



17 April 2018

## **Breedon Group plc**

**("Breedon")**

### **Acquisition of Lagan Group (Holdings) Limited Placing to raise approximately £170 million**

Breedon announces that it has entered into a conditional agreement to acquire Lagan Group (Holdings) Limited ("Lagan"), a leading construction materials business based in Belfast, for a cash consideration of £455 million\* on a cash- and debt-free basis (the "Acquisition"). The combination of Breedon and Lagan will create a leading independent construction materials group in the UK and Ireland, and extend Breedon's geographic footprint with immediate critical mass in Ireland and across the entire value chain. The Acquisition also provides Breedon with an enhanced platform for further organic growth and bolt-on acquisitions.

#### **Transaction highlights**

- Breedon has agreed to acquire Lagan for £455 million\* on a cash- and debt-free basis. The consideration will be payable to the sellers on Completion
- Lagan is a leading supplier of construction materials and contract surfacing in Ireland and the UK with a modern cement plant in Kinnegad, nine active quarries, 13 asphalt plants and nine ready-mixed concrete plants
- In the year ended 31 December 2017, Lagan generated revenues of £249 million and EBITDA of £46 million
- The consideration will be financed by a combination of a new £150 million term loan, a new £350 million revolving credit facility which replaces Breedon's existing £300 million revolving facility and a £170 million equity placing (the "Placing")
- The Acquisition enables Breedon to enter the attractive Irish construction market and provides significant opportunities to expand upstream through the aggregates business in Ireland and downstream through the asphalt and ready-mixed concrete operations
- Breedon expects to achieve annual cost synergies of approximately £5 million by the third full year following Completion
- The Acquisition is expected to be double-digit accretive to Underlying EPS in the first full year following Completion\*\*

*\* Based on locked-box accounts at 31 December 2017*

*\*\* This should not be construed as a profit forecast and should therefore not be interpreted to mean that earnings per share in any future financial period will necessarily match or be greater than those for the relevant preceding financial period.*

- The placing will raise gross proceeds of approximately £170 million through the issue of 222,222,222 new Ordinary Shares (the "Placing Shares") at 76.5 pence per share (the "Placing Price")
- Of the Placing Shares, 65,488,454 new Ordinary Shares (the "Clawback Placing Shares") have been placed subject to a right of recall to satisfy allocations under the Clawback Placing also announced today by Breedon, the terms and conditions of which are set out in this Announcement
- Breedon also intends to raise up to approximately £4 million through the issue of 5,542,967 new Ordinary Shares pursuant to an open offer (the "Open Offer"), to allow Breedon shareholders who are not participating in the Placing to subscribe for new Ordinary Shares at the Placing Price
- Breedon's pro forma net debt is expected to be approximately 2.6x Underlying EBITDA at Completion. Leverage is expected to fall to less than 1x in 2020

**Peter Tom CBE, Breedon's Executive Chairman, commented:**

"We are delighted to have completed our largest acquisition to date and particularly pleased that it has been so strongly supported by our shareholders.

"Over the last eight years we have pursued a successful buy-and-build strategy which has established Breedon as the largest independent construction materials business in the UK and the acquisition of Lagan is another strategic step for us. We believe it has the potential to add significantly to the Group's performance and prospects and we are looking forward to working with our new colleagues to deliver further value for our investors."

**Pat Ward, Breedon's Group Chief Executive, added:**

"Lagan represents a unique opportunity to enter a growing market with immediate scale and excellent opportunities for expansion. It significantly strengthens our cement offer, adds to our mineral and downstream resources, brings us a bitumen import/export business and adds real weight to our contract surfacing operations.

"Lagan is well-run, well-invested, with an experienced management team and a strong track record. Its culture is complementary to our own, with a sharp focus on customer service, a first-class workforce and a commitment to safety, which is a key priority for us.

"From a strategic perspective, it provides us with a stronger platform from which to pursue further organic growth and bolt-on acquisitions."

**Kevin Lagan, Chairman of Lagan Group, said:**

"I'd like to thank our committed and passionate staff for the role they have played in the growth of Lagan Group and I wish them every success as they enter an exciting new chapter with Breedon, who I am confident will build on that success, supporting the development of the business in the years ahead."

- ends -

### Note to editors

Following the acquisition of Lagan, Breedon Group plc will be a leading construction materials group in the UK and Ireland. It will operate two cement plants, around 70 quarries, 40 asphalt plants, 200 ready-mixed concrete and mortar plants, nine concrete and clay products plants, four contract surfacing businesses, six import/export terminals and two slate production facilities.

The Group will employ nearly 3,000 people and have around 870 million tonnes of mineral reserves and resources. The Group's strategy is to continue growing organically and through the acquisition of businesses in the heavyside construction materials market.

### **Webcast for analysts and investors**

Breedon will host a meeting for invited analysts at 9.00am today at Travers Smith LLP, 2-3 Hosier Lane, London EC1 and there will be a simultaneous webcast of the meeting. Please use this link to join the webcast:

<http://webcasting.brrmedia.co.uk/broadcast/5acf2c6d5a296618f1792643>

The webcast will also be available to view on our website later today at [www.breedongroup.com/investors](http://www.breedongroup.com/investors) and the presentation can also be viewed or downloaded from the same location from 8.55am today.

***The information contained within this announcement is deemed by the Group to constitute inside information under the Market Abuse Regulations (EU) No. 596/2014.***

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The distribution of this Announcement and/or the Placing and/or issue of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company, the Joint Bookrunners or any of their respective affiliates, agents, directors, officers or employees that would permit an offer of the Placing Shares or possession or distribution of this Announcement or any other offering or publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required. Persons into whose possession this Announcement comes are required by the Company and the Joint Bookrunners to inform themselves about and to observe any such restrictions.

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All offers of the Placing Shares in the EEA will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus. In the United Kingdom, this Announcement is being directed solely at persons in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 (as amended) does not apply.

The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this Announcement. Any representation to the contrary is a criminal offence in the United States. The relevant clearances have not been, nor will they be, obtained from the securities commission of any province or territory of Canada, no prospectus has been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance; the relevant clearances have not been, and will not be, obtained for the South Africa Reserve Bank or any other applicable body in the Republic of South Africa in relation to the Placing Shares and the Placing Shares have not been, nor will they be, registered under or offered in compliance with the securities laws of any state, province or territory of Australia, Canada, the Republic of South Africa or Japan.

Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into Australia, Canada, the Republic of South Africa or Japan or any other jurisdiction outside the United Kingdom.

Persons (including, without limitation, nominees and trustees) who have a contractual right or other legal obligations to forward a copy of this Announcement should seek appropriate advice before taking any action.

By participating in the Placing, each person who is invited to and who chooses to participate in the Placing (a "Placee") by making an oral and legally binding offer to acquire Placing Shares will be deemed to have read and understood this Announcement in its entirety, to be participating, making an offer and acquiring Placing Shares on the terms and conditions contained herein and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in the Appendix.

This Announcement may contain and the Company may make verbal statements containing "forward-looking statements" with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition, performance, strategic initiatives, objectives and results. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "seek", "may", "could", "outlook" or other words of similar meaning. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond the control of the Company, including amongst other things, United Kingdom domestic and global economic business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities, the effect of competition, inflation, deflation, the timing effect and other uncertainties of future acquisitions or combinations within relevant industries, the effect of tax and other legislation and other regulations in the jurisdictions in which the Company and its affiliates operate, the effect of volatility in the equity, capital and credit markets on the Company's profitability and ability to access capital and credit, a decline in the Company's credit ratings; the effect of operational risks; and the loss of key personnel. As a result, the actual future financial condition, performance and results of the Company may differ materially from the plans, goals and expectations set forth in any forward-looking statements. Any forward-looking statements made in this Announcement by or on behalf of the Company speak only as of the date they are made. Except as required by applicable law or regulation, the Company expressly disclaims any obligation or undertaking to publish any updates or revisions to any forward-looking statements contained in this Announcement to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

**Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of (a) retail investors, (b) investors who meet the criteria of professional clients and (c) eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.**

**For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.**

**Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.**

Moelis & Company UK LLP ("Moelis & Company"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively as financial adviser to Breedon and no-one else in connection with the Acquisition and will not be responsible to anyone other than Breedon for providing the protections afforded to clients of Moelis & Company nor for providing advice in connection with the Acquisition or any matter referred to herein.

Cenkos Securities plc ("Cenkos Securities") which is authorised and regulated in the United Kingdom by the FCA, is acting solely for Breedon in relation to the Placing and no-one else and will not be responsible to anyone other than Breedon for providing the protections afforded to clients of Cenkos Securities nor for providing advice in relation to the Placing or any other matter referred to in this Announcement.

