

TELFORD HOMES PLC

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the sixteenth AGM of Telford Homes Plc (the 'Company') will be held at Telford House, Queensgate, Britannia Road, Waltham Cross, Hertfordshire EN8 7TF at 12.30p.m. on 13 July 2017 to consider, and if thought fit, pass the following resolutions, of which resolutions 10 and 12 will be proposed as special resolutions and the remainder as ordinary resolutions.

- 1 To receive and adopt the audited accounts of the Company for the year ended 31 March 2017 and the reports of the directors and independent auditors thereon.
- 2 To approve and declare a final dividend of 8.5 pence per share in respect of the year ended 31 March 2017.
- 3 To approve the directors' remuneration report in respect of the year ended 31 March 2017 other than the part of such report containing the directors' remuneration policy.
- 4 To approve the directors' remuneration policy contained in the directors' remuneration report in respect of the year ended 31 March 2017.
- 5 To re-appoint as a director Jon Di-Stefano who retires in accordance with the Company's Articles of Association and offers himself for re-appointment.
- 6 To re-appoint as a director Katie Rogers who retires in accordance with the Company's Articles of Association and offers herself for re-appointment.
- 7 To re-appoint as a director Frank Nelson who retires in accordance with the Company's Articles of Association and offers himself for re-appointment.
- 8 To re-appoint PricewaterhouseCoopers LLP as independent auditors of the Company, from the conclusion of this AGM until the conclusion of the next general meeting of the Company at which accounts are laid, and to authorise the Audit Committee to determine the auditors' remuneration.
- 9 THAT the directors be unconditionally authorised pursuant to section 551 of the Companies Act 2006 to allot relevant securities up to an aggregate nominal amount of £80,164 in connection with the grant of options as at 31 March 2017 under the Telford Homes Plc Employee Share Option Scheme, such authority to expire at the conclusion of the Company's next AGM.
- 10 THAT, subject to the passing of resolution 9 above, the directors be generally and unconditionally authorised pursuant to section 570 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority granted by resolution 9 above as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of up to 801,636 ordinary shares in connection with the grant of options committed to be made by the Company as at 31 March 2017 under the Telford Homes Plc Employee Share Option Scheme.
- 11 THAT in place of all existing authorities (save to the extent set out in resolution 9 or as relied upon prior to the passing of this resolution), the directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the 'Act'):
 - (a) to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum nominal amount of £2,510,700 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the earlier of 13 October 2018 and the end of the next AGM of the Company, save that the Company may before expiry of this authority make an offer or agreement which would or might require shares to be allotted, or rights to subscribe for or to convert any security into shares to be granted, after expiry of this authority and the directors may allot shares, or grant rights to subscribe for or convert any security into shares, in pursuance of that offer or agreement as if this authority had not expired; and
 - (b) in addition, to allot equity securities (within the meaning of section 560 of the Act) in connection with a rights issue in favour of holders of ordinary shares in proportion (as nearly as may be) to their respective holdings of ordinary shares (but subject to such exclusions or other arrangements as the directors consider necessary or expedient in connection with treasury shares, fractional entitlements or any legal or practical problems arising under the laws or regulations of, or the requirements of any regulatory body or stock exchange in, any territory) up to a maximum nominal amount of £2,510,700 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) at the earlier of 13 October 2018 and the end of the next AGM of the Company, save that the Company may before expiry of this authority make an offer or agreement which would or might require equity securities to be allotted after expiry of this authority and the directors may allot equity securities in pursuance of that offer or agreement as if this authority had not expired.

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- 12 THAT, subject to the passing of resolution 11 above and in place of all existing powers (save to the extent set out in resolution 11 above), the directors be generally and unconditionally authorised pursuant to section 570 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority granted by resolution 11 above as if section 561 of the Act did not apply to any such allotment. This power shall be limited to:
- (a) the allotment of equity securities in connection with an offer of such securities or an invitation to apply to subscribe for such securities (whether by way of rights issue, open offer or otherwise) in favour of holders of ordinary shares in proportion (as nearly as may be) to their respective holdings of ordinary shares but subject to such exclusions or other arrangements as the directors consider necessary or expedient in connection with treasury shares, fractional entitlements or legal or practical issues under the laws of any jurisdiction or territory or the regulations or requirements of any regulatory or stock exchange authority in any jurisdiction or territory; and
 - (b) the allotment (other than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £376,605.

