



HEART OF MIDLOTHIAN PLC

(Incorporated in Scotland with registered number 5863)

Notice of Annual General Meeting

Tynecastle Park
Gorgie Road
Edinburgh
EH11 2NL

16 November 2021

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It gives you notice of, and lists the resolutions to be voted on during, the forthcoming annual general meeting of Heart of Midlothian plc (the "Company"). If you no longer hold shares in the Company, please pass this document and the enclosed form of proxy to the purchaser or transferee, or to the agent or stockbroker through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

NOTICE IS HEREBY GIVEN that the 115th Annual General Meeting of Heart of Midlothian PLC ("Company") will be held at the Gorgie Suite, Tynecastle Park, Gorgie Road, Edinburgh, EH11 2NL on 16 December 2021 at 11.00 am to transact the business set out below.

In light of the UK Government's current guidance on public gatherings we are delighted to confirm that the 2021 Annual General Meeting shall take place as a physical meeting. Shareholders, their proxies and other attendees will be permitted to attend the Annual General Meeting subject to complying with the conditions to entry as set out immediately below.

Conditions to entry

- Attendees will need to provide proof of full COVID-19 vaccination (with both doses received at least 14 days prior to the Annual General Meeting) or proof of a negative Lateral Flow Test carried out within 48 hours of the start of the Annual General Meeting (in each case to the Company's satisfaction).
- You must not attend the Annual General Meeting if you are displaying any COVID-19 officially recognised symptoms (a high temperature, a new continuous cough or a loss of sense of taste/smell), if you have tested positive for COVID-19 or you are self-isolating or in quarantine.
- You agree to abide by the safety precautions and health and safety protocols the Company adopts at the Annual General Meeting as communicated to you by the Company from time to time which may include but is not limited to entry at a specific time, the wearing of face coverings and non-invasive temperature checks (subject to any applicable exemption you may have).

If a shareholder cannot attend the meeting as they do not satisfy one or more conditions to entry but wish to vote on the resolutions detailed in this Notice of the Annual General Meeting, please use the Form of Proxy as explained below.

Please note that:

- Whilst we are committed to ensuring the health and safety of attendees at the Annual General Meeting, it is not possible for us to completely eliminate the risk of COVID-19 at the meeting. If you feel uncomfortable attending the meeting and wish to vote on the resolutions detailed in this Notice of the Annual General Meeting please use the Form of Proxy as explained below.
- The Annual General Meeting may be subject to disruption (including at short notice) due to the impact of COVID-19, including that it may need to be postponed or become a closed meeting. In these circumstances we shall provide further information at www.heartsfc.co.uk.

Ordinary Business

- To receive and adopt the Company's annual accounts and strategic and directors' and auditors' reports for the year ended 30 June 2021 (copies of which are available to view on the Company's website at www.heartsfc.co.uk) (together the "Accounts") as the accounts of the Company for the year ended 30 June 2021.
- To reappoint Johnston Carmichael as auditors of the Company, to hold office from the conclusion of the meeting to the conclusion of the next meeting at which accounts are laid before the Company.
- To authorise the directors to determine the remuneration of the auditors.
- To appoint James Kennedy Anderson, who has been appointed by the board since the last general meeting, as a director of the Company.
- To re-appoint Donald Ian Cumming, who retires by rotation, as a director of the Company.
- To re-appoint Kevin Douglas Windram, who retires by rotation, as a director of the Company.

Special Business

- To approve the adoption of new articles of association of the Company. Please refer to our note set out at Appendix 1 which provides information about the proposed changes. A copy of the proposed new articles of association are available to view on the Company's website at www.heartsfc.co.uk or can be inspected at the Company's registered office as set out at paragraph 6 of the accompanying Notes below.

You will be asked to consider and vote on the resolution below proposed as a special resolution.

THAT with effect from the conclusion of the meeting the draft articles of association attached to this resolution be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the Company's existing articles of association.

By order of the board

Company Secretary
16 November 2021

NOTES:

Entitlement to attend and vote

1. It has been confirmed that the Annual General Meeting shall be conducted as a physical meeting at the date of this Notice of Annual General Meeting. If you wish to attend the meeting please familiarise yourself with the conditions of entry and notes as set out in the Notice of Annual General Meeting above. If you cannot attend the meeting because you cannot comply with one or more conditions of entry or you feel uncomfortable in attending the meeting due to the ongoing impact of COVID-19 but wish to vote on the resolutions detailed above we kindly urge you to vote by proxy.
2. The right to vote at the meeting is determined by reference to the register of members. Only those shareholders registered in the register of members of the Company as at 11am on 14 December 2021 (or, if the meeting is adjourned, 48 hours before the time appointed for the commencement of the adjourned meeting (excluding any part of a day that is not a working day)) shall be entitled to vote, in respect of the number of shares registered in their name at that time.

Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to vote (and the number of votes they may cast) at the meeting.

Proxies

3. A shareholder is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to vote at the meeting. A proxy need not be a shareholder of the Company.

A shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the numbers of shares set out in the other proxy appointments is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid.

A proxy may only be appointed in accordance with the procedures set out in these notes and the notes to the Form of Proxy.

4. A Form of Proxy (also called a proxy form) has been sent to all shareholders. When appointing more than one proxy, complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained by contacting the Company's registrar or the proxy form may be photocopied. State clearly on each proxy form the number of shares in relation to which the proxy is appointed.

A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given in the proxy form, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.

In the case of joint holders, where more than one of the joint holders' purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

To be valid, a proxy form must be received by post or (during normal business hours only) by hand at the offices of the Company's registrar, at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, no later than 11am on 14 December 2021 (or, if the meeting is adjourned, no later than 48 hours (excluding any part of a day that is not a working day) before the time of any adjourned meeting).

Corporate representatives

5. A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares. A director, the secretary or other person authorised for the purpose by the secretary may require all or any such persons to produce a copy of the resolution of authorisation certified by an officer of the corporation before permitting him to exercise his powers.

Documents available for inspection

6. Subject to any UK Government's restrictions, the following documents will be available for inspection during normal business hours at the registered office of the Company from the date of this notice until the time of the meeting. They will also be available for inspection at the place of the meeting from at least 15 minutes before the meeting until it ends.
 - 6.1 Copies of the Company's annual accounts and strategic and directors' and auditors' reports for the year ended 30 June 2021.
 - 6.2 The proposed new articles of association, together with a mark-up against the existing articles of association.

Closed Meeting

7. As shareholders may be unable or chose not to attend the meeting due to the ongoing impact of COVID-19, the Company is proposing to allow shareholders the opportunity to raise any issues or concerns arising from the business proposed to be conducted at the meeting. Appropriate questions on the business of the meeting should be emailed to AGM2021@homplc.co.uk before 6.00pm on 14 December 2021 and responses will be posted on the Company's website on the day after the meeting. The Company will answer 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 preparations for the meeting or involve the disclosure of confidential information; or
 - 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.

APPENDIX 1

Note that the information provided in this note does not, and is not intended to, constitute legal advice, but has instead been made available for general information purposes only. You should contact your own solicitor if you wish to obtain advice with respect to any particular matter. All liability with respect to actions taken or not taken based on the contents of this note are excluded to the fullest extent permitted by law.

HEART OF MIDLOTHIAN PLC (the Company)

Proposed Amended Articles

Following completion of the transfer of the controlling stake of the Company from Bidco (1874) Limited ("Bidco") to Foundation of Hearts Limited (the "Foundation"), the Company and the Foundation have provisionally agreed certain changes to the Company's existing articles of association (the "Proposed Articles"), in particular to dovetail with the contractual transfer documentation. The Proposed Articles shall be tabled at the AGM and adopted by the Company at the meeting provided that a special resolution of the members is passed.

A copy of the Proposed Articles together with a comparison of the Proposed Articles against the Company's existing articles of association (the "Existing Articles") showing all of the proposed changes are available to view on the Company's website at www.heartsfc.co.uk or can be inspected at the Company's registered office. For convenience, the material changes can be summarised as follows:

1. Categories of director

The Proposed Articles label the existing directors into the following three categories:

- **Nominated Directors** – appointed (respectively) to represent one of the significant shareholders, being the Foundation (the owner of more than 75% of the issued share capital of the Company) and Bidco (the largest minority shareholder and senior secured lender);
- **Independent Directors** – appointed for their independence. They must not have any close connection to the Company and the Foundation; and
- **Executive Directors** – appointed as they also hold an executive office at the Company (e.g. CEO and CFO).

