Acquisition & Proposed Placing

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Acal PLC

20 January 2017

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20 January 2017

Acal plc

Acquisition of Variohm Holdings Limited for up to £13.85 million

Proposed placing to raise approximately £14.1 million

Acal plc (LSE: ACL, "Acal", the "Company" or the "Group"), a leading international supplier of customised electronics to industry, today announces the acquisition (the "Acquisition") of Variohm Holdings Limited ("Variohm") and a proposed placing to raise approximately £14.1 million (before expenses).

Acquisition highlights

- Variohm is a UK based designer, manufacturer and distributor of electronic sensors and switches which reported audited revenues of £19.4 million, generating an EBITDA of £2.0 million and profit before tax of £1.6 million, for the year ended 30 April 2016. The business has continued to grow in its current financial year.
- The consideration for Variohm comprises an initial cash consideration of £12.0 million (the "Initial Consideration") with further contingent cash consideration of up to a maximum of £1.85 million, subject to the satisfaction of certain conditions and growth targets.
- The Acquisition is highly complementary to the Group's existing businesses and represents a further step in the Group's stated strategy of growing its Design & Manufacturing division with highly differentiated niche and customised electronic components.
- The Board expects the Acquisition to bring immediate benefits to the Group. Notwithstanding the dilutive effects of the proposed placing, the Acquisition is expected to be enhancing to the Group's underlying earnings in the first full year post-completion ending 31 March 2018.
- The Initial Consideration has been funded from the Group's syndicated debt facility (the "Acquisition Funding"). The Acquisition Funding will then be repaid from the net proceeds of the proposed placing (as described in more detail below).

Placing highlights

- Proposed placing of 6,418,308 new ordinary shares of 5 pence each in the Company (the "Placing Shares"), at a price of 220 pence per Placing Share, to raise gross proceeds of approximately £14.1 million (the "Placing"). The Placing Shares will represent approximately 9.99 per cent. of the Company's existing issued share capital.
- The Placing is being conducted through an accelerated bookbuilding process which will commence immediately following this announcement in accordance with the terms and conditions set out in the Appendix (which forms part of this announcement, such announcement and the Appendix together being the "Announcement").
- The net proceeds of the Placing will be used to repay the Acquisition Funding, to fund any future contingent payment and for working capital and general corporate purposes.
- The Placing is being fully underwritten by Peel Hunt LLP ("Peel Hunt").

Nick Jefferies, Group Chief Executive of Acal plc, said:

"The acquisition of Variohm continues our strategy of building a differentiated Group with higher operating margins through the acquisition of high quality, growing design and manufacturing businesses. Variohm has a long established track record of supplying high quality sensors, switches, and motion measurement systems to industrial customers in the UK and internationally. As part of the Acal Group, Variohm will gain access to our base of over 25,000 customers and with it, new sales opportunities. We are delighted to welcome Variohm and all its employees into the Group."

Market Abuse Regulation

The information contained within this Announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation. Upon the publication of this Announcement via a regulatory information service, this inside information is now considered to be in the public domain.

Ends

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

The Appendix to this Announcement (which forms part of this Announcement) sets out the terms and conditions of the Placing. Persons who have chosen to participate in the Placing, by making an oral or written offer to acquire Placing Shares, will be deemed to have read and understood this Announcement in its entirety (including the Appendix) and to be making such offer on the terms and subject to the conditions herein, and to be providing the representations, warranties, agreements, acknowledgements and undertakings contained in the Appendix.

Notes to Editors:

About Acal plc

Acal is a leading international supplier of customised electronics to industry. It designs, manufactures and distributes customer-specific electronic products and solutions to 25,000 industrial manufacturers and is listed on the London Stock Exchange (LSE: ACL).

Acal has two divisions: Design & Manufacturing and Custom Distribution. The majority of its sales comes from products and solutions which are created specifically for a customer. Acal works across a range of technologies, namely Communications & Sensors, Power & Magnetics, Electromechanical & Cabling, Microsystems, and Imaging & Photonics.

Acal operates through the following wholly-owned businesses: AcalBFi, Contour, Flux, Foss, Hectronic, MTC, Myrra, Noratel, Plitron, RSG, Stortech and Vertec. It has operating companies and manufacturing facilities in a number of markets including the UK, Germany, France, the Nordic region, Benelux, Italy, Poland and Slovakia as well as in Asia (China, India, South Korea, Sri Lanka and Thailand), North America (the US and Canada) and South Africa.

Introduction to the Acquisition and Placing

The Company is pleased to announce the acquisition of Variohm and a proposed placing to raise approximately £14.1 million (before expenses) by way of an accelerated bookbuilding process.

