the meeting or where it would be to the advantage of the members as a whole, and moreover where the proposals are not of a complexity that might require more time for consideration by members.
  - **Resolution 19** seeks shareholder approval to make political donations.

Fuller explanations of the resolutions that we will be proposing are set out in the Explanation of Resolutions section on pages 12 to 15.

The business of the meeting will be conducted on a poll. I would encourage shareholders to exercise their right to vote in the following ways:

- If you will be attending the AGM, please bring the attendance card enclosed with your Proxy Form to the AGM.
- If you are not able to attend the AGM in person, you can cast your votes by proxy by completing the enclosed Proxy Form and returning it to Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. Alternatively, you can vote using the internet at [www.sharevote.co.uk](http://www.sharevote.co.uk) using the relevant reference numbers printed on your Proxy Form. Completion and return of the Proxy Form will not prevent shareholders from attending in person and voting at the meeting should you subsequently decide to do so.
- CREST members may use the CREST electronic proxy appointment service to submit their proxy appointment in respect of the AGM as detailed in the notes to the Notice of AGM on pages 7 to 11.
- Please note that all Proxy Forms and appointments, whether postal or electronic, must be received by 2.30pm on 2 December 2015.

The results of voting on the resolutions will be published on the Company's corporate website, [www.dfscorporate.co.uk](http://www.dfscorporate.co.uk), as soon as practicable following the conclusion of the AGM.

### **Recommendation**

In the opinion of the Directors, each of the resolutions to be proposed at the AGM are in the best interests of the Company and Shareholders as a whole. Accordingly the Directors of the Company recommend that shareholders vote in favour of the resolutions at the AGM, as the Directors intend to do in respect of their own beneficial holdings of ordinary shares, which amount to 3.22% of the issued ordinary shares as at 20 October 2015, being the last practicable date before publication of this Notice.

If I am appointed as proxy I will, of course, vote in accordance with any instructions given to me. If I am given discretion as to how to vote, I will vote in favour of each of the resolutions to be proposed at the AGM.

Yours faithfully

**Richard Baker**  
Non-Executive Chairman  
*DFS Furniture plc*

# Notice of Annual General Meeting

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Notice is hereby given that the Annual General Meeting of DFS Furniture plc will be held at 2.30pm on Friday 4 December 2015 at Warmsworth House, Holiday Inn, High Road, Warmsworth, Doncaster, DN4 9UX to consider and, if thought appropriate, pass the following resolutions of which resolutions 1 to 15 will be proposed as ordinary resolutions and resolutions 16 to 19 will be proposed as special resolutions.

## ORDINARY RESOLUTIONS

### Reports and Accounts

1. THAT the Company's financial statements for the 52 weeks ended 1 August 2015, together with the Director's report, Strategic report and the Independent Auditor's report on those accounts, be received.

### Dividend

2. THAT a final dividend of 6.2 pence per ordinary share in respect of the 52 weeks ended 1 August 2015 be declared. The dividend will be paid on 30 December 2015 to the holders of ordinary shares on 11 December 2015.

### Directors' Remuneration

3. THAT the Directors' Remuneration Report for the 52 weeks ended 1 August 2015, excluding the Directors' Remuneration Policy, set out on pages 53 to 73 of the Annual Report be approved.
4. THAT the Directors' Remuneration Policy, set out on pages 56 to 65 of the Annual Report and which takes effect immediately after the end of the Annual General Meeting on 4 December 2015, be approved.

### Directors

#### *Non-independent Directors*

5. THAT Richard Baker be elected as a Director of the Company.
6. THAT Ian Filby be elected as a Director of the Company.
7. THAT Bill Barnes be elected as a Director of the Company.
8. THAT Andy Dawson be elected as a Director of the Company.

#### *Independent Non-Executive Directors*

9. THAT Luke Mayhew be elected as a Director of the Company.
10. THAT Gwyn Burr be elected as a Director of the Company.
11. THAT Julie Southern be elected as a Director of the Company.

