

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.

DFS Furniture plc

Notice of Annual General Meeting

Friday 30 November 2018 at 2.30pm

This document should be read as a whole. Your attention is drawn to the letter from the Chair 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 Letter from the Chair.

Notice of the Annual General Meeting of the Company to be held at 2.30pm on 30 November 2018 at DFS Head Office, 1 Rockingham Way, Redhouse Interchange, Adwick-le-Street, Doncaster, DN6 7NA 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 28 November 2018. 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 28 November 2018. 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 Chair

26 October 2018

Dear Shareholder

Annual General Meeting

I am pleased to give you notice of DFS Furniture plc's Annual General Meeting ("AGM") which will be held at 2.30pm on Friday 30 November 2018 at DFS Head Office, 1 Rockingham Way, Redhouse Interchange, Adwick-le-Street, Doncaster, DN6 7NA.

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 28 July 2018.
- **Resolution 2** relates to the approval of the final dividend. As set out in the Company's full year results announcement on 4 October 2018, the Directors recommend a final dividend of 7.5 pence per share in respect of the 52 weeks ended 28 July 2018 which will be paid on 27 December 2018 to the holders of ordinary shares on 7 December 2018.
- **Resolution 3** relates to the approval of the Annual Remuneration Report section of the Directors' Remuneration Report as set out at pages 75 to 82 in the Annual Report.
- **Resolution 4** seeks shareholder approval of the new Directors' Remuneration Policy as set out on pages 65 to 74 of the Annual Report.
- **Resolution 5** seeks shareholder approval of the new DFS Furniture plc Deferred Bonus Plan.
- **Resolutions 6 to 10** relate to the re-election/election of the Directors in accordance with the Company's Articles of Association and the UK Corporate Governance Code.
- **Resolutions 11 and 12** relate to the re-appointment of auditors and authorise the Audit Committee to set their fees.
- **Resolutions 13 to 16** relate to the share capital of the Company.

Resolution 13 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 £211,692,579. This represents the aggregate of two thirds of the nominal value of the Ordinary Shares in issue, excluding treasury shares, as at 19 October 2018, being the last practicable date before publication of this Notice.

Resolutions 14 and 15 seek shareholder approval in order to authorise the Directors, for the purpose of section 570 of the Companies Act 2006, to allot shares for cash, or sell treasury shares for cash as if section 561(1) of the Companies Act 2006 did not apply. Resolution 14 seeks a general authority to disapply pre-emption rights on the allotment of shares representing five per cent of the Ordinary Shares in issue, excluding treasury shares, as at 19 October 2018, being the last practicable date before publication of this Notice. In accordance with best practice, Resolution 15 seeks separate and additional authority to disapply pre-emption rights for the allotment of shares representing a further five per cent of issued share capital, excluding treasury shares, as at 19 October 2018, being the last practicable date before publication of this Notice, in connection with an acquisition or other capital investment.

Resolution 16 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 21,169,258 shares. This represents ten per cent of the total issued Ordinary Share capital of the Company, excluding treasury shares, as at 19 October 2018, being the last practicable date before publication of this Notice.

- **Resolution 17** 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 18** 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 11 to 14. 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 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 10.
- Please note that all Proxy Forms and appointments, whether postal or electronic, must be received by 2.30pm on 28 November 2018.

The results of voting on the resolutions will be published on the Company's corporate website, 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 0.83% of the voting rights, as at 19 October 2018, 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

Ian Durant

Non-Executive Chair
DFS Furniture plc

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of DFS Furniture plc will be held at DFS Head Office, 1 Rockingham Way, Redhouse Interchange, Doncaster, DN6 7NA on Friday 30 November 2018 at 2.30pm to consider and, if thought appropriate, pass the following resolutions.

Resolutions 1 to 13 and 18 will be proposed as ordinary resolutions and resolutions 14 to 17 will be proposed as special resolutions.

REPORTS AND ACCOUNTS

1. THAT the Company's financial statements for the 52 weeks ended 28 July 2018, 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 7.5 pence per ordinary share in respect of the 52 weeks ended 28 July 2018 be declared. The dividend will be paid on 27 December 2018 to the holders of ordinary shares on 7 December 2018.

DIRECTORS' REMUNERATION

3. THAT the Annual Remuneration Report section of the Directors' Remuneration Report as set out on pages 75 to 82 of the Annual Report for the 52 weeks ended 28 July 2018 be approved.