The consideration for the Acquisition comprises an initial cash consideration of £12.0 million to be paid on completion and contingent cash consideration of up to a maximum of £1.85 million payable in the year ending 31 March 2019, subject to the satisfaction of certain conditions and growth targets during the period ending 31 March 2018.

The Initial Consideration has been funded from the Group's syndicated debt facility (the "Acquisition Funding").

The net proceeds of the Placing will be used to repay the Acquisition Funding, to fund any future contingent payment and for working capital and general corporate purposes.

Background to and reasons for the Acquisition

Acal has a clear and established growth strategy for creating shareholder value through the acquisition of complementary, high quality customised electronics businesses. The Board considers the acquisition of Variohm to be consistent with this strategy and represents a further step in growing its Design & Manufacturing division.

The Board believes there is a strong strategic rationale for the Acquisition:

- Builds on Acal's existing product offering with highly complementary sensor and switch products;
- Niche product range with a differentiated market position;
- High proportion of customised products;
- Highly complementary customer base and target markets aligned with Acal's cross selling opportunities
- Successful performance track record with proven management remaining with the business; and
- Strong growth prospects.

The Board expects the Acquisition to bring immediate benefits to the Group. Notwithstanding the dilutive effects of the Placing, the Acquisition is expected to be enhancing to the Group's underlying earnings in the first full year post-completion ending 31 March 2018.

Variohm

Variohm was founded in 1974 by its current chairman, Mr Roy Moffatt, and is headquartered in Towcester, Northamptonshire. The business designs, manufactures and distributes high quality sensors, switches and motion measurement systems to industrial customers in the UK, Europe and North America. The business, which has grown both organically and by acquisition, will operate within Acal's Design & Manufacturing division while retaining its distinct brand identity through its three main brands, Variohm, Herga and Heason. The key markets served by Variohm include medical, transportation and industrial, which collectively account for approximately 65% of sales. Approximately 50% of sales are to UK customers, with 50% exported, mainly to Germany, France and the US.

Variohm has been acquired from its shareholders, Mr and Mrs Roy Moffatt. Mr Moffatt and the management team will remain with the business following completion. The business employs approximately 150 people across three sites in the UK (Towcester, Bury St Edmunds and Slinfold) and a branch office in Germany.

Reported audited revenue for the year ended 30 April 2016 was £19.4 million, generating an EBITDA of £2.0 million and a pre-tax profit of £1.6 million. The business has continued to grow in its current financial year. At 30 April 2016, reported gross assets were £7.5 million.

Reported revenue and EBITDA for the last three years were as follows:

Year ended 30 April	FY 14	FY15	FY16
Sales (£m)	18.3	18.5	19.4
EBITDA(£m)	1.2	1.4	2.0
EBITDA (%)	6.6%	7.6%	10.3%

At present, Variohm has a strong order book equivalent to approximately four months' sales.

Details of the acquisition agreement

Under the agreement for the Acquisition entered into between (1) Roy Moffatt and Joan Moffatt (as sellers), (2) Acal Electronics Holdings Limited (as buyer) and (3) the Company (as guarantor) (the "Acquisition Agreement"), the Group has acquired Variohm on a debt free, cash free basis for an aggregate consideration comprising an initial cash consideration of £12.0 million before expenses and further contingent cash consideration of up to a maximum of £1.85 million.

Further contingent cash consideration of up to a maximum of £1.85 million will be payable in the year ending 31 March 2019, subject to the satisfaction of certain conditions and growth targets during the period ending 31 March 2018.

Current trading

The Group announced a trading update today which is set out below:

"Trading in the third quarter was in line with management expectations. Group sales[1] increased by 21% and by 5% CER, with orders up 4% CER. As expected, organic sales[2] for the quarter improved, being flat with last year compared with a 7% decline in the first half. The Group remains on track to deliver positive organic growth in the final quarter.

Gross margins remain firm and ahead of last year, and operating costs continue to be tightly managed. We maintain our earnings forecast for the full year.

Net debt at 31 December 2016 was £41.1m with a Group gearing ratio[3] of 1.9 times, in line with the position as reported at the half year ended 30 September 2016.

Notes

1. Growth rates refer to the comparable prior year period unless stated.

2. Organic growth for the Group is calculated at Constant Exchange Rates ("CER"), including the pre-acquisition periods of Flux, Contour, and Plitron which were acquired last financial year (on 5 November 2015, 7 January 2016 and 1 February 2016 respectively) and excluding Acal BFi Spain which was closed during the quarter ended 31 December 2016. The average sterling rate of exchange weakened 14% against the Euro for the 3 months ended 31 December 2016 compared with the average rate for the second half last year, weakened 16% against the US Dollar and weakened 14% against Nordic currencies on average.