This power shall expire on the earlier of 13 October 2018 and the conclusion of the next AGM of the Company, but the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired.

This power also applies in relation to a sale of treasury shares, which is an allotment of equity securities by virtue of section 560(3) of the Act as if in the first paragraph of this resolution the words 'subject to the passing of resolution 11 above' and 'pursuant to the authority granted by resolution 11 above' were omitted.

- 13 That the sale by the Company of an apartment at its development known as 'The Junction', King David Lane, London E1 at a price of £718,000 to James Henry Furlong, a director of the Company, be and is hereby approved for the purposes of Section 190 of the Companies Act 2006.
- 14 That the rules of the Telford Homes 2017 Long Term Incentive Plan, in the form produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification (the 'LTIP') the principal terms of which are summarised in the explanatory notes to this resolution, be approved and the directors be authorised to adopt the LTIP and to do all acts and things that they consider necessary or expedient to give effect to the LTIP.

By order of the Board

Richard Ellis

Company Secretary

8 June 2017

Registered Office:

Telford House
Queensgate, Britannia Road
Waltham Cross
Hertfordshire EN8 7TF

Registered in England and Wales No. 4118370

EXPLANATORY NOTES TO THE RESOLUTIONS

The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 9 and 11, 13 and 14 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 10 and 12 are proposed as special resolutions. This means that for these resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 1 – Report and Accounts

The directors must present the report of the directors and the accounts of the Company for the year ended 31 March 2017 to shareholders at the AGM. The report of the directors, the accounts, and the report of the Company's auditors on the accounts are contained within the annual report and accounts.

Resolution 2 – Approval of Final Dividend

Shareholders are being asked to approve a final dividend of 8.5 pence per Ordinary Share in respect of the year ended 31 March 2017. If you approve the recommended final dividend, this will be paid on 14 July 2017 to all shareholders who were on the register of members on 15 June 2017.

Resolution 3 and 4– Approval of the directors' remuneration report and remuneration policy

Although, as an AIM listed company, the Company is not required to seek shareholder approval of the directors' remuneration report or the directors' remuneration policy, the Company has decided to seek the approval of Shareholders on an advisory basis in the interest of good governance.

As such, the Company has decided to put to shareholders the directors' remuneration report in respect of the year ended 31 March 2017, which is set out in the Company's annual report for the year ended 31 March 2017. Whilst the payment of remuneration to the directors is not dependent on the passing of the resolution, your Board will take the vote into account when considering the future development and operation of the Company's remuneration policy and practice.

The directors' remuneration policy was approved by Shareholders at the AGM held in July 2015 and, unless there was a change in the policy, was next to be considered at the AGM to be held in July 2018. In view of certain changes to the calculation of bonuses and the introduction of the LTIP, the directors thought it was prudent to seek the approval of shareholders on an advisory basis. Unless there is a further change in the policy, it is the current intention of the directors that a resolution for the approval of the directors' remuneration policy will next be considered at the AGM to be held in July 2020.

Resolutions 5, 6 and 7 – Directors

Under the Company's Articles of Association one third of the directors must retire by rotation each year. As such, Jon Di-Stefano, Katie Rogers and Frank Nelson retire from the Board by rotation in accordance with the Company's Articles of Association. Jon Di-Stefano, Katie Rogers and Frank Nelson seek re-election.

These re-appointments shall take effect at the conclusion of the AGM.

Resolution 8 – Auditors

The resolution proposes the re-appointment of the Company's existing auditors, PricewaterhouseCoopers LLP, until the conclusion of the next general meeting of the Company at which accounts are laid, and gives authority to the audit committee to determine the auditors' remuneration.

Resolution 9 – Directors' specific authority to allot shares

Shareholders are being asked to grant the directors a specific authority to allot shares in the Company. This resolution, if passed, authorises the directors to specifically allot the Company's shares up to a maximum nominal amount of £80,164 in connection with the grant of options under the Telford Homes Plc Employee Share Option Scheme. This authority will expire at the next AGM.