### Auditors

12. THAT KPMG LLP be re-appointed as the Company's auditor to hold office from the conclusion of the Annual General Meeting on 4 December 2015 until the conclusion of the next meeting at which accounts are laid before the Company.
13. THAT the Audit Committee be authorised to agree the remuneration of the auditor.

### Electronic Communications

14. THAT the Company be and is hereby authorised to use electronic measures to convey information to its shareholders and to send or supply documents or information to its shareholders by making them available on a website.

### Directors' authority to allot shares

15. THAT the Directors be and are hereby authorised generally and unconditionally to exercise all the powers of the Company to allot relevant securities (as defined in section 551 of the Companies Act 2006):
  - (a). up to a nominal amount of £106,515,300
  - (b). comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a nominal amount of £213,030,601 (such amount to be reduced by any allotments made under paragraph (a) above) in connection with an offer by way of a rights issue:
    - (i). to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
    - (ii). to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or laws of, any territory or any matter.

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The authorities conferred on the Directors to allot securities under paragraph (a) and (b) will expire on the date of the Company's next annual general meeting, or on 4 March 2017, whichever is sooner, unless previously revoked or varied by the Company, and such authority shall extend to the making before such expiry of an offer or an agreement that would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of that offer or agreement as if the authority conferred hereby had not expired.

## **SPECIAL RESOLUTIONS**

### **Disapplication of pre-emption rights**

**16.** THAT, subject to the passing of Resolution 15 above, the Directors be and are hereby empowered to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution (set out in this Notice of Meeting) as if section 561 of the Companies Act 2006 did not apply to any such allotment, provided that such power be limited:

- (a). to the allotment of equity securities for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (b) of Resolution 15, by way of a rights issue only):
  - (i). to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
  - (ii). to holders of other equity securities as required by the rights of those securities or, as the directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or laws of, any territory or any matter; and

- (b). in the case of the authority granted under paragraph (a) of Resolution 15 and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than under paragraph (a) above) of equity securities up to a nominal amount of £31,954,590

and shall expire at the conclusion of the Company's next annual general meeting or on 4 March 2017, whichever is sooner (unless previously revoked or varied by the Company in general meeting), provided that the Company may before that date make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

### **Authority to purchase own shares**

**17.** THAT the Company be and is hereby authorised generally and unconditionally to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of £1.50 each provided that:

- (a). The maximum aggregate number of ordinary shares that may be purchased is 21,303,060.
- (b). The minimum price (excluding expenses) which may be paid for each ordinary share is £1.50.
- (c). The maximum price (excluding expenses) which may be paid for each ordinary share is the higher of:
  - (i). 105% of the average of the middle market quotations for the Company's ordinary shares as derived from the London Stock Exchange's Daily Official List for the five business days prior to the day the purchase is made; and
  - (ii). the value of an ordinary share calculated on the basis of the higher of the price quoted for:
    - the last independent trade of; and
    - the highest current independent bid

on the London Stock Exchange at the time the purchase is carried out.

The authority conferred by this resolution shall expire at the conclusion of the Company's next annual general meeting or on 4 March 2017, whichever is sooner, save that the Company may, before the expiry of the authority granted by this resolution, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority.

# Notice of Annual General Meeting continued

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## **Notice of general meetings**

**18.** THAT a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice, provided that facilities are available to shareholders to vote by electronic means for meetings called at such notice.

## **Political donations**

**19.** THAT, in accordance with Part 14 of the Companies Act 2006, the Company, and every other company which is now or may become a subsidiary of the Company at any time during the period during which this resolution is in force, be and is hereby authorised to make donations and incur expenditure under each and any of the following heads:

- (a). donations to political parties and/or independent election candidates not exceeding £100,000 in total;
- (b). donations to political organisations other than political parties not exceeding £100,000 in total; and
- (c). political expenditure not exceeding £100,000 in total,

from the date of the passing of this resolution until the conclusion of the next annual general meeting, or on 4 March 2017, whichever is sooner. All existing authorisations and approvals relating to political donations or expenditure under Part 14 of the Companies Act 2006 are hereby revoked without prejudice to any donation made or expenditure incurred prior to the date hereof pursuant to such authorisation or approval.