APPROVAL OF DIRECTORS' REMUNERATION POLICY

4. THAT the Directors' Remuneration Policy set out on pages 65 to 74 of the Annual Report for the 52 weeks ended 28 July 2018 be approved.

APPROVAL OF THE DFS FURNITURE PLC DEFERRED BONUS PLAN

5. THAT:
 - (a) the DFS Furniture plc Deferred Bonus Plan (the "DBP"), the principal terms of which are summarised in the Appendix to the Notice of AGM and the rules of which are produced at the AGM and for the purposes of identification initialled by the Chairman, is approved and that the Directors are authorised to do all acts and things which they may consider necessary or expedient to carry the DBP into effect; and
 - (b) the Directors are authorised to establish such further plans based on the DBP or schedules to the DBP as they consider necessary or desirable but which have been 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 or schedules are treated as counting against any limits on individual or overall participation in the DBP.

DIRECTORS

Non-independent Directors

6. THAT Tim Stacey be elected as a Director of the Company.
7. THAT Nicola Bancroft be re-elected as a Director of the Company.

Independent Non-executive Directors

8. THAT Ian Durant be re-elected as a Director of the Company.
9. THAT Luke Mayhew be re-elected as a Director of the Company.
10. THAT Alison Hutchinson be elected as a Director of the Company.

AUDITORS

11. THAT KPMG LLP be re-appointed as the Company's auditor to hold office from the conclusion of the Annual General Meeting on 30 November 2018 until the conclusion of the next meeting at which accounts are laid before the Company.
12. THAT the Audit Committee be authorised to agree the remuneration of the auditor.

DIRECTORS' AUTHORITY TO ALLOT SHARES

13. 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 £105,846,290
 - (b) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a nominal amount of £211,692,579 (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.

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 28 February 2020, 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.

GENERAL AUTHORITY TO DISAPPLY PRE-EMPTION RIGHTS

14. THAT, subject to the passing of Resolution 13 above, the Directors be and are hereby authorised to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, 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 13, 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) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £15,876,943, such authority to expire at the conclusion of the Company's next annual general meeting or on 28 February 2020, whichever is sooner (unless previously revoked or varied by the Company in general meeting), but in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority ends and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

ADDITIONAL AUTHORITY TO DISAPPLY PRE-EMPTION RIGHTS FOR PURPOSES OF ACQUISITIONS OR CAPITAL INVESTMENTS

15. THAT, if Resolution 13 is passed, the Directors be authorised in addition to any authority granted under Resolution 14 to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/ or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, provided that such authority be:
- (a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £15,876,943; and
 - (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines 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, such authority to expire at the conclusion of the Company's next annual general meeting or on 28 February 2020 whichever is sooner (unless previously revoked or varied by the Company in general meeting), but in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

COMPANY'S AUTHORITY TO PURCHASE ITS OWN SHARES

16. 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 in the capital of the Company provided that:
- (a) The maximum aggregate number of ordinary shares that may be purchased is 21,169,258.
 - (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 for an ordinary share as derived from the London Stock Exchange Trading System.

The authority conferred by this resolution shall expire at the conclusion of the Company's next annual general meeting or on 28 February 2020, 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 under the authority conferred by this resolution which will or may be executed wholly or partly after the expiry of such authority.

Notice of Annual General Meeting

CALLING OF GENERAL MEETINGS ON 14 DAYS' NOTICE

17. 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

18. 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 £50,000 in total;
- (b) donations to political organisations other than political parties not exceeding £50,000 in total; and
- (c) political expenditure not exceeding £50,000 in total,

from the date of the passing of this resolution until the conclusion of the next annual general meeting, or on 28 February 2020, 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

Elizabeth McDonald

Group Company Secretary
DFS Furniture plc 26 October 2018

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

Entitlement to attend and vote

1. Only those shareholders registered in the Company's register of members at 6.30pm on 28 November 2018, or, if this meeting is adjourned, at 6.30pm 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 30 November 2018 at DFS Head Office, 1 Rockingham Way, Redhouse Interchange, Adwick-le-Street, Doncaster, DN6 7NA. 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 the form. Alternatively, (an) additional Proxy Form(s) may be obtained by contacting Equiniti's helpline on 0371 384 2030. Overseas holders should contact +44 (0)121 415 7047. Lines are open from 8.30am to 5.30pm Monday to Friday (excluding public holidays in England and Wales). 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 Chair) 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.

