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If you sell or have sold or otherwise transferred all your Shares, please send this document together with the accompanying documents at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you sell or have sold or otherwise transferred only part of your holding of Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. This document has been prepared for the purposes of complying with English law and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of England.

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## **HSS Hire Group plc**

*(incorporated and registered in England and Wales with registered number 09378067)*

Proposal to approve changes to the Company's Long Term Incentive Plan for awards in respect of the 2017–2020 performance period, to approve grants to participants, including to the Company's Executive Directors and to make consequential amendments to the Company's other share plans  
and  
Notice of General Meeting

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**The whole document should be read. Your attention, in particular, is drawn to the letter from the Chairman of HSS that is set out in the *Letter from the Chairman of HSS* in Part I on pages 5 to 11 of this document and which contains a recommendation from the Board (other than the Executive Directors, who have not participated in the decision by the Board to approve the proposals) that you vote in favour of the Resolution to be proposed at the General Meeting.**

**Notice of a General Meeting of HSS to be held at 11.00 a.m. at Hilton Garden Inn Heathrow, Pavilion Centre, Eastern Perimeter Road, Hatton Cross, Heathrow, TW6 2SQ on 10 August 2017 is set out in *Notice of General Meeting* in Part IV on page 20 of this document.**

**The action to be taken in respect of the General Meeting is set out in Section 8 of Part I of the *Letter from the Chairman of HSS* on page 10 of this document.** Shareholders will find enclosed with this document a Form of Proxy for use in connection with the General Meeting. Whether or not you intend to attend the General Meeting in person, please complete and sign the Form of Proxy (or appoint a proxy electronically, as referred to below) in accordance with the instructions printed on it and return it to HSS's Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, as soon as possible and, in any event, so as to be received by no later than 11.00 a.m. on 8 August 2017. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting, should they so wish.

Electronic Proxy Appointment is available for this General Meeting. This facility enables Shareholders to lodge their proxy appointment by electronic means through the Registrar's website, [www.sharevote.co.uk](http://www.sharevote.co.uk) or, for those who hold their Shares in CREST, through the CREST electronic proxy appointment service. Further details are included in the notes to the Notice of General Meeting set out in Part IV (*Notice of General Meeting*) of this document.

At the General Meeting itself, the votes will be taken by poll rather than on a show of hands. The results of the poll will be announced as soon as practicable and will appear on the Company's website <http://www.hsshiregroup.com>.

**If you have any questions about this document, the General Meeting or the completion and return of the Form of Proxy, please call the Shareholder helpline on 0371 384 2030. Non-UK callers should dial +44 (0) 121 415 7047. Lines are open Monday to Friday 8.30 a.m. to 5.30 p.m. Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Resolution.**

Capitalised terms have the meaning ascribed to them in Part III (*Definitions*) of this document.

## **INFORMATION REGARDING FORWARD-LOOKING STATEMENTS**

Certain statements included in this document contain forward-looking information concerning HSS's strategy, operations, financial performance or condition, outlook, growth opportunities, circumstances in the countries, sectors or markets in which HSS operates, the appointments of Steve Ashmore and Paul Queded, the 2017 Awards and the General Meeting. By their nature, forward-looking statements involve risk and uncertainty because they depend on future circumstances, and relate to events, not all of which are within the Company's control or can be predicted by the Company. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially from those set out in the forward-looking statements. No part of this document constitutes, or shall be taken to constitute, an invitation or inducement to invest in HSS or any other entity, and must not be relied upon in any way in connection with any investment decision. Other than in accordance with its legal or regulatory obligations (including under the Listing Rules and the Disclosure Guidance and Transparency Rules), HSS is not under any obligation and HSS expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## **NO PROFIT FORECAST**

No statement in this document is intended as a profit forecast or a profit estimate and no statement in this document should be interpreted to mean that earnings per Share for the current or future financial years would necessarily match or exceed the historical published earnings per Share.

## CONTENTS

	PAGE
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	4
PART I – LETTER FROM THE CHAIRMAN OF HSS	5
PART II – SUMMARY OF THE PRINCIPAL TERMS APPLYING TO THE 2017 AWARDS, AMENDMENTS TO THE HSS LTIP, THE HSS DBP AND THE HSS SHARESAVE	12
PART III – DEFINITIONS	17
PART IV – NOTICE OF GENERAL MEETING	20

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<b>Event</b>	<b>Time and Date</b>
Latest time for lodging of Forms of Proxy for General Meeting	11.00 a.m. on 8 August 2017
Voting Record Time	6.30 p.m. on 8 August 2017
General Meeting	11.00 a.m. on 10 August 2017

### **Notes:**

*All time references in this document are to London time.*

*Times and dates in this document are provided by way of indicative guidance and are subject to change. If any of the above times and/or dates change, HSS will give adequate notice by issuing an announcement through a Regulatory Information Service.*

## PART I – LETTER FROM THE CHAIRMAN OF HSS

### HSS HIRE GROUP PLC

(Incorporated and registered in England and Wales with registered number 09378067)

*Directors:*

*Alan Peterson (Non-Executive Chairman)*  
*Steve Ashmore (Chief Executive Officer)*  
*Paul Quested (Chief Financial Officer)*  
*Douglas Robertson (Independent Non-Executive Director)*  
*Amanda Burton (Independent Non-Executive Director)*  
*Thomas Sweet-Escott (Non-Executive Director)*

*Registered Office:*

*25 Willow Lane,  
Mitcham,  
Surrey,  
CR4 4TS,  
United Kingdom*

20 July 2017

Dear Shareholder,

**Proposal to approve changes to the Company’s Long Term Incentive Plan for awards in respect of the 2017 – 2020 performance period, to approve grants to participants, including to the Company’s Executive Directors and to make consequential amendments to the Company’s other share plans**

#### **1. Introduction**

On 22 May 2017, HSS announced the appointment of Steve Ashmore as Chief Executive Officer and as an Executive Director with effect from 1 June 2017.

Ahead of the announcement, the Company’s Board of Directors undertook an extensive search for a new Chief Executive. In formulating the criteria for the search, the Board believed that HSS needed a leader experienced in delivering growth and value within businesses.

The Board is delighted to have secured Steve’s appointment. He has highly relevant experience and a track record of delivering results. The Board and I look forward to working with Steve to leverage the Company’s new operating model to drive sales growth through our market leading distribution network.

This is a critical time for the business as the Company focuses on driving profitable growth from its recent operating infrastructure investment to create Shareholder value. The Board has therefore given consideration to the remuneration arrangements which should be in place to incentivise: (i) the new Executive Director leadership team which comprises Steve Ashmore, who joined the company as Chief Executive Officer in June 2017 and Paul Quested, who was appointed as Chief Financial Officer in August 2016; and (ii) a small number of senior managers who work directly with Steve and Paul.