The Proposed Articles set out different terms regarding the appointment, removal and retirement of a director depending on their categorisation as summarised in the table below. Note that such terms vary the Existing Articles (as can be seen by reviewing the comparison referred to above), for example, it is proposed that only the Independent Directors are subject to retirement by rotation going forward.

	Nominated Directors		Independent Directors	Executive Directors
	Foundation Nominated Directors	Bidco Nominated Director		
Appointment	Up to 2 Nominated Directors may be appointed by the Foundation pursuant to any terms agreed between the Company and the Foundation. No ratification by the shareholders of the Company is required. At the date of adoption of the Proposed Articles, the Foundation Nominated Directors are Stuart Wallace and Donald Cumming.	Up to 1 Nominated Director may be appointed by Bidco pursuant to any terms agreed between the Company and Bidco. No ratification by the shareholders of the Company is required. At the date of adoption of the Proposed Articles, the Bidco Nominated Director is Ann Budge.	At the date of adoption of the Proposed Articles, the Independent Directors are Kevin Windram and James Anderson. The Board may appoint new Independent Directors subject to: <ul style="list-style-type: none"> • Nomination by the nomination committee; • Appointment by the Board; and • Ratification at the next AGM by ordinary resolution. 	At the date of adoption of the Proposed Articles, the existing executive directors are Jacqueline Duncan and Andrew McKinlay. The Board may appoint one of the existing directors as an executive officer or make a new director appointment subject to them accepting an executive office. The appointment of executive directors shall be subject to: <ul style="list-style-type: none"> • Nomination by the nomination committee; and • Appointment by the Board (a unanimous decision of those eligible to vote is required if the appointment would result in more than 2 executive directors). No ratification by the shareholders of the Company is required.

1. Categories of director (continued)

	Nominated Directors		Independent Directors	Executive Directors
	Foundation Nominated Directors	Bidco Nominated Director		
Retirement by Rotation	N/A	N/A	<p>The terms of office of the Independent Directors in office at the date of adoption of the Proposed Articles (subject to earlier removal) are until the specific Company AGM pursuant to the terms of any relevant agreement between the Company and the Foundation from time to time ("Current Term").</p> <p>The Independent Directors in office at the date of adoption of the Proposed Articles shall retire at the end of their Current Term but may stand for re-appointment (see below).</p> <p>Otherwise, an Independent Director shall retire on the third anniversary of the date of their appointment (or re-appointment).</p> <p>An Independent Director is eligible for re-appointment following their retirement for a further three-year term provided that they have not served a continuous term of more than 12 years.</p> <p>The re-appointment of an Independent Director is subject to:</p> <ul style="list-style-type: none"> • Nomination by the nomination committee; • Appointment by the Board; and • Ratification at the next AGM by ordinary resolution. 	N/A
Removal*	The Foundation Nominated Directors may be removed and replaced by the Foundation pursuant to any terms agreed between the Company and the Foundation.	The Bidco Nominated Director may be removed and replaced by Bidco pursuant to any terms agreed between the Company and Bidco.	The Independent Director shall be removed from office if the shareholders do not ratify their appointment or re-appointment at the relevant AGM.	<p>An executive director that ceases to be a director does not automatically cease to hold their executive office unless their contract or the resolution removing them says otherwise.</p> <p>An executive director that ceases to hold their executive office automatically ceases to be a director.</p>

*Note that any director can be removed by a majority vote of the Board and as otherwise permitted under company law.

2. Chair

The current chair of the Company (Ann Budge) may continue in such position until 30 August 2023. She may have executive responsibilities during such period but any subsequent chair shall not hold an executive office.

At the end of that period if Ann Budge is still the chair she may remain in office (provided she is nominated by the nomination committee and re-appointed by the Board) or she may leave office. If Ann Budge decides to leave, the nominations committee may nominate any director to act as chair (subject to the Board agreeing to such appointment) or seek a new director to act as the chair.

A chair may not serve a continuous term of more than 12 years.

3. Other

- The maximum number of directors shall be 8 (under the Company's existing articles of association there is currently no maximum number of directors).
- The quorum for any Board meeting shall be three directors, which must include one Independent Director and subject to any relevant agreement between the Company and the Foundation, one Foundation Nominated Director (under the Company's existing articles of association the quorum for any Board meeting shall be any two directors).
- The Company's committees will be comprised of one Independent Director, one Foundation Nominated Director and unless the Board decides otherwise an executive director and the quorum for any committee meeting shall be two (one Independent Director and one Foundation Nominated Director).