

# The Rank Group Plc

## Notice of General Meeting

Wednesday, 25 April 2018 at 11am

TOR, Saint-Cloud Way, Maidenhead, SL6 8BN

**This document is important and requires your immediate attention.**

If you are in any doubt as to any aspects of the proposals referred to in this document or as to the action that you should take, you are recommended to seek advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your ordinary shares in The Rank Group Plc please send this document and form of proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

**Directors**

Mr Ian Burke *Chairman*  
Mr Chris Bell  
Mr Henry Birch  
Mr Steven Esom  
Ms Susan Hooper  
Mr Clive Jennings  
The Rt. Hon. the Earl of Kilmorey, PC  
Mr Alex Thursby

**The Rank Group Plc**

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T. +44 1628 504 000  
W. [www.rank.com](http://www.rank.com)

6 April 2018

To ordinary shareholders

Dear Shareholder

**General Meeting**

This document contains the notice of a general meeting of the Company, which will be held at TOR, Saint-Cloud Way, Maidenhead, SL6 8BY at 11am on Wednesday, 25 April 2018. A general description of the matters to be considered at this meeting can be found in the explanatory notes on page 9 and the background to those matters is set out below.

**Resolutions**

Resolution 1 seeks shareholder approval for certain minor changes to the rules of The Rank Group Plc 2010 Long-Term Incentive Plan. The purpose of the proposed changes is to allow the remuneration committee of the Company to take into account an award holder's personal performance when considering if, and the extent to which, an award shall vest by reference to achievement of performance targets.

Resolution 2 seeks shareholder approval for a new directors' remuneration policy which, if approved, will take effect immediately after the General Meeting and will replace the existing directors' remuneration policy that was approved by shareholders in April 2015 and which is due to expire this year.

Resolutions 1 and 2 are ordinary resolutions and will be passed if members representing more than 50% of the total voting rights of entitled members vote in favour.

**The Rank Group Plc**  
Registered in England & Wales No 03140769  
Registered Office as above

Voting on both of the proposed resolutions at the meeting will be conducted on a poll rather than on a show of hands. This reflects current best practice and ensures that shareholders who are not able to attend the general meeting, but who have appointed proxies, have their votes fully taken into account. Any directors appointed as proxies will cast their votes as directed by the shareholders. The poll results will be published via a Regulatory Information Service and on the Company's website as soon as possible after the conclusion of the general meeting.

### **Actions to be taken**

A form of proxy for use at the forthcoming general meeting is enclosed. Whether or not you intend to be present at the meeting, you are urged to complete and return the form in accordance with the instructions printed on it so that it is received by the Company's registrars not later than 48 hours before the time fixed for the meeting. If you are a CREST member, you can submit your proxy electronically through the CREST system. There is also an electronic proxy appointment facility. Details are set out in the notes to the notice of general meeting on page 5. Completion and return of the form will not prevent you from attending and voting at the meeting in person if you wish to do so.

### **Recommendation**

Your directors consider the passing of all of the resolutions at the general meeting to be in the best interests of the Company and the shareholders as a whole and that they are most likely to promote the success of the Company.

Accordingly, your directors unanimously recommend that shareholders vote in favour of all of the resolutions to be proposed at the general meeting, as they intend to do in respect of their own beneficial shareholdings.

Yours sincerely

Ian Burke  
*Chairman*  
The Rank Group Plc

## **Notice of General Meeting**

NOTICE IS HEREBY GIVEN that a general meeting (the “**Meeting**”) of The Rank Group Plc (the “**Company**”) will be held at TOR, Saint-Cloud Way, Maidenhead SL6 8BN at 11am on Wednesday, 25 April 2018 for the shareholders of the Company as a whole for the transaction of the following business:

### **Ordinary Resolutions**

1. To consider and approve the following resolution:

THAT the proposed amendments to the rules of The Rank Group Plc 2010 Long-Term Incentive Plan (“**Rules**”), which are summarised in the explanatory notes to this resolution and which are highlighted in the copy of the Rules which are produced to the Meeting and initialled by the Chairman for the purposes of identification, be and are hereby approved and the directors be authorised to adopt the amendments into the Rules and to do all such other acts and things as they may consider appropriate to implement the amendments.

2. To consider and approve the following resolution:

THAT the directors’ remuneration policy, in the form presented to the Meeting and which is summarised in the explanatory notes to this resolution, be and is hereby approved.