Following this review and after consultation with the Company’s major Shareholders, the Board is seeking approval for long term incentive awards in respect of the 2017 – 2020 performance period (the **2017 Awards**), which (insofar as they relate to Steve and Paul) fall outside the Remuneration Policy. The 2017 Awards have been designed to align the variable remuneration of the Executive Directors and the wider senior leadership team with strong financial and business performance, promoting the long term success of the Company and the creation of long term Shareholder value. Having a consistent approach to long term incentives for the senior team is an important part of the Company’s remuneration strategy. The 2017 Awards are structured as market value options, with a challenging EPS-based Performance Condition set over a four year Performance Period. There is a further one year Holding Period attaching to the 2017 Awards post vesting.

I am therefore writing to you now to set out the background to, and the reasons for, the General Meeting of the Company to be held on 10 August 2017 and to set out the Board’s recommendation that Shareholders vote in favour of the Resolution to approve the amendments to the HSS 2015 Long Term Incentive Plan (**HSS LTIP**), the subsequent grant of 2017 Awards and consequential amendments to the HSS 2015 Deferred Bonus Plan (**HSS DBP**) and to the HSS 2015 Sharesave Scheme (**HSS Sharesave**) (for the avoidance of doubt the Executive Directors have not participated in the decision

by the Board to approve the proposals). For long term incentive awards granted in respect of future performance periods, the Company will return to the HSS LTIP structure as outlined in our Remuneration Policy which was approved by Shareholders at its Annual General Meeting in 2016. The amendments proposed to the HSS LTIP have therefore been drafted as a separate schedule to the HSS LTIP to reflect the fact that the grant of 2017 Awards will only apply to awards in respect of the 2017 – 2020 performance period.

Capitalised terms used but not defined in this letter shall have the meanings given to them in Part III (*Definitions*) of this document.

## **2. The New Executive Director Leadership Team**

Within the last year HSS has changed its Executive Director leadership team, appointing a new Chief Financial Officer (Paul Quested) and a new Chief Executive Officer (Steve Ashmore). Together, the new Executive Directors are now responsible for the recovery of the business from a period of underperformance, leveraging the investments made through 2016 in particular. It is the Board's view that these individuals should be incentivised in recognition of the hard work and commitment required to turnaround the Company's business and to drive strong financial and business performance over the near and medium term to promote the long term success of the Company and the creation of long term Shareholder value.

Specific background on the Executive Directors and details of the skills and experience they bring to the business are set out below, with a summary of the Executive Directors' remuneration packages and an explanation of the proposed 2017 Awards set out in paragraphs 3, 4 and 5 of this letter.

### **a. Steve Ashmore's background**

Steve brings considerable leadership experience and consistent delivery of growth and value in a range of industries complementary to HSS including building products supply, logistics and distribution.

Steve previously held a number of senior roles at Exel, the supply chain and third party logistics provider, before working in a number of senior leadership positions, including UK Managing Director, at Wolseley, the £2.0bn revenue distributor of plumbing and heating products and supplier of building materials. More recently he was the UK Managing Director of Brammer plc, the specialist distributor of industrial products. Steve was previously a director of Brammer plc, now Brammer Limited following its delisting in February 2017, and resigned on 19 October 2016.

### **b. Paul Quested's background**

Paul has a broad range of financial, operational and strategic experience across global multi-site businesses. Since joining the Group, Paul has made a significant contribution in many areas, including completing the equity fundraising announced in December 2016 and also identifying £11 million to £13 million of potential cost savings for the Group in 2017.

Before joining the Group, Paul was chief corporate development officer for Electrocomponents plc and had held a number of senior positions with Electrocomponents, including those of global strategy director, general manager (RS UK) and head of finance (RS UK). Prior to Electrocomponents, Paul worked at InBev for 10 years, where his roles included planning & performance management director. Before InBev, Paul worked at Coopers & Lybrand where he was an audit manager for FTSE 100 clients.

## **3. Summary of the principal terms of Steve Ashmore's remuneration package**

In order to secure Steve's appointment, the Remuneration Committee approved a remuneration package that the Board is satisfied will promote the long term success of the Company and the creation of long term Shareholder value.

The total direct compensation elements of Steve's remuneration are as follows:

- a base salary of £360,000;

- a short term annual cash incentive worth up to a maximum of 100 per cent of base salary. Under the Company's Remuneration Policy, bonus earned in excess of 50 per cent of the maximum award is mandatorily deferred into Shares. The Company has agreed that it will not reduce Steve's bonus opportunity in 2017 to reflect the portion of the year worked. 80 per cent of the bonus will be measured by reference to EBITA targets and 20 per cent to net debt ratio;
- a proposed 2017 Award to be granted under the HSS LTIP, as amended for awards in respect of the 2017 – 2020 performance period (and further described in paragraph 5 of this letter). Assuming the Resolution being proposed at the General Meeting is approved, at the date of grant, the 2017 Award will be structured as market value options with a face value of no more than £1,656,000 calculated using the market value quotations described in Part II (*Summary of the Principal Terms applying to the 2017 Awards and Amendments to the HSS LTIP, the HSS DBP and the HSS Sharesave*). The overall maximum number of Award Shares to Steve will not exceed three million Shares; and
- from 2018, participation in the HSS LTIP, subject to the rules of the HSS LTIP and the Company's Remuneration Policy.

No buy out arrangements formed part of Steve's recruitment package.

The other principal terms of Steve's remuneration arrangements and employment contract are as follows:

- an annual cash payment in lieu of pension of 10 per cent of base salary;
- a vehicle lease allowance of £1,200 per month, or a cash allowance of £1,500 per month in lieu of such lease, less any required deductions; and
- a twelve-month notice period, with a right for the Company to make a payment in lieu of notice equal to 12 months' base salary plus an amount equal to Steve's annual cash payment in lieu of pension and the cost to the Company of providing benefits under his service agreement (as a lump sum or in monthly instalments) on termination of the contract. There is a mechanism to reduce the instalments where Steve commences alternative employment during the notice period.

#### **4. Summary of the principal terms of Paul Quested's remuneration package**

To provide ongoing incentivisation aligned with Shareholder interests and to provide consistency with the remuneration package offered to Steve, the Board proposes to grant a 2017 Award to Paul on the same terms as Steve's 2017 Award.

