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If you have sold or transferred all of your ordinary shares in Lookers plc, please send this document and any other documents that accompany it as soon as possible 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. If you have sold or otherwise transferred only part of your holding, you should retain this document and its enclosures.

Lookers plc

(incorporated in England and Wales under company number 111876)

Notice of the 2017 Annual General Meeting

Notice of the 2017 Annual General Meeting of Lookers plc, to be held at 776 Chester Road, Stretford, Manchester, M32 0QH on Thursday 25 May 2017 at 11.00 a.m. is set out on pages 4 to 7 of this document. Your attention is drawn to the letter from the Chairman on pages 2 and 3 of this document.

Whether or not you propose to attend the meeting, please complete and submit a proxy appointment in accordance with the Notes to the Notice of the Annual General Meeting set out on pages 7 and 8. To be valid, the proxy appointment must be received at the address for delivery specified in the Notes by no later than 11.00 am on Tuesday 23 May 2017.

To the holders of ordinary shares in Lookers plc (the **Company**)

8th March 2017

Dear Shareholder

2016 Annual Report and 2017 Annual General Meeting

I am pleased to inform you that the Company's 2016 annual report and accounts and the notice of the 2017 annual general meeting have now been published.

This year's annual general meeting will be held at 11.00 a.m. on Thursday 25 May 2017 at 776 Chester Road, Stretford, Manchester, M32 0QH (the **AGM**). The formal notice of AGM is set out on pages 4 to 7 of this document and contains the proposed resolutions. Explanatory notes to the business to be considered are set out at Appendix 1 to this document on pages 9 to 13. I would draw your attention in particular to the following resolutions that are to be proposed at the AGM:

Director re-election (Resolutions 5 to 12)

As in previous years and in line with best practice recommendations of the UK Corporate Governance Code for FTSE 350 companies, the Company's board of directors (the **board**) has determined that all of the directors shall retire from office at the AGM. Each director intends to stand for re-election by the shareholders. Bill Holmes, the current senior independent non-executive director and chair of the audit & risk committee, will have served nine years on the board by 12th June 2017 and therefore is due to retire from the board. It is however proposed that Bill remains on the board until his successor is appointed and a successful handover is achieved. It is anticipated that he will therefore step down as the chair of the audit & risk committee and as non-executive director later in the year. Richard Walker will take Bill's place as senior independent director from 1st June 2017. Sally Cabrini will take over from Richard Walker as Chair of the Remuneration Committee on the same date.

Adoption of the Lookers plc Savings-Related Share Option Scheme 2017 (Resolution 15)

The Company currently operates a savings-related share option scheme, but it is due to expire next year. It is, therefore, proposed that the Company adopts a replacement scheme at the AGM. The Lookers plc Savings-Related Share Option Scheme 2017 is an all employee share scheme that takes advantage of the beneficial tax status of savings-related share option schemes that comply with relevant tax legislation. Participation in the new scheme will be open to all Lookers employees and encourages them to build a stake in the Company. The principal terms of the new scheme are set out on pages 14-16 of this document.

Disapplication of pre-emption rights (Resolutions 17 and 18)

At the annual general meeting in 2016, the Company sought power to issue shares on a non pre-emptive basis for cash. In addition to the customary disapplication power over five per cent. of the Company's issued share capital, power was sought over an additional five per cent. of the issued share capital for use exclusively in connection with acquisitions and specified capital investments as permitted by the Pre-Emption Group's revised Statement of Principles. The Company intends to seek such power again at the AGM. This year, in line with best practice, the Company intends to structure its pre-emption rights disapplication request as two special resolutions to deal with the two distinct elements of the disapplication request as separate issues. Further information can be found on pages 11 and 12 of this document.

Adoption of new Articles of Association (Resolution 20)

The board has concluded that a number of changes should be made to the Company's articles of association to ensure that they continue to be up-to-date and reflect best practice. The Company's current constitution was last amended in 2011. It is proposed that the Company adopt a new set of articles at the AGM. The principal differences between the proposed new articles and the current articles are summarised on pages 17 to 20 of this document.

Action to be taken

Whether or not you propose to attend the AGM, please complete and return the enclosed proxy appointment form or, alternatively, you may submit a proxy appointment online or through the CREST voting service in accordance with the Notes to the notice of the AGM. In each case, your proxy appointment should be received by the Company's Registrar, Capita Asset Services, by no later than 11.00 a.m. on Tuesday 23 May 2017 in order to be valid. The appointment of a proxy will not stop you from attending the AGM and voting in person should you so wish.

If you have any queries about voting or about your shareholding, please contact the Capita Asset Services helpline on 0871 664 0300. Calls cost 12p per minute plus network extras. Lines are open from 8.30 a.m. to 5.30 p.m., Monday to Friday.

Recommendation

The Company's board considers that each of the resolutions set out in the notice of AGM are in the best interests of the Company and its shareholders as a whole and unanimously recommends shareholders to vote in favour of them as the directors intend to do in respect of their own beneficial shareholdings (save in respect of those resolutions in which they are interested).

Yours faithfully,

Phil White
Chairman

Notice of Annual General Meeting

Notice is given that the one hundred and seventh Annual General Meeting of the Company will be held at 776 Chester Road, Stretford, Manchester, M32 0QH on Thursday 25 May 2017 at 11.00 a.m. to transact the business set out below. Resolutions 1 to 16 below will be proposed as ordinary resolutions and resolutions 17 to 21 will be proposed as special resolutions.