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 28 November 2018.

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 0371 384 2030, lines open 8.30am to 5.30pm Monday to Friday (excluding public holidays in England and Wales). Overseas holders should contact +44 (0)121 415 7047.

Notes to the Notice of Annual General Meeting

continued

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. 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. 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 28 November 2018.

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).

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 28 November 2018, 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.

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 0371 384 2030, lines open 8.30am to 5.30pm Monday to Friday (excluding public holidays in England and Wales). 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 28 November 2018. 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 19 October 2018, 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 with the exception of ordinary shares purchased by the Company and held as treasury shares. As at 19 October 2018, being the last practicable date before publication of this Notice, the number of treasury shares held by the Company was 1,338,022 and therefore the total number of voting rights in the Company is 211,692,579.

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.

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.

Notes to the Notice of Annual General Meeting

continued

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 by 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.

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.

A copy of the draft rules of the DFS Furniture plc Deferred Bonus Plan will be available for inspection at 1 Rockingham Way, Redhouse Interchange, Adwick-le-Street, Doncaster, DN6 7NA and the offices of Eversheds Sutherland, One Wood Street London EC2V 7WS United Kingdom during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) until the close of the AGM and at the place of the AGM for at least 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.

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 0371 384 2030. Overseas holders should contact +44 (0)121 415 7047. Lines are open from 8.30am to 5.30pm Monday to Friday (excluding public holidays in England and Wales); 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 Chair and Proxy Form) to communicate with the Company for any purposes other than those expressly stated.

Explanation of resolutions

Resolutions 1 to 13 and 18 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 14 to 17 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 28 July 2018, 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 7.5 pence per ordinary share in respect of the 52 weeks ended 28 July 2018 for the shareholders to approve which will be paid on 27 December 2018 to the holders of ordinary shares on 7 December 2018.

Resolution 3: To approve the Directors' Remuneration Report

Shareholders are asked to approve the Annual Remuneration Report section of the Directors' Remuneration Report, which is set out on pages 75 to 82 of the Company's Annual Report for the 52 weeks ended 28 July 2018. The Company's auditor, 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 84 to 89 of the Company's Annual Report.

Resolution 4: To approve the Directors' Remuneration Policy

The current Directors' Remuneration Report was approved by shareholders at the 2015 AGM. The Companies Act 2006 requires that the Directors' Remuneration Policy is put to a binding vote by ordinary resolution at least every three years and Shareholders are therefore being asked to approve at the AGM a new Directors' Remuneration Policy (the "Policy") as set out on pages 65 to 74 of the Company's Annual Report.

The statement of the Chairman of the Remuneration Committee on pages 58 to 61 of the Annual Report set out the key changes that are being proposed to the levels and structure of Executive Directors' remuneration under the proposed Policy. The key changes to the Policy are:

- **Annual bonus:** The bonus opportunity for the financial year 2019 remains 100% of salary but from the financial year 2020 onwards, it is proposed that the maximum annual opportunity will increase in steps over 2 years from 100% to 120% of salary but only if the corporate performance has been satisfactory in the Board's view. At the point the opportunity increases, annual bonus deferral into shares for three years will be introduced with deferral applying where the bonus payment is greater than 75% of salary.
- **Long Term Incentive Plan ("LTIP"):** For LTIP awards granted from the financial year 2019, a 2-year post-vesting holding period will be introduced. The holding period will continue beyond an Executive Director's cessation of employment.
- **Minimum shareholding requirement:** From the financial year 2019, minimum shareholding requirements will increase from 200% to 250% of salary for both the CEO and the CFO.
- **Maximum variable remuneration for recruitment and promotions:** This will be reduced from 450% of salary (i.e. annual bonus and LTIP awards) to 350% of salary and as a result, there will be a reduction in the maximum LTIP award in exceptional circumstances from 300% to 230% of salary.

The Remuneration Committee has also made a number of changes to the Policy to ensure that its operation is aligned with provisions of the 2018 UK Corporate Governance Code (e.g. the Code expects the Remuneration Committee to be able to override formulaic outcomes of incentives and this is reflected in the annual bonus and LTIP).

Resolution 5: To approve the DFS Furniture plc Deferred Bonus Plan

Under the DFS Furniture plc Deferred Bonus Plan ("DBP"), a portion of a participant's annual bonus would be deferred into awards over shares in the Company.