The total direct compensation elements of Paul's remuneration are as follows:

- a base salary of £260,000;
- a short term annual cash incentive worth up to a maximum of 100 per cent of base salary. Under the Company's Remuneration Policy, bonus earned in excess of 50 per cent of the maximum award is mandatorily deferred into Shares. 80 per cent of the bonus will be linked to EBITA targets and 20 per cent to net debt ratio. Shareholders will note that personal/health and safety objectives referenced in the 2016 Directors' Remuneration Report have been removed to reflect the focus on the delivery of key financial metrics for 2017;
- a proposed 2017 Award to be granted under the HSS LTIP, as amended for awards in respect of the 2017 – 2020 performance period (and further described in paragraph 5 of this letter). Assuming the Resolution being proposed at the General Meeting is approved, at the date of grant, the 2017 Award will be structured as market value options with a face value of no more than £832,000 calculated using the market value quotations described in Part II (*Summary of the Principal Terms applying to the 2017 Awards and Amendments to the HSS LTIP, the HSS DBP and the HSS Sharesave*). The overall maximum number of Award Shares to Paul will not exceed one and a half million Shares; and
- from 2018, participation in the HSS LTIP, subject to the rules of the HSS LTIP and the Company's Remuneration Policy.

The other principal terms of Paul's remuneration arrangements and employment contract are as follows:

- an annual cash payment in lieu of pension of 10 per cent of base salary;
- a vehicle lease allowance of £1,200 per month, or a cash allowance of £1,500 per month in lieu of such lease, less any required deductions; and
- a twelve-month notice period, with a right for the Company to make a payment in lieu of notice equal to 12 months' base salary plus an amount equal to Paul's annual cash payment in lieu of pension and the cost to the Company of providing benefits under his service agreement (as a lump sum or in monthly instalments) on termination of the contract. There is a mechanism to reduce the instalments where Paul commences alternative employment during the notice period.

## **5. Further information on the 2017 Awards**

Assuming the Resolution being proposed at the General Meeting is approved, the 2017 Awards will be granted to the Executive Directors as soon as practicable after the General Meeting, subject to any legal and regulatory restraints on dealings in securities that may apply to the Company and the Executive Directors. The Company will also grant 2017 Awards to other participants in the HSS LTIP (being senior managers who work directly with Steve and Paul) on or around the same date as the 2017 Awards are granted to the Executive Directors or, in the case of any future recruit, following the date on which they commence employment with the Group. New recruits may be permitted to receive 2017 Awards provided that they have accepted an offer of employment within 6 months of the date of the General Meeting, subject to the overall limit on Award Shares described on page 14 below. The 2017 Awards and the changes to the HSS LTIP both require Shareholder approval, as explained in part 6 of this letter. Detailed particulars of the proposed amendments to the HSS LTIP and of the 2017 Awards are set out Part II (*Summary of the Principal Terms applying to the 2017 Awards and Amendments to the HSS LTIP, the HSS DBP and the HSS Sharesave*).

The 2017 Awards are structured as market value options designed to require that share price growth be delivered before any value can be secured. Combined with a challenging EPS-based Performance Condition and an extended Performance Period this will deliver value to the HSS LTIP participants, including Steve and Paul, commensurate with the creation of value for Shareholders. The Board believes that Steve and Paul's remuneration packages, incorporating the 2017 Awards are the best way to align their interests to the interests of Shareholders and promote the long term success of the Company and creation of long term Shareholder value.

### *Vesting of the 2017 Awards and the Holding Period*

The 2017 Awards will be subject to the achievement of an EPS-based Performance Condition to be measured after the end of the four year Performance Period in the manner described in Part II (*Summary of the Principal Terms applying to the 2017 Awards and Amendments to the HSS LTIP, the HSS DBP and the HSS Sharesave*) of this document. By way of context, the adjusted EPS as at the end of 2016 was 2.94 pence (diluted).

The 2017 Awards will be subject to a one year Holding Period following vesting. This means that participants (including the Executive Directors) cannot exercise their 2017 Award for 12 months after vesting. An exercise price calculated in the manner described in Part II (*Summary of the Principal Terms applying to the 2017 Awards and Amendments to the HSS LTIP, the HSS DBP and the HSS Sharesave*) of this document will be payable on exercise of the 2017 Awards.

### *Other terms applying to the 2017 Awards*

Other than in the circumstances described under the Section headed "*Cessation of employment*" in Part II (*Summary of the Principal Terms applying to the 2017 Awards and Amendments to the HSS LTIP, the HSS DBP and the HSS Sharesave*) of this document, if a participant in the HSS LTIP leaves employment before his 2017 Award has vested, it will lapse or if a participant ceases to be employed during the Holding Period, the 2017 Award will not lapse and will continue to be subject to the Holding Period.

In the event of a change of control of the Company (or other relevant event as described in the HSS LTIP), the 2017 Awards will vest, in full or in part depending on the effective date of the relevant event, and be released early, as described in Part II (*Summary of the Principal Terms applying to the 2017 Awards and Amendments to the HSS LTIP, the HSS DBP and the HSS Sharesave*) of this document.

Malus and clawback provisions apply to the 2017 Awards on the same terms as for all awards under the HSS LTIP.

## **6. Requirement for approval in General Meeting of the 2017 Awards and amendments to the HSS LTIP, HSS DBP and HSS Sharesave**

The value of the 2017 Awards to be granted to Steve and Paul are outside the Company's Remuneration Policy. This is because the 2017 Awards will exceed the maximum annual value for awards under the HSS LTIP as set out in the Remuneration Policy. The maximum annual value is 125 per cent of base salary or 250 per cent of base salary in exceptional circumstances.

In addition, the 2017 Awards will be granted as market value options, rather than nil-cost options or an equivalent structure as referenced in the Remuneration Policy. As the 2017 Awards to be granted to the Executive Directors are outside the Remuneration Policy, they require approval by Shareholders in general meeting under Section 226B(1)(b) of the Companies Act.

Shareholder approval under Listing Rule 9.4 and rule 15.2 of the HSS LTIP is also required, as the 2017 Awards require one-off amendments for awards in respect of the 2017 – 2020 performance period to the rules of the HSS LTIP to:

- disapply the individual limits in the HSS LTIP;
- structure the 2017 Awards as market value options;
- exclude Shares subject to the 2017 Awards from the dilution limits in the HSS LTIP and the Company's other share plans; and
- prescribe particular treatment on change of control of the Company (see Section headed "*Amendments to the HSS LTIP*" in Part II (*Summary of the Principal Terms applying to the 2017 Awards and Amendments to the HSS LTIP, the HSS DBP and the HSS Sharesave*) of this document).

As explained above, if the Resolution is approved, the Board intends to grant 2017 Awards to employees who are not Directors and, as such, do not require Shareholder approval under Section 226B(1)(b) of the Companies Act. However, as the exercise price of the 2017 Awards cannot be determined until the date of grant, the 2017 Awards may be discounted options under Listing Rule 9.4.4. Therefore approval is sought from Shareholders for the grant to all participants under the 2017 LTIP Schedule.