1. To receive the audited financial statements and the auditors' and directors' reports for the year ended 31 December 2016.
2. To approve the directors' remuneration report (other than the part containing the directors' remuneration policy) for the year ended 31 December 2016.
3. To approve the Directors' Remuneration Policy in the form set out in the Directors' Remuneration Report in the report and accounts of the company for the year ended 31 December 2016.
4. To declare a final dividend of 2.36 pence per ordinary share.
5. To re-elect Andy Bruce as a director.
6. To re-elect Robin Gregson as a director.
7. To re-elect Tony Bramall as a director.
8. To re-elect Bill Holmes as a director.
9. To re-elect Phil White as a director.
10. To re-elect Nigel McMinn as a director.
11. To re-elect Richard Walker as a director.
12. To re-elect Sally Cabrini as a director.
13. To re-appoint Deloitte LLP as auditors.
14. To authorise the audit and risk committee of the board of directors to determine the auditors' remuneration.
15. That:
 - (a) the rules of the Lookers plc Savings-Related Share Option Scheme 2017 (**SAYE**), described in the circular of which the notice containing this resolution forms part and in the form produced in draft to the meeting and for the purpose of identification initialled by the chairman of the meeting, are hereby approved and adopted; and
 - (b) the directors of the Company are hereby authorised:
 - (i) to do all such things as may be necessary or desirable to carry the SAYE into effect, including making any changes to the rules of the SAYE that are necessary or desirable in order to ensure that the directors can make a valid declaration to HM Revenue & Customs that the SAYE satisfies the requirements of Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003; and
 - (ii) to adopt further plans based on the SAYE but modified to take account of local tax, exchange control or securities law in overseas territories, provided that any shares made available under such further plans are treated as counting against any limits on individual or overall participation in the SAYE.

16. That the directors are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares (**Allotment Rights**), but so that:
- (a) the maximum amount of shares that may be allotted or made the subject of Allotment Rights under this authority are shares with an aggregate nominal value of £13,086,757, of which one-half may be allotted or made the subject of Allotment Rights in any circumstances and the other half may be allotted or made the subject of Allotment Rights pursuant to any rights issue (as referred to in the Financial Conduct Authority's listing rules) or pursuant to any arrangements made for the placing or underwriting or other allocation of any shares or other securities included in, but not taken up under, such rights issue;
 - (b) this authority shall expire on 30 June 2018 or, if earlier, on the conclusion of the Company's next annual general meeting;
 - (c) the Company may make any offer or agreement before such expiry which would or might require shares to be allotted or Allotment Rights to be granted after such expiry and the directors may allot shares or grant Allotment Rights under any such offer or agreement as if the authority had not expired; and
 - (d) all authorities vested in the directors on the date of the notice of this meeting to allot shares or to grant Allotment Rights that remain unexercised at the commencement of this meeting are revoked.
17. That, subject to the passing of resolution 16 in the notice of this meeting, the directors are empowered pursuant to sections 570 and 573 of the Companies Act 2006 to allot equity securities (as defined in section 560 of that Act) for cash, pursuant to the authority conferred on them by resolution 16 in the notice of this meeting or by way of a sale of treasury shares as if section 561 of that Act did not apply to any such allotment, provided that this power is limited to:
- (a) the allotment of equity securities in connection with any rights issue or open offer (each as referred to in the Financial Conduct Authority's listing rules) or any other pre-emptive offer that is open for acceptance for a period determined by the directors to the holders of ordinary shares on the register on any fixed record date in proportion to their holdings of ordinary shares (and, if applicable, to the holders of any other class of equity security in accordance with the rights attached to such class), subject in each case to such exclusions or other arrangements as the directors may deem necessary or appropriate in relation to fractions of such securities, the use of more than one currency for making payments in respect of such offer, treasury shares, any legal or practical problems in relation to any territory or the requirements of any regulatory body or any stock exchange; and
 - (b) the allotment of equity securities (other than pursuant to paragraph 16 (a) above) with an aggregate nominal value of £991,421,
- and shall expire on the revocation or expiry (unless renewed) of the authority conferred on the directors by resolution 16 in the notice of this meeting, save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities under any such offer or agreement as if the power had not expired.
18. That, subject to the passing of resolution 16 in the notice of this meeting and in addition to the power contained in resolution 17 set out in the notice of this meeting, the directors are empowered pursuant to sections 570 and 573 of the Companies Act 2006 to allot equity securities (as defined in section 560 of that Act) for cash, pursuant to the authority conferred on them by resolution 16 in the notice of this meeting or by way of sale of treasury shares as if section 561 of that Act did not apply to any such allotment, provided that this power is:
- (a) limited to the allotment of equity securities up to an aggregate nominal value of £991,421; and
 - (b) used only for the purposes of financing (or refinancing, if the power is to be exercised within six months after the date of the original transaction) a transaction which the directors determine 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 the notice of this meeting,
- and shall expire on the revocation or expiry (unless renewed) of the authority conferred on the directors by resolution 16 in the notice of this meeting, save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities under any such offer or agreement as if the power had not expired.