3. Group gearing is defined as net debt divided by underlying EBITDA, annualised for acquisitions.

4. This trading update is based upon unaudited management accounts and has been prepared solely to provide additional information on trading to the shareholders of Acal plc. It should not be relied on by any other party for other purposes. Certain statements made in this update are forward-looking statements. Such statements have been made by the Directors in good faith using information available up until the date that they approved this update. Forward-looking statements should be regarded with caution because of the inherent uncertainties in economic trends and business risks."

Details of the Placing

The Company intends to raise approximately £14.1 million (before expenses of approximately £0.5 million) pursuant to the Placing. The price per Placing Share is 220 pence.

The Placing will be conducted by Peel Hunt in accordance with the terms and conditions set out in the Appendix to this Announcement. The bookbuilding process will determine demand for and participation in the Placing. The bookbuilding will commence with immediate effect following this Announcement and the books are expected to close no later than 4.30pm on the date of this Announcement. However, Peel Hunt reserves the right to close the books earlier or later without further notice.

The timing of the closing of the books is at the absolute discretion of Peel Hunt in consultation with the Company. The allocations will be determined by Peel Hunt in its absolute discretion following consultation with the Company and will be confirmed orally by Peel Hunt following the close of the bookbuilding process. A further announcement will then be made following the completion of the bookbuilding process.

The Placing is being fully underwritten by Peel Hunt subject to certain conditions.

The Placing is conditional, *inter alia*, upon:

- The Company having complied with its obligations under the placing agreement which has been entered into between the Company and Peel Hunt (the "Placing Agreement) (save where failure to do so is not material in the context of the Placing) and to the extent that such obligations are required to be performed prior to Admission;
- the Acquisition Agreement not having lapsed or terminated and having been completed in accordance with its terms prior to Admission; and
- Admission of the Placing Shares taking place by no later than 8.00 am on 25 January 2017 (or such later date, not being later than 6 February 2017, as the Company and Peel Hunt may agree).

If any of the conditions are not satisfied, the Placing Shares will not be issued and all monies received from placees will be returned to them (at the placees' risk and without interest) as soon as possible.

The Placing Agreement contains customary warranties given by the Company to Peel Hunt as to matters relating to the Company and its business and a customary indemnity from the Company to Peel Hunt in respect of liabilities arising out of or in connection with the Placing. The Placing Agreement also contains customary rights of termination which could enable Peel Hunt to terminate the Placing prior to Admission in certain limited circumstances.

The Placing Shares will represent approximately 9.99 per cent. of the existing issued share capital and will, when issued, be credited as fully paid and will rank *pari passu* in all respects with the Company's existing ordinary shares including the right to receive all dividends and other distributions declared, made or paid in respect of such shares after the date of issue of the Placing Shares.

Application will be made for the Placing Shares to be admitted to the premium segment of the Official List of the Financial Conduct Authority and to trading on the main market for listed securities of the London Stock Exchange plc. It is expected that Admission will become effective and that dealings in the Placing Shares will commence on or around 25 January 2017.

As part of the Placing, the Directors are themselves intending to subscribe for Placing Shares at the Placing Price. If Directors do participate, we anticipate that these related party transactions would constitute exempt small transactions pursuant to paragraph 1 of Annex 1 to chapter 11 of the Listing Rules.

The terms and conditions of the Placing are set out in the Appendix to this Announcement.

IMPORTANT NOTICE

This announcement, including the Appendix (together, the "**Announcement**"), and the information contained herein is not for release, publication or distribution, directly or indirectly, in whole or in part, in or into or from the United States, Canada, Australia, Japan or the Republic of South Africa, or any other jurisdiction where to do so might constitute a violation of the relevant laws or regulations of such jurisdiction (the "**Restricted Jurisdictions**"). 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 under the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold or delivered, directly or indirectly, in or into the United States absent registration under the Securities Act except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act. No public offering of the Placing Shares is being made in the United States. The Placing Shares are being offered and sold outside the United States in "offshore transactions", as defined in, and in compliance with, Regulation S under the Securities Act. Persons receiving this Announcement (including custodians, nominees and trustees) must not forward, distribute, mail or otherwise transmit it in or into the United States or use the United States mails, directly or indirectly, in connection with the Placing. This Announcement does not constitute or form part of an offer to sell or issue or a solicitation of an offer to buy, subscribe for or otherwise acquire any securities in any jurisdiction including, without limitation, the Restricted Jurisdictions or any other jurisdiction in which such offer or solicitation would be unlawful. This Announcement and the information contained in it is not for publication or distribution, directly or indirectly, to persons in a Restricted Jurisdiction unless permitted pursuant to an exemption under the relevant local law or regulation in any such jurisdiction.