## **7. The General Meeting**

A notice convening a General Meeting of the Company to be held at 11.00 a.m. at Hilton Garden Inn Heathrow, Pavilion Centre, Eastern Perimeter Road, Hatton Cross, Heathrow, TW6 2SQ on 10 August 2017 is set out in *Notice of General Meeting* in Part IV on page 20 of this document. The purpose of the General Meeting is to seek Shareholder approval of the Resolution set out in the Notice of General Meeting.

The Resolution will propose that the 2017 Awards to be granted to the Executive Directors and other participants are approved for the purposes of Section 226B(1)(b) of the Companies Act and Listing Rule 9.4.4, that the amendments to the HSS LTIP are approved, pursuant to rule 15.2 of the HSS LTIP and Listing Rule 9.4, that the amendments to the HSS DBP are approved, pursuant to rule 13.2 of the HSS DBP and Listing Rule 9.4 and that the amendments to the HSS Sharesave are approved, pursuant to rule 12.2 of the HSS Sharesave and Listing Rule 9.4. The Resolution will also authorise the Directors to adopt the amendments to the HSS LTIP, the HSS DBP and the HSS Sharesave and to do all things necessary and desirable to implement, complete or to procure the implementation or completion of the grant of the 2017 Awards to the Executive Directors and other participants in the

HSS LTIP and to give effect thereto with such modifications, variations, revisions or amendments (not being modifications, variations, revisions or amendments of a material nature) as the Directors may deem necessary, expedient or appropriate in connection with the 2017 Awards.

The Resolution will be proposed as an ordinary resolution. The passing of the Resolution requires a majority of the votes cast in respect of it. The votes at the General Meeting will be taken by poll rather than on a show of hands. The results of the poll will be announced as soon as practicable and will appear on the Company's website, <http://www.hsshiregroup.com>.

## **8. Action to be taken**

You will find enclosed a Form of Proxy for use in connection with the General Meeting.

Whether or not you intend to attend the General Meeting in person, please complete and sign the Form of Proxy (or appoint a proxy electronically, as referred to below) in accordance with the instructions printed on the Form of Proxy and return it to HSS's Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, as soon as possible and, in any event, so as to be received by no later than 11.00 a.m. on 8 August 2017. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting, should they so wish.

Electronic Proxy Appointment is available for this General Meeting. This facility enables Shareholders to lodge their proxy appointment by electronic means through the Registrar's website, [www.sharevote.co.uk](http://www.sharevote.co.uk) or, for those who hold their Shares in CREST, through the CREST electronic proxy appointment service. Further details are included in the notes to the Notice of General Meeting set out in Part IV (*Notice of General Meeting*) of this document.

## **9. Further information**

The expected timetable of principal events for the General Meeting is set out on page 4 of this document. Further information regarding the terms of the 2017 Awards and their grant to the Executive Directors is set out in Part II (*Summary of the Principal Terms applying to the 2017 Awards and Amendments to the HSS LTIP, the HSS DBP and the HSS Sharesave*) of this document.

**Shareholders are advised to read the whole of this document and not merely rely on the summarised information set out in this letter.**

If you have any questions about this document, the General Meeting or the completion and return of the Form of Proxy, please call the Shareholder helpline on 0371 384 2030. Non-UK callers should dial +44 (0) 121 415 7047. Lines are open Monday to Friday 8.30 a.m. to 5.30 p.m. Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Resolution.

A list of documents available for inspection and details of other information available on the Company's website is set out in Notes 16 and 17 of the notes to the Notice of General Meeting set out in Part IV (*Notice of General Meeting*) of this document.

## **10. Recommendation to Shareholders**

The Board (other than the Executive Directors, who have not participated in the decision by the Board to approve the proposals) believes that the granting of the 2017 Awards to Steve Ashmore and Paul Quedstedt and other senior manager participants and amendments to the HSS LTIP for awards in respect of the 2017 – 2020 performance period and amendments to the HSS DBP and the HSS Sharesave will promote the long term success of the Company and are in the best interests of the Company and Shareholders as a whole.

**Accordingly, the Board (other than the Executive Directors, who have not participated in the decision by the Board to approve the proposals) recommends Shareholders to vote in favour of the Resolution. Given their eligibility to participate, the Executive Directors have informed the Board that they will not vote on the Resolution. The Non-Executive Directors intend to vote in favour of the Resolution in respect of their own beneficial holdings, amounting to 975,312 Shares in aggregate at the date of this Circular, representing approximately 0.573 per cent of the Company's current issued ordinary share capital.**

Yours faithfully,

Alan Peterson  
Chairman  
HSS Hire Group plc

## **PART II – SUMMARY OF THE PRINCIPAL TERMS APPLYING TO THE 2017 AWARDS AND AMENDMENTS TO THE HSS LTIP, THE HSS DBP AND THE HSS SHARESAVE**

The 2017 Awards to be granted to the Executive Directors and other participants in the HSS LTIP, subject to approval of the Resolution by Shareholders at the General Meeting, will be granted on and subject to the rules of the HSS LTIP, as proposed to be amended in the manner described below. Vesting of the 2017 Awards is based upon the achievement of EPS-based performance targets, as also described in this Part II below.

The principal terms which will apply to the 2017 Awards are described below.

The 2017 Awards are outside the Company's Remuneration Policy approved by Shareholders at its Annual General Meeting in June 2016. This is because (a) the value of the 2017 Awards (being 460 per cent and 320 per cent of the base salary of Steve and Paul respectively) will exceed the maximum annual share award value under the Remuneration Policy; and (b) the 2017 Awards will be structured as market value options, rather than as a nil cost option or equivalent structure that is referenced in the Remuneration Policy. Under the Remuneration Policy, the maximum annual value of awards granted under the HSS LTIP is 125 per cent of base salary or 250 per cent of base salary in exceptional circumstances. As the 2017 Awards to be granted to the Executive Directors are outside the Remuneration Policy, they require approval by Shareholders in general meeting under Section 226B(1)(b) of the Companies Act. As the exercise price of the awards granted under the 2017 LTIP Schedule cannot be determined until the date of grant, 2017 Awards may be discounted options under Listing Rule 9.4.4 requiring Shareholder approval, which is also being sought at this General Meeting.

Additionally, Shareholder approval is required under Listing Rule 9.4 and rule 15.2 of the HSS LTIP, to amend the rules of the HSS LTIP to introduce the 2017 LTIP Schedule pursuant to which in respect of 2017 Awards: the individual limit otherwise applicable under the HSS LTIP is disapplied, the 2017 Awards are structured as market value options and particular treatment on change of control of the Company is prescribed. For the avoidance of doubt, the terms of the 2017 LTIP Schedule (which are described below) shall apply only in respect of the 2017 Awards and not to any other awards under the HSS LTIP. Consequential amendments to the HSS DBP and HSS Sharesave, for which Shareholder approval is also required, are explained below.

