



HOME RETAIL GROUP PLC
Notice of Annual General Meeting
29 June 2016

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about any aspect of the proposals referred to in this document or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred some or all of your shares, please send this document (but not the personalised Form of Proxy) at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected.

Home Retail Group plc
Registered Office:
Avebury
489–499 Avebury Boulevard
Milton Keynes
MK9 2NW

27 May 2016

Dear Shareholder,

Annual General Meeting:

I am pleased to write to you with details of the Company's Annual General Meeting ('AGM'), which we are holding on Wednesday, 29 June 2016 at 11.00am at the Holiday Inn, 500 Saxon Gate West, Milton Keynes, MK9 2HQ.

This is likely to be the Company's last AGM given that the acquisition of the Company by J Sainsbury plc is expected to be completed in the second half of the calendar year. However, until completion of the acquisition, which is subject to certain conditions including regulatory clearances, the Company must continue to conduct its affairs in the usual way and therefore the items of business set out in the Notice, which follows this letter, are similar to previous years. These items of business are explained below. Please note that, in light of the proposed capital return to be paid immediately before the implementation of the recommended final cash and share offer by J Sainsbury plc announced on 1 April 2016, there is no resolution to declare a final dividend for the financial year ended 27 February 2016.

Resolutions

Annual resolutions

Resolutions 1 to 9 inclusive deal with the receipt of the report of the directors and the financial statements of the Company for the 52 weeks ended 27 February 2016 (the 'financial statements'), together with the report of the auditors, the approval of the directors' remuneration report (other than the section containing the directors' remuneration policy) and the re-election of directors. Resolutions 10 and 11 deal with the re-appointment of PricewaterhouseCoopers LLP as auditors and the authorisation for the Board to fix the auditors' remuneration. As reported last year, it had been proposed to undertake a tender process for the FY17 audit. However in view of the uncertainty arising from the proposed takeover of the Company, it is recommended that PricewaterhouseCoopers be re-appointed and that a competitive tender process be undertaken for the FY18 audit should it be required in the event that the takeover does not take place. The Competition and Markets Authority has been consulted and has confirmed that it has no objection to this approach.

Remuneration policy

Shareholders approved the Company's remuneration policy at the AGM in 2014 for a period of three years from the date of that meeting. As that vote, which is binding on the Company, remains in force until 2017, there is no requirement for shareholders to approve a remuneration policy this year.

Directors

In accordance with the UK Corporate Governance Code, each director of the Company will offer themselves for re-election at the AGM. The Board considers that each director makes an effective and valuable contribution to the Board and the committees on which they sit, and demonstrates commitment to their role. The Board considers that it is appropriate for them to continue to serve as directors of the Company. Their biographical details are set out on page 30 of the 2016 Annual Report and Financial Statements.

Political donations and expenditure

Resolution 12 relates to authority for the Company and certain of its subsidiaries to make political donations and incur political expenditure which might otherwise be prohibited by the Companies Act 2006 (the '2006 Act').

The 2006 Act requires companies to obtain shareholders' authority for donations to registered political parties and other political organisations totalling more than £5,000 in any 12-month period, and for any political

expenditure, subject to limited exceptions. The definition of donation in this context is very wide and extends to bodies such as those concerned with policy review, law reform and the representation of the business community. It remains the policy of the Company not to make political donations or incur political expenditure as those expressions are normally understood. However, the Board considers that it is in the best interests of shareholders for the Company to participate in public debate and opinion forming on matters which affect its business. To avoid inadvertent infringement of the 2006 Act, the Board is seeking shareholders' authority (as it has in previous years) for the Company and its UK subsidiaries to make political donations and to incur political expenditure during the period from the date of the AGM to the conclusion of next year's AGM, up to a maximum aggregate amount of £50,000.

Powers to allot shares and powers to disapply pre-emption rights

The authority in resolution 13 will allow the Board to allot new shares and grant rights to subscribe for, or convert other securities into, shares up to an aggregate nominal amount of £27,114,833 which is equivalent to approximately 33.3% of the Company's issued ordinary share capital as at 11 May 2016. The Company did not hold any treasury shares as at 11 May 2016.