No action has been taken by the Company, Peel Hunt or any of their respective directors, officers, partners, agents, employees or affiliates that would permit an offer of the Placing Shares or possession or distribution of this Announcement or any other publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required. Persons receiving this Announcement are required to inform themselves about and to observe any restrictions contained in this Announcement.

This Announcement is directed at and is only being distributed to: (A) persons in member states of the European Economic Area who are "qualified investors", as defined in article 2.1(e) of the Prospectus Directive (Directive 2003/71/EC), as amended (the "**Prospectus Directive**"), (B) if in the United Kingdom, persons who (i) have professional experience in matters relating to investments who fall within the definition of "investment professionals" in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**FPO**") or fall within the definition of "high net worth companies, unincorporated associations etc" in article 49(2)(a) to (d) of the FPO and (ii) are "qualified investors" as defined in section 86 of the Financial Services and Markets Act 2000, as amended ("**FSMA**") or (C) persons to whom it may otherwise lawfully be communicated (each, a "**Relevant Person**"). No other person should act on or rely on this Announcement and persons distributing this Announcement must satisfy themselves that it is lawful to do so. By accepting the terms of this Announcement, you represent and agree that you are a Relevant Person.

This Announcement must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this Announcement or the Placing relate is available only to Relevant Persons and will be engaged in only with Relevant Persons. As regards all persons other than Relevant Persons, the details of the Placing set out in this Announcement are for information purposes only.

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

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No prospectus will be made available in connection with the matters contained in this Announcement and no such prospectus is required (in accordance with the Prospectus Directive) to be published.

The information contained in this Announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this Announcement or its accuracy, fairness or completeness.

Certain statements in this Announcement are forward-looking statements which are based on the Company's expectations, intentions and projections regarding its future performance, anticipated events or trends and other matters that are not historical facts. These forward-looking statements, which may use words such as "aim", "anticipate", "believe", "could", "intend", "estimate", "expect" and words of similar meaning, include all matters that are not historical facts. These forward-looking statements involve risks, assumptions and uncertainties that could cause the actual results of operations, financial condition, liquidity and dividend policy and the development of the industries in which the Company's businesses operate to differ materially from the impression created by the forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Given those risks and uncertainties, prospective investors are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date of such statements and, except as required by the UK Financial Conduct Authority ("**FCA**"), the London Stock Exchange or applicable law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Any indication in this Announcement of the price at which Acal shares have been bought or sold in the past cannot be relied upon as a guide to future performance. Persons needing advice should consult an independent financial adviser. No statement in this Announcement is intended to be a profit forecast 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.

Peel Hunt, which is authorised and regulated in the United Kingdom by the FCA, is acting for the Company and for no one else in connection with the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Peel Hunt or for providing advice in relation to the Placing, or any other matters 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 or on behalf of the Company or Peel Hunt or by their affiliates or their respective agents, directors, officers and employees 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.

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's main market for listed securities.

The Appendix to this Announcement sets out the terms and conditions of the Placing. By participating in the Placing, each person who is invited to and who chooses to participate in the Placing by making or accepting an oral and legally binding offer to acquire Placing Shares will be deemed to have read and understood this Announcement in its entirety and to be making such offer on the terms and subject to the conditions set out in this Announcement and to be providing the representations, warranties, undertakings and acknowledgements contained in the Appendix.

Members of the public are not eligible to take part in the Placing and no public offering of Placing Shares is being or will be made.

Neither the content of the Company's website (or any other website) nor the content of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this Announcement.

APPENDIX

TERMS AND CONDITIONS OF THE PLACING

IMPORTANT INFORMATION ON THE PLACING FOR INVITED PLACEES ONLY.

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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 or on behalf of the Company or Peel Hunt or by their affiliates or their respective agents, directors, officers and employees 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.

The Placing Shares have not been and will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States absent registration under the Securities Act except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act. No public offering of the Placing Shares is being made in the United States. The Placing Shares are being offered and sold outside the United States in "offshore transactions", as defined in, and in compliance with, Regulation S under the Securities Act. Persons receiving this Announcement (including custodians, nominees and trustees) must not forward, distribute, mail or otherwise transmit it or any part of it in or into the United States or use the United States mails, directly or indirectly, in connection with the Placing.