This Part II comprises the payment particulars memorandum in respect of the 2017 Awards that is required to be made available for inspection by Shareholders in accordance with Section 226D of the Companies Act. It will therefore be available for inspection at the registered office of the Company during normal business hours every business day from 20 July 2017 until the General Meeting. It will also be available for inspection at the place of the General Meeting (Hilton Garden Inn Heathrow, Pavilion Centre, Eastern Perimeter Road, Hatton Cross, Heathrow, TW6 2SQ) for one hour prior to and until the close of the General Meeting. In addition, it will be available for inspection on the Company's website, <http://www.hsshiregroup.com>, from 20 July 2017 until the end of the Company's annual general meeting in 2018.

Capitalised terms have the meaning ascribed to them in Part III (*Definitions*) of the HSS Circular dated 20 July 2017, of which this Part II forms part. For the avoidance of doubt, references to participants shall include the Executive Directors.

### Number of Award Shares

The 2017 Award granted to Steve will be granted over such number of Shares as have an aggregate market value on the date of grant equal to not more than £1,656,000 and the 2017 Award granted to Paul will be granted over such number of Shares as have an aggregate market value on the date of grant equal to not more than £832,000, in each case rounded down to the nearest whole number of Shares.

The share price used to determine the number of Award Shares will be the average of the middle market quotations of a Share as derived from the London Stock Exchange Daily Official List for each Dealing Day in the period of three months prior to the date of grant of the 2017 Award and, in the case of the proportion of a 2017 Award which is comprised of CSOP options the average of the middle market quotations for each of the five Dealing Days preceding the date of grant of the 2017 Award, provided that the overall maximum number of Award Shares deliverable under the 2017 Award (a) to

Steve will not exceed three million Shares and (b) to Paul will not exceed one and a half million Shares. A proportion of the 2017 Awards will be granted over Shares under the HSS CSOP (the **CSOP Award Shares**). Any participant's CSOP Award Shares will have a market value of no more than £30,000, as determined under the rules of the HSS CSOP.

Performance Condition, vesting and release

The 2017 Awards will be subject to the Performance Condition based on adjusted EPS assessed over the Performance Period of four financial years (starting with the current financial year) as follows:

<b>Adjusted EPS<sup>1</sup></b>	<b>Percentage of each 2017 Award that shall vest</b>
Less than 11.5 pence	0 per cent
11.5 pence	25 per cent
More than 11.5 pence but less than 13 pence	Calculated on a straight line basis between 25 per cent and 50 per cent
13 pence	50 per cent
More than 13 pence but less than 16 pence	Calculated on a straight line basis between 50 per cent and 100 per cent
16 pence or more than 16 pence	100 per cent

<sup>1</sup>For these purposes, adjusted EPS shall be adjusted diluted earnings per share for the final financial year of the Performance Period as disclosed in the Company's audited full year financial statements for that financial year, subject to such adjustments as the Board shall determine from time to time to ensure that performance is assessed on a fair and consistent basis.

In accordance with the rules of the HSS LTIP, the Remuneration Committee may amend or substitute the Performance Condition if one or more events occur which cause the Remuneration Committee to consider that a substituted or amended performance condition would be more appropriate and would not be materially less difficult to satisfy.

Following the end of the Performance Period, the Remuneration Committee will determine the extent to which the 2017 Awards vest by reference to the satisfaction of the Performance Condition. The 2017 Awards will then be released (so that the participants are entitled to acquire the Shares on payment of the exercise price) following the end of a Holding Period of one year beginning on the vesting date.

**Amendments to the HSS LTIP**

The following terms of the 2017 Awards represent changes to the ordinary terms of the HSS LTIP for which approval is sought in the Resolution, and (save as described elsewhere in this document) such changes shall only apply to the 2017 Awards pursuant to the 2017 LTIP Schedule and not to any future awards under the HSS LTIP. For the avoidance of doubt, these changes will also apply to the proportion of the 2017 Award comprised of CSOP options under the HSS CSOP so as to deliver the same treatment for the CSOP options as applies for non-CSOP portion of the 2017 Award (save where the rules of the HSS CSOP provide otherwise).

Grant of the 2017 Awards

The 2017 Awards are proposed to be granted to the participants as soon as practicable after the General Meeting or, in the case of any 2017 Award granted to a future recruit, following the date on which they commence employment with the Group.

Form of 2017 Awards

Each 2017 Award will be granted in the form of market value options with a per Share exercise price determined as set out below, which shall vest subject to the Performance Condition described above and be released at the end of the Holding Period. At the election of the Remuneration Committee, a 2017 Award (other than any proportion of a 2017 Award which is a CSOP option) may be settled by the delivery for nil-cost of such number of Shares as have a market value at exercise equal to the "gain" in the 2017 Award.

### Exercise Price

Each 2017 Award will have a per Share exercise price equal to, in the case of any 2017 Award which is not a CSOP option, the average of the middle market quotations of a Share as derived from the London Stock Exchange Daily Official List for each Dealing Day in the period of three months prior to the grant date, and, in the case of any 2017 Award which is a CSOP option, the average of the middle market quotations for each of the five Dealing Days preceding the grant date.

### Dilution limits

The HSS LTIP includes two limits on the use of new issue shares, which provide that in any ten year period, not more than 5 per cent of the Company's issued ordinary share capital from time to time may be issued or committed to be issued pursuant to all awards granted under the HSS LTIP and any discretionary employee share plan and that in any ten year period, not more than ten per cent of the Company's issued ordinary share capital from time to time may be issued or committed to be issued pursuant to all awards granted under the HSS LTIP and any employee share plan. Up to 9.186 million Shares subject to 2017 Awards will not count towards these limits.

### Individual limit

The HSS LTIP includes a limit on the value of Shares over which a participant may be granted awards in respect of any financial year. This limit does not apply to the 2017 Awards. The basis for the determination of the number of Award Shares proposed to be subject to 2017 Awards granted to the Executive Directors is set out above.

### Aggregate number of Award Shares over which awards may be granted under the 2017 LTIP Schedule

The maximum number of Award Shares over which the 2017 Awards may be granted is 9.186 million (consisting of up to three million Award Shares for Steve, up to one and a half million Award Shares for Paul and up to 4.686 million Shares in aggregate under 2017 Awards granted to other members of management). The number of Award Shares subject to 2017 Awards may be adjusted in the event of any variation of the Company's share capital.