Numis Securities Limited ("Numis Securities") which is authorised and regulated in the United Kingdom by the FCA, is acting solely for Breedon in relation to the Placing and no-one else and will not be responsible to anyone other than Breedon for providing the protections afforded to clients of Numis Securities nor for providing advice in relation to the Placing or any other matter referred to in this Announcement.

No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by the Joint Bookrunners, Moelis & Company or by any of their respective affiliates or agents as to, or in relation to, the accuracy or completeness of this Announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefor is expressly disclaimed.

No statement in this Announcement is intended to be a profit forecast or estimate, and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

The Placing Shares to be issued pursuant to the Placing will not be admitted to trading on any stock exchange other than the London Stock Exchange.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this Announcement.

## **1. Introduction**

Breedon announces that it has entered into a conditional agreement to acquire Lagan Group (Holdings) Limited (“Lagan”), a leading construction materials business based in Belfast, for a cash consideration of £455 million\* on a cash- and debt-free basis (the “Acquisition”). The consideration will be payable to the sellers on Completion. The combination of Breedon and Lagan will create a leading independent construction materials group in the UK and Ireland, and extend Breedon’s geographic footprint with immediate critical mass in Ireland and across the entire value chain. The Acquisition also provides Breedon with an enhanced platform for further organic growth and bolt-on acquisitions.

## **2. Information on Lagan**

Lagan is a leading supplier of construction materials and contract surfacing in Ireland and the UK, supplying a range of bulk and bagged cement, aggregates, asphalt and bitumen, with services ranging from road surfacing and maintenance to airfield surfacing. Founded in 1960, Lagan is one of the largest privately-owned companies in Ireland, employing approximately 750 people.

Lagan’s assets include: a modern cement manufacturing facility, nine active quarries across the UK & Ireland (including the Welsh Slate business), 13 asphalt plants, nine ready-mixed concrete plants, a brick manufacturing plant, four port terminals (one for cement export, one for aggregates export and two for bitumen import & export) and a share in a bitumen vessel.

In the year ended 31 December 2017, Lagan generated revenue of £249 million, EBITDA of £46 million and profit before tax of £21 million. As at 31 December 2017, Lagan had pro forma net assets of £156 million.

## **3. Information on Breedon**

Breedon is the largest independent construction materials group in the UK after the four global majors. It operates a cement plant, around 60 quarries, 26 asphalt plants, nearly 200 ready-mixed concrete and mortar plants and four concrete products plants nationwide, employing around 2,200 people. Breedon has strong asset backing, with around 750 million tonnes of mineral reserves and resources. Breedon’s strategy is to continue growing through organic improvement and acquisition of businesses in the heavyside construction materials market.

In the year ended 31 December 2017, Breedon sold 16.0 million tonnes of aggregates, 1.9 million tonnes of asphalt and 3.3 million cubic metres of concrete. In the same period Breedon generated revenue of £652 million, Underlying EBITDA of £117 million and profit before tax of £71 million.

Breedon’s Ordinary Shares are admitted to trading on the AIM market of the London Stock Exchange.

## **4. Strategic rationale for the Acquisition**

### ***Expansion into the attractive Irish construction market***

Lagan’s strong presence as a leading supplier of construction materials and services in Ireland complements Breedon’s existing footprint in the UK. The strategic entry into Ireland secures immediate critical mass across the entire value chain and will allow Breedon to service an attractive market with a strong growth outlook for the Irish construction sector.

*\* Based on locked-box accounts at 31 December 2017*

### ***Increased scale and enhanced market position***

The Acquisition creates a leading independent construction materials group in the UK and Ireland.

The Enlarged Group will have: two cement manufacturing plants, 69 quarries, 39 asphalt plants, approximately 200 ready-mixed concrete and mortar plants, six import/export terminals, eight rail-fed depots and four contract surfacing businesses.

In the year ended 31 December 2017, the Enlarged Group would have reported pro forma revenue of £901 million and pro forma Underlying EBITDA of £163 million.

### ***Further consolidation of the UK and Irish heavyside construction materials sectors***

As a result of sector consolidation over the last 15 years or so, international cement companies now account for the vast majority of the UK heavyside building materials industry.

The combination of Breedon and Lagan brings together two sizeable companies in this sector in the UK and RoI and, in line with Breedon's strategy, further consolidates the UK and RoI heavyside construction materials industry. With the significantly enhanced platform created by this Acquisition, and with the smaller end of the sector remaining highly fragmented, there are further consolidation opportunities for the Enlarged Group in the future.

### ***Improved and broadened product mix***

The Acquisition provides a range of complementary products and services that will enable Breedon to strengthen its core product offering. In addition to aggregates, asphalt, ready-mixed concrete and bitumen, Lagan adds bricks, a range of concrete and clay products and Welsh slate to Breedon's existing portfolio.

Lagan also brings with it a substantial contract surfacing and road maintenance business which will significantly increase the scale of Breedon's existing contract surfacing operations and enable the Enlarged Group to provide solutions to larger surfacing and road maintenance projects.

### ***Cost synergies***

Breedon expects to achieve annual cost synergies of approximately £5 million from operational improvements by the third full year following Completion. One-off integration costs to achieve these savings are expected to be approximately £4 million.

## **5. Key terms of the Acquisition**

Under the terms of the sale and purchase agreement relating to the Acquisition (the "SPA"), Breedon Holdings (Jersey) Limited, a wholly-owned subsidiary of Breedon, will acquire the entire issued share capital of Lagan for a purchase price of £455 million on a cash- and debt-free basis. The consideration will be payable to the sellers on Completion. Completion is conditional on, and is expected to occur within one Business Day of, Admission.

The SPA also contains customary warranties, covenants, undertakings and conditions for a transaction of this nature.

## **6. Financing for the Acquisition**

The consideration will be financed by a combination of a new term loan, a new revolving credit facility and the net proceeds of the Placing.



At the time of signing the SPA, Breedon entered into a new £500 million term and revolving credit facility agreement with Barclays Bank PLC, HSBC Bank plc, The Royal Bank of Scotland plc, Santander UK plc and AIB Group (UK) PLC (t/a First Trust Bank). The new facility replaces Breedon's existing £300 million revolving credit facility and has a four-year term with an option to extend by one year (in respect of the £350 million revolving facility only; the £150 million term facility amortises fully over the four-year term) and a £100 million accordion option. The pricing is marginally better than Breedon's existing revolving credit facility.

## **7. The Placing**

The Placing Shares have been conditionally placed by Cenkos Securities and Numis Securities, as agents for Breedon, with existing institutional and other investors at the Placing Price in accordance with the terms of the Placing Agreement. Breedon intends to use the net proceeds of the Placing to part-fund the cash consideration payable under the terms of the SPA.

Of the Placing Shares, 65,488,454 new Ordinary Shares (the "Clawback Placing Shares") have been placed subject to a right of recall to satisfy allocations under the Clawback Placing which will be launched immediately following this Announcement. The Clawback Placing is subject to the terms and conditions set out in the appendix of this Announcement. The remaining 156,733,768 Placing Shares (the "Firm Placing Shares") have been placed firm and are not subject to clawback.

Cenkos Securities and Numis Securities will today commence a bookbuilding process in respect of the Clawback Placing Shares. The Clawback Placing Shares will be placed at the Placing Price. The timing of the closing of the book and allocations are at the absolute discretion of Cenkos Securities, Numis Securities and Breedon. Regardless of the take-up of the Clawback Placing Shares, the full number of Placing Shares will be allotted pursuant to the Placing Agreement.

The issue of the Placing Shares is to be effected by way of a cashbox placing. Breedon will allot and issue the Placing Shares on a non-pre-emptive basis to the Placees in consideration for Cenkos Securities transferring its holdings of redeemable preference shares and ordinary subscriber shares in Lisbon Funding Limited ("JerseyCo") to Breedon.

The Placing is not underwritten and is not conditional on Completion. The Placing Agreement contains certain warranties and indemnities from Breedon in favour of Cenkos Securities and Numis Securities, and is conditional, inter alia, upon:

- (a) certain announcement obligations;
- (b) the SPA having become unconditional in all respects (save in relation to any condition relating to the Placing Agreement becoming unconditional and Admission) and not being terminated in accordance with its terms;
- (c) the Facility Agreement having become unconditional in all respects (save in respect of any condition relating to the Placing Agreement becoming unconditional, Admission and the completion of the SPA) and not being terminated in accordance with its terms;
- (d) the warranties contained in the Placing Agreement not being breached (save where such breach is not considered by the Joint Bookrunners, acting jointly and in good faith, to be material in the context of the Placing) when made at the date of the Placing Agreement and at Admission by reference to the facts and circumstances subsisting at the time;
- (e) the Company complying with its obligations under the Placing Agreement in all material respects to the extent that they fall to be performed on or before Admission; and

- (f) Admission becoming effective in accordance with the AIM Rules for Companies by no later than 8.00 a.m. on 19 April 2018 (or by such later date as the Company and the Joint Bookrunners (acting jointly) may agree in writing, being no later than 8.00 a.m. on 30 April 2018.