19. That the Company is generally and unconditionally authorised pursuant to section 701 of the Companies Act 2006 to make market purchases (as defined in section 693 of that Act) of ordinary shares of 5p each in its capital, provided that:
- (a) the maximum aggregate number of such shares that may be acquired under this authority is 39,656,840;
 - (b) the minimum price (exclusive of expenses) which may be paid for such a share is its nominal value;
 - (c) the maximum price (exclusive of expenses) which may be paid for such a share is the maximum price permitted under the Financial Conduct Authority's listing rules or, in the case of a tender offer (as referred to in those rules), five per cent above the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange's Daily Official List) for the five business days immediately preceding the date on which the terms of the tender offer are announced;
 - (d) this authority shall expire on 30 June 2018 or, if earlier, on the conclusion of the Company's next annual general meeting; and
 - (e) before such expiry the Company may enter into a contract to purchase shares that would or might require a purchase to be completed after such expiry and the Company may purchase shares pursuant to any such contract as if the authority had not expired.
20. That the regulations contained in the document produced to the meeting and initialled by the chairman of the meeting for the purpose of identification are adopted as the Company's new articles of association in substitution for and to the exclusion of the Company's existing articles of association.
21. That any general meeting of the Company that is not an annual general meeting may be called by not less than 14 clear days' notice.

Registered office

776 Chester Road
Stretford
Manchester
M32 0QH

By order of the board

G. MacGeekie
Company Secretary
8th March 2017

NOTES

1. The right of a member of the Company to vote at the AGM will be determined by reference to the register of members. A member must be registered on that register as the holder of ordinary shares by the close of business on Tuesday 23 May 2017 in order to be entitled to attend and vote at the AGM as a member in respect of those shares.
2. A member who is entitled to attend and vote at the AGM is entitled to appoint another person, or two or more persons in respect of different shares held by him, as his proxy to exercise all or any of his rights to attend and to speak and vote at the AGM.
3. A member wishing to attend and vote at the AGM in person should arrive prior to the time fixed for its commencement. A member that is a corporation can only attend and vote at the AGM in person through one or more representatives appointed in accordance with section 323 of the Companies Act 2006. Any such representative should bring to the AGM written evidence of his appointment, such as a certified copy of a board resolution of, or a letter from, the corporation concerned confirming the appointment. Any member wishing to vote at the AGM without attending in person or (in the case of a corporation) through its duly appointed representative must appoint a proxy to do so. Forms for the appointment of a proxy that can be used for this purpose have been provided to members with this notice of AGM.
4. To be valid, a proxy appointment form must be completed in accordance with the instructions that accompany it and then delivered (together with any power of attorney or other authority under which it is signed, or a certified copy of such item) to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by 11.00 a.m. on Tuesday 23 May 2017. Alternatively, a member may appoint a proxy online by following the instructions for the electronic appointment of a proxy at www.capitashareportal.com. To be a valid proxy appointment, the member's electronic message confirming the details of the appointment completed in accordance with those instructions must be transmitted so as to be received by the same time. Members who hold their shares in uncertificated form may also use "the CREST voting service" to appoint a proxy electronically, as explained below. Appointing a proxy will not prevent a member from attending and voting in person at the AGM should he so wish.
5. Any person to whom this notice is sent who is currently nominated by a member of the Company to enjoy information rights under section 146 of the Companies Act 2006 (**nominated person**) may have a right under an agreement between him and that member to be appointed, or to have someone else appointed, as a proxy for the AGM. If a nominated person has no such right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member concerned as to the exercise of voting rights. The statement in note 2 above of the rights of a member in relation to the appointment of proxies does not apply to a nominated person. Such rights can only be exercised by the member concerned.
6. As at 8th March 2017 (the latest practicable date prior to the printing of this document) (i) the Company's issued share capital consisted of 396,568,409 ordinary shares, carrying one vote each, and (ii) the total voting rights in the Company were 396,568,409.
7. Each member attending the AGM has the right to ask questions relating to the business being dealt with at the meeting which, in accordance with section 319A of the Companies Act 2006 and subject to some exceptions, the Company must cause to be answered. Information relating to the AGM which the Company is required by the Companies Act 2006 to publish on a website in advance of the AGM may be viewed at www.lookersplc.com. A member may not use any electronic address provided by the Company in this document or with any proxy appointment form or in any website for communicating with the Company for any purpose in relation to the AGM other than as expressly stated in it.
8. It is possible that, pursuant to members' requests made in accordance with section 527 of the Companies Act 2006, the Company will be required to publish on a website a statement in accordance with section 528 of that Act setting out any matter that the members concerned propose to raise at the AGM relating to the audit of the Company's latest audited accounts. The Company cannot require the members concerned to pay its expenses in complying with those sections. The Company must forward any such statement to its auditors by the time it makes the statement available on the website. The business which may be dealt with at the AGM includes any such statement.

9. CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in “the CREST voting service” section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (**CREST proxy appointment instruction**) must be properly authenticated in accordance with the specifications of CREST’s operator, Euroclear UK & Ireland Limited (**Euroclear**), and must contain all the relevant information required by the CREST Manual. To be valid, the message (regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by Capita Asset Services (ID RA10), as the Company’s “issuer’s agent”, by 11.00 a.m. on Tuesday 23 May 2017. After this time any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of the message’s receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer’s agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on “Practical limitations of the system”. In certain circumstances the Company may, in accordance with the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid.
10. Members meeting the threshold requirements in sections 338 and 338A of the Companies Act 2006 have the right to require the Company (i) to give to members entitled to receive notice of the AGM notice of a resolution which may properly be moved and is intended to be moved at the AGM and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company’s constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or (as applicable) the matter to be included in the business, must be authenticated by the person or persons making it, must be received by the Company not later than Wednesday 12 April 2017, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

APPENDIX 1

Explanatory notes to the business of the AGM

Resolution 1 – Receipt of the audited financial statements and reports

The Companies Act 2006 requires the directors of a public company to lay before the company in general meeting copies of the directors' reports, the independent auditors' report and the audited financial statements of the company in respect of each financial year. In accordance with the UK Corporate Governance Code, the Company proposes, as an ordinary resolution, a resolution on its audited financial statements and reports for the financial year ended 31 December 2016 (the 2016 Annual Report).