This Announcement does not constitute or form part of an offer to sell or issue or a solicitation of an offer or invitation to buy or subscribe for or otherwise acquire any securities in any jurisdiction including, without limitation, the Restricted Jurisdictions or any other jurisdiction in which such offer or solicitation is or may be unlawful. No copy or part of this Announcement and the information contained in it may be published or distributed, directly or indirectly, to persons in a Restricted Jurisdiction unless permitted pursuant to an exemption under the relevant local law or regulation in any such jurisdiction.

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; 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, Japan or South Africa. 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, Japan or South Africa or any other jurisdiction outside the United Kingdom.

No action has been taken by the Company, Peel Hunt, or any of their respective directors, officers, partners, agents, employees or affiliates that would permit an offer of the Placing Shares or possession or distribution of this Announcement or any other publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required. Persons receiving this Announcement are required to inform themselves about and to observe any restrictions contained in this Announcement.

Persons distributing any part of this Announcement must satisfy themselves that it is lawful to do so. Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this Announcement should seek appropriate advice before taking any action. Persons into whose possession this Announcement comes are required by the Company and Peel Hunt to inform themselves about, and observe, any such restrictions.

Any indication in this Announcement of the price at which Acal shares have been bought or sold in the past cannot be relied upon as a guide to future performance. Persons needing advice should consult an independent financial adviser. No statement in this Announcement is intended to be a profit forecast 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.

Peel Hunt, which is authorised and regulated in the United Kingdom by the FCA, is acting for the Company and for no one else in connection with the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Peel Hunt or for providing advice in relation to the Placing, or any other matters referred to in this Announcement.

By participating in the Placing, each person who is invited to and who chooses to participate in the Placing (a "**Placee**") by making or accepting an oral offer to subscribe for Placing Shares is deemed to have read and understood this Announcement in its entirety (including this Appendix) and to be providing the representations, warranties, undertakings, agreements and acknowledgements contained in this Appendix.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, REGULATORY, TAX, BUSINESS AND RELATED ASPECTS OF AN ACQUISITION OF PLACING SHARES.

Details of the Placing Agreement and the Placing Shares

The Company has today entered into the Placing Agreement with Peel Hunt. Pursuant to the Placing Agreement, Peel Hunt has, subject to the terms set out in such agreement, agreed to use reasonable endeavours, as agent of the Company, to procure Placees for the Placing Shares. Peel Hunt will today commence an accelerated bookbuilding process in respect of the Placing (the "**Bookbuild**") to determine demand for participation in the Placing by Placees. This Appendix gives details of the terms and conditions of, and the mechanics for participation in, the Placing. The Placing is fully underwritten by Peel Hunt.

The Placing Shares will, when issued, be subject to the articles of association of the Company, be credited as fully paid and rank pari passu in all respects with each other and with the existing ordinary shares in the capital of the Company (the "**Ordinary Shares**"), including the right to receive all dividends and other distributions declared, made or paid in respect of the Ordinary Shares after the date of issue of the Placing Shares.

The Placing Shares will be issued free of any encumbrance, lien or other security interest.

Application for Admission

Application will be made to the FCA for admission of the Placing Shares to the premium segment of the Official List of the UK Listing Authority and to London Stock Exchange plc for admission to trading of the Placing Shares on its main market for listed securities ("**Admission**"). Admission is expected to become effective on or around 25 January 2017 (or such later date as Peel Hunt may agree with the Company, not being later than 8.00am on 6 February 2017) and dealings in the Placing Shares will commence on the same day.

Principal terms of the Placing

1 Peel Hunt is acting as sole bookrunner and as agent of the Company in connection with the Placing on the terms and subject to the conditions of the Placing Agreement.

2 Participation in the Bookbuild will only be available to persons who may lawfully be, and are, invited by Peel Hunt to participate.

Peel Hunt and any of its affiliates are entitled to enter bids in the Bookbuild as principal.

3 The price per Placing Share (the "**Placing Price**") is a price of 220 pence and is payable to Peel Hunt (as agent for the Company) by all Placees. No commissions will be paid to Placees or by the Placees in respect of any Placing Shares.

4 The completion of the Bookbuild will be determined by Peel Hunt in its absolute discretion and shall then be announced on a Regulatory Information Service as soon as is practicable following completion of the Bookbuild.

5 To bid in the Bookbuild, prospective Placees should communicate their bid by telephone to their usual sales contact at Peel Hunt. Each bid should state the number of Placing Shares which the prospective Placee wishes to subscribe for. Bids may be scaled down by Peel Hunt on the basis referred to in paragraph 10 below.