In the unlikely event that the Acquisition does not complete in circumstances where Admission has already taken place, the Board's current intention is that the net proceeds of the Placing will be invested and/or applied for general corporate purposes and, where possible, financing other acquisition opportunities that fulfil the Company's strategic objectives.

The Placing Shares will represent approximately 15.4 per cent of Breedon's current issued share capital and approximately 13.3 per cent of the Enlarged Share Capital of Breedon following Admission and Completion. The Placing Shares will, following Admission, rank in full for all dividends and distributions declared, made or paid in respect of the issued ordinary share capital of Breedon and otherwise rank *pari passu* in all other respects with the existing Ordinary Shares. The Placing Price represents a 2.3 per cent discount to the closing mid-market price of 78.3 pence per Ordinary Share on 16 April 2018 (being the latest practicable date prior to the date of this Announcement).

## **8. Open Offer**

The Board is pleased to provide Qualifying Shareholders with the opportunity to participate in the Open Offer at the Placing Price to raise approximately £4 million (assuming full take up of the Open Offer but being less than the €5 million maximum amount permitted without requiring publication of a prospectus under the Prospectus Rules). The Open Offer is in addition to and separate from the Placing. The Open Offer is conditional upon (amongst other things) Completion and is not being underwritten.

The Directors are fully supportive of the Open Offer and the Directors who are Qualifying Shareholders (other than one of the non-executive Directors) have therefore indicated their intention to participate in part or in full in the Open Offer in respect of their respective Basic Entitlements, which amount to 190,496 Open Offer Shares in aggregate. However, the Directors who are Qualifying Shareholders are willing to be scaled back by other Qualifying Shareholders under the Excess Application Facility to accommodate demand from other Qualifying Shareholders.

Qualifying Shareholders are also being given the opportunity, provided they take up their Basic Entitlements in full, to apply for Excess Entitlements through the Excess Application Facility, further details of which are set out below.

Qualifying Shareholders with holdings of Existing Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their Open Offer Entitlements.

Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of Open Offer Shares. Fractional entitlements which would otherwise arise will not be issued to the Qualifying Shareholders but will be made available under the Excess Application Facility.

The Excess Application Facility enables Qualifying Shareholders to apply for Open Offer Shares in excess of their Basic Entitlement as at the Record Date.

However, applications for Excess Entitlements will be satisfied only and to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Basic Entitlements and may be scaled back at Breedon's absolute discretion. No assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

In any event, applications will be rejected if acceptance would result in the Qualifying Shareholder, together with those acting in concert with him for the purposes of the City Code on Takeovers and Mergers, holding 30 per cent. or more of the Ordinary Shares in issue immediately following Admission.

Qualifying Non-CREST Shareholders who wish to apply to acquire more than their Basic Entitlements should complete the relevant sections on the Application Form. Qualifying CREST Shareholders will have Excess Entitlements credited to their stock account in CREST and should refer to the Circular for information on how to apply for Excess Entitlements pursuant to the Excess Application Facility.

The Circular contains the full terms and conditions of the Open Offer.

## **9. Financial effects of the Acquisition**

The Acquisition will significantly increase Breedon's scale and profitability, bringing into the Group a business that generated revenue of £249 million and EBITDA of £46 million in the year ended 31 December 2017. In addition, Breedon expects to achieve annual cost synergies of approximately £5 million by the third full year following Completion.

The Acquisition is expected to be double-digit accretive to Breedon's Underlying EPS in the first full year following Completion.\*\*

Breedon's pro forma net debt is expected to be approximately 2.6x Underlying EBITDA at Completion. Leverage is expected to fall to less than 1x in 2020. The Enlarged Group's strong balance sheet and expected increased future cash flow will provide it with the financial flexibility to pursue further bolt-on acquisitions and future growth opportunities.

## **10. Board, management and employees**

Breedon greatly values the skills, knowledge and expertise of Lagan's existing management team and employees. Lagan's experienced management team will continue to drive growth in Ireland, supported by Breedon's existing management team.

## **11. Strategy of the Enlarged Group**

The strategy of the Enlarged Group will remain consistent with Breedon's current strategy of pursuing a well-planned combination of organic growth and continuing consolidation of the UK and Irish heavyside construction materials industry. Breedon's objective remains to be the safest and most profitable construction materials company in the UK and Ireland market through:

- striving for best customer service;
- delivering continuous organic improvement;
- securing value-enhancing acquisitions; and
- doing all these things safely.

## **12. Interim results**

In light of the acquisition of Lagan, and in order to allow time for the first phase of its integration into the Group to be completed, it has been decided to reschedule the announcement of Breedon's interim results from mid-July to 5 September 2018. This will apply to the current year only. In 2019 Breedon will resume its customary practice of reporting in mid-July.

*\*\* This should not be construed as a profit forecast and should therefore not be interpreted to mean that earnings per share in any future financial period will necessarily match or be greater than those for the relevant preceding financial period.*

### **13. Trading update for underlying Breedon business**

In common with the rest of our industry, we have experienced disruption from the severe weather in the first quarter which has impacted the phasing of some of our work. However, with the worst of the weather behind us, we have seen an improvement in recent weeks and anticipate a continuing recovery in activity. The Board's expectation for the full year remains unchanged.

### **14. Total Voting Rights**

Application has been made for the Placing Shares to be admitted to trading on AIM. The Placing Shares will rank pari-passu with existing Ordinary Shares and it is expected that Admission will occur at 8.00 a.m. on or around 19 April 2018.

Following Admission, Breedon's issued ordinary share capital will comprise 1,668,936,659 Ordinary Shares, of which none are held in treasury. Therefore, the total number of Ordinary Shares with voting rights in Breedon following Admission will be 1,668,936,659.

The above figure of 1,668,936,659 may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in Breedon under the FCA's Disclosure Guidance and Transparency Rules.

### **15. Definitions**

The following words and expressions shall have the following meanings in this Announcement unless the context otherwise requires:

“Acquisition”	the proposed acquisition by Breedon of Lagan
“Admission”	the admission to trading on AIM of the Placing Shares becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	the AIM Market of the London Stock Exchange
“AIM Rules”	the rules for AIM companies as published by the London Stock Exchange from time to time
“Announcement”	this announcement and the Appendix
“Basic Entitlement”	the basic entitlement to subscribe for Open Offer Shares, allocated to a Qualifying Shareholder pursuant to the Open Offer
“Board of Directors” or “Directors”	the directors of Breedon
“Breedon” or the “Company”	Breedon Group plc, a company registered in Jersey with a registered number 98465
“Cenkos Securities”	Cenkos Securities plc
“Circular”	the shareholder circular relating to the Open Offer to be published on the date of this Announcement
“Clawback Placing”	the right of recall in respect of the Clawback Placing Shares to satisfy allocations under the bookbuilding process being launched today
“Clawback Placing Shares”	65,488,454 Ordinary Shares
“Completion”	completion of the Acquisition

“CREST”	the computer system (as defined in the CREST Regulations) in respect of which Euroclear is the recognised operator (as defined in those regulations)
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“Enlarged Group”	Breedon and its subsidiary undertakings, including Lagan, following Completion
“Enlarged Share Capital”	the issued ordinary share capital of Breedon immediately following Completion and the Placing
“EPS”	earnings per share
“Excess Entitlements”	an entitlement for each Qualifying Shareholder to apply to subscribe for Open Offer Shares in addition to his Basic Entitlement pursuant to the Excess Application Facility which is conditional on him taking up his Basic Entitlement in full and which may be subject to scaling back in accordance with the provisions of the Circular
“Existing Shares”	the Ordinary Shares in issue at the Record Date
“Facility Agreement”	the term loan and revolving credit facility agreement between the Company, Barclays Bank PLC, HSBC Bank plc, The Royal Bank of Scotland plc, Santander UK plc and AIB Group (UK) PLC (t/a First Trust Bank) dated 17 April 2018
“Joint Bookrunners”	Cenkos Securities and Numis Securities
“Lagan”	Lagan Group (Holdings) Limited
“Moelis & Company”	Moelis & Company UK LLP
“Numis Securities”	Numis Securities Limited
“Open Offer”	the invitation by the Company to Qualifying Shareholders to apply to subscribe for the Open Offer Shares at the Placing Price on the terms and subject to the conditions set out in the Circular
“Open Offer Entitlements”	the Basic Entitlements and Excess Entitlements
“Ordinary Shares”	ordinary shares of no par value in the share capital of Breedon
“Placee”	each person who is invited to and who chooses to participate in the Placing
“Placing”	the placing of new Ordinary Shares pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement entered into between Breedon and Cenkos Securities and Numis Securities on 17 April 2018
“Placing Price”	76.5 pence per Placing Share
“Placing Shares”	222,222,222 Ordinary Shares
“Qualifying CREST Shareholders”	Qualifying Shareholders holding Existing Shares in uncertificated form

