



Notice of 2016 Annual General Meeting

This document is important and requires your immediate attention

If you are in any doubt as to what action to take you should consult an appropriate independent financial adviser.

If you have sold or transferred all of your shares in Bellway p.l.c., you should pass this document and all accompanying documents to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Bellway p.l.c. (the 'Company')

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Jesmond Dene House Hotel, Jesmond Dene Road, Newcastle upon Tyne, NE2 2EY on Tuesday 13 December 2016 at 2.00 pm for the following purposes:

Ordinary Business

To consider and if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

1. THAT the Accounts for the financial year ended 31 July 2016 and the Directors' Report and the Auditor's Report on those Accounts and the auditable part of the Report of the Board on Directors' Remuneration be received.
2. THAT the Report of the Board on Directors' Remuneration, except for the Directors' Remuneration Policy, shown on pages 54 to 55 and pages 61 to 68 of the Annual Report and Accounts for the year ended 31 July 2016, be approved.
3. THAT a final dividend for the year ended 31 July 2016 of 74.0p per ordinary 12.5p share, as recommended by the directors, be declared.
4. THAT Mr J K Watson be re-elected as a director of the Company.
5. THAT Mr E F Ayres be re-elected as a director of the Company.
6. THAT Mr K D Adey be re-elected as a director of the Company.
7. THAT Mr M R Toms be re-elected as a director of the Company.
8. THAT Mr J A Cuthbert be re-elected as a director of the Company.
9. THAT Mr P N Hampden Smith be re-elected as a director of the Company.
10. THAT Mrs D N Jagger be re-elected as a director of the Company.
11. THAT KPMG LLP be re-appointed as the auditor of the Company, to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which Accounts are laid before the Company.
12. THAT the Audit Committee is authorised on behalf of the Board to agree the remuneration of the auditor of the Company.

Special Business

To consider and if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

13. THAT the sale of Plot 49, The Brackens, Welling, Kent by Bellway Homes Limited for the sum of £390,995 to Mr E F Ayres, a director of the Company, be hereby approved.
14. THAT the directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 ('the Act') to exercise all the powers of the Company to:
 - (a) allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights') up to a maximum nominal amount of £5,111,949; and
 - (b) allot equity securities (within the meaning of section 560 of the Act) up to a maximum nominal amount of £10,223,897 (such amount to be reduced by the nominal amount of any shares issued or in respect of which Rights are granted under (a) above) in connection with an offer by way of a rights issue to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter provided that:
 - (i) this authority shall expire at the conclusion of the next Annual General Meeting of the Company, but may be previously revoked or varied by an ordinary resolution of the Company; and
 - (ii) this authority shall permit and enable the Company to make offers or agreements before the expiry of this authority which would or might require shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot shares and grant Rights pursuant to any such offers or agreements as if this authority had not expired; and
 - (iii) all unexercised authorities previously granted to the directors to allot shares and grant Rights be and are hereby revoked.

To consider and, if thought fit, pass the following resolutions which will be proposed as special resolutions:

15. THAT if Resolution 14 above is passed, the directors be authorised (pursuant to section 570 and section 575 of the Companies Act 2006 ('the Act')) to allot equity securities (as defined in the Act) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited to:
 - (i) the allotment of equity securities in connection with a pre-emptive offer (but in the case of the authority conferred under paragraph (b) of Resolution 14 in connection with an offer by way of rights issue only); and
 - (ii) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (i) above) up to an aggregate nominal amount of £766,792;

such authority to expire at the conclusion of the next Annual General Meeting of the Company (or, if earlier, at the close of business on 13 March 2018) but, in each case, prior to its expiry the Company may make offers and enter into agreements which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if authority had not expired; and

for the purposes of this resolution, 'pre-emptive offer' means a rights issue, open offer or other offer of equity securities open for acceptance for a fixed period, by the directors to ordinary shareholders of the Company on the Register on a fixed record date in proportion (as nearly as may be) to their then holdings of such equity securities (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any overseas territory or fractional entitlements or any other matter whatsoever).