Resolution 10 – Specific disapplication of statutory rights of pre-emption

This resolution supplements the directors' specific authority to allot shares in the Company given to them by resolution 9. The resolution authorises the directors to allot equity ordinary shares for cash (otherwise than pro rata to existing shareholders). The directors are limited to the allotment of up to 801,636 ordinary shares in connection with the grant of options committed to be made by the Company as at 31 March 2017 under the Telford Homes Plc Employee Share Option Scheme.

EXPLANATORY NOTES TO THE RESOLUTIONS

Resolution 11 – General directors' authority to allot shares

Shareholders are being asked to grant the directors the authority to allot shares in the Company. This resolution will, if passed, authorise the directors to allot the Company's shares up to a maximum nominal amount of £2,510,700 representing approximately one-third of the issued ordinary share capital of the Company. This authority will expire at the conclusion of the AGM of the Company next year or, if earlier, 15 months from the date of the resolution. In addition, the resolution will, if passed, authorise the directors to allot further shares of the Company up to a maximum nominal amount of £2,510,700 representing approximately a further one-third of the issued ordinary share capital of the Company in connection with a fully pre-emptive rights issue. This authority will expire at the conclusion of the AGM of the Company next year or, if earlier, 13 October 2018.

Resolution 12 – General disapplication of statutory rights of pre-emption

This resolution supplements the directors' authority to allot shares in the Company given to them by resolution 11. The resolution, if passed, authorises the directors to issue ordinary shares for cash, either by way of a rights issue or offer to existing shareholders or to other persons on a non-pre-emptive basis, provided that any issue for cash to such persons on a non-pre-emptive basis shall not exceed £376,605 representing 3,766,050 new ordinary shares of 10p each (being 5 per cent of the issued ordinary share capital of the Company). The authority will be effective until the conclusion of the next AGM of the Company or, if earlier, 13 October 2018.

Resolution 13 – Substantial property transaction

Section 190 of the Companies Act 2006 requires any substantial property transaction between a company and a director to be approved by shareholders. Shareholders are accordingly being asked to approve the sale of an apartment at 'The Junction', King David Lane, London E1 to James Furlong at a price of £718,000.

Resolution 14 – Approval of the Telford Homes 2017 Long Term Incentive Plan

Resolution 14 relates to the proposal to adopt the Telford Homes 2017 Long Term Incentive Plan (the 'LTIP'). A summary of the principal terms of the LTIP is set out below.

The LTIP is a discretionary share plan which will be administered by the Board or a committee appointed by the Board. Decisions in relation to the participation in the LTIP by executive directors of the Company will be taken by the Remuneration Committee, and references in this summary to the Board should be read accordingly.

Eligibility

Any employee (including an executive director) of the Company or any of its subsidiaries will be eligible to participate in the LTIP at the discretion of the Board.

Form of Awards

An Award under the LTIP may be in the form of:

- a) a conditional right to acquire ordinary shares in the Company ('shares') at no cost (a 'Conditional Award'); or
- b) an option to acquire shares at no cost or for a nominal exercise price (an 'Option').

In this summary, Conditional Awards and Options are together referred to as 'Awards'. Before shares have been delivered, the Board may decide to pay a cash amount equal to the value of some or all of the shares the participant would otherwise have received.

Grant of Awards

Awards may be granted within the six week period following the Company's 2017 AGM. Thereafter, ordinarily Awards may only be granted within the six week period following announcement of the Company's results for any period. However, the Board may grant Awards at other times in exceptional circumstances. If Awards cannot be granted in any of these periods due to regulatory restrictions, they may be granted as the case may be within the six week period following the lifting of the restriction.

Performance Conditions

Unless the Board determines otherwise, Awards will be subject to the satisfaction of a performance condition which will determine the proportion (if any) of the Award which will vest at the end of a performance period. A performance period will usually be three years long.

It is proposed that Awards granted in 2017 will be subject to the following cumulative earnings per share performance condition:

Cumulative earnings per share for the financial years 2017/18, 2018/19 and 2019/20	Percentage of the Award that shall Vest
Less than 147.25 pence	0%
More than 147.25 pence but less than 155 pence	Determined on a straight line basis between 25% and 60%
155 pence	60%
More than 155 pence but less than 170.5 pence	Determined on a straight line basis between 60% and 100%
More than 170.5 pence	100%

Awards granted to executive directors of the Company will ordinarily be subject to a performance condition. However, awards granted to facilitate the recruitment of an executive director may be granted without a performance condition.