“Qualifying Non-CREST Shareholders”	Qualifying Shareholders holding Existing Shares in certificated form
“Qualifying Shareholders”	holders of Existing Shares on the register of members of the Company at the Record Date but excluding any non-exempt overseas shareholder in a Restricted Jurisdiction
“Record Date”	13 April 2018
“Restricted Jurisdiction”	United States, Canada, Australia, the Republic of South Africa or Japan
“RoI”	Republic of Ireland
“SPA”	the sale and purchase agreement entered into between Breedon, Breedon Holdings (Jersey) Limited, Kevin Lagan and the other Sellers (as defined therein) and Lagan setting out the terms and conditions of the Acquisition
“Underlying EBITDA”	EBITDA before acquisition-related expenses, redundancy and reorganisation costs, property items, amortisation of acquisition intangibles and related tax items
“Underlying EPS”	EPS before acquisition-related expenses, redundancy and reorganisation costs, property items, amortisation of acquisition intangibles and related tax items
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland

## EXPECTED TIMETABLE OF OPEN OFFER

2018

Record Date and time for entitlement under the Open Offer	5.30 p.m. on 13 April
Announcement of the Placing, the Acquisition and the Open Offer	17 April
Publication of the Circular and, to Qualifying Non-Crest Shareholders, the Application Form	17 April
"Ex" entitlement date of the Open Offer	17 April
Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	by 18 April
Latest recommended time and date for requested withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 2 May
Latest time and date for depositing Open Offer Entitlements in CREST	3.00 p.m. on 3 May
Latest time and date for splitting Application Forms (to satisfy bona fide market claims)	3.00 p.m. on 4 May
<b>Latest time and date for receipt of Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)</b>	11.00 a.m. on 9 May
Results of the Open Offer announced	11 May
Admission and dealings in the Open Offer Shares expected to commence on AIM	8.00 a.m. on 14 May
Expected date for CREST accounts to be credited in respect of Open Offer Shares in uncertificated form (where applicable)	14 May
Expected date for despatch of share certificates for Open Offer Shares in certificated form (where applicable)	within 14 days of Admission

### Notes

Each of the times and dates above are indicative only and if any of the details contained in the timetable above should change, the revised times and dates will be notified to Shareholders by means of an announcement through a Regulatory Information Service. References to time in this Announcement are to London time, unless otherwise stated.

## APPENDIX - TERMS AND CONDITIONS OF THE CLAWBACK PLACING

IMPORTANT INFORMATION FOR INVITED PLACEES ONLY REGARDING THE CLAWBACK PLACING.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE CLAWBACK PLACING. THIS ANNOUNCEMENT (INCLUDING THIS APPENDIX) AND THE TERMS AND CONDITIONS SET OUT HEREIN (TOGETHER, THIS "**ANNOUNCEMENT**") ARE DIRECTED ONLY AT PERSONS WHOSE ORDINARY ACTIVITIES INVOLVE THEM IN ACQUIRING, HOLDING, MANAGING AND DISPOSING OF INVESTMENTS (AS PRINCIPAL OR AGENT) FOR THE PURPOSES OF THEIR BUSINESS AND WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ARE: (1) IF IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA ("**EEA**"), QUALIFIED INVESTORS AS DEFINED IN ARTICLE 2(1)(e) OF DIRECTIVE 2003/71/EC AS AMENDED, INCLUDING BY THE 2010 PROSPECTUS DIRECTIVE AMENDING DIRECTIVE (DIRECTIVE 2010/73/EC) AND TO THE EXTENT IMPLEMENTED IN THE RELEVANT MEMBER STATE (THE "**PROSPECTUS DIRECTIVE**"); (2) IF IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO (A) FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "**ORDER**") (INVESTMENT PROFESSIONALS) OR (B) FALL WITHIN ARTICLE 49(2)(a) TO (d) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**").

THIS ANNOUNCEMENT AND THE INFORMATION IN IT MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. PERSONS DISTRIBUTING THIS ANNOUNCEMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS ANNOUNCEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS ANNOUNCEMENT DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN BREEDON GROUP PLC.

THE PLACING SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD OR TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE PLACING SHARES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES IN "**OFFSHORE TRANSACTIONS**" WITHIN THE MEANING OF, AND IN ACCORDANCE WITH, REGULATIONS UNDER THE SECURITIES ACT AND OTHERWISE IN ACCORDANCE WITH APPLICABLE LAWS. NO PUBLIC OFFERING OF THE PLACING SHARES IS BEING MADE IN THE UNITED STATES OR ELSEWHERE.

THIS ANNOUNCEMENT (INCLUDING THIS APPENDIX) AND THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA, THE REPUBLIC OF SOUTH AFRICA OR JAPAN OR ANY OTHER JURISDICTION IN WHICH SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL.

The distribution of this Announcement and/or the Placing and/or issue of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company, the Joint Bookrunners or any of their respective affiliates, agents, directors, officers or employees that would permit an offer of the Placing Shares or possession or distribution of this Announcement or any other offering or publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required. Persons into whose possession this Announcement comes are required by the Company and the Joint Bookrunners to inform themselves about and to observe any such restrictions.

This Announcement or any part of it is for information purposes only and does not constitute or form part of any offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for, any securities in the United States (including its territories and possessions, any state of the United States and the District of Columbia), Australia, Canada, the Republic of South Africa or Japan or any other jurisdiction in which the same would be unlawful. No public offering of the Placing Shares is being made in any such jurisdiction.

All offers of the Placing Shares in the EEA will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus. In the United Kingdom, this Announcement is being directed solely at persons in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 (as amended) (the "**FSMA**") does not apply.

The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this Announcement. Any representation to the contrary is a criminal offence in the United States. The relevant clearances have not been, nor will they be, obtained



from the securities commission of any province or territory of Canada, no prospectus has been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance; the relevant clearances have not been, and will not be, obtained for the South Africa Reserve Bank or any other applicable body in the Republic of South Africa in relation to the Placing Shares and the Placing Shares have not been, nor will they be, registered under or offering in compliance with the securities laws of any state, province or territory of Australia, Canada, the Republic of South Africa or Japan. Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into Australia, Canada, the Republic of South Africa or Japan or any other jurisdiction outside the United Kingdom.

Persons (including, without limitation, nominees and trustees) who have a contractual right or other legal obligations to forward a copy of this Announcement should seek appropriate advice before taking any action.

This Announcement should be read in its entirety. In particular, you should read and understand the information provided in the "Important Notices" section of this Announcement.

By participating in the Clawback Placing, each Placee will be deemed to have read and understood this Announcement in its entirety, to be participating, making an offer and acquiring Clawback Placing Shares on the terms and conditions contained herein and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in this Appendix.

In particular, each such Placee represents, warrants, undertakes, agrees and acknowledges (amongst other things) that:

1. it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Clawback Placing Shares that are allocated to it for the purposes of its business;
2. in the case of a Relevant Person in a member state of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**") who acquires any Clawback Placing Shares pursuant to the Clawback Placing:
  - (a) it is a Qualified Investor within the meaning of Article 2(1)(e) of the Prospectus Directive; and
  - (b) in the case of any Clawback Placing Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive:
    - (i) the Clawback Placing Shares acquired by it in the Clawback Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than Qualified Investors or in circumstances in which the prior consent of the Joint Bookrunners have been given to the offer or resale; or
    - (ii) where Clawback Placing Shares have been acquired by it on behalf of persons in any Relevant Member State other than Qualified Investors, the offer of those Clawback Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons; and
3. it is acquiring the Clawback Placing Shares for its own account or is acquiring the Clawback Placing Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties, indemnities, acknowledgements, undertakings and agreements contained in this Announcement; and
4. it understands (or if acting for the account of another person, such person has confirmed that such person understands) the resale and transfer restrictions set out in this Appendix; and
5. except as otherwise permitted by the Company and subject to any available exemptions from applicable securities laws, it (and any account referred to in paragraph 4 above) is outside the United States acquiring the Clawback Placing Shares in offshore transactions as defined in and in accordance with Regulation S under the Securities Act.

### **No prospectus**

The Clawback Placing Shares are being offered to a limited number of specifically invited persons only and will not be offered in such a way as to require any prospectus or other offering document to be published. No prospectus or other offering document has been or will be submitted to be approved by the FCA in relation to the Clawback Placing or the Clawback Placing Shares and Placees' commitments will be made solely on the basis of the information contained in this Announcement and any information publicly announced through a Regulatory Information Service (as defined in the

AIM Rules for Companies (the "**AIM Rules**") by or on behalf of the Company on or prior to the date of this Announcement (the "**Publicly Available Information**") and subject to any further terms set forth in the contract note to be sent to individual Placees.