By order of the board

**Frances Bingham**  
*Secretary*

6 April 2018

The Rank Group Plc  
Registered in England & Wales № 03140769  
Registered office TOR, Saint-Cloud Way, Maidenhead SL6 8BN

## **Notes**

### **Entitlement to vote**

1. Under the Company's articles of association (the '**Articles**') the holders of Ordinary Shares are entitled to attend the Meeting and to speak and vote thereat. Duly appointed proxies are entitled to attend, speak and vote at the Meeting.
2. Pursuant to article 47(B) of the Articles and Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders registered in the register of members of the Company as at 6.30pm on Monday, 23 April 2018 or, in the event that the Meeting is adjourned, in the register of members 48 hours before the time of any adjourned Meeting, shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at the time. Changes to entries on the relevant register of members after 6.30pm on Monday, 23 April 2018 or, in the event that the Meeting is adjourned, in the register of members 48 hours before the time of any adjourned Meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

### **Entitlement to appoint proxies**

3. A shareholder entitled to attend, speak and vote at the Meeting is also entitled to appoint one or more proxies to exercise all or any of his rights to attend, speak and vote instead of the shareholder, provided that, if more than one proxy is appointed, each proxy is appointed to exercise rights attaching to different shares held by that shareholder. A proxy need not be a shareholder of the Company. The appointment of a proxy will not preclude a shareholder from attending the Meeting and voting in person. A shareholder may only appoint a proxy or proxies by:
  - (a) completing and returning the form(s) of proxy accompanying this Notice in accordance with the instructions contained therein;
  - (b) going to [www.sharevote.co.uk](http://www.sharevote.co.uk) and following the instructions provided (see Note 9 below); or
  - (c) if you are a user of the CREST system (including CREST personal members), having an appropriate CREST message transmitted (see Note 5 below).

To appoint more than one proxy, you may either photocopy the form(s) of proxy accompanying this Notice or contact Equiniti on 0371 384 2098 (from the UK) or +44 121 415 7047 (from outside the UK) to request additional personalised form(s) of proxy<sup>1</sup>. If more than one proxy appointment is returned in respect of the same holding of shares, either by paper or electronic communication, that proxy received last by Equiniti before the latest time for the receipt of proxies will take precedence.

### **Paper proxy appointment**

4. The forms of proxy and the authority (if any) under which they are signed or a certified copy of such authority must be deposited at the offices of the Company's registrars – Equiniti, Aspect House, Spencer Road, Lancing BN99 6DA – by not later than 11am on Monday, 23 April 2018, or 48 hours before the time appointed for holding any adjourned Meeting.

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<sup>1</sup> Lines are open 08:30 to 17:30, Monday to Friday (excluding public holidays in England and Wales).

### **CREST proxy appointment**

5. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent (ID RA19) by 11am on Monday, 23 April 2018, or not less than 48 hours before the time appointed for holding an adjourned Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time, any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. The appropriate CREST message must be properly authenticated in accordance with Euroclear UK & Ireland Limited specifications and must contain the information required for such instructions, as described in the CREST Manual (available at [www.euroclear.com](http://www.euroclear.com)).
6. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited 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 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.
7. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
8. CREST personal members or other CREST sponsor or voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings, please refer to the CREST Manual.

### **Electronic proxy appointment**

9. Electronic proxy appointment is available for the Meeting. This facility enables shareholders to lodge their proxy appointment by electronic means on a website provided by Equiniti. Shareholders who have already registered their holding(s) with the Shareview portfolio service will be sent an e-mail with full instructions on the electronic proxy voting procedure. Other shareholders may submit an electronic proxy appointment online, using the reference numbers printed on the form of proxy, at [www.sharevote.co.uk](http://www.sharevote.co.uk) where details of the voting procedure are shown. Electronic proxies will not be valid if received after 11am on Monday, 23 April 2018, or if received less than 48 hours before the time appointed for holding an adjourned Meeting, and will not be accepted if found to contain a computer virus.

### **Voting by corporate representatives**

10. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that if two or more representatives purport to vote in relation to the same shares:
  - (i) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way; and
  - (ii) in other cases, the power is treated as not exercised.

### **Nominated persons**

11. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the 'Act') to enjoy information rights (a 'Nominated Person') may, under an agreement between him and the shareholder by whom he was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies at Note 3 above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by shareholders of the Company.