The principal terms of the DBP are summarised in the Appendix to the Notice of AGM on pages 15 to 17 and the proposed operation of the DBP for Executive Directors is described in the proposed Policy.

Explanation of resolutions

continued

Resolutions 6 to 10: To re-elect/elect Directors

Resolutions 6 to 10 deal with the election/re-election of Directors. In accordance with the UK Corporate Governance Code and in line with previous years, all Directors, will stand for election or re-election, as relevant, at the AGM this year. The directors believe that the Board continues to maintain an appropriate balance of knowledge and skills and that all the non-executive directors are independent in character and judgement. This follows a process of formal evaluation which confirms that each director makes an effective and valuable contribution to the Board and demonstrates commitment to the role (including making sufficient time available for Board and Committee meetings and other duties as required). The biographies of each of the Directors are set out on pages 38 to 39 of the Annual Report.

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, any controlling shareholder of the Company or any associate of a controlling shareholder within the meaning of Listing Rule 13.8.17R (1).

Resolutions 11 and 12: To reappoint KPMG LLP as the Company's auditor and determine audit fees

Under section 489 of the Companies Act 2006, the auditor of a public company has 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 auditor 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 12 seeks shareholder consent for the Audit Committee of the Company to determine KPMG LLP's remuneration.

Resolution 13: 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 13. The authority sought in paragraph (a) of Resolution 13 will allow the Directors to allot shares up to a maximum nominal amount of £105,846,290 which represents approximately one third of the Company's issued ordinary shares (excluding treasury shares) as at 19 October 2018, 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 13 will also allow the Directors to allot shares (in connection with a rights issue and inclusive of any ordinary shares issued pursuant to the authority granted under paragraph (a)) up to a maximum nominal amount of £211,692,579 which represents approximately two thirds of the Company's issued ordinary shares (excluding treasury shares) as at 19 October 2018, 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 28 February 2020, whichever is sooner.

Resolutions 14 and 15: To dis-apply pre-emption rights

If the Directors wish to allot shares or other equity securities for cash or to sell any shares which the Company holds in treasury, the Companies Act 2006 requires that such shares or other equity securities are offered first to existing shareholders in proportion to their existing holding.

Resolution 14 renews the Directors' power to allot equity securities and sell treasury shares for cash without first offering them to existing shareholders. Apart from rights issues or any other pre-emptive offer concerning equity securities, the authority contained in this resolution will be limited to the issue of shares for cash up to a nominal value of £15,876,943 (which includes the sale on a non-pre-emptive basis of any shares held in treasury). This number represents approximately 5% of the Company's issued share capital (excluding treasury shares) as at 19 October 2018, being the latest practicable date prior to publication of this Notice.

Resolution 14 also seeks a disapplication of pre-emption rights on a rights issue, so as to allow the Directors to make appropriate arrangements in relation to fractional entitlements or other legal or practical problems which might arise. If this resolution is passed, it will expire at the conclusion of the Company's next annual general meeting or on 28 February 2020, whichever is sooner.

The Pre-emption Group Statement of Principles ("Statement of Principles") supports the annual disapplication of pre-emption rights in respect of allotments of shares and other equity securities (and sales of treasury shares for cash) representing no more than an additional 5% of issued ordinary share capital (exclusive of treasury shares), to be used only in connection with an acquisition or specified capital investment. The Statement of Principles defines 'specified capital investment' as meaning one or more specific capital investment related uses for the proceeds of an issuance of equity securities, in respect of which sufficient information regarding the effect of the transaction on the company, the assets the subject of the transaction and (where appropriate) the profits attributable to them is made available to shareholders to enable them to reach an assessment of the potential return.

Resolution 15 seeks this separate and additional authority. The Directors confirm, in accordance with the Statement of Principles, that they will only allot shares representing more than 5% of the issued ordinary share capital of the Company (excluding treasury shares) for cash pursuant to the authority referred to in Resolution 15 where the allotment is in connection with an acquisition or specified capital investment, which is announced contemporaneously with the allotment. Where the authority granted under Resolution 15 is used, the circumstances that have led to its use and the consultation process undertaken will be disclosed by the Company in its next Annual Report.

The Board also intends to adhere to the guidelines set out in the Statement of Principles and will not (except in relation to an issue pursuant to Resolution 15 in respect of the additional 5% referred to above) allot shares for cash on a non-pre-emptive basis pursuant to the authority in Resolution 14:

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

If this resolution is passed, it will expire at the conclusion of the Company's next annual general meeting or on 28 February 2020, whichever is sooner.