Each Placee, by participating in the Clawback Placing, agrees that the content of this Announcement is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any information (other than the Publicly Available Information), representation, warranty or statement made by or on behalf of the Joint Bookrunners or the Company or any other person and none of the Joint Bookrunners, the Company nor any other person acting on such person's behalf nor any of their respective affiliates has or shall have any liability for any Placee's decision to participate in the Clawback Placing based on any other information, representation, warranty or statement. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Clawback Placing. No Placee should consider any information in this Announcement to be legal, tax or business advice. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

### **Details of the Placing Agreement and the Placing Shares**

The Joint Bookrunners have today entered into a placing agreement (the "**Placing Agreement**") with the Company under which, on the terms and subject to the conditions set out in the Placing Agreement, the Joint Bookrunners, as agents for and on behalf of the Company, have agreed to use their respective reasonable endeavours to procure Placees for the Placing Shares.

The Placing Shares will, when issued, be subject to the memorandum and articles of association of the Company and credited as fully paid and will rank pari passu in all respects with the existing issued ordinary shares of no par value ("**Ordinary Shares**") in the capital of the Company, including the right to receive all dividends and other distributions declared, made or paid in respect of such Ordinary Shares after the date of issue of the Placing Shares.

As part of the Placing, the Company has agreed that it will not for a period of 90 days after (but including) Admission, without the prior written consent of the Joint Bookrunners (such consent not to be unreasonably withheld or delayed), directly or indirectly, allot, issue, offer, sell, lend, pledge, contract to sell or issue, grant any option, right or warrant to subscribe or purchase or otherwise dispose of or create any encumbrance over any Ordinary Shares (or any interest therein or in respect thereof) or other securities of the Company exchangeable for, convertible into or representing the right to subscribe or purchase Ordinary Shares or any substantially similar securities or otherwise enter into any transaction (including derivative transaction) directly or indirectly, permanently or temporarily, to dispose of any Ordinary Shares or undertake any other transaction with the same economic effect as any of the foregoing or announce an offering of Ordinary Shares or any interest therein or to announce publicly any intention to enter into any transaction described above. This agreement is subject to certain customary exceptions and does not prevent the grant or exercise of options under any of the Company's existing share incentives and share option schemes.

The issue of the Placing Shares is to be effected by way of a cashbox placing. The Company will allot and issue the Placing Shares on a non-pre-emptive basis to the Placees in consideration for Cenkos transferring its holdings of redeemable preference shares and ordinary subscriber shares in Lisbon Funding Limited to the Company. Accordingly, instead of receiving cash as consideration for the issue of Placing Shares, at the conclusion of the Placing the Company will own all of the issued ordinary shares and redeemable preference shares of Lisbon Funding Limited whose only asset will be its cash reserves, which will represent an amount approximately equal to the net proceeds of the Placing.

### **Application for admission to trading**

Application has been made to the London Stock Exchange for admission of the Placing Shares to trading on AIM.

It is expected that Admission will take place on or before 8.00 a.m. on 19 April 2018 and that dealings in the Placing Shares on AIM will commence at the same time.

### **Principal terms of the Placing**

1. The Joint Bookrunners are acting joint bookrunners to the Placing, as agents for and on behalf of the Company.
2. Participation in the Placing will only be available to persons who may lawfully be, and are, invited by the Joint Bookrunners to participate. The Joint Bookrunners and any of their respective affiliates are entitled to participate in the Placing as principal.
3. The Placing Price is fixed at 76.5 pence and is payable to the Joint Bookrunners (as agents for the Company) by all Placees.

4. Each Placee's allocation will be determined by the Joint Bookrunners in their discretion following consultation with the Company and will be confirmed orally by the Joint Bookrunners.
5. Each Placee's allocation and commitment will be evidenced by a contract note issued to such Placee by the relevant Joint Bookrunner. The terms of this Appendix will be deemed incorporated in that contract note.
6. Each Placee's allocation and commitment to acquire Clawback Placing Shares will be made on the terms and subject to the conditions in this Appendix and will be legally binding on the Placee on behalf of which it is made and except with the relevant Joint Bookrunner's consent will not be capable of variation or revocation after the time at which it is submitted. Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to the relevant Joint Bookrunner (as agent for the Company), to pay to it (or as it may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Clawback Placing Shares such Placee has agreed to acquire and the Company has agreed to allot and issue to that Placee.
7. Except as required by law or regulation, no press release or other announcement will be made by the Joint Bookrunners or the Company using the name of any Placee (or its agent), in its capacity as Placee (or agent), other than with such Placee's prior written consent.
8. Irrespective of the time at which a Placee's allocation(s) pursuant to the Clawback Placing is/are confirmed, settlement for all Clawback Placing Shares to be acquired pursuant to the Clawback Placing will be required to be made at the same time, on the basis explained below under "Registration and Settlement".
9. All obligations under the Placing will be subject to fulfilment of the conditions referred to below under "*Conditions of the Placing*" and to the Placing not being terminated on the basis referred to below under "*Termination of the Placing*".
10. By participating in the Clawback Placing, each Placee will agree that its rights and obligations in respect of the Clawback Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
11. To the fullest extent permissible by law and applicable FCA rules, neither:
  - (a) the Joint Bookrunners;
  - (b) any of their respective affiliates, agents, directors, officers, consultants or employees; nor
  - (c) to the extent not contained within (a) or (b), any person connected with the Joint Bookrunners as defined in the FSMA ((b) and (c) being together "**affiliates**" and individually an "affiliate" of the Joint Bookrunners);

shall have any liability (including to the extent permissible by law, any fiduciary duties) to Placees or to any other person whether acting on behalf of a Placee or otherwise. In particular, neither the Joint Bookrunners nor any of their respective affiliates shall have any liability (including, to the extent permissible by law, any fiduciary duties) in respect of the Joint Bookrunners' conduct of the Placing or of such alternative method of effecting the Placing as the Joint Bookrunners and the Company may agree.

### **Registration and settlement**

If Placees are allocated any Clawback Placing Shares in the Clawback Placing they will be sent a contract note or electronic confirmation which will confirm the number of Clawback Placing Shares allocated to them, the Placing Price and the aggregate amount owed by them to the relevant Joint Bookrunner.

Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed as directed by the relevant Joint Bookrunner in accordance with either the standing CREST or certificated settlement instructions which they have in place with the relevant Joint Bookrunner.

Settlement of transactions in the Placing Shares (ISIN: JE00B2419D89) following Admission will take place within the CREST system, subject to certain exceptions. Settlement through CREST will be on a T+2 basis unless otherwise notified by the Joint Bookrunners and is expected to occur on 19 April 2018 (the "**Settlement Date**") in accordance with the contract notes. Settlement will be on a delivery versus payment basis. However, in the event of any difficulties or delays in the admission of the Placing Shares to CREST or the use of CREST in relation to the Placing, the Company and the Joint Bookrunners may agree that the Placing Shares should be issued in certificated form. The Joint Bookrunners reserve the right to require settlement for the Placing Shares, and to deliver the Placing Shares to Placees,

by such other means as they deem necessary if delivery or settlement to Placees is not practicable within the CREST system or would not be consistent with regulatory requirements in the jurisdiction in which a Placee is located.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above, in respect of either CREST or certificated deliveries, at the rate of two percentage points above prevailing base rate of Barclays Bank plc as determined by the Joint Bookrunners.

Each Placee is deemed to agree that if it does not comply with these obligations, the Joint Bookrunners may sell any or all of their Clawback Placing Shares on their behalf and retain from the proceeds, for the relevant Joint Bookrunner's own account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall below the Placing Price and for any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of its Clawback Placing Shares on its behalf.

If Clawback Placing Shares are to be delivered to a custodian or settlement agent, Placees must ensure that, upon receipt, the conditional contract note is copied and delivered immediately to the relevant person within that organisation. Insofar as Clawback Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Clawback Placing Shares should, subject as provided below, be so registered free from any liability to United Kingdom stamp duty or stamp duty reserve tax. Placees will not be entitled to receive any fee or commission in connection with the Clawback Placing.

### **Conditions of the Placing**

The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms.

The obligations of the Joint Bookrunners under the Placing Agreement are, and the Placing is, conditional upon, inter alia:

- (a) certain announcement obligations;
- (b) the SPA having become unconditional in all respects (save in respect of any condition relating to the Placing Agreement, including the transfer of the Placing proceeds, becoming unconditional and Admission) and not being terminated in accordance with its terms
- (c) the Facility Agreement having become unconditional in all respects (save in respect of any condition relating to the Placing Agreement becoming unconditional, Admission and the completion of the SPA) and not being terminated in accordance with its terms;
- (d) the warranties contained in the Placing Agreement not being breached (save where such breach is not considered by the Joint Bookrunners, acting jointly and in good faith, to be material in the context of the Placing) when made at the date of the Placing Agreement and at Admission by reference to the facts and circumstances subsisting at the time;
- (e) the Company complying with its obligations under the Placing Agreement in all material respects to the extent that they fall to be performed on or before Admission; and
- (f) Admission becoming effective in accordance with the AIM Rules for Companies by no later than 8.00 a.m. on 19 April 2018 (or by such later date as the Company and the Joint Bookrunners (acting jointly) may agree in writing, being no later than 8.00 a.m. on 26 April 2018);

(all conditions to the obligations of the Joint Bookrunners included in the Placing Agreement being together, the "**conditions**").