16. THAT if Resolution 14 is passed, the directors be authorised in addition to any authority granted under Resolution 15 to allot equity securities (as defined in the Companies Act 2006 ('the Act')) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such authority to be:
- (i) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £766,792; and
 - (ii) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such authority to expire at the conclusion of the next Annual General Meeting of the Company (or, if earlier, at the close of business on 13 March 2018) but, in each case, prior to its expiry the Company may make offers and enter into agreements which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if authority had not expired.

17. THAT the Company be generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 ('the Act') to purchase ordinary shares in the capital of the Company by way of one or more market purchases (within the meaning of section 693 of the Act) on such terms and in such manner as the directors may determine subject to the following conditions:
- (a) the maximum number of ordinary shares hereby authorised to be purchased is 12,268,676, being approximately 10% of the ordinary shares in issue;
 - (b) the minimum price (exclusive of expenses) is 12.5p per share;
 - (c) the maximum price (exclusive of expenses) at which ordinary shares may be purchased shall not exceed (i) an amount equal to 105% of the average of the middle market quotations derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the ordinary shares are contracted to be purchased, and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange trading system, in both cases exclusive of expenses; and

unless previously renewed, varied or revoked, the authority to purchase conferred by this resolution shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, 15 months after the passing of this resolution provided that any contract for the purchase of any shares, as aforesaid, which was concluded before the expiry of the said authority may be executed wholly or partly after the said authority expires and the relevant shares purchased pursuant thereto.

18. THAT the amended rules of the Bellway plc (2013) Savings Related Share Option Scheme (the 'Scheme'), in the form produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification and described in the Explanatory Notes, be approved and the directors be authorised to do all things necessary in order to adopt and carry the amended Scheme into effect.
19. THAT a general meeting of the Company, other than an Annual General Meeting of the Company, may be called on not less than 14 clear days' notice.

By order of the Board

Simon Scougall
Group General Counsel and Company Secretary

Registered Office

Bellway p.l.c.
Seaton Burn House
Dudley Lane
Seaton Burn
Newcastle upon Tyne NE13 6BE

Registered in England and Wales
No. 1372603

17 October 2016

Notes:

- (i) A member, entitled to attend and vote at the meeting convened by the above notice, may appoint one or more proxies to attend and speak and vote instead of him/her, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company.
- (ii) A form of proxy is enclosed separately. Completion and return of the form of proxy will not preclude shareholders from attending in person and voting at the meeting. To be valid the form of proxy must be received by post or hand (during normal business hours) by Capita Asset Services, PXS 1, 34 Beckenham BR3 4ZF at least 48 hours before the time set for the meeting.
- (iii) CREST members will be able to cast their vote using CREST electronic proxy voting using the procedures described in the CREST Manual (available via www.euroclear.com/CREST). In order to be valid, the Company's registrars must receive CREST Proxy Instructions not less than 48 hours before the time of the meeting or any adjourned meeting.
- (iv) The above statement, as to proxy rights, contained in note (i) above does not apply to a person who receives this notice of general meeting as a person nominated to enjoy 'information rights' under section 146 of the Companies Act 2006. If you have been sent this notice of meeting because you are such a nominated person, the following statements apply: (a) you may have a right under an agreement between you and the member of the Company by whom you were nominated to be appointed or to have someone else appointed as a proxy for this general meeting; and (b) if you have no such right or do not wish to exercise it, you may have a right under such an agreement to give instructions to that member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.
- (v) To be entitled to attend and vote at the meeting (and for the purposes of determination by the Company of the number of votes cast), shareholders must be entered on the Company's Register of Members by no later than 2.00 pm on Sunday 11 December 2016 (or, in the event of any adjournment, at close of business on the date which is two days prior to the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting or adjourned meeting.
- (vi) Pursuant to section 527 of the Companies Act 2006, where requested by either a member or members having a right to vote at the general meeting and holding at least 5% of total voting rights of the Company or at least 100 members having a right to vote at the meeting and holding, on average, at least £100 per member of paid up share capital, the Company must publish on its website a statement setting out any matter that such members propose to raise at the meeting relating to either the audit of the Company's accounts that are to be laid before the meeting or the circumstances connected with an auditor ceasing to hold office since the last meeting at which accounts were laid. Where the Company is required to publish such a statement on its website, it may not require the members making the request to pay any expenses incurred by the Company in complying with the request. It must forward the statement to the Company's auditor and the statement may be dealt with as part of the business of the meeting.
- (vii) Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such questions 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 of 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.
- (viii) Members have the right, under section 338 of the Companies Act 2006, to require the Company to give its members notice of a resolution which the shareholders wish to be moved at an Annual General Meeting of the Company. Additionally, members have the right under section 338A of the Companies Act 2006 to require the Company to include a matter (other than a proposed resolution) in the business to be dealt with at the Annual General Meeting. The Company is required to give such notice of a resolution or include such matter once it has received requests from members representing at least 5% of the total voting rights of all the members who have a right to vote at the Annual General Meeting or from at least 100 members with the same right to vote who hold shares in the Company on which there has been paid up an average sum per member of at least £100. This request must be received by the Company not later than six weeks before the Annual General Meeting or, if later, the time at which notice is given of the Annual General Meeting. In the case of a request relating to section 338A of the Companies Act 2006, the request must be accompanied by a statement setting out the grounds for the request.
- (ix) Except as provided above, members who wish to communicate with the Company in relation to the AGM should do so in writing either to the Group General Counsel and Company Secretary at the registered office address or to the Company's registrar, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. No other methods of communication will be accepted. In particular, you may not use any electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided either in this notice of meeting or in any related documents to communicate with the Company for any purposes other than those expressly stated.
- (x) There will be available for inspection during the AGM and for at least 15 minutes before it begins, the directors' appointment letters and service contract and the draft updated rules of the Bellway plc (2013) Savings Related Share Option Scheme.
- (xi) A copy of this notice and the other information required by section 311A of the Companies Act 2006 can be found at www.bellwaycorporate.com.
- (xii) As at the date of this notice there are 122,686,767 ordinary shares of 12.5p each in issue and the total voting rights of the Company are therefore 122,686,767.

Explanatory Notes to the Resolutions

Ordinary resolutions

These resolutions require more than 50% of votes cast to be cast in favour in order to be passed.

Special resolutions

These resolutions require at least 75% of votes cast to be cast in favour in order to be passed.

Ordinary business

Resolution 1 – To receive the accounts for the year ended 31 July 2016, together with the reports of the directors and auditors thereon.

Under section 437 of the Companies Act 2006, the directors must present the report of the directors and the accounts of the Company for the year ended 31 July 2016 to the shareholders at the AGM. This is an ordinary resolution to receive the report and accounts.

Resolution 2 – To approve the Report of the Board on Directors' Remuneration

This is an ordinary resolution, which is advisory only and seeks shareholder approval to the Report of the Board on Directors' Remuneration, excluding the Directors' Remuneration Policy which was approved by shareholders at the AGM held in December 2014.

Resolution 3 – To declare a final dividend of 74.0p per ordinary 12.5p share for the year ended 31 July 2016

Pursuant to the Board's recommendation, this is an ordinary resolution to declare a final dividend of 74.0p per 12.5p ordinary share for the year ended 31 July 2016.

Resolutions 4 to 10 – To approve the re-election of the existing directors of the Company

The Articles require one third of the directors to retire and submit themselves for re-election. The Board has, however, adopted the provision in the UK Corporate Governance Code whereby all of the directors are subject to annual re-election. Therefore, at this AGM, all of the directors will retire and offer themselves for re-election. These are ordinary resolutions to approve their re-election.