The Board has no present intention to exercise the authority granted under Resolution 14 or 15, other than to satisfy existing employee share-based awards, but the Directors consider that the authority sought is appropriate as it also provides the Company with the necessary flexibility to take advantage of business opportunities as they arise.

Resolution 16: 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 21,169,258 of its ordinary shares, representing 10% of the Company's issued ordinary share capital (excluding treasury shares) as at 19 October 2018, 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 28 February 2019, 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. No dividends will be paid on, and no voting rights will be exercised in respect of, treasury shares. The Directors believe that it is desirable for the Company to have this choice as holding the purchased shares as treasury shares gives 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. The Directors therefore intend to hold any ordinary shares purchased under this authority as treasury shares.

Ordinary shares will only be repurchased for the purposes of employee share schemes, or if the directors consider such purchases to be in the best interests of shareholders generally and that they can be expected to result in an increase in earnings per share. The authority will only be used after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels and the overall financial position of the Company. Ordinary shares held as treasury shares will not automatically be cancelled and will not be taken into account in future calculations of earnings per share (unless they are subsequently resold or transferred out of treasury).

As at 19 October 2018 (being the latest practicable date prior to the publication of this Notice), there were 7,388,333 outstanding share-based awards or options granted under all incentive plans operated by the Company, which if exercised would represent 3.49% of the issued share capital of the Company (excluding shares held in treasury). If this authority were exercised in full, that percentage would increase to 3.88%.

Explanation of resolutions

continued

Resolution 17: 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") increased 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 18: To authorise political donations

The Companies Act 2006 prohibits companies from making any political donations to EU political organisations or independent candidates, or incurring EU political expenditure, unless authorised by shareholders in advance.

The Company does not make and does not intend to make any political donations; however, the definition of political donations, political organisations and political expenditure used in the Companies Act 2006 is very wide and extends to bodies such as those concerned with policy review, law reform and the representation of the business community.

Shareholder approval is therefore being sought on a precautionary basis only, to avoid this Company and any company which, at the time during the period for which this resolution has effect, is a subsidiary Company, inadvertently breaching the legislation.

Appendix

Summary of the principal terms of the DFS Furniture plc Deferred Bonus Plan

This appendix sets out the principal terms of the DFS Furniture plc Deferred Bonus Plan (the “DBP”) which is being put to shareholders at the AGM for approval by resolution 5. References in this appendix to the Board includes any designated committee of the Board.

Introduction

The DBP is a discretionary executive share plan under which part of a participant’s annual bonus may be provided in the form of a deferred award over ordinary shares of the Company (“Ordinary Shares”). It is intended to be operated for selected directors and senior executives of the Group. The Company’s Remuneration Committee will supervise the operation of the DBP.

Under the DBP, the Board may, within certain limits, grant to eligible employees: (i) nil cost options over Ordinary Shares (“DBP Options”); and/or (ii) conditional rights to acquire Ordinary Shares (“DBP Conditional Share Awards” and, together with DBP Options, “DBP Awards”).

Eligibility

All employees (including executive directors) of the Company and its subsidiaries (the “Group”) are eligible for selection to participate in the DBP at the discretion of the Board. DBP Awards may also be granted to individuals who were employees of the Group during the relevant financial year by reference to which the DBP Award is granted but who have ceased employment at the date of grant of the DBP Award.

Timing of awards

DBP Awards may be granted during the period of 42 days from: (i) the announcement of the Company’s financial results for any period; or (ii) the occurrence of exceptional circumstances which, at the discretion of the Board, justify the grant of DBP Awards, subject in each case to any applicable dealing restrictions. No DBP Awards may be granted more than 10 years from the date that the DBP is approved by shareholders.

Overall limit

The number of Ordinary Shares over which (or in respect of which) DBP Awards may be granted on any date shall be limited so that the total number of Ordinary Shares allocated in respect of awards granted in any ten year period under the DBP and any other employee share plan of the Company is restricted to 10% of the Company’s issued Ordinary Shares, or to 5% if granted under the DBP and any other discretionary employee share plan of the Company. Awards which were granted before Ordinary Shares were first listed, which are to be satisfied by the transfer of existing shares or which lapse or are released do not count towards these limits. Awards which are satisfied by the transfer of treasury shares are included in the limits for so long as this is required under institutional investor guidelines.