A performance condition may be amended or substituted if an event occurs which causes the Board to consider that an amendment/substitution would be appropriate. Any amended or substituted performance condition would not be materially less difficult to satisfy.

Individual limits

A Participant shall not be granted an Award in respect of any financial year of the Company over shares with a market value (as determined by the Board) in excess of 100% of his annual base salary. However, the Board may, in its discretion, grant Awards above this level in exceptional circumstances, subject to an overall limit of 200% of salary.

For these purposes, the market value of a Share shall ordinarily be calculated as the middle market quotation of a Share on the date of announcement of the Company's results for any period which most recently precedes the grant date (or the average of those quotations for up to five days beginning with the date of that announcement). The Board has discretion to determine market value in a different way.

Overall limit

Awards may be granted over newly issued shares, treasury shares or shares purchased in the market.

In any 10 year period, the number of shares which may be issued under the LTIP and under any other employees' share plan adopted by the Company may not exceed 10 per cent of the issued ordinary share capital of the Company from time to time.

Treasury shares will be treated as newly issued for the purpose of this limit until such time as guidelines published by institutional investor representative bodies determine otherwise.

Malus

The malus provisions referred to below may be applied at any time up to the date of vesting.

If the malus provisions are to be applied, the Board may cancel the relevant Award or impose further conditions on it.

The malus provisions may be applied if there is: (1) a material misstatement of the Group's financial results; (2) serious reputational damage to the Group; or (3) serious misconduct on the part of the participant.

Vesting and exercise

Awards subject to a performance condition will normally vest as soon as practicable after the end of the performance period to the extent that the performance condition has been satisfied. Awards not subject to a performance condition will usually vest on the third anniversary of the grant date (or on such other date or dates as the Board determines). Options will then normally be exercisable until the tenth anniversary of the grant date.

Cessation of employment – Unvested Awards

If a participant ceases to hold office or employment by reason of death, ill-health, injury, disability or for any other reason at the Board discretion (a 'Good Leaver'), any unvested Award he holds will usually continue and vest at the originally anticipated vesting date. The Board will have discretion to vest the Award as soon as reasonably practicable after the cessation of employment.

The extent to which an Award held by a Good Leaver vests will be determined by reference to the extent to which any performance condition has been satisfied (as determined by the Board in the event of vesting before the end of the performance period).

EXPLANATORY NOTES TO THE RESOLUTIONS

Unless the Board determines otherwise, the extent to which an Award vests will be reduced to take account of the proportion of the performance period that has elapsed at the date of cessation (in the case of an Award subject to a performance condition) or the proportion of the period from grant to the originally anticipated vesting date that has elapsed at the date of cessation (in the case of an Award not subject to a performance condition).

To the extent that an Option vests, that Option may be exercised for a period of six months (12 months in the event of death) beginning with the date of vesting. The Board may permit the exercise of an Option during a longer period.

Cessation of employment – Exercise period for Vested Options

If a participant ceases employment while holding a vested Award in the form of an Option, that Option (unless cessation is due to summary dismissal, in which case it will lapse on cessation of employment) may be exercised for a period of six months (12 months in the event of death) beginning with the date of cessation of employment. The Board may permit the exercise of an Option during a longer period.

Corporate events

In the event of a change of control of the Company, unvested Awards will vest as soon as reasonably practicable.

Unvested Awards will vest taking into account the extent to which any performance condition has been satisfied at the date of change of control (as determined by the Board) and, unless the Board determines otherwise, taking into account the proportion of the performance period (or vesting period in the case of an Award that is not subject to a performance condition) that has elapsed.

If other events occur such as a winding-up of the Company, demerger, delisting, special dividend or other event which, in the opinion of the Board, may affect the current or future value of shares, the Board may determine that Awards will vest conditional on the event occurring. Vesting of Awards will be subject to the satisfaction of the performance condition (as determined by the Board) and, unless the Board determines otherwise, the proportion of the performance period (or vesting period in the case of an Award not subject to a performance condition) that has elapsed.