The Board is content that each non-executive director, excluding the Chairman, proposed for re-election is independent for the purposes of the UK Corporate Governance Code and there are no relationships or circumstances likely to affect their character or judgement. Biographical details of each of the directors can be found on pages 40 and 41 of the Annual Report and Accounts for the year ended 31 July 2016. Following formal rigorous evaluation, the Chairman, acting on behalf of the Board is satisfied as to the effectiveness and commitment of all the directors.

Resolution 11 – To reappoint KPMG as the auditor of the Company

In accordance with section 489 of the Companies Act 2006, the auditors of a company must be reappointed before the end of each general meeting at which accounts are laid. This is an ordinary resolution which proposes the reappointment of the Company's existing auditors, KPMG LLP, until the conclusion of the next general meeting of the Company at which the accounts are laid.

Resolution 12 – To authorise the Audit Committee on behalf of the Board to agree the remuneration of the auditors

In previous years shareholders have been invited to authorise the directors to agree the remuneration of the auditors. The remuneration of the auditors is now to be determined by the Audit Committee on behalf of the Board and accordingly shareholders are being asked, by ordinary resolution, to authorise the Audit Committee on behalf of the Board to agree the remuneration of the directors.

Special Business

Seven resolutions will be proposed as special business at the forthcoming AGM. The effect of these resolutions is as follows:

Resolution 13 – Substantial property transaction

Sections 190 and 191 of the Companies Act 2006 require that any substantial property transaction with a director of the Company must be approved in advance by shareholders at a general meeting of the Company. A substantial property transaction is defined as one which is in excess of £100,000. This ordinary resolution therefore seeks shareholder approval for the purchase by Ted Ayres, a director of the Company, of Plot 49, The Brackens, Welling, Kent from Bellway Homes Limited for the sum of £390,995.

The reservation price was calculated on an arm's length transaction basis using the prices already achieved for similar properties on the same development.

The sale price has been calculated as follows:

Price at reservation	£424,995.00
Standard shareholder discount of 8%	£34,000.00
Net price to be paid	£390,995.00
Extras at full price	£396.50
Standard reservation fee paid	£1,000.00
Subject to shareholder approval	
Balance to be paid by Ted Ayres	£389,598.50

If shareholder approval is given Ted Ayres will purchase the property using the Bellway Homes Limited standard sale and purchase agreement. The normal process for the purchase of a property by an employee has been followed and the Board believes that the price to be paid is the market value of the property (less the standard shareholder discount) and that the terms of the agreement are fair and reasonable.

Resolution 14 – Authority to directors to allot shares

This is an ordinary resolution which authorises the directors to allot ordinary shares up to an aggregate nominal value of £10,223,897, which is equivalent to approximately two-thirds of the Company's issued ordinary share capital, as at 17 October 2016, of which half (being ordinary shares up to a nominal value of £5,111,949), representing approximately one-third of the Company's issued share capital, as at 17 October 2016, may only be allotted in connection with a rights issue. Such authority, if granted, will expire at the conclusion of the next AGM of the Company. As at 17 October 2016, the Company held no shares as treasury shares. At present, the directors only intend to use this authority to satisfy the exercise of awards under the Company's share schemes. The directors wish to obtain the necessary authority from shareholders so that allotments can be made (if required and if suitable market conditions arise) at short notice and without the need to convene a general meeting of the Company which would be both costly and time consuming.

Resolutions 15 and 16 – Disapplication of pre-emption rights

These are special resolutions, in substitution for the authority granted to the directors by shareholders on 13 December 2015, which expires at the conclusion of the forthcoming AGM, that shareholders empower the directors to allot ordinary shares for cash without first offering them pro-rata to existing shareholders, as would otherwise be required by section 561 of the Companies Act 2006 (a) in connection with a rights issue or other pre-emptive offer and (b) (otherwise than in connection with a rights issue or other pre-emptive offer) by Resolution 15 up to an aggregate nominal value of £766,792, being approximately 5% of the issued ordinary share capital of the Company as at 17 October 2016, and by Resolution 16 up to a further aggregate nominal value of £766,792, being approximately 5% of the issued ordinary share capital of the Company as at 17 October 2016. If both approved, the total aggregate nominal value of ordinary shares which may be allotted for cash without first offering them pro-rata to existing shareholders would be £1,533,585, being approximately 10% of the issued ordinary share capital of the Company as at 17 October 2016.