For the purposes of this resolution the terms "political donation", "political parties", "independent election candidates", "political organisation" and "political expenditure" have the meanings given by sections 363 to 365 of the Companies Act 2006.

By order of the Board of Directors

**Paul Walker**  
Company secretary  
*DFS Furniture plc*

27 October 2015

## **Registered Office**

DFS Furniture plc  
1 Rockingham Way, Redhouse Interchange,  
Adwick-le-Street  
Doncaster  
DN6 7NA

Registered in England and Wales No. 07236769

# Notes to the Notice of Annual General Meeting

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## **Entitlement to attend and vote**

1. Only those shareholders registered in the Company's register of members at 6.00pm on 2 December 2015, or, if this meeting is adjourned, at 6.00pm on the day which is two days prior to the adjourned meeting, shall be entitled to attend and vote at the Annual General Meeting ("AGM"). Changes to the register of members after this deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

## **Attending in person**

2. If you wish to attend the meeting in person, please arrive by 2.15pm on Friday 4 December 2015 at Warmsworth House, Holiday Inn, High Road, Warmsworth, Doncaster, DN4 9UX. Registration opens at 1.30pm. The venue is wheelchair-accessible.

## **Appointment of proxies**

3. If you are a shareholder who is entitled to attend and vote at the AGM, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the AGM and you should have received a Proxy Form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the Proxy Form.

4. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section. Please read the section "Nominated persons" below.

5. A proxy does not need to be a shareholder of the Company but must attend the meeting to represent you. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy this form. Alternatively, (an) additional Proxy Form(s) may be obtained by contacting Equiniti's helpline on 0871 384 2030 (calls to this number are charged at 10p per minute plus your phone company's access charge). Overseas holders should contact +44 (0)121 415 7047. Lines are open from 8.30am to 5.30pm Monday to Friday. Please indicate in the space next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

6. Shareholders can:

- Appoint a proxy and give proxy instructions by returning the enclosed Proxy Form by post (see note 8).
- Register their proxy appointment electronically (see note 9).
- If a CREST member, register their proxy appointment by utilising the CREST electronic proxy appointment service (see note 10).

Appointment of a proxy does not preclude you from attending the meeting and voting in person.

7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

# Notes to the Notice of Annual General Meeting continued

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## **Appointment of proxy by post**

8. The notes to the Proxy Form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the Proxy Form, the form must be:

- completed and signed;
- sent or delivered to Equiniti at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA; and
- received by Equiniti no later than 2.30pm on 2 December 2015.

In the case of a shareholder which is a company, the Proxy Form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the Proxy Form is signed (or a duly certified copy of such power or authority) must be included with the Proxy Form. If you have not received a Proxy Form and believe that you should have one, or if you require additional Proxy Forms, please contact Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA or on 0871 384 2030 (calls to this number are charged at 10p per minute plus your phone company's access charge and lines open 8.30am to 5.30pm Monday to Friday). Overseas holders should contact +44 (0)121 415 7047.

## **Appointment of proxies electronically**

9. As an alternative to completing the hard-copy Proxy Form, you can appoint a proxy electronically by visiting [www.sharevote.co.uk](http://www.sharevote.co.uk). You will need your Voting ID, Task ID and Shareholder Reference Number (this is the series of numbers printed under your name on the Form of Proxy). Alternatively, if you have already registered with Equiniti Limited's online portfolio service, Shareview, you can submit your Form of Proxy at [www.shareview.co.uk](http://www.shareview.co.uk). Full instructions are given on both websites. To be valid, your proxy appointment(s) and instructions must reach Equiniti Limited no later than 2.30pm on 2 December 2015.

## **Appointment of proxies through CREST**

10. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)).

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 made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is 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 Equiniti Limited (ID RA19) no later than 2.30pm on 2 December 2015, or, in the event of an adjournment of the meeting, 48 hours before the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular message. 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/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers, are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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.