Resolution 2 – Approval of the directors' remuneration report

In accordance with the Companies Act 2006, shareholders are invited to approve the directors' remuneration report for the financial year ended 31 December 2016.

The directors' remuneration report is set out on pages 62 to 81 of the 2016 Annual Report. For the purposes of this resolution, the directors' remuneration report does not include the directors' remuneration policy which is set out on pages 64 to 71 of the 2016 Annual Report. The vote on this resolution is advisory only and the directors' entitlement to remuneration is not conditional on its being passed.

The Companies Act 2006 requires the directors' remuneration policy to be put to shareholders for approval annually unless the approved policy remains unchanged, in which case it need only be put to shareholders for approval at least every three years. The Company is proposing certain changes to the directors' remuneration policy as explained below in relation to Resolution 3.

Resolution 3 – Approval of directors' Remuneration Policy

The Company is seeking approval of the directors' remuneration policy set out on pages 64 to 71 of the 2016 Annual Report. Explanatory information on the changes to the directors' remuneration policy are contained in the annual statement from the Chairman of Remuneration Committee which can be found on pages 62 and 63 of the 2016 Annual Report.

The proposals follow consultation with shareholders. The vote on this resolution is binding and, if passed, will mean that the Directors can only make remuneration payments in accordance with the approved policy unless such payments have been approved by a separate shareholder resolution.

Resolution 4 - Declaration of a final dividend

The directors are recommending a final dividend for the financial year ended 31 December 2016 of 2.36 pence per ordinary share. If approved by ordinary resolution of the shareholders, the dividend will be paid on 31st May 2017 to shareholders on the register of members as at the close of business on 5th May 2017.

Resolutions 5 to 12 – Re-election of directors

Resolutions 5 to 12 relate to the retirement and re-election of the Company's directors. The Company's articles of association require one-third of the board to retire from office at each annual general meeting. Notwithstanding the rotational retirement provisions of the Company's articles of association, the board has determined that all of the directors shall retire from office at the AGM in line with best practice recommendations of the UK Corporate Governance Code for FTSE 350 companies. Each of the directors intends to stand for re-election by the shareholders.

The Chairman confirms that, following formal performance evaluation, each of the directors standing for re-election continues to be an effective member of the board, to make a positive contribution and to demonstrate commitment to his or her role. The board believes that the considerable and wide-ranging experience of the directors will continue to be invaluable to the Company. Further information relating to each of the directors standing for re-election at the AGM is set out on pages 30 to 37 of the 2016 Annual Report.

Resolutions 13 and 14 – Reappointment and remuneration of the auditors

The Company is required to appoint or reappoint auditors at each annual general meeting at which its audited financial statements and reports are presented to shareholders. Resolution 13, therefore, proposes the reappointment of Deloitte LLP as auditors (to hold office until the next such meeting). Resolution 14 authorises the audit and risk committee of board to determine the auditors' remuneration.

Resolution 15 – Adoption of the Lookers plc Savings-Related Share Option Scheme 2017

Resolution 15 is to authorise the adoption of the Lookers plc Savings-Related Share Option Scheme 2017 (SAYE). The SAYE is an all employee share scheme that takes advantage of the beneficial tax status of savings related

share option schemes which comply with Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003. Participation in the SAYE will be open to all employees and encourages employees to build a stake in the Company. The principal terms of the SAYE are set out at Appendix 2 to this document.

The rules of the SAYE will be available for inspection during normal business hours on Monday to Friday (excluding public holidays) at the Company's registered office at 776 Chester Road, Stretford, Manchester, M32 0QH and at the offices of Addleshaw Goddard LLP at Milton Gate, 60 Chiswell Street, London, EC1Y 4AG from the date of this document until the close of the AGM and at the place of the AGM for at least 15 minutes before, and during, the meeting.

Resolution 16 - Authority to allot shares

The directors currently have a general authority to allot new shares in the Company and to grant rights to subscribe for, or convert any securities into, shares. This authority is, however, due to expire at the conclusion of the AGM and the board would like to renew it to provide the directors with flexibility to allot new shares and to grant rights up until the Company's next annual general meeting within the limits prescribed by the Investment Association.

The Investment Association's guidelines on directors' allotment authority state that the Association's members will regard as routine any proposal at a general meeting to seek a general authority to allot an amount up to two-thirds of the existing issued share capital, provided that any amount in excess of one-third of the existing issued share capital is applied to fully pre-emptive rights issues only. Accordingly, if passed, this resolution will authorise the directors to allot (or to grant rights over) new shares in the Company: (i) under a rights issue up to an aggregate nominal amount of £13,086,757 (representing approximately 66 per cent. of the Company's issued ordinary share capital); and (ii) under an open offer or in other situations up to an aggregate nominal amount of £6,543,378 (representing approximately 33 per cent. of the Company's issued ordinary share capital). For the avoidance of doubt, this resolution will, if passed, authorise the directors to allot (or to grant rights over) new shares up to a maximum aggregate nominal amount of £13,086,757 (representing approximately 66 per cent. of the Company's issued ordinary share capital).