These disapplication authorities are in line with institutional shareholder guidance and in particular with the Pre-Emption Group's Statement of Principles (the 'Pre-emption Principles'). The Pre-emption Principles were revised in 2015 to allow the authority for an issue of shares for cash otherwise than in connection with a pre-emptive offer to be increased from 5% to 10% of the Company's issued share capital, provided that the Company confirms that it intends to use the additional 5% authority only in connection with an acquisition or specified capital investment. The Board therefore confirms, in accordance with the Pre-emption Principles, that to the extent of the authority in paragraph (a)(i) of Resolution 16, it intends that this will only be used in connection with an acquisition or specified capital investment, which is announced contemporaneously with the issue, or which has taken place in the preceding six-month period and is disclosed in the announcement of the issue.

The renewed authorities will expire at the conclusion of the 2017 AGM or at the close of business on 13 March 2018 whichever is the sooner.

The directors have no present intention of exercising the authority in paragraph (a)(ii) of Resolution 15 or in paragraph (a)(i) of Resolution 16, but consider it prudent to obtain the flexibility that this authority provides.

In accordance with the Pre-emption Principles, the directors confirm their intention not to issue more than 7.5% of the Company's issued share capital for cash, on a non pre-emptive basis, in any rolling three-year period without prior consultation with shareholders, save for shares issued in respect of an acquisition or specified capital investment, as described above.

Resolution 17 – Company's purchase of its own shares

The Company's authority to purchase its own ordinary shares, given at the last AGM, expires at the conclusion of the forthcoming AGM. The directors propose, as a special resolution, that it should be renewed for a further year to expire on the date of the next AGM. The directors will review opportunities to use this authority in light of stock market conditions and trading opportunities during the year. The directors will only make purchases (which will reduce the number of shares in issue) after paying due attention to the effect on the financing of the Group, its assets and earnings per share for the remaining shareholders. Any shares purchased under this authority may be cancelled (in which case the number of shares in issue will be reduced accordingly) or may be held in treasury.

At 17 October 2016 there were options outstanding over 500,085 ordinary shares, representing 0.41% of the Company's issued ordinary share capital. If the authority given by this resolution were to be fully used, these would represent 0.45% of the Company's issued ordinary share capital. There are no warrants outstanding. Details of any substantial shareholders holding more than 10% of the Company's issued ordinary share capital are included in the Major Interests in shares table on page 70.

Resolution 18 – To amend the rules of the Bellway plc (2013) Savings Related Share Option Scheme

This resolution seeks approval to amend the Rules of the Bellway plc (2013) Savings Related Share Option Scheme by changing the definition of Eligible Employee so that the period of continuous employment required for any employee of any Participating Company or any full time director who is required to work at least 25 hours per week (excluding meal breaks) of any Participating Company, is reduced from twelve months to six months.

The draft updated Rules will be available for inspection at the registered office of the Company and at the offices of DAC Beachcroft LLP, 100 Fetter Lane, London, EC4A 1BN during usual business hours on weekdays (public holidays excepted) until the date of the AGM and also at the place of the AGM for at least 15 minutes prior to and during the meeting.

Resolution 19 – Length of notice of meeting

Shareholder approval for the holding of general meetings of the Company, other than Annual General Meetings, on 14 days' notice, given at the last AGM, expires at the conclusion of the forthcoming AGM. The directors propose, as a special resolution, that it should be renewed for a further year to expire on the date of next year's AGM. There is no current intention to use this authority and the Company will only consider using this authority where it is considered that this would be for the benefit of shareholders as a whole.

Recommendation

The directors consider each of the resolutions set out in the Notice of AGM to be in the best interests of the Company and its shareholders as a whole, accordingly they recommend voting in favour of the resolutions as they intend to do in respect of their own beneficial shareholdings.