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### **Appointment of proxy by joint members**

11. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

### **Changing proxy instructions**

12. Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy Proxy Form and would like to change the instructions using another hard-copy Proxy Form, please contact Equiniti at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA or on 0871 384 2030 (calls to this number are charged at 10p per minute plus your phone company's access charge and lines open 8.30am to 5.30pm Monday to Friday). Overseas holders should contact +44 (0)121 415 7047.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

### **Termination of proxy appointments**

13. A shareholder may terminate a proxy instruction but to do so you will need to inform the Company in writing by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. In the case of a shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Equiniti no later than 2.30pm on 2 December 2015. If you attempt to revoke your proxy appointment but the revocation is received after the time specified, your original proxy appointment will remain valid unless you attend the meeting and vote in person.

### **Corporate representatives**

14. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

### **Issued shares and total voting rights**

15. As at 20 October 2015, the Company's issued share capital comprised 213,030,601 ordinary shares of £1.50 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company is 213,030,601, as at 20 October 2015, being the last practicable date before publication of this Notice.

The website referred to in note 23 will include information on the number of shares and voting rights.

### **Questions at the meeting**

16. Any member attending the meeting has the right to ask questions. The Company must answer any question you ask relating to the business being dealt with at the meeting unless:

- answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

# Notes to the Notice of Annual General Meeting continued

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## Website publication of audit concerns

17. Under section 527 of the Companies Act 2006, a shareholder or shareholders, meeting the criteria set out at note 18 below, have the right to request the Company to publish on its website a statement setting out any matter that such shareholders propose to raise at the meeting relating to 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 meeting.

Where the Company is required to publish such a statement on its website:

- it may not require the shareholders making the request to pay any expenses incurred by the Company in complying with the request;
- it must forward the statement to the Company's auditors no later than the time the statement is made available on the Company's website; and
- the statement may be dealt with as part of the business of the meeting.

The request:

- may be in hard copy form (see note 19 below) or in electronic form;
- either set out the statement in full or, if supporting a statement sent by another shareholder, clearly identify the statement which is being supported;
- must be authenticated by the person or persons making it (see note 19 below); and
- be received by the Company at least one week before the meeting.

## Shareholders' qualification criteria

18. In order to be able to exercise the shareholders' right to require the Company to publish audit concerns (see note 17), the relevant request must be made by:

- a shareholder or shareholders having a right to vote at the meeting and holding at least 5% of total voting rights of the Company; or
- at least 100 shareholders having a right to vote at the meeting and holding, on average, at least £100 of paid up share capital.

For information on voting rights, including the total number of voting rights, see note 15 above and the website referred to in note 23.

## Submission of hard copy requests and authentication requirements

19. Where a shareholder or shareholders wish to request the Company to publish audit concerns in hard copy form (see note 17), such a request must be signed the shareholder, stating their full name and address, and be sent to the Company Secretary at DFS Furniture plc, 1 Rockingham Way, Redhouse Interchange, Adwick-le-Street, Doncaster, DN6 7NA.

## Nominated persons

20. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights ("Nominated Person"):

- You may have a right, under an agreement between you and the shareholder of the Company who has nominated you to have information rights ("Relevant Shareholder"), to be appointed or to have someone else appointed as a proxy for the meeting.
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Shareholder to give instructions to the Relevant Shareholder as to the exercise of voting rights.
- Your main point of contact in terms of your investment in the Company remains the Relevant Shareholder (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

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### **Voting**

21. Voting on all resolutions will be conducted by way of a poll rather than on a show of hands. This is a more transparent method of voting as shareholders' votes are counted according to the number of shares registered in their names. As soon as practicable following the meeting, the results of the voting will be announced via a regulatory information service and also placed on the Company's corporate website.

### **Documents on display**

22. Copies of the Letters of Appointment between the Company and its Non-Executive Directors will be available at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) until the date of the AGM and also at the place of the AGM from 15 minutes prior to the commencement of the meeting until the conclusion thereof.