If any of the conditions set out in the Placing Agreement is not fulfilled or, where permitted, waived in accordance with the Placing Agreement within the stated time periods (or such later time and/or date as the Company and the Joint Bookrunners may agree), or the Placing Agreement is terminated in accordance with its terms, the Placing will lapse and the Placee's rights and obligations shall cease and terminate at such time and each Placee agrees that no claim can be made by or on behalf of the Placee (or any person on whose behalf the Placee is acting) in respect thereof.

By participating in the Clawback Placing, each Placee agrees that its rights and obligations cease and terminate only in the circumstances described above and under "Termination of the Placing" below and will not be capable of rescission or termination by it.

The Joint Bookrunners may, in their absolute discretion and upon such terms as they think fit, waive fulfilment of all or any of the conditions in the Placing Agreement in whole or in part, or extend the time provided for fulfilment of one or more conditions, save that the condition relating to Admission referred to in paragraph (f) above may not be waived. Any such extension or waiver will not affect Placees' commitments as set out in this Appendix.

The Joint Bookrunners may terminate the Placing Agreement in certain circumstances, details of which are set out below.

Neither the Joint Bookrunners nor any of their respective affiliates, agents, directors, officers or employees nor the Company shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision any of them may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision any of them may make as to the satisfaction of any condition or in respect of the Placing generally and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of the Joint Bookrunners.

### **Termination of the Placing**

The Joint Bookrunners may, in their absolute discretion (acting jointly and in good faith and after such consultation with the Company as may be practicable in the circumstances), by notice to the Company, terminate the Placing Agreement at any time up to Admission if, inter alia:

- (a) any statement contained in this Announcement or any other document or announcement issued or published by or on behalf of the Company in connection with the Placing is or has become or has been discovered to be untrue, inaccurate or misleading in any material respect or any matter has arisen which would, at the time the relevant document was issued, constitute a material omission from any such documents;
- (b) any of the warranties in the Placing Agreement was breached (save where such breach is not material) when made at the date of the Placing Agreement or at Admission by reference to the facts and circumstances subsisting at that time; or
- (c) there has been a material adverse change of the Company or the Group which is material in the context of the Group as a whole, or there is a fact, circumstance or development reasonably likely to result in a material adverse change;
- (d) there has been a force majeure event.

If the Placing Agreement is terminated in accordance with its terms, the rights and obligations of each Placee in respect of the Clawback Placing as described in this Announcement shall cease and terminate at such time and no claim can be made by any Placee in respect thereof.

By participating in the Clawback Placing, each Placee agrees with the Company and the Joint Bookrunners that the exercise by the Company or the Joint Bookrunners of any right of termination or any other right or other discretion under the Placing Agreement shall be within the absolute discretion of the Company or the Joint Bookrunners or for agreement between the Company and the Joint Bookrunners (as the case may be) and that neither the Company nor the Joint Bookrunners need make any reference to such Placee and that none of the Company, the Joint Bookrunners nor any of their respective affiliates, agents, directors, officers or employees shall have any liability to such Placee (or to any other person whether acting on behalf of a Placee or otherwise) whatsoever in connection with any such exercise.

By participating in the Clawback Placing, each Placee agrees that its rights and obligations terminate only in the circumstances described above and under the "Conditions of the Placing" section above and will not be capable of rescission or termination by it after the issue by the Joint Bookrunners of a contract note confirming each Placee's allocation and commitment in the Clawback Placing.

### **Representations, warranties and further terms**

By participating in the Clawback Placing, each Placee (and any person acting on such Placee's behalf) represents, warrants, acknowledges and agrees (for itself and for any such prospective Placee) that (save where the Joint Bookrunners expressly agree in writing to the contrary):

1. it has read and understood this Announcement in its entirety and that its acquisition of the Clawback Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, indemnities, acknowledgements, agreements and undertakings and other information contained herein and that it has not relied on, and will not rely on, any information given or any representations, warranties or statements made at any time by any person in connection with Admission, the Placing, the Company, the Placing

- Shares or otherwise, other than the information contained in this Announcement and the Publicly Available Information;
2. it has not received a prospectus or other offering document in connection with the Placing and acknowledges that no prospectus or other offering document:
    - (a) is required under the Prospectus Directive or other applicable law; and
    - (b) has been or will be prepared in connection with the Placing;
  3. the Ordinary Shares are admitted to trading on AIM, and that the Company is therefore required to publish certain business and financial information in accordance with the AIM Rules and the Market Abuse Regulation (EU Regulation No. 596/2014 (the "**MAR**")), which includes a description of the nature of the Company's business and the Company's most recent balance sheet and profit and loss account and that it is able to obtain or access such information without undue difficulty, and is able to obtain access to such information or comparable information concerning any other publicly traded company, without undue difficulty;
  4. it has made its own assessment of the Clawback Placing Shares and has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Clawback Placing and neither the Joint Bookrunners nor the Company nor any of their respective affiliates, agents, directors, officers or employees nor any person acting on behalf of any of them has provided, and will not provide, it with any material regarding the Clawback Placing Shares or the Company or any other person other than the information in this Announcement or the Publicly Available Information; nor has it requested the Joint Bookrunners, the Company, any of their respective affiliates, agents, directors, employees or officers or any person acting on behalf of any of them to provide it with any such information;
  5. neither the Joint Bookrunners nor any person acting on behalf of them nor any of their respective affiliates, agents, directors, officers or employees has or shall have any liability for any Publicly Available Information, or any representation relating to the Company, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
  6.
    - (a) the only information on which it is entitled to rely on and on which it has relied in committing to acquire the Clawback Placing Shares is contained in the Publicly Available Information, such information being all that it deems necessary to make an investment decision in respect of the Clawback Placing Shares and it has made its own assessment of the Company, the Clawback Placing Shares and the terms of the Clawback Placing based on Publicly Available Information;
    - (b) neither the Joint Bookrunners, nor the Company (nor any of their respective affiliates, agents, directors, officers and employees) have made any representation or warranty to it, express or implied, with respect to the Company, the Placing or the Placing Shares or the accuracy, completeness or adequacy of the Publicly Available Information;
    - (c) it has conducted its own investigation of the Company, the Clawback Placing and the Clawback Placing Shares, satisfied itself that the information is still current and relied on that investigation for the purposes of its decision to participate in the Clawback Placing; and
    - (d) it has not relied on any investigation that the Joint Bookrunners or any person acting on their behalf may have conducted with respect to the Company, the Clawback Placing or the Clawback Placing Shares;
  7. the content of this Announcement and the Publicly Available Information has been prepared by and is exclusively the responsibility of the Company and that neither the Joint Bookrunners nor any persons acting on their behalf is responsible for or has or shall have any liability for any information, representation, warranty or statement relating to the Company contained in this Announcement or the Publicly Available Information nor will they be liable for any Placee's decision to participate in the Clawback Placing based on any information, representation, warranty or statement contained in this Announcement, the Publicly Available Information or otherwise. Nothing in this Appendix shall exclude any liability of any person for fraudulent misrepresentation;
  8. it is not, and at the time the Clawback Placing Shares are acquired will not be, a resident of Australia, Canada, the Republic of South Africa or Japan;