6 The Bookbuild is expected to close no later than 4.30 pm on 20 January 2017 but may be closed earlier or later at the discretion of Peel Hunt. Peel Hunt may, in agreement with the Company, accept bids that are received after the Bookbuild has closed.

7 Each prospective Placee's allocation will be determined by Peel Hunt in its absolute discretion following consultation with the Company and will be confirmed orally by Peel Hunt to such Placees, and a trade confirmation will be dispatched as soon as practicable thereafter and the terms and conditions of this Appendix will be deemed incorporated into the trade confirmation.

8 Peel Hunt's oral confirmation to any person of an allocation of Placing Shares will give rise to an irrevocable, legally binding commitment by that person (who at that point becomes a Placee), in favour of Peel Hunt and the Company, under which it agrees to acquire the number of Placing Shares allocated to it on the terms and subject to the conditions set out in this Appendix and in accordance with the Company's articles of association. Except with Peel Hunt's consent, such commitment will not be capable of variation or revocation after the time at which it is submitted.

9 The Company will make a further Announcement following the close of the Bookbuild detailing the number of Placing Shares for which Placees have been procured.

10 Subject to paragraphs 4 and 5 above, Peel Hunt may choose to accept bids, either in whole or in part, on the basis of allocations determined at their discretion (in agreement with the Company) and may scale down any bids for this purpose on such basis as it may determine. Peel Hunt may also, notwithstanding paragraphs 4 and 5 above, but subject to the prior consent of the Company, allocate the Placing Shares after the time of any initial allocation to any person submitting a bid after time.

11 Each Placee's allocation and commitment to subscribe for 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 Peel Hunt's consent will not be capable of variation or revocation after the time at which it is submitted.

12 Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to Peel Hunt 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 Placing Shares such Placee has agreed to acquire and the Company has agreed to allot and issue to that Placee. Each Placee's obligation will be owed to the Company and to Peel Hunt.

13 Except as required by law or regulation, no press release or other Announcement will be made by Peel Hunt 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.

14 Irrespective of the time at which the Placee's allocation(s) pursuant to the Placing is/are confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at the same time on the basis explained below under "Registration and Settlement".

15 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 "Rights to terminate under the Placing Agreement".

16 By participating in the Bookbuild, each Placee will agree that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.

17 To the fullest extent permissible by law and applicable FCA rules, neither: (a) Peel Hunt (b) any of its affiliates, agents, directors, officers, consultants of employees nor (c) to the extent not contained within (a) or (b) any person connected with Peel Hunt as defined in FSMA ((b) and (c) being together "**Affiliates**" and individually an "**Affiliate**" of Peel Hunt) shall have any liability (including to the extent permissible by law, any fiduciary duties) to Placees or to any other person other than the Company whether acting on behalf of a Placee or otherwise. In particular neither Peel Hunt nor any of their affiliates shall have any liability (including, to the extent permissible by law, any fiduciary duties) in respect of Peel Hunt's conduct of the Placing or of such alternative method of effecting the Placing as Peel Hunt and the Company may agree.

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 Peel Hunt under the Placing Agreement are conditional, inter alia, on the following "**Conditions**":

1 the Company delivering, by no later than 5.30pm on the business day immediately prior to the expected date of Admission, to Peel Hunt, a certificate confirming, inter alia, that none of the warranties given by the Company in the Placing Agreement was untrue, inaccurate or misleading when made or would be breached or be untrue, inaccurate or misleading were it to be repeated by reference to the facts and circumstances subsisting on the date of the certificate;

2 the Acquisition Agreement not having lapsed or been terminated and having been completed in accordance with its terms prior to Admission;

3 the Company having complied with its obligations under the Placing Agreement (save where failure to do so it not material in the context of the Placing) to the extent that such obligations are required to be performed prior to Admission; and

4 Admission having become effective at or before 8.00 am on 25 January 2017 (or such later date, not being later than 6 February 2017, as the Company and Peel Hunt may agree).

If (a) any of the conditions are not fulfilled (or to the extent permitted under the Placing Agreement waived by Peel Hunt) by the relevant time or date specified in the Placing Agreement, or (b) the Placing Agreement is terminated in the circumstances specified below, the Placing will lapse and each Placee's rights and obligations hereunder shall cease and terminate at such time and no claim may be made by a Placee in respect thereof. Neither the Company, nor Peel Hunt or any of its Affiliates shall have any liability to any Placees (or to any other person

whether acting on behalf of a Placee or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition in the Placing Agreement 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 Peel Hunt.