In each case, the reference to the Company's issued ordinary share capital is to the issued ordinary share capital as at 8th March 2017 (being the latest practicable date prior to publication of this document). The Company did not hold any shares in treasury as at that date.

The directors do not have any present intention to exercise this authority, however the board considers it prudent to maintain the flexibility that it provides to enable the directors to respond to any appropriate opportunities that may arise. If passed, this authority will expire on the earlier of 30 June 2018 or, if earlier, at the conclusion of the Company's next annual general meeting.

Resolutions 17 and 18 – Disapplication of pre-emption rights

Resolutions 17 and 18 are special resolutions which, if passed by shareholders, will enable the board to allot ordinary shares, or to sell any shares out of treasury, for cash, without first offering those shares to existing shareholders in proportion to their existing holdings.

In March 2015, the Pre-Emption Group published a revision of its Statement of Principles. In addition to restating the customary five per cent. limit on the issuance of shares for cash on a non-pre-emptive basis, the 2015 Statement of Principles introduced greater flexibility for companies to undertake non-pre-emptive issues for cash in connection with acquisitions and specified capital investments. This relaxation allows companies the opportunity to finance expansion opportunities as and when they arise.

The 2015 Statement of Principles provides that a company may now seek power to issue on a non-pre-emptive basis for cash shares representing:

- (i) no more than five per cent. of the company's issued ordinary share capital in any one year; and
- (ii) no more than an additional five per cent. of the company's issued ordinary share capital provided that such additional power is only used in connection with an acquisition or specified capital investment.

The 2015 Statement of Principles defines a "specified capital investment" as "one or more specific capital investment related uses for the proceeds of an issuance of equity securities, in respect of which sufficient information regarding the effect of the transaction on the listed company, the assets the subject of the transaction and (where appropriate) the profits attributable to them is made available to shareholders to enable them to reach an assessment of the potential return." Items that are regarded as operating expenditure rather than capital expenditure will not typically be regarded as falling within the term "specified capital investment".

At the annual general meeting in 2016, the Company sought, through a single special resolution, power to disapply pre-emption rights in accordance with the flexibility permitted by the 2015 Statement of Principles. The Company intends to seek such power again at the AGM. This year, in line with best practice, the Company intends to structure its pre-emption disapplication request as two separate resolutions.

Resolution 17 is proposed as a special resolution. If this resolution is passed by shareholders, it will permit the board to allot ordinary shares on a non-pre-emptive basis and for cash (otherwise than in connection with a rights issue or similar pre-emptive issue) up to a maximum nominal amount of £991,421. This amount represents approximately five per cent. of the Company's issued ordinary share capital as at 8th March 2017 (being the latest practicable date prior to publication of this document). This resolution will permit the board to allot any such shares for cash in any circumstances (whether or not in connection with an acquisition or specified capital investment).

Resolution 18 is also proposed as a separate special resolution. If this resolution is passed by shareholders, it will afford the board an additional power to allot ordinary shares on a non-pre-emptive basis and for cash up to a further maximum nominal amount of £991,421. This amount also represents approximately five per cent. of the Company's issued ordinary share capital as at 8th March 2017. The board shall use any power conferred by Resolution 18 only in connection with an acquisition or a 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 board confirms its intention to follow the provisions of the 2015 Statement of Principles regarding cumulative usage of authorities within a rolling three year period. Those Principles provide that a company should not issue shares for cash (other than to satisfy share scheme requirements) representing more than 7.5% of the company's issued share capital in any rolling three year period, other than to existing shareholders, without prior consultation with shareholders. This limit excludes any ordinary shares issued pursuant to a general disapplication of pre-emption rights in connection with an acquisition or specified capital investment.

Resolution 19 - Purchase of own shares

This special resolution, if passed, will authorise the Company to make market purchases of its own ordinary shares up until the Company's next annual general meeting or, if earlier, 30 June 2018, subject to specific conditions relating to price and volume.

The maximum number of ordinary shares which may be purchased under this authority is 39,656,840, representing approximately ten per cent. of the Company's issued ordinary share capital as at 8th March 2017 (being the latest date prior to publication of this document).

The minimum price which could be paid for a share would be its nominal value and the maximum price would be that permitted by the Financial Conduct Authority's Listing Rules or, in case of a tender offer, five per cent. above the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the terms of the tender offer are announced. In each case, the minimum and maximum prices exclude expenses. The directors have no present intention of exercising this authority, but wish to have the flexibility to do so in the future. Shares would only be purchased if the directors believed that to do so would result in an improvement in earnings per share and would be in the best interests of shareholders generally. Any purchases would be made through the London Stock Exchange and purchased shares would be cancelled (in which case the number of shares in issue would thereby be reduced) or, alternatively, held in treasury, depending on which course of action is considered by the directors to be in the best interests of the shareholders at that time.

As at 8th March 2017, there were options or rights outstanding to subscribe for 15,571,648 new ordinary shares in the Company. This represents 3.93 per cent. of the Company's issued ordinary share capital at that date and would represent 3.78 per cent. of the Company's issued ordinary share capital if the authority had been exercised in full at that date.

Resolution 20 – Articles of Association

It is proposed in resolution 20, which is a special resolution, that the Company adopts new articles of association.

The board has concluded that a number of changes should be made to the Company's articles (the current articles) and that the most efficient way to make the changes is to adopt a fresh document as its new articles (the new articles). The current articles were last amended in 2011.