9. the Clawback Placing Shares have not been registered or otherwise qualified, and will not be registered or otherwise qualified, for offer and sale nor will a prospectus be cleared or approved in respect of any of the Clawback Placing Shares under the securities laws of the United States, or any state or other jurisdiction of the United States, Australia, Canada, the Republic of South Africa or Japan and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within the United States, Australia, Canada, the Republic of South Africa or Japan or in any country or jurisdiction where any such action for that purpose is required;
10. it has the funds available to pay for the Clawback Placing Shares for which it has agreed to acquire and acknowledges and agrees that it will pay the total subscription amount in accordance with the terms of this Announcement on the due time and date set out herein, failing which the relevant Clawback Placing Shares may be placed with other Placees or sold at such price as the Joint Bookrunners determine;
11. it and/or each person on whose behalf it is participating:
  - (a) is entitled to acquire Clawback Placing Shares pursuant to the Clawback Placing under the laws and regulations of all relevant jurisdictions;
  - (b) has fully observed such laws and regulations;
  - (c) has capacity and authority and is entitled to enter into and perform its obligations as an acquirer of Clawback Placing Shares and will honour such obligations; and
  - (d) has obtained all necessary consents and authorities (including, without limitation, in the case of a person acting on behalf of a Placee, all necessary consents and authorities to agree to the terms set out or referred to in this Appendix) under those laws or otherwise and complied with all necessary formalities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto and, in particular, if it is a pension fund or investment company it is aware of and acknowledges it is required to comply with all applicable laws and regulations with respect to its acquisition of Clawback Placing Shares;
12. it is not, and any person who it is acting on behalf of is not, and at the time the Clawback Placing Shares are acquired will not be, a resident of, or with an address in, or subject to the laws of, Australia, Canada, the Republic of South Africa or Japan, and it acknowledges and agrees that the Clawback Placing Shares have not been and will not be registered or otherwise qualified under the securities legislation of Australia, Canada, the Republic of South Africa or Japan and may not be offered, sold, or acquired, directly or indirectly, within those jurisdictions;
13. it and the beneficial owner of the Clawback Placing Shares is, and at the time the Clawback Placing Shares are acquired will be, outside the United States and acquiring the Clawback Placing Shares in an "offshore transaction" as defined in, and in accordance with, Regulation S under the Securities Act;
14. it understands that the Placing Shares have not been, and will not be, registered under the Securities Act and may not be offered, sold or resold in or into or from the United States except pursuant to an effective registration under the Securities Act, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable state securities laws; and no representation is being made as to the availability of any exemption under the Securities Act for the reoffer, resale, pledge or transfer of the Placing Shares;
15. it (and any account for which it is purchasing) is not acquiring the Clawback Placing Shares with a view to any offer, sale or distribution thereof within the meaning of the Securities Act;
16. it understands that:
  - (a) the Clawback Placing Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and will be subject to restrictions on resale and transfer subject to certain exceptions under US law;
  - (b) no representation is made as to the availability of the exemption provided by Rule 144 for resales or transfers of Clawback Placing Shares; and
  - (c) it will not deposit the Clawback Placing Shares in an unrestricted depository receipt programme in the United States or for US persons (as defined in the Securities Act);
17. it will not offer, sell, transfer, pledge or otherwise dispose of any Clawback Placing Shares except:

- (a) in an offshore transaction in accordance with Rules 903 or 904 of Regulation S under the Securities Act;  
or
- (b) pursuant to another exemption from registration under the Securities Act, if available,

and in each case in accordance with all applicable securities laws of the states of the United States and other jurisdictions;

- 18. no representation has been made as to the availability of the exemption provided by Rule 144, Rule 144A or any other exemption under the Securities Act for the reoffer, resale, pledge or transfer of the Clawback Placing Shares;
- 19. it understands that the Clawback Placing Shares are expected to be issued to it through CREST but may be issued to it in certificated, definitive form and acknowledges and agrees that the Clawback Placing Shares will, to the extent they are delivered in certificated form, bear a legend to the following effect unless agreed otherwise with the Company:

"THESE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR UNDER THE APPLICABLE SECURITIES LAWS OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (B) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (C) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SECURITIES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE COMPANY'S SECURITIES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF THESE SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.";

- 20. it is not taking up the Clawback Placing Shares as a result of any "general solicitation" or "general advertising" efforts (as those terms are defined in Regulation D under the Securities Act) or any "directed selling efforts" (as such term is defined in Regulation S under the Securities Act);
- 21. if located in the United States, it understands that there may be certain consequences under United States and other tax laws resulting from an investment in the Clawback Placing and it has made such investigation and has consulted its own independent advisers or otherwise has satisfied itself concerning, without limitation, the effects of United States federal, state and local income tax laws and foreign tax laws generally;
- 22. it will not distribute, forward, transfer or otherwise transmit this Announcement or any part of it, or any other presentational or other materials concerning the Clawback Placing in or into or from the United States (including electronic copies thereof) to any person, and it has not distributed, forwarded, transferred or otherwise transmitted any such materials to any person;
- 23. none of the Joint Bookrunners, their respective affiliates and any person acting on behalf of any of them is making any recommendations to it or advising it regarding the suitability of any transactions it may enter into in connection with the Clawback Placing and that participation in the Clawback Placing is on the basis that it is not and will not be a client of either Joint Bookrunner and that neither Joint Bookrunner has any duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Clawback Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
- 24. it will make payment to the relevant Joint Bookrunner for the Clawback Placing Shares allocated to it in accordance with the terms and conditions of this Announcement on the due times and dates set out in this Announcement, failing which the relevant Clawback Placing Shares may be placed with others on such terms as the relevant Joint Bookrunner determines in its absolute discretion without liability to the Placee and it will remain liable for any shortfall below the net proceeds of such sale and the placing proceeds of such Clawback Placing Shares and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to the terms set out or referred to in this Announcement) which may arise upon the sale of such Placee's Clawback Placing Shares on its behalf;



25. its allocation (if any) of Clawback Placing Shares will represent a maximum number of Clawback Placing Shares which it will be entitled, and required, to subscribe for, and that the Company may call upon it to subscribe for a lower number of Clawback Placing Shares (if any), but in no event in aggregate more than the aforementioned maximum;
26. no action has been or will be taken by any of the Company, the Joint Bookrunners or any person acting on behalf of the Company or the Joint Bookrunners that would, or is intended to, permit a public offer of the Clawback Placing Shares in the United States or in any country or jurisdiction where any such action for that purpose is required;
27. the person who it specifies for registration as holder of the Clawback Placing Shares will be:
  - (a) the Placee; or
  - (b) a nominee of the Placee, as the case may be.

The Joint Bookrunners and the Company will not be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to acquire Clawback Placing Shares pursuant to the Clawback Placing and agrees to indemnify the Company and the Joint Bookrunners in respect of the same on the basis that the Clawback Placing Shares will be allotted to a CREST stock account of the relevant Joint Bookrunner or transferred to a CREST stock account of the relevant Joint Bookrunner who will hold them as nominee on behalf of the Placee until settlement in accordance with its standing settlement instructions with it;

28. the allocation, allotment, issue and delivery to it, or the person specified by it for registration as holder, of Clawback Placing Shares will not give rise to a stamp duty or stamp duty reserve tax liability under (or at a rate determined under) any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that it is not participating in the Clawback Placing as nominee or agent for any person or persons to whom the allocation, allotment, issue or delivery of Clawback Placing Shares would give rise to such a liability;
29. if it is within the United Kingdom, it and any person acting on its behalf falls within Article 19(5) and/or 49(2) of the Order and undertakes that it will acquire, hold, manage and (if applicable) dispose of any Clawback Placing Shares that are allocated to it for the purposes of its business only;
30. it has not offered or sold and will not offer or sell any Clawback Placing Shares to persons in the United Kingdom or elsewhere in the EEA prior to the expiry of a period of six months from Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the FSMA or an offer to the public in any other member state of the EEA within the meaning of the Prospectus Directive;
31. if it is within the EEA, it is a Qualified Investor as defined in section 86(7) of the FSMA, being a person falling within Article 2(1)(e) of the Prospectus Directive;
32. it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to Clawback Placing Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person and it acknowledges and agrees that this Announcement has not been approved by either Joint Bookrunner in its capacity as an authorised person under section 21 of the FSMA and it may not therefore be subject to the controls which would apply if it was made or approved as financial promotion by an authorised person;
33. it has complied and it will comply with all applicable laws with respect to anything done by it or on its behalf in relation to the Clawback Placing Shares (including all relevant provisions of the FSMA in respect of anything done in, from or otherwise involving the United Kingdom);
34. if it is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive (including any relevant implementing measure in any member state), the Clawback Placing Shares acquired by it in the Clawback Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a member state of the EEA which has implemented the Prospectus Directive other than Qualified Investors, or in circumstances in which the express prior written consent of the Joint Bookrunners has been given to the offer or resale;