### Corporate events

The provisions of the HSS LTIP relating to changes of control shall be varied as they apply to the 2017 Awards. If there is a change of control of the Company (or other relevant event as described in the HSS LTIP), the extent to which a 2017 Award will vest and be released shall depend upon the date of the relevant event as follows:

- if the relevant event occurs before 1 June 2018, 50 per cent of the 2017 Award will be released to the participant;
- if the relevant event occurs on or after 1 June 2018 but before 1 June 2019, 75 per cent of the 2017 Award will be released to the participant;
- if the relevant event occurs on or after 1 June 2019 but before the vesting date, 100 per cent of the 2017 Award will be released to the participant, provided that if the relevant event occurs after the end of the Performance Period the Remuneration Committee may have regard to the extent to which the Performance Condition has been satisfied in determining the extent to which the 2017 Award is released,

in each case, to the extent the 2017 Award has not already vested and is not exchanged with the consent of the Executive Director or in connection with an Internal Reorganisation (as defined in the HSS LTIP). If a resolution is passed for the voluntary winding-up or an order is made for the compulsory winding up of the Company, the Remuneration Committee will determine whether and to what extent 2017 Awards which have not yet been released should be released.

If there is a demerger, delisting, special dividend or other event and in the opinion of the Remuneration Committee, such event would affect the current or future value of the Award Shares, the Remuneration Committee may allow the 2017 Awards to vest and be released early on such terms as the Remuneration Committee may determine.

### **Other key terms of the 2017 Awards**

The following terms apply to the 2017 Awards (other than where in accordance with the applicable tax legislation or HMRC practice, the terms are varied for the purposes of CSOP options).

#### *Malus and clawback*

The Remuneration Committee may at any time before the vesting date of a 2017 Award reduce (including to nil) the number of shares subject to the 2017 Award or impose additional conditions on the 2017 Award in the event of (a) a material misstatement of the Company's audited financial results, (b) an error in assessing the Performance Condition or in the information or assumptions on which that 2017 Award was granted or vested, (c) a material failure of risk management by the Company, any other Group company or a relevant business unit, (d) serious reputational damage to the Company, any other Group company or a relevant business unit, or (e) material misconduct on the part of the participant. For a period of two years following the vesting date of a 2017 Award, the Remuneration Committee may, in the same circumstances, reduce the number of shares or impose additional conditions on the 2017 Award or require the participant to make a repayment in respect of the 2017 Award (if it has been exercised).

#### *Cessation of employment*

If the participant leaves employment before his 2017 Award has vested, it will lapse unless he leaves in exceptional circumstances such as due to ill health, injury or disability, his employer ceasing to be a member of the Group or if he transfers to an undertaking that is not a member of the Group or for any other reason at the Remuneration Committee's discretion (other than where the participant is summarily dismissed). In such circumstances, his 2017 Award will not lapse, but will vest and be released either (a) on the normal release date, or (b) at the Remuneration Committee's discretion, as soon as practicable following the date of cessation of employment (or at such other date as the Remuneration Committee determines). The number of Shares in respect of which the 2017 Award vests and is released shall be determined taking into account the satisfaction of the Performance Condition (at the date of cessation if the 2017 Award is released before the end of the Performance Period) and, unless the Remuneration Committee determines otherwise, the proportion of the Performance Period that has elapsed at the date of cessation.

If a participant ceases to be employed during the Holding Period, the 2017 Award will continue and be released at the normal release date in respect of the shares over which it vested by reference to the satisfaction of the Performance Condition, although the Remuneration Committee has discretion to release the 2017 Award at the date of cessation. However, if a participant is summarily dismissed during the Holding Period his 2017 Award shall lapse.

#### *Sourcing of Shares*

Each 2017 Award may be granted over newly issued Shares, treasury shares or existing Shares which would be purchased in the market using the Company's employee benefit trust.

The Shares issued or transferred on vesting of the 2017 Awards will rank equally with other Shares then in issue (except for rights arising by reference to a record date prior to their allotment or transfer).

Application will be made for any new Shares allotted and issued in connection with the 2017 Awards to be admitted to listing and to trading by the UK Listing Authority and the London Stock Exchange respectively.

#### *Dividend equivalents*

The HSS LTIP permits the payment of "dividend equivalents" in relation to dividends that would have been paid on vested Award Shares over the period from the grant of the 2017 Award to its release. No dividend equivalents will be paid in relation to the 2017 Awards.

#### *Variation of capital*

If there is a variation of the share capital of the Company, a demerger, delisting, special dividend, rights issue or distribution, the Remuneration Committee may adjust the number of Award Shares and the Performance Condition.

### Amendments

The Remuneration Committee may amend the terms of each 2017 Award save that the prior approval of Shareholders in general meeting must be obtained for any amendment to the terms of a 2017 Award which is to the participant's advantage. Shareholders' approval will not be required for minor changes to benefit the administration of the HSS LTIP or that are necessary or desirable to take account of any change in legislation or to obtain or maintain favourable taxation, exchange control or regulatory treatment for the Company, the participant or any member of the Group.

### **Amendments to the HSS DBP and the HSS Sharesave**

The HSS DBP includes two limits on the use of new issue shares, which are the same as the limits in the HSS LTIP. In line with institutional shareholder guidelines, the HSS Sharesave includes only the "ten per cent in ten years limit".

In order that the dilution limits operate in the same way across all of the Company's share plans, up to 9.186 million Shares subject to 2017 Awards will not count towards these limits.

### PART III – DEFINITIONS

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

“£”	the lawful currency from time to time of the United Kingdom
“2016 Directors’ Remuneration Report”	the remuneration report contained in the Company’s annual report for the financial year ending December 2016;
“2017 Award”	an award over Shares in the form of market value options to be granted to Steve Ashmore, Paul Quedest or other senior manager participants, on and subject to the rules of the HSS LTIP (as amended) and the 2017 LTIP Schedule, the principal terms of which are set out in Part II ( <i>Summary of the Principal Terms applying to the 2017 Awards and Amendments to the HSS LTIP, the HSS DBP and the HSS Sharesave</i> ) of this document
“2017 LTIP Schedule”	the schedule to the HSS LTIP containing the amendments thereto to be approved by Shareholders in General Meeting setting out the terms of the 2017 Awards
“Annual General Meeting”	an annual general meeting of the Company
“Award Shares”	the Shares subject to the 2017 Awards
“Board”	the board of Directors of the Company
“Chairman”	the Chairman of the Company, currently Alan Peterson
“Companies Act”	the Companies Act 2006, as amended
“Company” or “HSS”	HSS Hire Group plc, incorporated in England and Wales with registered number 09378067 and whose registered office is 25 Willow Lane, Mitcham, Surrey, CR4 4TS, United Kingdom
“CREST”	the UK based system for the paperless settlement of trades in listed securities, of which Euroclear is the operator in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755)
“CREST Manual”	the manual, as amended from time to time, produced by Euroclear describing the CREST system, and supplied by Euroclear to users and participants thereof
“CSOP options”	market value options granted under the HSS CSOP
“CSOP Award Shares”	the Shares over which CSOP options are granted
“Dealing Day”	any day on which the London Stock Exchange is open for business
“Directors”	the directors of the Company
“Disclosure Guidance and Transparency Rules”	the Disclosure Guidance and Transparency Rules made by the FCA for the purposes of Part VI of FSMA
“Electronic Proxy Appointment”	appointment of a proxy through the CREST electronic proxy appointment service