The authority in resolution 14 authorises the Board to allot new shares pursuant to the authority given by resolution 13, or sell treasury shares, for cash (a) in connection with a pre-emptive offer or rights issue or (b) otherwise up to a nominal value of £8,134,450, equivalent to 10% of the total issued ordinary share capital of the Company as at 11 May 2016, in each case without the shares first being offered to existing shareholders in proportion to their existing holdings. The Board intends to adhere to the provisions in the Pre-Emption Group's Statement of Principles, as updated in March 2015, not to allot shares for cash on a non-pre-emptive basis pursuant to the authority in resolution 14: (i) in excess of an amount equal to 5% of the total issued ordinary share capital of the Company excluding treasury shares; or (ii) in excess of an amount equal to 7.5% of the total issued ordinary share capital of the Company excluding treasury shares within a rolling three-year period without prior consultation with shareholders, in each case other than in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

In relation to resolutions 13 and 14 the Board considers that it is in the best interests of the Company and its shareholders generally that the Company should have the flexibility conferred by the above authorities to finance business opportunities or to conduct a pre-emptive offer or rights issue without the need to comply with the strict requirements of the statutory pre-emption provisions. This is in line with corporate governance guidelines. However, the Board has no present intention of exercising any of these authorities. If resolutions 13 and 14 are passed, both authorities will expire on the earlier of either the conclusion of the AGM to be held in 2017 or on 28 September 2017.

Purchase of own shares

Resolution 15 will renew an authority to enable the Company to make market purchases of up to a maximum of 81,000,000 ordinary shares, being approximately 9.96% of the issued ordinary share capital of the Company as at 11 May 2016.

The Board's exercise of this authority is subject to the stated upper and lower limits on the price payable, which reflect the requirements of the Listing Rules. The Board will also only exercise the power of purchase after careful consideration and in circumstances where, in the light of the outlook for market conditions at the time, other investment opportunities, appropriate gearing levels and the overall financial position of the Company, they are satisfied that it is in the best interests of the Company and of its shareholders generally to do so. If the Board exercises the authority conferred by resolution 15, the Company will either cancel the repurchased ordinary shares or hold such shares in treasury.

The total number of options to subscribe for equity shares outstanding as at 11 May 2016 was 18,405,265 representing 2.3% of the issued ordinary share capital at that date. If the full authority being sought was utilised, so reducing the issued ordinary share capital by an equivalent amount, the figure of 18,405,265, would represent approximately 2.5% of the issued ordinary share capital at that date. If granted, this authority will expire on the earlier of the conclusion of the AGM to be held in 2017 or on 28 September 2017.

Notice of general meetings

Changes to the 2006 Act made by the Shareholder Rights Regulations require that all general meetings must be held on 21 days' notice, unless shareholders agree to a shorter notice period. Resolution 16 will authorise the Company to call general meetings (other than AGMs) on 14 working days' notice, in line with the UK Corporate Governance Code. The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole. The approval will be effective until the Company's next AGM.

Electronic proxy voting

Shareholders have the opportunity to register their proxy instructions electronically, rather than by completing and returning the Form of Proxy. Please visit www.homeretailgroup-shares.com to vote electronically. All proxy appointments must be received by the Company's registrars, Capita Asset Services, by 11.00am on Monday, 27 June 2016, either by post or online.

Action required

The Notice of the AGM, including the resolutions to be proposed at that meeting, is set out on pages 5 to 8 of this document. If you cannot come to the AGM and would like to vote on the resolutions to be proposed at the meeting, please fill in the Form of Proxy and return it to the Company's registrars, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU, as soon as possible, and in any event so as to reach the Company's registrars by 11.00am on Monday, 27 June 2016. Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

Recommendations

The Board considers that all the resolutions in the Notice are in the best interests of the Company and its shareholders as a whole and recommends that shareholders vote in favour of each of them at the AGM, as each of the directors intends to do in respect of his or her own beneficial holdings.

Yours faithfully



John Coombe
Chairman

Home Retail Group plc
Incorporated and registered in
England and Wales
No. 5863533

Notice of Meeting

Notice is hereby given that the Annual General Meeting ('AGM') of Home Retail Group plc (the 'Company') will be held at the Holiday Inn, 500 Saxon Gate West, Milton Keynes, MK9 2HQ on Wednesday, 29 June 2016, commencing at 11.00am. You will be asked to consider and, if thought fit, pass the following resolutions.

Resolutions 1 to 13 to be passed as ordinary resolutions and resolutions 14 to 16 to be passed as special resolutions.