### **Website giving information regarding the meeting**

23. A copy of this notice and other information regarding the meeting, including the information required by section 311A of the Companies Act 2006, can be found at [www.dfscorporate.co.uk](http://www.dfscorporate.co.uk).

### **Communication**

24. Except as provided above, shareholders who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):

- by contacting the Registrar's helpline on 0871 384 2030 (calls to this number are charged at 10p per minute plus your phone company's access charge). Overseas holders should contact +44 (0)121 415 7047. Lines are open from 8.30am to 5.30pm Monday to Friday; or
- in writing to: Equiniti Limited, Aspect House, Spencer Road, Lancing, BN99 6DA.

25. You may not use any electronic address provided either in this Notice of Annual General Meeting or in any related documents (including the Letter from the Chairman and Proxy Form) to communicate with the Company for any purposes other than those expressly stated.

# Explanation of resolutions

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Resolutions 1 to 15 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

Resolutions 16 to 19 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.

An explanation of each of the resolutions is set out below.

## **Resolution 1: To adopt the Annual Report**

The Directors present the Company's Annual Report, including the financial statements, the Directors' report and the Independent Auditor's report for the 52 weeks ended 1 August 2015, to the shareholders at the AGM.

## **Resolution 2: To declare a final dividend**

This resolution seeks shareholder approval of the final dividend recommended by the Directors. The Directors are proposing a final dividend of 6.2 pence per ordinary share in respect of the 52 weeks ended 1 August 2015 for the shareholders to approve. The Directors' have also resolved to pay an interim dividend of 3.1 pence per ordinary share for which shareholder approval is not required under the Company's Articles of Association. If the resolution to approve the final dividend is passed, both the interim and the final dividend will be paid together on 30 December 2015 to the holders of ordinary shares on 11 December 2015.

## **Resolution 3: To approve the Directors' Remuneration Report**

This resolution seeks shareholder approval of the Directors' Remuneration Report, excluding the Directors' Remuneration Policy, for the 52 weeks ended 1 August 2015 as set out on pages 53 to 73 of the Annual Report. The Company's auditors, KPMG LLP, have audited those parts of the Directors' Remuneration Report that are required to be audited and their report may be found on pages 75 to 76 of the Annual Report.

This resolution is subject to an 'advisory vote' by shareholders: in the event that the resolution is not passed, the Directors' Remuneration Policy would normally need to be reconsidered by shareholders at the next AGM. As this is the first occasion that the Company has been required to submit its Directors' Remuneration Policy for shareholder approval, the approval of the new policy (per resolution 4 below) would remain in force notwithstanding any failure to pass this resolution.

## **Resolution 4: To approve the Directors' Remuneration Policy**

The Directors' Remuneration Policy is contained in the Directors' Remuneration Report and can be found at pages 56 to 65 of the Annual Report. It sets out the policy of the Company with respect to the making of remuneration payments and payments for loss of office to the Directors. Under section 439A of the Companies Act 2006, there must be a binding shareholder vote on the Directors' Remuneration Policy at least once every three years (unless the Directors wish to change the policy within that three year period). Therefore, the resolution seeks shareholder approval of the Directors' Remuneration Policy which, if passed, will take effect at the conclusion of the meeting. Once effective, all future payments to Directors, past and present, must normally comply with the terms of the policy, unless specifically approved by shareholders in a general meeting.

## **Resolutions 5 to 11: To elect Directors**

Resolutions 5 to 11 deal with the election of Directors. In accordance the requirements of the UK Corporate Governance Code all of the Directors are subject to election by shareholders at the AGM, being the first AGM after their appointment to the Board. The biographies of each of the Directors are set out on pages 34 to 35 of the Annual Report.

Given that the majority of the Directors were only appointed in the months immediately preceding the Company's IPO in March 2015, an evaluation policy will be developed and implemented before the end of the current financial year. However, the Board considers that each of the Directors proposed for election has made and continues to make an effective contribution to the Company, is committed to their roles and makes available the time necessary to perform their duties.