<b>“EPS”</b>	adjusted diluted earnings per share for the final financial year of the Performance Period as disclosed in the Company’s audited full year financial statements for that financial year, subject to such adjustments as the Board shall determine from time to time to ensure that performance is assessed on a fair and consistent basis
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited
<b>“Executive Directors”</b>	the executive directors of the Company, currently Steve Ashmore, the Chief Executive Officer, and Paul Quedsted, the Chief Financial Officer
<b>“FCA”</b>	the Financial Conduct Authority of the UK, its predecessors or its successors from time to time, including, as applicable, in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>“Form of Proxy”</b>	the form of proxy in connection with the General Meeting, which accompanies this document
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended
<b>“General Meeting”</b>	the general meeting of the Company to be held at 11.00 a.m. at Hilton Garden Inn Heathrow, Pavilion Centre, Eastern Perimeter Road, Hatton Cross, Heathrow, TW6 2SQ on 10 August 2017
<b>“Group”</b>	the Company, any subsidiary (within the meaning of Section 1159 of the Companies Act) of the Company, any company which is (within the meaning of Section 1159 of the Companies Act) the Company’s holding company or a subsidiary of the Company’s holding company or, if the Board so determines, any body corporate in relation to which the Company is able to exercise at least 20 per cent of the equity voting rights
<b>“Holding Period”</b>	a period of one year commencing on the date on which the Board determines the extent to which the Performance Condition has been satisfied
<b>“HSS CSOP”</b>	the HSS 2015 Long Term Incentive (CSOP Options) Plan, as amended from time to time
<b>“HSS DBP”</b>	the HSS 2015 Deferred Bonus Plan, as amended from time to time
<b>“HSS LTIP”</b>	the HSS 2015 Long Term Incentive Plan (including the HSS CSOP), as amended from time to time
<b>“HSS Sharesave”</b>	the HSS 2015 Sharesave Scheme, as amended from time to time
<b>“Listing Rules”</b>	the Listing Rules made by the FCA for the purposes of Part VI of FSMA
<b>“Non-Executive Directors”</b>	the non-executive directors of the Company, currently Alan Peterson, Douglas Robertson, Amanda Burton and Thomas Sweet-Escott

<b>“Notice of General Meeting”</b>	the notice of the General Meeting, as set out in Part IV ( <i>Notice of General Meeting</i> ) of this document
<b>“Performance Condition”</b>	the EPS-based performance condition applying to the 2017 Awards granted pursuant to the 2017 LTIP Schedule
<b>“Performance Period”</b>	the period of four financial years starting with the current financial year
<b>“Registrar”</b>	Equiniti, of Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
<b>“Regulatory Information Service”</b>	a Regulatory Information Service that is approved by the FCA and that is on the list of Regulatory Information Services maintained by the FCA
<b>“Remuneration Policy”</b>	the HSS directors’ remuneration policy as approved by Shareholders at the Company’s Annual General Meeting on 15 June 2016
<b>“Resolution”</b>	the ordinary resolution to be proposed at the General Meeting to approve the 2017 Awards, the amendments to the HSS LTIP, the amendments to the HSS DBP and the HSS Sharesave and to authorise the Directors to grant the 2017 Awards to the Executive Directors and other participants in the HSS LTIP
<b>“Share”</b>	an ordinary share of £0.01 each in the share capital of the Company
<b>“Shareholders”</b>	the holders of Shares from time to time
<b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“Voting Record Time”</b>	6.30 p.m. on 8 August 2017 or, if the General Meeting is adjourned, 6.30 p.m. on the date which is two days (excluding non-working days) before the time fixed for the adjourned General Meeting

## PART IV – NOTICE OF GENERAL MEETING

### NOTICE OF GENERAL MEETING OF HSS HIRE GROUP PLC

Notice is hereby given that a General Meeting of HSS Hire Group plc (the **Company**) will be held at 11.00 a.m. at Hilton Garden Inn Heathrow, Pavilion Centre, Eastern Perimeter Road, Hatton Cross, Heathrow, TW6 2SQ (British Summer Time) on 10 August 2017 to consider and, if thought fit, to pass the resolution set out below, which shall be proposed as an ordinary resolution, in connection with the grant of an award of market value options over ordinary shares of £0.01 each in the capital of the Company (**Shares**) to Steve Ashmore and to Paul Quedsted (the **Executive Directors**) and other of the Company's senior managers, related amendments to the HSS 2015 Long Term Incentive Plan (the **HSS LTIP**) and consequential amendments to the HSS 2015 Deferred Bonus Plan (the **HSS DBP**) and the HSS 2015 Sharesave Scheme (the **HSS Sharesave**).

#### **Ordinary resolution to approve amendments to the HSS LTIP, HSS DBP and HSS Sharesave and the grant of the awards to participants, including to the Executive Directors**

##### **THAT**

- (a) the amendments to the HSS LTIP (as shown in the marked up rules of the HSS LTIP, a copy of which was produced to the Meeting and initialled by the Chairman for identification) be and are hereby approved for the purposes of Listing Rule 9.4 and rule 15.2 of the HSS LTIP (the principal terms of which being as described in Part II of the Circular to Shareholders dated 20 July 2017, a copy of which was also produced to the Meeting and initialled by the Chairman for identification (the **Circular**));
- (b) the amendments to the HSS DBP (as shown in the marked up rules of the HSS DBP, a copy of which was produced to the Meeting and initialled by the Chairman for identification) be and are hereby approved for the purposes of Listing Rule 9.4 and rule 13.2 of the HSS DBP;
- (c) the amendments to the HSS Sharesave (as shown in the marked up rules of the HSS Sharesave, a copy of which was produced to the Meeting and initialled by the Chairman for identification) be and are hereby approved for the purposes of Listing Rule 9.4 and rule 12.2 of the HSS Sharesave;
- (d) the awards over Shares to be granted to participants (including, but not limited to the Executive Directors) on and subject to the terms of the amended HSS LTIP and pursuant to the 2017 LTIP Schedule (the **2017 Awards**), and the principal terms of the 2017 Awards being as described in Part II of the Circular, be and are hereby approved for the purposes of Section 226B(1)(b) of the Companies Act, as amended, and Listing Rule 9.4.4; and
- (e) the directors of the Company (the **Directors**) (or any duly constituted committee thereof) be and are hereby authorised to adopt the amendments to the HSS LTIP, the HSS DBP and the HSS Sharesave and to do all things necessary and desirable to implement, complete or to procure their implementation or completion of the grant of the 2017 Awards to participants of the HSS LTIP, including to the Executive Directors on and subject to the terms of the HSS LTIP as amended and to give effect thereto with such modifications, variations, revisions or amendments (not being modifications, variations, revisions or amendments of a material nature) as the Directors (or any duly authorised committee thereof) may deem necessary, expedient or appropriate in connection with the 2017 Awards.