Peel Hunt may waive compliance by the Company with the whole or any part of any of the Company's obligations in relation to the conditions in the Placing Agreement. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement.

By participating in the Placing, each Placee agrees that its rights and obligations hereunder terminate only in the circumstances described below under "Rights to terminate under the Placing Agreement" and will not be capable of rescission or termination by the Placee.

Rights to terminate under the Placing Agreement

Peel Hunt may (acting in good faith) at any time before Admission, terminate its obligations under the Placing Agreement by giving notice to the Company if, inter alia, Peel Hunt becomes aware that:

1 any statement of fact contained in this Announcement, or certain of the other documents delivered in relation to the Placing, has become untrue, incorrect or misleading in any respect which Peel Hunt considers, acting in good faith, to be materially adverse in the context of the Placing; or

2 there has been a breach of any of the warranties or any other obligation of the Company under the Placing Agreement which Peel Hunt considers, acting in good faith, to be materially adverse in the context of the Placing; or

3 an event has occurred or a matter has arisen on or before the date of the Placing Agreement and before Admission which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of the warranties untrue or incorrect, which Peel Hunt considers, acting in good faith, to be materially adverse in the context of the Placing: or

4 there has been a breach of any provision of the Acquisition Agreement by any vendor party to it which Peel Hunt, acting in good faith, considers to be material in the context of the Placing or, in the opinion of Peel Hunt acting in good faith, any event has occurred or matter has arisen after entry into the Acquisition Agreement which had it occurred or arisen prior to entry into the Acquisition Agreement would have been such a breach; or

5 any of the Conditions shall have become incapable of fulfilment before the latest time provided according to the terms of the Placing Agreement and has not been waived according to the terms of the Placing Agreement; or

6 there has been: a general banking moratorium in London or any material disruption to commercial banking or securities settlement or clearance services in the United Kingdom; any incident of terrorism or outbreak or escalation of hostilities or any declaration by the UK or the USA of a national emergency or war; any crisis of international or national effect or any change in taxation, economic, political, financial or market conditions or market sentiment or exchange rates or exchange controls which Peel Hunt considers, acting in good faith, to be likely to have a materially adverse effect on the financial or trading position or prospects of the Group taken as a whole; or any other occurrence of any kind which Peel Hunt considers, acting in good faith, to have a materially adverse effect on the market's perception of the Company or the financial or trading position or prospects of the Group taken as a whole, and which in each case which Peel Hunt considers, acting in good faith, makes it impracticable or inadvisable to proceed with the Placing.

By participating in the Placing, each Placee agrees with Peel Hunt that the exercise by Peel Hunt of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of Peel Hunt (acting in good faith) and that Peel Hunt will not need to make any reference to the Placees in this regard and that to the fullest extent permitted by law Peel Hunt and the Company (or the Company's directors, officers or employees) shall not have any liability whatsoever to the Placees in connection with any such exercise.

No prospectus

No offering document or prospectus has been or will be prepared, submitted or approved by the FCA in relation to the Placing and no such prospectus is required to be published and Placees' commitments will be made solely on the basis of the information contained in this Announcement and any information previously published by or on behalf of the Company by notification to a Regulatory Information Service.

Each Placee, by accepting a participation in the Placing, agrees that the content of this Announcement is exclusively the responsibility of the Company and confirms to Peel Hunt and the Company that it has neither received nor relied on any information, representation, warranty or statement made by or on behalf of Peel Hunt (other than the amount of the relevant Placing participation in the oral confirmation given to Placees and the trade confirmation referred to below) or any of its Affiliates, any persons acting on its behalf or the Company and neither Peel Hunt nor any of its Affiliates, any persons acting on its behalf, nor the Company will be liable for the decision of any Placee to participate in the Placing based on any other information, representation, warranty or statement which the Placee may have obtained or received (regardless of whether or not such information, representation, warranty or statement was given or made by or on behalf of any such persons).

By participating in the Placing, each Placee acknowledges to and agrees with Peel Hunt for themselves and as agent for the Company that, except in relation to the information obtained in this Announcement, it has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

Registration and settlement

Settlement of transactions in the Placing Shares (ISIN GB0000055888) following Admission will take place within the CREST system, subject to certain exceptions. Peel Hunt reserves the right to require settlement for and delivery of the Placing Shares to Placees by such other means that they deem necessary, if delivery or settlement is not possible or practicable within the CREST system within the timetable set out in this Announcement or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

Each Placee allocated Placing Shares in the Placing will be sent a trade confirmation in accordance with the standing arrangements in place with Peel Hunt stating the number of Placing Shares allocated to it, the Placing Price, the aggregate amount owed by such Placee to Peel Hunt and settlement instructions. Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with either the standing CREST or certificated settlement instructions that it has in place with Peel Hunt.