The principal differences between the new articles and the current articles are summarised at Appendix 3 to this document. Other differences, which are of a minor, technical or clarifying nature have not been noted in that Appendix.

The new articles contain a number of new provisions. Many other provisions in them are a shorter version of corresponding provisions in the current articles. Provisions in the current articles that are no longer needed or appropriate have not been replicated in the new articles.

A clean copy of the new articles will be available for inspection during normal business hours on Monday to Friday (excluding public holidays) at the Company's registered office at 776 Chester Road, Stretford, Manchester, M32 0QH and at the offices of Addleshaw Goddard LLP at Milton Gate, 60 Chiswell Street, London EC1Y 4AG from the date of this document until the close of the AGM and at the place of the AGM for at least 15 minutes before, and during, the meeting.

Resolution 21 – Notice of general meetings

Resolution 21 is a special resolution to allow the Company to call general meetings (other than annual general meetings) on not less than 14 clear days' notice.

The Company currently has the power to call a general meeting (other than an annual general meeting) on at least 14 days' notice and would like to preserve this ability. In order to do so, shareholders must first approve the calling of meetings on at least 14 days' notice. This resolution seeks such approval. The approval will be effective until the Company's next annual general meeting. The shorter notice period would not be used as a matter of routine for such meetings, but only where it is merited by the business of the meeting and is considered to be in the interests of shareholders as a whole.

The Company notes the notice period provision in the UK Corporate Governance Code which recommends at least 14 working days' notice be given for all general meetings (other than annual general meetings). Insofar as it is appropriate to do so, the Company intends to comply with this Code provision in the same way that it currently complies with the 20 working days' notice provision applicable to annual general meetings.

APPENDIX 2

Summary of the main provisions of the Lookers plc Savings-Related Share Option Scheme 2017 (SAYE)

General

The SAYE is a savings related share option scheme designed to take advantage of the tax beneficial status of savings related share option schemes which comply with Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 (Schedule 3).

The SAYE will be administered by the Company's board of directors or a duly authorised committee of the board.

Eligibility

UK employees and full-time directors of the Company and participating companies within the group are eligible to participate in the SAYE. The board may, however, determine that a qualifying period of service (of up to five years) is required before an employee or full-time director can participate in the SAYE.

The Savings Contract

To participate in the SAYE, an eligible employee must enter into a Save-As-You-Earn contract (Savings Contract) with the savings body designated by the board, agreeing to make monthly contributions of between £5 and £500 for a specified savings period of three or five years (or such other period as may be specified from time to time under Schedule 3). The board has discretion to determine the length of the Savings Contracts will be available in respect of any invitation to apply for options (three years, five years or both). A bonus determined by HMRC may be payable after the expiration of the savings period.

Applications to participate in the SAYE may be scaled down by the board, if applications exceed the number of shares available for the grant of options. Such scaling down may include:

- (a) excluding the HMRC bonus;
- (b) reducing monthly contributions above a certain level pro rata;
- (c) reducing monthly contributions for each eligible employee pro rata; or
- (d) treating elections for five-year Savings Contracts as elections for three-year Savings Contracts.

Option price

The option price for each ordinary share in respect of which an option is granted shall not be less than the greater of:

- (a) 80 per cent of the closing middle-market quotation as derived from the London Stock Exchange Daily Official List for the dealing day immediately prior to the date on which the invitation to participate in the SAYE is made (or, if the board so determines, the average of the closing mid-market quotations for the three dealing days immediately prior to the invitation date); and
- (b) the nominal value of the shares.

Grant of options

The number of shares over which options may be granted must as nearly as possible be equal to, but not in excess of, that number of shares which may be purchased out of the repayment proceeds (including, if the board so determines, any bonus payable) of the relevant Savings Contract at the option price.

Subject to any regulatory restrictions, options under the SAYE may only be granted within the period of 30 days following the date on which the option price is determined or, if the option price is determined over three consecutive dealing days, within 30 days after the earliest of those dealing days.

No options may be granted more than ten years after the adoption of the SAYE.

Options granted under the SAYE may not be transferred (other than on death).

No consideration will be required for the grant of the option.

Limits on the issue of shares

In any ten year period no more than ten per cent of the issued ordinary share capital of the Company for the time being may be issued or issuable pursuant to rights acquired under the SAYE and any other employees' share plans established by the Company. For the purposes of this limit, options or other rights to acquire shares which lapse or have been released do not count.

Exercise of options

Options will only normally be exercisable for a period of six months commencing on the third or fifth anniversary (as the case may be) of the starting date of the related Savings Contract and, if not exercised by the end of that period, the option will lapse.

Earlier exercise may, however, be permitted in specified circumstances, including:

- (a) termination of employment as a result of death, injury, disability, redundancy, retirement or the sale of the subsidiary or business for which the participant works; and
- (b) in the event of a takeover or liquidation of the Company.

In these early exercise circumstances, options will only be exercisable to the extent of the savings in the relevant Savings Contract at the date of exercise.

Rights attaching to shares

All shares allotted or transferred under the SAYE will rank *pari passu* with all other shares of the Company for the time being in issue (save as regards any rights attaching to such shares by reference to a record date prior to the date of allotment or transfer) and the Company will apply for the listing of any new shares issued under the SAYE.

Corporate events

In the event of a takeover, reconstruction or winding up of the Company, options will become exercisable for a limited period. In these circumstances, options will only be exercisable to the extent of the savings in the relevant Savings Contract at the date of exercise.