By order of the Board

Daniel Joll  
**Company Secretary**

20 July 2017

Registered Office: 25 Willow Lane, Mitcham, Surrey, CR4 4TS  
Registered in England and Wales No. 09378067

## Notes

### Entitlement to attend and vote

1. The right to attend and vote at the General Meeting is determined by reference to the Company's register of members. Only a member entered in the register of members at 6.30 p.m. on 8 August 2017 (or, if the General Meeting is adjourned, in the register of members at 6.30 p.m. two business days before any adjourned General Meeting) is entitled to attend and vote at the General Meeting and a member may vote in respect of the number of Shares registered in the member's name at that time. Changes to the entries in the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.

### Proxies

2. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the General Meeting. A Shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different Share or Shares held by that Shareholder. A proxy need not be a Shareholder of the Company. The Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have the Form of Proxy and believe that you should have one, or if you require additional forms, please contact Equiniti on 0371 384 2030\* (or +44 (0) 121 415 7047 from outside the United Kingdom).

\* Lines are open from 8.30 a.m. to 5.30 p.m., Monday to Friday.

3. A Shareholder may only appoint a proxy or proxies by:

- (a) completing and returning the Form of Proxy enclosed in this pack to the Company's registrars, Equiniti;
- (b) going to [www.sharevote.co.uk](http://www.sharevote.co.uk) and following the instructions provided; or
- (c) if they are a user of the CREST system (including CREST personal members), having an appropriate CREST message transmitted.

### Sharevote

4. You may, if you wish, register the appointment of a proxy or proxies, or voting instructions for the General Meeting, electronically by logging on to [www.sharevote.co.uk](http://www.sharevote.co.uk). You will need to use a 25-digit number made up of your Voting ID, Task ID and Shareholder Reference Number printed on your Form of Proxy. Full details of the procedure are given on the website, [www.sharevote.co.uk](http://www.sharevote.co.uk). The proxy appointment and/or voting instructions must be received by Equiniti by 11.00 a.m. on 8 August 2017. Please note that any electronic communication sent to the Company or Equiniti that is found to contain a computer virus will not be accepted. The use of the internet service in connection with the General Meeting is governed by Equiniti's conditions of use set out on the website, [www.sharevote.co.uk](http://www.sharevote.co.uk), which may be read by logging on to that site.

### CREST

5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on 10 August 2017 and any adjournment(s) thereof by using the procedures described in the CREST Manual (available at [www.euroclear.com](http://www.euroclear.com)). CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **CREST proxy instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's 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 Equiniti

(ID RA19) by 11.00 a.m. on 8 August 2017. 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 Equiniti 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.

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

8. 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.

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

10. You may not use any electronic address provided in this notice of General Meeting (including the Chairman's letter and Form of Proxy) to communicate with the Company for any purposes other than those expressly stated. To appoint more than one proxy, please print out and fill in a separate copy of the Form of Proxy.

**IMPORTANT: In any case your Form of Proxy must be received by the Company's registrars, Equiniti, by no later than 11.00 a.m. on 8 August 2017.**

#### **Corporate representatives**

11. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers, provided that if two or more representatives purport to vote in respect of the same Shares:

- (a) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; and
- (b) in other cases, the power is treated as not exercised.

#### **Nominated persons**

12. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act to enjoy information rights (a **Nominated Person**) may, under an agreement between him/her and the Shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.

13. The statement of the rights of Shareholders in relation to the appointment of proxies in paragraph 2 above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by Shareholders of the Company.

#### **Issued share capital and total voting rights**

14. As at 19 July 2017 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consisted of 170,207,142 Shares, carrying one vote each. Therefore, the total number of voting rights in the Company as at 19 July 2017 is 170,207,142.

### **Members' rights to ask questions**

15. Any member attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the General Meeting but no such answer need be given if:

- (a) to do so would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information;
- (b) the answer has already been given on a website in the form of an answer to a question; or
- (c) it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

### **Inspection of documents**

16. The following documents will be available for inspection during normal business hours at 25 Willow Lane, Mitcham, Surrey CR4 4TS from 20 July 2017 until the beginning of the General Meeting and at Hilton Garden Inn Heathrow, Pavilion Centre, Eastern Perimeter Road, Hatton Cross, Heathrow, TW6 2SQ, from 15 minutes before the General Meeting until the end of the General Meeting:

- (a) copies of the executive Directors' service contracts;
- (b) copies of the letters of appointment of the non-executive Directors;
- (c) a copy of the amended rules of the HSS LTIP, the HSS DBP and the HSS Sharesave; and
- (d) a copy of Part II of this document (*Summary of the Principal Terms applying to the 2017 Awards and Amendments to the HSS LTIP, the HSS DBP and the HSS Sharesave*) comprising the payment particulars memorandum in respect of the 2017 Awards that is required to be made available for inspection by Shareholders in accordance with Section 226D of the Companies Act. The copy of Part II of this document will also be available for inspection on the Company's website, <http://www.hsshiregroup.com>, from 20 July 2017 until the end of the Company's annual general meeting in 2018.

### **Website**

17. A copy of this notice, and other information required by s311A of the Companies Act, can be found at [www.hsshiregroup.com](http://www.hsshiregroup.com).

### **Voting**

18. Voting at the General Meeting will be by poll. The Chairman will invite each Shareholder, corporate representative and proxy present at the General Meeting to complete a poll card indicating how they wish to cast their votes in respect of the Resolution. In addition, the Chairman will cast the votes for which he has been appointed as proxy. Poll cards will be collected at the end of the General Meeting. Once the results have been verified by the Company's Registrar, Equiniti, they will be notified to the FCA, announced through a Regulatory Information Service and available to view on the Company's website.

### **Voting results**

19. The results of the voting at the General Meeting will be announced through a Regulatory Information Service and will appear on our website [www.hsshiregroup.com](http://www.hsshiregroup.com) as soon as practicable after the General Meeting.