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Under the UK Listing Rules, Advent Diamond (Luxembourg) S.à r.l. (the “Advent Shareholder”) and Richard Baker (the “Chairman”) are together classed as ‘controlling shareholders’ of the Company. This means that an independent Director of the Company must be elected or re-elected by a majority of the votes cast by the independent shareholders of the Company, as well as by a majority of the votes cast by all the shareholders. The concept of independent shareholders of the Company means all the shareholders of the Company other than the Advent Shareholder, Richard Baker and their respective associates. Therefore, the resolutions for the election of the independent Non-Executive Directors (resolutions 9 to 11) will be taken on a poll and the votes cast by the independent shareholders and by all the shareholders as a whole will be calculated separately. Such resolutions will be passed only if a majority of the votes cast by the independent shareholders are in favour, in addition to a majority of the votes cast by all the shareholders being in favour. The Company will, on announcing the result of the AGM, announce, in respect of resolutions 9, 10 and 11, the result of both the vote of the Company’s shareholders and the vote of the independent shareholders. The Advent Shareholder and Richard Baker held, in aggregate, 55.5% of the Company’s issued share capital, as at 20 October 2015, being the last practicable date before the publication of this Notice.

If the ordinary resolution to approve the election or re-election of an existing independent Director is passed, but separate approval by the independent shareholders is not given, the Listing Rules permit an existing independent Director to remain in office pending a further ordinary resolution of all the shareholders to approve the election or re-election of that Director. Such a resolution may only be voted on within the period of between 90 days and 120 days following the date of the original vote. If separate independent shareholder approval is not given for any relevant resolution, the Company intends that the relevant appointment will continue for 120 days from the date of the original vote, unless a further ordinary resolution for election is passed. If a further resolution to approve the election of the relevant Director is defeated, his or her appointment will cease on that resolution being defeated.

The Company considers that each independent Director is independent by taking into consideration the independence criteria set by the UK Corporate Governance Code. The Company confirms that there have been no previous or existing relationships, transactions or arrangements between each of the independent Directors and the Company, any of its Directors, the controlling shareholder of the Company or any associate of the controlling shareholder.

All of the independent Directors are experienced and have a broad knowledge of the retail sector. In light of their career experience and knowledge, the Board considers that each Director brings valuable skills to the Board and provides an impartial viewpoint.

In relation to the process followed by the Company for the selection of the independent Directors, Luke Mayhew, Gwyn Burr and Julie Southern were selected following a recruitment process managed by an independent executive recruitment consultancy firm specifically instructed by the Board.

#### **Resolutions 12 and 13: To reappoint KPMG LLP as the Company’s auditors and determine audit fees**

Under section 489 of the Companies Act 2006, auditors of a public company have to be appointed before the end of each AGM at which the Company’s annual accounts are presented. The Board recommends the re-appointment of KPMG LLP as auditors of the Company, to hold office from the conclusion of the AGM until the conclusion of the next AGM at which accounts are presented.

Resolution 13 seeks shareholder consent for the Audit Committee of the Company to determine KPMG LLP’s remuneration.

#### **Resolution 14: To authorise the Company to use electronic communications**

The Companies Act 2006 introduced provisions designed to make it easier for companies to use the internet to communicate with shareholders and so reduce printing and distribution costs. Although it has been possible for some years for companies to use electronic means to deliver certain documents to shareholders, the Companies Act 2006 extended the range of information that can be communicated electronically and relaxed certain requirements for communication by website. As before, a company cannot send a shareholder material by email unless the shareholder has agreed to this and has supplied an electronic address for that purpose. Where, however, a company that complies with the requirements of the Companies Act 2006 wishes to communicate information to shareholders by making it available on a website, each shareholder who has been invited to accept this form of delivery, and has not objected within 28 days, is deemed to have agreed to it.

Resolution 14 seeks approval for the Company to use electronic means to communicate with, and send or supply documents to, its shareholders including by publishing such documents or information on its corporate website.