Alternatively, options may be exchanged for new equivalent options over shares in the acquiring company where appropriate.

Variation of capital

In the event of any rights or capitalisation issue, sub-division, consolidation, reduction or other variation of the ordinary share capital, the board may make such adjustments as it considers appropriate to the number of shares subject to options and/or the price payable on the exercise of options.

Amendments to the SAYE

The board may alter the provisions of the SAYE in any respect provided that the prior approval of shareholders in general meeting is obtained for alterations or additions to the advantage of participants to provisions relating to eligibility, option price and variation, limits on the number of newly issued shares available under the SAYE or the rights attaching to options or shares.

The requirement to obtain the prior approval of shareholders will not, however, apply in relation to any alteration or addition which is minor in nature and made to benefit the administration of the SAYE, to take account of any changes in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for the Company, any of its subsidiaries or for participants.

Termination

The SAYE will terminate on the tenth anniversary of its adoption, or such earlier time as the board may determine, but the rights of existing participants will not be affected by such termination. In the event of termination, no further options will be granted.

Employees outside the UK

The board may at any time without further shareholder approval establish appendices to the SAYE or further share plans corresponding to the SAYE for the benefit of employees in non-UK jurisdictions, any such appendices or plans to be similar to the SAYE, but modified to take account of local tax, exchange control or securities laws, provided that any shares made available under such further appendices or plans are treated as counting against the relevant limits in the SAYE.

Benefits non-pensionable

Benefits under the SAYE are non-pensionable.

APPENDIX 3

Summary of the principal changes to the Company's articles of association

Shares

Share warrants to bearer – Under the current articles, the Company has the ability to issue bearer shares, ownership of which is evidenced by the possession of a share warrant entitling the bearer to the shares specified in that warrant. The Company has never issued any such bearer shares. In 2015, The Small Business, Enterprise and Employment Act 2015 introduced new provisions to improve corporate transparency by abolishing the creation of new bearer shares and requiring any existing bearer shares to be surrendered for conversion. In view of their abolition, the new articles do not include any provision to permit the issue of bearer shares.

Partly-paid shares - Listed public companies rarely issue partly-paid shares and the board has no plans for the Company to do so. The new articles do not replicate any of the provisions concerning partly-paid shares that are in the current articles.

Consolidation and division - The consolidation of the Company's share capital in connection with, for example, a share capital reorganisation could give rise to fractions of shares attributable to individual shareholders. In these circumstances, under the current articles the Company can sell the shares representing fractions and then account to each shareholder for any net sale proceeds attributable to him or, where any amount due to a person is less than £3.00 (or such other sum as the board may decide), the Company can retain such net proceeds for its own benefit. New article 8(C) provides that the board may sell fractional shares "on such basis and in such a manner" as it decides and that if the amount that would otherwise be due to a member does not exceed the minimum financial threshold, the Company may pay it to a UK charity.

Transmission of shares – New article 13 confirms the circumstances in which the Company is required to recognise a person's entitlement to a share in consequence of death, bankruptcy or other event giving rising to transmission of the share. New article 15(A) provides that the rights of a holder against the Company in respect of shares will cease when another person becomes entitled to them by transmission.

The current articles also provide that a person entitled by transmission to a share may elect to be registered as its holder or have some person nominated by him registered and that the board may require a person entitled to make such an election within a prescribed time frame and, where no such election is made, the board may withhold the payment of dividends in respect of the share until an election is made. New article 16 confirms this approach and additionally provides that if a person entitled is in default for more than one year in making an election, the board may register that person as the shareholder or sell those shares as if they were "untraced shares", subject to certain conditions.

Untraced members: sale of shares - The current articles allow the Company to sell shares if they have been held by an untraced member for at least 12 years without him cashing any dividends or communicating with the Company during that period, subject to certain other conditions.

The new articles confirm the right to sell untraced shares after 12 years and set out the conditions of sale. New article 82(A) includes a number of additional conditions that must be satisfied before such untraced shares may be sold. Additionally, whereas the current articles require the Company to give notice of its intention to sell any untraced shares by advertisement in a leading UK national daily newspaper and on the Company's website, the new articles require the board to make tracing enquiries which it considers "reasonable and appropriate in the circumstances" and that any notice of the Company's intention to sell such shares is sent to the member at his registered or last known address.

The new articles allow the sale of untraced shares to be made "on such basis and in such manner" as the board may decide. Any such sale is likely to be made through a corporate broker or other financial intermediary that is required by the Financial Conduct Authority's rules to provide "best execution" in doing so. Under the new articles, the Company is required to sell any untraced shares between three and five months after it gives notice of the sale.

General Meetings

Resolutions – New article 19(D) provides that the board can, before the commencement of any general meeting, withdraw any resolution included in the notice of general meeting that the Company is not obliged to include. Rearranged meetings - New article 20 allows the board to delay the start of a general meeting or to change its venue without having to start it at the time for which it was first convened and then immediately to adjourn it.

Quorum – New article 25(B) confirms the position under the current articles that if a quorum for the transaction of business at a general meeting is not present within five minutes (or such longer time not exceeding one hour as the chairman may decide), the meeting will be adjourned until such other date as the chairman determines. If the meeting was convened at the request of members, it will be dissolved. The new articles provide that any such meeting adjourned for a lack of quorum must be held at least ten days after the original general meeting in compliance with the provisions of the Companies Act 2006 applicable to “traded” companies. The new articles also provide that if a quorum at an adjourned general meeting is not present within five minutes, that adjourned meeting will be dissolved.