- 1 To receive the report of the directors, the report of the auditors and the financial statements of the Company for the 52 weeks ended 27 February 2016.
- 2 To approve the directors' remuneration report (other than the section containing the directors' remuneration policy) contained in the Company's Annual Report and Financial Statements for the 52 weeks ended 27 February 2016.
- 3 To re-elect Richard Ashton as a director of the Company.
- 4 To re-elect John Coombe as a director of the Company.
- 5 To re-elect Mike Darcey as a director of the Company.
- 6 To re-elect Ian Durant as a director of the Company.
- 7 To re-elect Cath Keers as a director of the Company.
- 8 To re-elect Jacqueline de Rojas as a director of the Company.
- 9 To re-elect John Walden as a director of the Company.
- 10 To re-appoint PricewaterhouseCoopers LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which financial statements and reports are laid before the Company.
- 11 To authorise the Board to fix the remuneration of the auditors.
- 12 To authorise the Company and those companies which are subsidiaries of the Company at any time during the period for which this resolution has effect for the purposes of Part 14 of the Companies Act 2006 (the '2006 Act') during the period from the date of the passing of this resolution to the conclusion of the Company's AGM in 2017:
 - (i) to make political donations to political parties and/or independent election candidates;
 - (ii) to make political donations to political organisations other than political parties; and
 - (iii) to incur political expenditure, up to an aggregate amount of £50,000, and the amount authorised under each of paragraphs (i) to (iii) of this resolution shall also be limited to such amount and that words and expressions defined for the purpose of the 2006 Act shall have the same meaning in this resolution.
- 13 To approve by ordinary resolution:

That the Board be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the 2006 Act to exercise all the powers of the Company to allot shares or grant rights to subscribe for, or convert any security into, shares up to a nominal amount of £27,114,833, provided that such authority shall expire at the conclusion of the AGM of the Company to be held in 2017 or on 28 September 2017, whichever is the earlier, such authority shall be without prejudice to any allotment of securities prior to the date of this resolution (or thereafter pursuant to any offer or agreement made prior thereto) and all unexercised authorities previously granted to the Board to allot shares or grant rights are hereby revoked.
- 14 To approve by a special resolution: That subject to the passing of resolution 13, the Board be empowered to allot equity securities (as defined in Section 560(1) of the 2006 Act) wholly for cash, pursuant to the authority given by resolution 13 or where the allotment constitutes an allotment of equity securities by virtue of Section 560(3) of the 2006 Act in each case:
 - (i) in connection with a pre-emptive offer; and
 - (ii) otherwise than in connection with a pre-emptive offer, up to an aggregate nominal amount of £8,134,450,such power to expire at the conclusion of the AGM of the Company to be held in 2017 or on 28 September 2017, whichever is the earlier, but so that the Company may make offers and enter into agreements during this period which would, or

might, require equity securities to be allotted after the power ends and the Board may allot equity securities under any such offer or agreement as if the power had not ended.

For the purposes of this resolution:

- (i) pre-emptive offer' means an offer of equity securities open for acceptance for a period fixed by the Board to (a) holders (other than the Company) on the register on a record date fixed by the Board of ordinary shares in proportion to their respective holdings and (b) other persons so entitled by virtue of the rights attaching to any other equity securities held by them, but subject in both cases to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory;
 - (ii) references to an allotment of equity securities shall include a sale of treasury shares; and
 - (iii) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.
- 15 To authorise the Company by a special resolution, generally and unconditionally to make market purchases (as defined in Section 693 of the 2006 Act) of ordinary shares in the capital of the Company on such terms and in such manner as the Board may from time to time determine, provided that:
- (i) the maximum number of ordinary shares which may be purchased is 81,000,000;
 - (ii) the minimum price (not including expenses) which may be paid for each share is 10p; and
 - (iii) the maximum price (not including expenses) which may be paid for each ordinary share is an amount equal to the higher of (a) 105% of the average market value of the Company's ordinary shares as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the relevant share is contracted to be purchased or (b) the higher of the price of the last independent trade and the highest current bid as stipulated by Article 5(1) of Commission Regulation (EC)

22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy-back programmes and stabilisation of financial instruments (No. 2273/2003).

The authority hereby conferred shall expire on the earlier of the conclusion of the AGM of the Company to be held in 2017 or 28 September 2017 (except that the Company shall be entitled, at any time prior to the expiry of this authority, to make a contract of purchase which would or might be executed wholly or partly after such expiry and to purchase shares in accordance with such contract as if the authority conferred had not expired) unless such authority is reviewed prior to such time.