# Explanation of resolutions continued

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## **Resolution 15: To authorise the Directors to allot shares**

Under the Companies Act 2006, the directors of a company may only allot new shares (or grant rights over shares) if authorised to do so by the shareholders in a general meeting. The authority which is sought in this respect is dealt with in Resolution 15. The authority sought in paragraph (a) of Resolution 15 will allow the Directors to allot shares up to a maximum nominal amount of £106,515,300 which represents approximately one third (33.3%) of the Company's issued ordinary shares (excluding treasury shares) as at 20 October 2015, being the last practicable date prior to publication of this Notice.

In accordance with the latest institutional guidelines issued by the Investment Association, the authority sought in paragraph (b) of Resolution 15 will also allow the Directors to allot (in connection with a rights issue and inclusive of any ordinary shares issued pursuant to the authority granted under paragraph (a)) shares up to a maximum nominal amount of £213,030,601 which represents approximately two thirds (66.6%) of the Company's issued ordinary shares (excluding treasury shares) as at 20 October 2015 being the last practicable date prior to publication of this Notice.

The Directors have no present intention to allot shares or grant rights to subscribe for or convert any security into shares pursuant to this authority. However, the Directors consider it desirable to have the flexibility to respond to market developments and to enable allotments to take place in appropriate circumstances.

If this resolution is passed, it will expire at the conclusion of the Company's next annual general meeting or on 4 March 2017, whichever is sooner.

## **Resolution 16: To dis-apply pre-emption rights**

This resolution will, if passed, give the Directors power, pursuant to the authority to allot granted by resolution 15, to allot equity securities (as defined by section 560 of the Companies Act 2006) or sell treasury shares for cash without first offering them to existing shareholders in proportion to their existing holdings (a) in relation to a pre-emptive offer or rights issue and (b) in any other case, up to a maximum nominal amount of £31,954,590 which represents approximately 10% of the Company's issued ordinary shares (excluding treasury shares) as at 20 October 2015, being the last practicable date prior to publication of this Notice.

The Directors intend to adhere to the guidelines set out in the Pre-Emption Group's Statement of Principles (as updated in March 2015) and not to allot shares for cash on a non-pre-emptive basis pursuant to the authority in Resolution 16:

- (i) in excess of an amount equal to 5% of the Company's issued ordinary share capital; or
- (ii) in excess of an amount equal to 7.5% of the Company's issued ordinary share capital in a rolling three-year period,

in each case other than in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment, or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

If this resolution is passed, it will expire at the conclusion of the Company's next annual general meeting or on 4 March 2017, whichever is sooner.

The Directors have no present intention to exercise this authority.

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#### **Resolution 17: To authorise the Company to purchase its own shares**

This resolution seeks authority for the Company to make market purchases of its own ordinary shares and is proposed as a special resolution. If passed, the resolution gives authority for the Company to purchase up to 21,303,060 of its ordinary shares, representing 10% of the Company's issued ordinary share capital (excluding treasury shares) as at 20 October 2015, being the last practicable date before the publication of this Notice.

The resolution specifies the minimum and maximum prices which may be paid for any ordinary shares purchased under this authority, which reflect the requirements of the Listing Rules. If this resolution is passed, it will expire at the conclusion of the Company's next annual general meeting or on 4 March 2017, whichever is sooner.

Pursuant to the Companies Act 2006, the Company can hold the shares which have been purchased as treasury shares and either resell them for cash, cancel them, either immediately or at a point in the future, or use them for the purposes of its employee share schemes. The Directors believe that it is desirable for the Company to have this choice as holding the purchased shares as treasury shares would give the Company the ability to re-sell or transfer them in the future, and so provide the Company with additional flexibility in the management of its capital base. No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares.

The Directors have no present intention to exercise this authority.