### **Voting and voting rights**

12. As at 6 April 2018, being the latest practicable date prior to the publication of this Notice, the issued share capital of the Company was 390,683,521 Ordinary Shares of 13<sup>8</sup>/<sub>9</sub> pence each (excluding treasury shares) with each Ordinary Share carrying one vote. Therefore, the total voting rights in the Company as at 6 April 2018 were 390,683,521.
13. Voting on all resolutions will be by way of poll. A poll reflects the number of voting rights exercisable by each member and so the board considers it a more democratic method of voting. If you attend the annual general meeting this year, you will be issued with a paper poll card on registration and full instructions for completing this will be given at the appropriate time during the meeting.
14. If you have already voted by proxy, you will still be able to vote by completing the paper poll card and your vote on the day will replace your previously lodged vote.
15. The results of the voting at the Meeting will be announced through a Regulatory Information Service and will appear on our website [www.rank.com](http://www.rank.com).

### **Right to ask questions**

16. A shareholder attending the Meeting has the right to ask questions relating to the business being dealt with at the Meeting in accordance with section 319A of the Act. In certain circumstances prescribed by section 319A of the Act, the Company need not answer a question.

### **Communicating with the Company in relation to the Meeting**

17. Except as provided above, shareholders who wish to communicate with the Company in relation to the Meeting should do so using the following means:
  - (a) by writing to the Company Secretary at the Company's registered office address at TOR, Saint-Cloud Way, Maidenhead SL6 8BN; or
  - (b) by writing to the registrars, Equiniti, Aspect House, Spencer Road, Lancing BN99 6DA.

No other methods of communication will be accepted. In particular, you may not use any electronic address provided either in this Notice or in any related documents (including,

without limitation, the form(s) of proxy) to communicate with the Company for any purpose other than those expressly stated in this Notice or in such other related documents.

### **Inspection of documents**

18. Copies of the rules of The Rank Group Plc 2010 Long-Term Incentive Plan (showing the proposed amendments) and the proposed directors' remuneration policy are available for inspection at the registered office of the Company during normal business hours. Both of these documents will also be available for inspection on the date of the Meeting at the Company's registered office where the Meeting is being held for a period of at least 15 minutes prior to the commencement of the Meeting and until the Meeting closes.

### **Website**

19. A copy of this Notice, and other information required by section 311A of the Act, can be found at [www.rank.com](http://www.rank.com).



## **Explanatory notes to resolutions**

These notes are intended to explain the business to be transacted at the Meeting. Resolutions 1 and 2 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half the votes must be in favour of the resolution.

### **Resolution 1 – proposed amendments to the rules of The Rank Group Plc 2010 Long-Term Incentive Plan**

The Company adopted The Rank Group Plc 2010 Long-Term Incentive Plan (“**LTIP**”) on 22 April 2010, pursuant to which the Company’s remuneration committee may resolve to grant incentive awards to employees and executive directors of the Company, and which may include share options, conditional share awards and cash awards (“**Awards**”).

The LTIP was amended by shareholders in general meeting on 22 April 2015 to introduce clawback and malus provisions and to accommodate the grant of block Awards with a combined vesting and holding period of up to five and a half years.

When granting Awards to executive directors and to other senior managers, it is the Company's practice to specify certain performance targets which determine whether, and to what extent, those Awards shall vest. Where such performance targets are specified, the rules of the LTIP currently require those performance targets to measure objective criteria.

It is now proposed that certain minor amendments be made to rules of the LTIP to remove the requirement for performance targets to measure objective criteria. The purpose of these proposed amendments is to permit the remuneration committee to take into account the personal performance of an award holder when determining whether all or any part of their Award should vest.

### **Resolution 2 – Directors’ remuneration policy**

This resolution seeks shareholder approval for the directors’ remuneration policy, a copy of which is available for inspection at the registered office of the Company during normal business hours (“**Directors' Remuneration Policy**”).

The existing directors’ remuneration policy of the company (as detailed in the 2017 Annual Report and Accounts, pages 71 to 76) was last approved by shareholders on 22 April 2015 and is due to expire this year. Approval is therefore being sought for the Directors' Remuneration Policy which, if approved, will take effect immediately after this General Meeting. The vote is a binding vote and, subject to limited exceptions, no remuneration payment or loss of office payment may be made to a prospective, current or former director unless consistent with the approved Directors' Remuneration Policy (or otherwise specifically approved by shareholders).

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

The key focus of the committee has been to design a new Directors' Remuneration Policy which includes an annual bonus scheme and long-term incentive scheme that enables the Company to attract, retain and reward high calibre senior executives to deliver optimal and sustainable returns to shareholders.