- 16 To approve by special resolution that a general meeting other than an annual general meeting may be called on not less than 14 working days' notice.

By Order of the Board

Gordon Bentley
Company Secretary
27 May 2016

Home Retail Group plc
Avebury
489–499 Avebury Boulevard
Milton Keynes
MK9 2NW

Incorporated and registered in
England and Wales
No. 5863533

Notes

- 1 Only registered holders of fully paid shares or their duly appointed representatives are entitled to attend and vote at the AGM. On a vote by show of hands every member who is present has one vote and every proxy present who has been duly appointed by a registered holder entitled to vote has one vote. On a poll vote every member who is present in person or by proxy has one vote for every ordinary share of which he or she is the holder. Those shareholders entered on the register of members of the Company as at the close of business on Monday, 27 June 2016 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register after the close of business on Monday, 27 June 2016 shall be disregarded in determining the rights of any person to attend and vote at the meeting. If the meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of shareholders to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned meeting. If, however, the meeting is adjourned for a longer period then shareholders must be entered on the Company's register of members at the time which is 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice to be entitled to attend and vote at the meeting and changes to entries on the Register after such time will be disregarded in determining the rights of any person to attend and vote at the adjourned meeting.
- 2 As at 11 May 2016 (being the last practicable date before the publication of this Notice) the Company's issued share capital consisted of 813,445,001 ordinary shares, each carrying one vote on a poll. Therefore, the total voting rights in the Company as at 11 May 2016 are 813,445,001.
- 3 Copies of the service contracts of directors of the Company and the terms and conditions of appointment of non-executive directors will be available for inspection at the registered office of the Company during normal business hours on any week day (public holidays excepted) and at the Holiday Inn, 500 Saxon Gate West, Milton Keynes MK9 2HQ on 29 June 2016, from 10.45 am until the conclusion of the meeting.
- 4 A registered shareholder entitled to attend and vote at the AGM may appoint a proxy pursuant to the Company's Articles of Association to attend and to speak and vote in his/her place. A registered shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that registered shareholder. A proxy need not be a member of the Company. The appointment of a proxy will not preclude shareholders entitled to attend and vote at the meeting (or at any adjournment(s) thereof) from doing so in person if they so wish.
- 5 A person who has been nominated under Section 146 of the 2006 Act to enjoy information rights (a 'Nominated Person') may have a right under an agreement between him/her and the member by whom he/she was nominated to be appointed, or to have someone else appointed, as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. The statement of the rights of members to appoint proxies in note 4 above does not apply to Nominated Persons. The rights described in note 4 can only be exercised by members.
- 6 To be effective, an appointment of proxy must be returned using one of the following methods:
 - (i) by sending the Form of Proxy (together, if appropriate, with the power of attorney or other written authority under which it is signed or a certified copy of such power or authority) to the Company's Registrars, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU; or
 - (ii) by logging onto www.homeretailgroup-shares.com, using your investor code and other details as printed on the Form of Proxy and following the online instructions; or
 - (iii) in the case of CREST members, by utilising the CREST proxy voting service in accordance with note 7 below, and in each case the appointment of proxy (together with any relevant power/authority) must be received (or, in the case of the appointment of a proxy through CREST, retrieved by enquiry to CREST in the manner prescribed by CREST) by the Company's registrars not later than 48 hours before the time appointed for holding the meeting.

- 7 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of the meeting by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, (and those CREST members who have appointed a voting service provider), should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

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's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in note 6 above.

For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee by other means.

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/her CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- 8 Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member, provided that they do not do so in relation to the same shares.
- 9 A copy of this Notice and other information required by Section 311A of the 2006 Act can be found at www.homeretailgroup.com/investor-centre/agm/.
- 10 Shareholders should note it is possible that, pursuant to requests made by shareholders of the Company under Section 527 of the 2006 Act, the Company may be required to publish on a website a statement setting out any matter relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM, or any circumstance connected with an auditor of the Company appointed for the financial year ending in 2016 ceasing to hold office since the previous meeting at which annual accounts and reports were laid before the meeting.

Where the Company is required to place such a statement on a website, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with such requests. The business which may be dealt with at the AGM for the relevant financial year includes any statement that the Company has been required under Section 527 of the 2006 Act to publish on a website.

- 11 Any shareholder attending the 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 meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the 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 meeting that the question be answered.
- 12 Shareholders may not use any electronic address provided in either this Notice of meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purpose other than those expressly stated.