#### **Resolution 18: To authorise the Directors to call a general meeting, other than an annual general meeting, on not less than 14 clear days' notice.**

This resolution seeks the approval of shareholders to reduce the notice period required for a general meeting to 14 clear days. Changes made to the Companies Act 2006 by the Companies (Shareholders' Rights) Regulations 2009 (the Shareholders' Rights Regulations) increase the notice period required for general meetings (other than annual general meetings) to 21 days unless shareholders approve a shorter notice period, which cannot be less than 14 clear days. Please note that if this resolution is approved, it will not apply to AGMs, which will continue to be held on at least 21 clear days' notice.

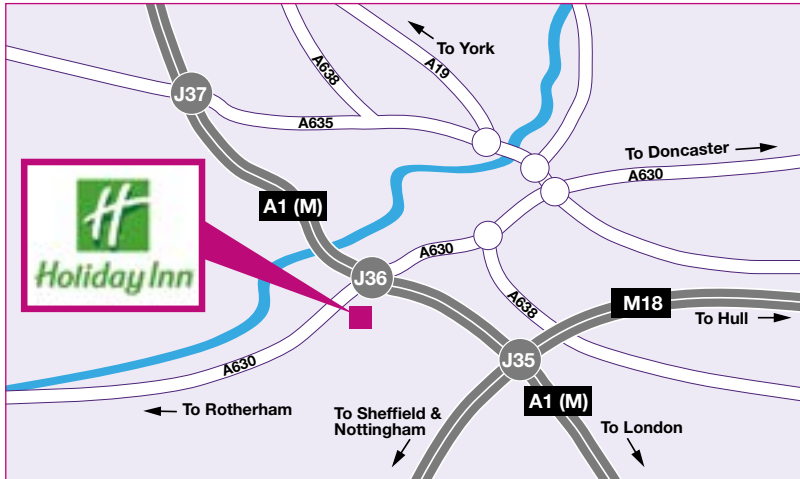
It is intended that the shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of the shareholders as a whole. The Company will comply with the requirement under the Shareholders' Rights Regulations to provide appropriate facilities for electronic voting at general meetings held on less than 21 clear days' notice. If given, the approval will be effective until the Company's next annual general meeting, at which point it is intended that a similar resolution will be proposed.

#### **Resolution 19: To authorise political donations**

Part 14 of the Companies Act 2006 requires companies to obtain shareholders' authority for donations to registered political parties and other political organisations in the EU totalling more than £5,000 in any twelve month period, and for any political expenditure in the EU, subject to limited exceptions. The definition of donation in this context is very wide and extends to bodies such as those concerned with policy review, law reform and the representation of the business community. There are further restrictions on companies incurring political expenditure (as defined in the Companies Act 2006) without first obtaining shareholders' consent. The Company has not made any and does not envisage making any political donations; however, this resolution is proposed for approval as a precaution in order to avoid inadvertent breach of the legislation as a result of the wide meanings given to the terms "political donations" and "political expenditure".

# Directions to the Annual General Meeting

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Holiday Inn Doncaster A1(M) Jct 36  
High Road, Warmsworth, Doncaster  
South Yorkshire  
DN4 9UX  
Tel: +44 (0) 0870 4428761  
Fax: 01302 310917

**ROAD:** A1 (M) Junction 36 to A630(T) Rotherham

**RAIL:** Doncaster Station 2 miles

**AIR:** Leeds/Bradford Airport 35 miles

## Directions to Holiday Inn Doncaster

### *From the A1 (M)*

Southbound/Northbound leave at junction 36. Take the A630 in the direction of Rotherham. The hotel entrance is 100 yards on the left-hand side.

### *From the M1*

M1 Junction 32 to M18. M18 Junction 2 A1 (M) northbound. Take Junction 36 for Rotherham/ Doncaster (A630). Turn left at the roundabout (signposted Rotherham). The hotel entrance is 100 yards on the left-hand side.

### *From the M62*

M62 Junction 33 to A1 southbound. Leave at junction 36. Take the A630 in the direction of Rotherham. The hotel entrance is 100 yards on the left-hand side.

### *From Doncaster Town Centre*

Take A630 to Rotherham until you reach the A1 roundabout, go straight over the roundabout and the entrance to the hotel is 100 yards on the left-hand side.