Following extensive consultation with and input from the major shareholder, the review has resulted in a market standard annual bonus scheme. While the Company has scope to apply different measures in future years, for 2017/18, the outcome will be based primarily on performance against a sliding scale of profit targets and not the return on shareholders' funds concept that had applied in previous years. The bonus opportunity has increased to reflect the size and complexity of the business and to ensure the Company is able to recruit and retain top talent and, in line with good practice, bonus deferral and recovery and withholding provisions have been introduced.

The LTIP has a similar structure to the one that it is replacing except that the award will cover four financial years and not three and will include more transparent performance targets. The bonus and LTIP is described in more detail below.

#### *Annual Bonus plan*

Under the proposed policy, a new bonus plan has been designed for operation in 2017/18. The new arrangement provides greater transparency for executives and shareholders.

A summary of the changes which will apply for 2017/18 are as follows:

- Increase in bonus opportunity from 100% to 150% of salary for the CEO and from 80% to 120% of salary for the FD;
- Simplification of the structure through removal of the pool system, return on shareholder funds ('ROSF') measure and bonus rate modifier;
- Bonus for 2017/18 is based on challenging profit after tax targets, with 0% pay-out for achieving threshold performance, 50% pay-out for achieving target and 100% pay-out for achieving maximum;
- The committee has discretion to alter the bonus outcomes for executive directors to take account of underlying company as well as individual performance;
- Introduction of two-year deferral in shares for any bonus earned in excess of 100% of salary for the CEO and 80% of salary for the FD; and
- Introduction of clawback provisions in the event of misstatement, error or misconduct.

#### *Long-Term Incentive Plan award*

Subject to shareholder approval of the Directors' Remuneration Policy, it is intended that awards will be granted in respect of the 2017/18 financial year of the Company under the rules of the LTIP (the "**2017/18 Awards**").

Following direction from the Company's majority shareholder, the committee has chosen to retain the block award structure for the 2017/18 Awards. While the committee notes that "end to end" grants are out of line with standard UK practice, the structure is one that is favoured by the majority shareholder who believes that it remains an effective way of rewarding executives for transformational growth.

The 2017/18 Awards will be based on performance over the four-year period ending 30 June 2021, and vesting will continue to be phased in three tranches. Reflecting the views of UK institutional shareholders, a holding period will apply to the first two tranches which requires executives to hold the net-of-tax number of vested shares until the fifth anniversary of grant.

A summary of the changes for the 2017/18 Award is set out below:

- A possible grant at 600% of salary for a CEO and an increased grant level of 450% of salary for the FD (previously 400% of salary), covering four annual awards;
- A minimum five-year time horizon will be maintained but the structure will be altered going forward to incorporate holding periods to the first two vesting tranches; and
- Performance will now be measured over a four-year period ending 30 June 2021 with one third vesting in October 2021, one third vesting in October 2022 and one third vesting in October 2023, assuming a grant date in April or May 2018.

For the 2017/18 Awards, it is proposed that for this grant only the following targets will apply:

70% of the 2017/18 Awards will be based on the following financial measures (which shall be based on performance in FY 2020/21):

<b>Measure</b>	<b>Weighting (% of maximum)</b>	<b>Target (50% vesting)</b>	<b>Maximum (100% vesting)</b>
EPS growth	40%	21.9p	25.8p
Digital net revenue	7.5%	£173.9m	£212m
Digital profit	7.5%	£41.3m	£56.9m
Grosvenor London revenue	7.5%	£170.3m	£183.6m
Grosvenor London profit	7.5%	£34.7m	£38.8m

Straight line vesting occurs for performance between target and maximum.

The remaining 30% will be based primarily on strategic measures relating to individual business units, as detailed below:

- 20% capital value creation
- 5% Digital division targets
- 5% Retail division targets

The remuneration committee has assigned robust targets against each of these strategic measures and full disclosure will be provided on the targets and achievement against them after the performance assessment of the first tranche.

New employees joining during the life of this policy may receive an award at or around the time of joining either on similar terms as the 2017/18 grant or as annual awards of up to 200% of salary, and in either case with different performance criteria and a different vesting period provided that in no case shall an award have a vesting period of less than three years.

An award under this plan may be made to a new director in any year of the three-year policy.

#### *Share ownership guidelines*

An increased share ownership guideline of 200% of salary will apply for all executive directors, subject to there being sufficient free float.



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