To the extent that an Option vests, the Board will determine the length of time during which that Option may be exercised.

Adjustment of Awards

In the event of a variation of the Company's share capital, the number of shares subject to an Award, any exercise price attaching to an Award and/or any performance condition attaching to an Award, may be adjusted.

The number of shares subject to an Award, any applicable exercise price and any performance condition may also be adjusted in the event of a demerger, delisting, special dividend, rights issue or other event, which may, in the Board's opinion, affect the current or future value of shares.

Amendment, termination and further terms of the LTIP

The Board may amend the LTIP at any time, provided that the approval of the Company's shareholders in a general meeting will be required for any amendments to the advantage of participants relating to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of, the shares or cash comprised in an Award and the impact of any variation of capital to become effective.

However, any minor amendment to benefit administration, to take into account legislative changes, or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment may be made by the Board without shareholder approval.

The LTIP will usually terminate on the tenth anniversary of its approval by shareholders but the rights of existing participants will not be affected by any termination.

Awards are not transferable (other than on death). No payment will be required for the grant of an Award. Awards will not form part of pensionable earnings.

Recommendation

The directors believe that the passing of all the resolutions to be proposed at the AGM will be in the best interests of the Company and its shareholders as a whole and are unanimous in recommending that shareholders vote in favour of them, as those directors who are also shareholders intend to do in respect of their own beneficial holdings of shares.

NOTES

- 1 A member entitled to attend and vote at this meeting is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend, to speak and, both on a show of hands and on a poll, to vote in his or her stead at the meeting. A proxy need not be a member of the Company. The appointment of a proxy does not preclude a member from attending and voting in person at the meeting should he or she subsequently decide to do so. A Form of Proxy which may be used is enclosed.
- 2 A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him or her.
- 3 To be valid, a Form of Proxy together with, if applicable, the power of attorney or other authority under which it is signed, or a certified copy thereof, must be received by Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF not later than 12.30 p.m. on 11 July 2017.
- 4 The Company, pursuant to Regulation 22 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at close of business on 11 July 2017 shall be entitled to attend or vote (whether on a show of hands or on a poll) at the meeting in respect of the number of shares registered in their name at the time. Changes to entries on the register after close of business on 11 July 2017 (or after close of business on the day which is two days before any adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- 5 As at 8 June 2017 the Company's issued share capital consisted of 75,321,000 ordinary shares each carrying one vote per share. Accordingly the total number of voting rights in the Company as at 8 June 2017 was 75,321,000.
- 6 CREST members who wish to appoint a proxy or proxies for the meeting or any adjournment thereof by utilising the CREST electronic proxy appointment service may do so by following the procedures described in the CREST Manual (www.euroclear.com/CREST). 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.
- 7 In order for a proxy appointment or instruction made by means of CREST 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 an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in this notice. 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 Application 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.
- 8 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 CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 9 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.
- 10 A copy of this notice, and the other information required by section 311A of the Companies Act 2006, can be found at www.telfordhomes-ir.london
- 11 Any member attending the meeting has the right to ask questions.
- 12 If the total number of voting rights that the Chairman will be able to vote (taking into account any proxy appointments from Shareholders over which he is given discretion and any voting rights in respect of his own shares) is such that he will have a notifiable obligation under the Disclosure and Transparency Rules of the Financial Conduct Authority (the "DTRs"), the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. Therefore, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the DTRs, need not make a separate notification to the Company and to the Financial Conduct Authority. However, any member holding 3% or more of the voting rights in the Company who appoints a person other than the Chairman as proxy will need to ensure that both the member and the proxy comply with the respective disclosure obligations under the DTRs.
- 13 If a shareholder has a general query about the AGM or wishes to give the Company prior notification of any question he wishes to ask at the AGM, he should call our shareholder helpline on 0871 664 0300 if calling within the United Kingdom or +44 371 664 0300 if calling from outside the United Kingdom. The shareholder helpline is available between 9.00 am and 5.30 pm Monday to Friday (except public holidays). Calls to the helpline from within the United Kingdom cost 12 pence per minute (including VAT) from a BT landline. Other service providers' costs may vary. Calls to the helpline from outside the United Kingdom will be charged at applicable international rates. Calls may be recorded and monitored for security and training purposes.

Telford Homes Plc

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