35. if it has received any inside information (for the purposes of the MAR and section 56 of the Criminal Justice Act 1993 or other applicable law) about the Company in advance of the Clawback Placing, it has not:
- (a) dealt (or attempted to deal) in the securities of the Company;
  - (b) encouraged, recommended or induced another person to deal in the securities of the Company; or
  - (c) unlawfully disclosed such information to any person, prior to the information being made publicly available;
36. it will (or will procure that its nominee will) if applicable, make notification to the Company of the interest in its Ordinary Shares in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules issued by the FCA and made under Part VI of the FSMA and the memorandum and articles of association of the Company;
37. neither the Joint Bookrunners, the Company nor any of their respective affiliates, agents, directors, officers or employees nor any person acting on behalf of the Joint Bookrunners or their respective affiliates, agents, directors, officers or employees is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Clawback Placing nor providing advice in relation to the Clawback Placing nor in respect of any representations, warranties, acknowledgements, agreements, undertakings, or indemnities contained in the Placing Agreement nor the exercise or performance of any of the Joint Bookrunners' rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
38. each Joint Bookrunner and its affiliates, acting as an investor for its or their own account(s), may bid or subscribe for and/or purchase Clawback Placing Shares and, in that capacity, may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the Clawback Placing Shares, any other securities of the Company or other related investments in connection with the Clawback Placing or otherwise. Accordingly, references in this Announcement to the Clawback Placing Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by, the Joint Bookrunners and/or any of their respective affiliates acting as an investor for its or their own account(s). Neither the Joint Bookrunners nor the Company intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so;
39. it:
- (a) has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 (as amended), the Terrorism Act 2006 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017;
  - (b) is not a person:
    - (i) with whom transactions are prohibited under the US Foreign Corrupt Practices Act of 1977 or any economic sanction programmes administered by, or regulations promulgated by, the Office of Foreign Assets Control of the U.S. Department of the Treasury;
    - (ii) named on the Consolidated List of Financial Sanctions Targets maintained by HM Treasury of the United Kingdom; or
    - (iii) subject to financial sanctions imposed pursuant to a regulation of the European Union or a regulation adopted by the United Nations or other applicable law,
- (together, the "**Regulations**") and if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations and has obtained all governmental and other consents (if any) which may be required for the purpose of, or as a consequence of, such purchase, and it will provide promptly to the Joint Bookrunners such evidence, if any, as to the identity or location or legal status of any person which they may request from it in connection with the Clawback Placing (for the purpose of complying with the Regulations or ascertaining the nationality of any person or the jurisdiction(s) to which any person is subject or otherwise) in the form and manner requested by the Joint Bookrunners on the basis that any failure by it to do so may result in the number of Clawback Placing Shares that are to be acquired by it or at its direction pursuant to the Clawback Placing being reduced to such number, or to nil, as the Joint Bookrunners may decide at their sole discretion;
40. in order to ensure compliance with the Regulations, each Joint Bookrunner (for itself and as agent on behalf of the Company) or the Company's registrars may, in their absolute discretion, require verification of its

identity. Pending the provision to the relevant Joint Bookrunner or the Company's registrars, as applicable, of evidence of identity, definitive certificates in respect of the Clawback Placing Shares may be retained at the relevant Joint Bookrunner's absolute discretion or, where appropriate, delivery of the Clawback Placing Shares to it in uncertificated form may be delayed at the relevant Joint Bookrunner's or the Company's registrars', as the case may be, absolute discretion. If within a reasonable time after a request for verification of identity the relevant Joint Bookrunner (for itself and as agent on behalf of the Company) or the Company's registrars have not received evidence satisfactory to them, either the relevant Joint Bookrunner and/or the Company may, at its absolute discretion, terminate its commitment in respect of the Clawback Placing, in which event the monies payable on acceptance of allotment will, if already paid, be returned without interest to the account of the drawee's bank from which they were originally debited;

41. it acknowledges that its commitment to acquire Clawback Placing Shares on the terms set out in this Announcement and in the contract note will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Clawback Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's or the Joint Bookrunners' conduct of the Clawback Placing;
42. it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of acquiring the Clawback Placing Shares. It further acknowledges that it is experienced in investing in securities of this nature and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain, a complete loss in connection with the Clawback Placing. It has relied upon its own examination and due diligence of the Company and its affiliates taken as a whole, and the terms of the Clawback Placing, including the merits and risks involved;
43. it irrevocably appoints any duly authorised officer of each Joint Bookrunner as its agent for the purpose of executing and delivering to the Company and/or its registrars any documents on its behalf necessary to enable it to be registered as the holder of any of the Clawback Placing Shares for which it agrees to acquire upon the terms of this Announcement;
44. the Company, the Joint Bookrunners and others (including each of their respective affiliates, agents, directors, officers and employees) will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements, which are given to each Joint Bookrunner on its own behalf and on behalf of the Company and are irrevocable;
45. it is acting as principal only in respect of the Clawback Placing or, if it is acquiring the Clawback Placing Shares as a fiduciary or agent for one or more investor accounts, it is duly authorised to do so and it has full power and authority to make, and does make, the foregoing representations, warranties, acknowledgements, agreements and undertakings on behalf of each such accounts;
46. time is of the essence as regards its obligations under this Appendix;
47. any document that is to be sent to it in connection with the Clawback Placing will be sent at its risk and may be sent to it at any address provided by it to the Joint Bookrunners;
48. the Clawback Placing Shares will be issued subject to the terms and conditions of this Appendix; and
49. the terms and conditions contained in this Appendix and all documents into which this Appendix is incorporated by reference or otherwise validly forms a part and/or any agreements entered into pursuant to these terms and conditions and all agreements to acquire Clawback Placing Shares pursuant to the Clawback Placing will be governed by and construed in accordance with English law and it submits to the exclusive jurisdiction of the English courts in relation to any claim, dispute or matter arising out of such contract except that enforcement proceedings in respect of the obligation to make payment for the Clawback Placing Shares (together with interest chargeable thereon) may be taken by the Company or the Joint Bookrunners in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange.

By participating in the Clawback Placing, each Placee (and any person acting on such Placee's behalf) agrees to indemnify and hold the Company, the Joint Bookrunners and each of their respective affiliates, agents, directors, officers and employees harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings given by the Placee (and any person acting on such Placee's behalf) in this Appendix or incurred by the Joint Bookrunners, the Company or each of their respective affiliates, agents, directors, officers or employees arising from the performance of the Placee's obligations as set out in this Announcement, and further agrees that the provisions of this Appendix shall survive after the completion of the Clawback Placing.

The agreement to allot and issue Clawback Placing Shares to Placees (or the persons for whom Placees are contracting as agent) free of stamp duty and stamp duty reserve tax in the United Kingdom relates only to their allotment and issue to Placees, or such persons as they nominate as their agents, direct by the Company. Such agreement assumes that the Clawback Placing Shares are not being acquired in connection with arrangements to issue depositary receipts or to transfer the Clawback Placing Shares into a clearance service. If there are any such arrangements, or the settlement related to any other dealings in the Clawback Placing Shares, stamp duty or stamp duty reserve tax may be payable. In that event, the Placee agrees that it shall be responsible for such stamp duty or stamp duty reserve tax and neither the Company nor the Joint Bookrunners shall be responsible for such stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and they should notify the Joint Bookrunners accordingly. In addition, Placees should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by them or any other person on the acquisition by them of any Clawback Placing Shares or the agreement by them to acquire any Clawback Placing Shares and each Placee, or the Placee's nominee, in respect of whom (or in respect of the person for whom it is participating in the Clawback Placing as an agent or nominee) the allocation, allotment, issue or delivery of Clawback Placing Shares has given rise to such non-United Kingdom stamp, registration, documentary, transfer or similar taxes or duties undertakes to pay such taxes and duties, including any interest and penalties (if applicable), forthwith and to indemnify on an after-tax basis and to hold harmless the Company and the Joint Bookrunners in the event that either the Company and/or the Joint Bookrunners have incurred any such liability to such taxes or duties.

The representations, warranties, acknowledgements and undertakings contained in this Appendix are given to each Joint Bookrunner for itself and on behalf of the Company and are irrevocable.

Cenkos is authorised and regulated by the FCA in the United Kingdom and is acting exclusively for the Company and no one else in connection with the Placing, and Cenkos will not be responsible to anyone (including any Placees) other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Placing or any other matters referred to in this Announcement.

Numis is authorised and regulated by the FCA in the United Kingdom and is acting exclusively for the Company and no one else in connection with the Placing, and Numis will not be responsible to anyone (including any Placees) other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Placing or any other matters referred to in this Announcement.

Each Placee and any person acting on behalf of the Placee acknowledges that the Joint Bookrunners do not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings, acknowledgements, agreements or indemnities in the Placing Agreement.

Each Placee and any person acting on behalf of the Placee acknowledges and agrees that each Joint Bookrunner may (at its absolute discretion) satisfy its obligations to procure Placees by itself agreeing to become a Placee in respect of some or all of the Clawback Placing Shares or by nominating any connected or associated person to do so.

When a Placee or any person acting on behalf of the Placee is dealing with the Joint Bookrunners, any money held in an account with the relevant Joint Bookrunner on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the relevant rules and regulations of the FCA made under the FSMA. Each Placee acknowledges that the money will not be subject to the protections conferred by the client money rules: as a consequence this money will not be segregated from the relevant Joint Bookrunner's money in accordance with the client money rules and will be held by it under a banking relationship and not as trustee.

References to time in this Announcement are to London time, unless otherwise stated.

All times and dates in this Announcement may be subject to amendment. Placees will be notified of any changes.

No statement in this Announcement is intended to be a profit forecast or estimate, and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

The Placing Shares to be issued pursuant to the Placing will not be admitted to trading on any stock exchange other than the London Stock Exchange.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this Announcement.