Adjournments – New article 27(C) allows the chairman to adjourn a general meeting without the meeting’s consent if, in addition to the circumstances provided for in the current articles, he considers that doing so is necessary or appropriate to ensure the comfort, safety and wellbeing of persons attending the meeting and also to give members a reasonable and proper opportunity to take account of any new material information that may be relevant to the proposed resolutions.

Proxies – The new articles confirm that, where a poll is taken more than 48 hours after it was demanded, proxy forms must be received by the Company 24 hours before the poll is taken. The new articles additionally provide that proxy forms must be received by the Company before the end of the meeting at which the poll is demanded where the poll is taken after the meeting but not more than 48 hours after it was demanded.

The Board

Chairman’s casting vote – The current articles provide that, in the case of an equality of votes at a board meeting, the chairman of the meeting shall have a second or casting vote. The new articles restate this and additionally provide that the chairman shall only have such a vote provided that there are more than two directors present at the meeting and that the chairman is otherwise entitled to vote on the matter in question.

Appointment – New article 49 confirms that the Company may by ordinary resolution appoint a director. Such an appointment will only be effective if notice is given of the resolution identifying the proposed appointee by name, and (if the appointee has not been recommended by the board) if written confirmation of the appointee’s willingness to be appointed is given to the Company at least seven days before the date of the general meeting at which the appointment will be considered.

Rotational retirement - The new articles do not contain any of the provisions in the current articles relating to the “rotational” retirement of one-third of the directors at annual general meetings. New article 52 confirms that at each annual general meeting each director who has been appointed since the Company’s previous annual general meeting shall, if willing to continue as a director, be proposed for election by shareholders. In addition, each director who has not been appointed or elected or re-elected at one of the Company’s two previous annual general meetings shall, if willing to continue as a director, be proposed for re-election by shareholders. Article 52(B)(iii) restates the current position that allows any other director selected by the board to be proposed for re-election at each annual general meeting. It is the board’s current practice that all directors stand for re-election at each annual general meeting.

No directors after annual general meeting and shortfalls - New article 52(D) is similar to a provision added to the articles of a number of listed companies in recent years. It would apply were all the directors to be voted off the board at an annual general meeting and would allow them to remain in office on an interim basis with limited powers, so that the board can continue to function, until at least one new director is appointed by the members. The current articles also provide that in circumstances where there are no directors able or willing to act, any two members may convene a general meeting for the purpose of appointing directors. New article 53(B) restates this ability and additionally requires that such members must hold at least ten per cent of the Company’s shares to convene such a meeting.

Directors' fees - Under the current articles, the Company may pay fees to the directors of up to £300,000 in aggregate each year, or such higher figure as may be decided at a general meeting. These fees are exclusive of any salary or other remuneration paid to executive directors as employees. This limit was set some years ago and the board feels that it should now be increased to reflect the enlarged board and to provide it with greater flexibility for future growth. New article 54 increases the annual amount to £600,000.

Board meetings – The current articles provide that the Company is not obliged, subject to certain exceptions, to give notice of a board meeting to a director who is absent from the UK. The new articles do not replicate such provisions, entitling all directors to notice irrespective of their location.

Qualification shares – The new articles require each director to comply with the requirements concerning the holding of qualification shares which are set out in the directors' remuneration policy which has been approved by shareholders and with any enhanced requirements in this regard agreed between such director and the remuneration committee.

Dividends

Payment of dividends – The new articles update the provisions of the current articles that relate to the way dividends are paid. The new articles confirm the existing flexibility under the current articles to allow the payment of dividends by different methods (including by cheque, bank transfer, electronic and other means).

The new articles additionally permit the board to decide which payment method is to be used on any particular occasion. New article 65(F) provides that the board may: (i) specify one or more payment methods to be used and allow shareholders to elect one of those payment methods; (ii) specify one or more payment methods to be used as a default method of payment unless shareholders elect otherwise as the board may permit; or (iii) specify one or more payment methods to be used without offering shareholders any option to elect otherwise. New article 65(G) allows the board to treat a dividend as "unclaimed" if any details (such as an address or account number) that are necessary to pay a dividend in any manner stipulated by the board or elected by the shareholder are not provided. Notwithstanding the board's ability to specify a particular payment method, the board does not currently intend to discontinue the payment of dividends by cheque or any other means permitted in the current articles.

Communications with members

Members outside the United Kingdom – The current articles provide that a shareholder whose registered address is outside the United Kingdom is only entitled to receive documents and information from the Company if he provides a postal address within the UK. The new articles replicate this, but also permit the member to provide an electronic address for that purpose.

Joint holders – The new articles provide that where the Company is authorised or required to send any document or information to joint holders of a share, such documents or information may be sent to any one of them to the exclusion of the others.

Undelivered documents – New article 78 provides that if the Company sends more than one document to a shareholder during a two year period and each document is returned as undelivered, the Company is not required to send further documents or information until the shareholder provides a new address.

Notices by newspaper advertisement - Both the current articles and the new articles allow the Company, in the event of a disruption to postal services, to give notice of a general meeting to members to whom it would otherwise post the notice by publishing it in a newspaper. New article 79 requires the notice to be published in only one national newspaper, rather than two as required under the current articles. Unless expressly provided, the new articles will not treat the publication of any other newspaper advertisement as a valid notice to members.