Individual limit

The Board may determine that up to 50% of a participant’s annual bonus will be deferred into a DBP Award. The number of Ordinary Shares over which a DBP Award is granted will be calculated by reference to the market value of the Ordinary Shares as determined by the Board.

Vesting

DBP Awards will generally vest on the third anniversary of the date of grant. Vesting of DBP Awards will be subject to the participant’s continued employment with the Group at the time of vesting.

Cessation of employment

A DBP Award will generally lapse immediately upon termination of the participant’s office or employment with any member of the Group.

However, if such termination is the result of death, ill health, injury, disability, the participant’s employing company ceasing to be a member of the Group (or the transfer of the employer undertaking or part thereof to a person who is not a member of the Group) or for any other reason determined by the Board (save where the participant has been summarily dismissed), unvested DBP Awards will continue until the normal vesting date, unless the Board determines otherwise. Subject to the application of malus and clawback, in these circumstances the DBP Award will normally vest over the full number of Ordinary Shares although the Board may at its discretion determine that vesting will be pro-rated to reflect the reduced period of time between grant and the participant’s cessation of employment as a proportion of the normal vesting period.

DBP Options held by a participant which vest or have already vested in the circumstances referred to above will be exercisable for one month from the date of cessation of employment or vesting (as applicable) or for such other period as the Board may determine.

Appendix

continued

Corporate events

If a change of control is anticipated (including as the result of a general offer or court-sanctioned compromise or arrangement), vesting of DBP Awards will be accelerated. In these circumstances, DBP Awards will vest in full, unless the Board determines that vesting will be pro-rated to reflect the reduced period of time between the grant and the relevant corporate event. To the extent that on a takeover or a scheme of arrangement a DBP Award does not vest or is not exchanged, it shall lapse.

Notwithstanding the foregoing, and subject to the Board's discretion, DBP Awards will lapse immediately in the case of any "squeeze out" pursuant to section 979 of the Companies Act 2006 or upon the effective date (as distinguished from sanctioning) of any scheme of arrangement. Where appropriate, and with the consent of any acquiring company, participants may be required or allowed to exchange DBP Awards for equivalent awards over shares in the acquiring company.

The Board also has discretion to determine the extent to which DBP Awards will vest upon the occurrence of any voluntary winding-up, demerger, delisting, special dividend or other similar event. If the Board exercises its discretion to permit vesting in these circumstances, DBP Awards will vest in full, unless the Board determines that vesting will be pro-rated to reflect the reduced period of time between the grant and the relevant corporate event.

Malus and clawback

The DBP includes malus and clawback provisions the Board may apply in certain circumstances including, but not limited to:

- the participant's material underperformance
- material brand or reputational damage to any member of the Group
- material misstatement of the Company's accounts or financial results
- gross misconduct by the participant
- fraud.

The malus provisions permit the Board to reduce the number of Ordinary Shares subject to a DBP Award or to cancel the DBP Award at or before vesting of the DBP Award. The Board may also impose further conditions on a DBP Award.

The clawback provisions permit the Board at any time during the three years after the determination of the bonus by reference to which the DBP Award is granted to reduce the number of Ordinary Shares comprised in any subsisting or future DBP Award, or require the participant to make a cash payment in respect of an DBP Award already issued, transferred or paid.

Awards not transferable

Awards granted under the DBP are not transferable other than to the participant's personal representatives in the event of his death.

Variation of capital

If there is a variation of the Company's share capital or in the event of a demerger, delisting, special dividend or other event which in the opinion of the Board may affect the current or future value of Ordinary Shares, the Board may adjust the number of Ordinary Shares subject to DBP Awards.

Dividend equivalents

In respect of any award granted under the DBP, the Board may decide that participants will receive a payment (in cash and/or additional Ordinary Shares) equal in value to any dividends that would have been paid on the Ordinary Shares which vest under that award by reference to the period between the time when the relevant award was granted and the time when the relevant award vested. This amount may assume the reinvestment of dividends and exclude or include special dividends or dividends in specie.

Rights attaching to Ordinary Shares

Ordinary Shares issued or transferred from treasury under the DBP will rank equally with Ordinary Shares then in issue (except for voting, dividend or other rights attaching to Ordinary Shares by reference to a record date prior to their issue).

Alternative settlement

The Board has discretion to satisfy any DBP Award by making a payment of cash in lieu of Ordinary Shares.

Amendments

The Board may, at any time, amend the provisions of the DBP in any respect. The prior approval of the Company in general meeting must be obtained in the case of any amendment to the advantage of participants which is made to the provisions relating to eligibility, individual or overall limits, the basis for determining a participant's entitlement to, and the terms of, Ordinary Shares or cash provided under the DBP, the adjustments that may be made in the event of any variation to the share capital of the Company and/or the rule in the DBP relating to such prior approval.

However, shareholder approval is not required for any minor amendment to benefit the administration of the DBP, to take account of the provisions of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants, the Company and any Group company.

Amendments may not adversely materially affect the rights of participants in the DBP except where participants are notified of such amendment and it is approved by the majority of participants who respond to such notification.

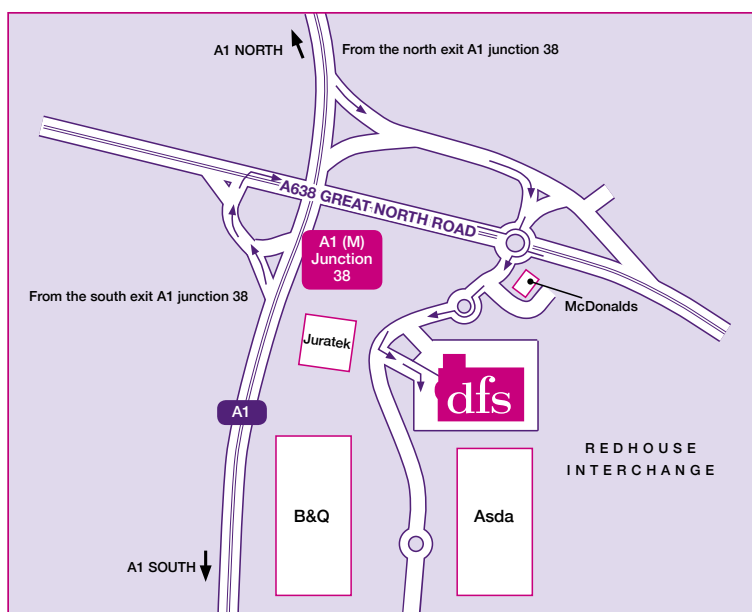
Overseas plans

The Board may, at any time, establish further plans based on the DBP to operate in overseas territories. Any such plan shall be similar to the DBP but modified to take account of local tax, exchange control or securities laws. Any Ordinary Shares made available under such further overseas plans must be treated as counting against the limits on individual and overall participation under the DBP.

Benefits not pensionable

Benefits received under the DBP are not pensionable.

Directions to the Annual General Meeting



DFS Head Office
1 Rockingham Way
Redhouse Interchange
Adwick-le-Street
Doncaster
DN6 7NA

By road

From the A1(M) northbound:

Leave the A1(M) at junction 38 and take the A638 towards Doncaster. At the 1st roundabout ("Redhouse Interchange"), take the 3rd exit (signposted "Business Park"). Within approximately 100 metres, go straight over the next small roundabout and take the 2nd turning on the left into the Head Office car park.

From the A1 southbound:

Leave the A1 at junction 38 and take the 1st right turn (signposted "The NORTH, Wakefield A638, Business Park"). At the roundabout ("Redhouse Interchange"), take the 2nd exit (signposted "Business Park"). Within approximately 100 metres, go straight over the next small roundabout and take the 2nd turning on the left into the Head Office car park.

From the M1:

Leave the M1 at junction 32 and take the M18 northbound towards Doncaster. Leave the M18 at junction 2 and take the A1(M) northbound. Follow the directions above for "From the A1(M) Northbound".

From the M62:

Leave the M62 at junction 33 and take the A1 southbound. Follow the directions above for "From the A1 southbound".

From Doncaster Town Centre:

Take the A638 towards Wakefield. Follow this road for approximately 5 miles until you reach the "Redhouse Interchange" roundabout. At the roundabout, take the 1st exit, (signposted "Business Park"). Within approximately 100 metres, go straight over the next small roundabout and take the 2nd turning on the left into the Head Office car park.

By rail:

Doncaster railway station is situated within 5 miles (c.20 minutes by car).

By air:

Doncaster Sheffield airport ("Robin Hood airport") is situated within 15 miles (c.30 minutes by car).

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