A Placee's entitlement to receive any Placing Shares under the Placing will be conditional on Peel Hunt's receipt of payment in full for such Placing Shares by the relevant time to be stated in the written confirmation referred to above, or by such later time and date as Peel Hunt and the Company may in their absolute discretion determine, or otherwise in accordance with that confirmation's terms.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the

rate of two percentage points above the base rate of Barclays Bank Plc.

Each Placee is deemed to agree that if it does not comply with these obligations: (i) the Company may release itself (if it decides in its absolute discretion to do so) and will be released from all obligations it may have to issue any such Placing Shares to such Placee or at its direction which are then unissued; (ii) the Company may exercise all rights of lien, forfeiture and set-off over and in respect of any Placing Shares to the fullest extent permitted under its articles of association or otherwise by law and to the extent that such Placee then has any interest in or rights in respect of any Placing Shares; (iii) the Company or Peel Hunt may sell (and both of them is irrevocably authorised by such Placee to do so) all or any Placing Shares on such Placee's behalf and then retain from the proceeds, for the account and benefit of the Company or, where applicable, Peel Hunt (a) any amount up to the total amount due to it as, or in respect of, subscription monies, or as interest on such monies, for any Placing Shares, (b) any amount required to cover any stamp duty or stamp duty reserve tax (together with any interest or penalties) arising on the sale of such Placing Shares on such Placee's behalf, and (c) any amount required to cover dealing costs and/or commissions necessarily or reasonably incurred by it in respect of such sale; and (iv) such Placee shall remain liable to the Company (and to Peel Hunt as applicable) for the full amount of any losses or shortfall and of any costs which it may suffer or incur as a result of it (a) not receiving payment in full for such Placing Shares by the required time, and/or (b) the sale of any such Placing Shares to any other person at whatever price and on whatever terms actually obtained for such sale by or for it.

If Placing Shares are to be delivered to a custodian or settlement agent, the Placee should ensure that the trade confirmation is copied and delivered immediately to the relevant person within that organisation.

Insofar as Placing Shares are registered in the Placee's name or that of its nominee or in the name of any person for whom the Placee is contracting as agent or that of a nominee for such person, such Placing Shares will, subject as provided below, be so registered free from any liability to stamp duty or stamp duty reserve tax. If there are any circumstances in which any other stamp duty or stamp duty reserve tax is payable in respect of the issue of the Placing Shares, neither Peel Hunt nor the Company shall be responsible for the payment thereof. Placees will not be entitled to receive any fee or commission in connection with the Placing.

Representations and Warranties

By participating in the Placing, each Placee (and any person acting on such Placee's behalf):

1 represents and warrants that it has read and understood this Announcement in its entirety (including this Appendix)and acknowledges that its participation in the Placing will be governed by the terms and conditions of the Placing as referred to and included in this Announcement (including this Appendix);

2 acknowledges that no prospectus or offering document has been or will be prepared in connection with the Placing and that it has not received and will not receive a prospectus or other offering document in connection with the Placing or the Placing Shares;

3 acknowledges that the ordinary shares in the capital of the Company are listed on the Official List of the FCA and are admitted to trading on the London Stock Exchange, and the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of the London Stock Exchange and/or the FCA (collectively "**Exchange Information**"), 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 or comparable information concerning any other publicly traded company without undue difficulty;

4 represents and warrants that it has made its own assessment of the Company, the Placing Shares and the terms and conditions of the Placing and has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing and has satisfied itself that the information is still current;

5 agrees to indemnify on an after-tax basis and hold harmless each of the Company, Peel Hunt, its Affiliates and any person acting on their behalf from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach by it of the representations, warranties, acknowledgements, agreements and undertakings in this Announcement including this Appendix and further agrees that the provisions of this Announcement including this Appendix shall survive after completion of the Placing;

6 acknowledges that neither Peel Hunt nor any of its Affiliates nor any person acting on its behalf has provided, and will not provide it with, any material or information regarding the Placing Shares or the Company; nor has it requested that Peel Hunt nor any of its Affiliates nor any person acting on its behalf to provide it with any such material or information;

7 acknowledges that the content of this Announcement is exclusively the responsibility of the Company and that neither Peel Hunt nor any of its Affiliates nor any person acting on its behalf will be responsible for or shall have any liability for any information, representation or statement relating to the Company contained in this Announcement or any information previously published by or on behalf of the Company and neither Peel Hunt nor any of its Affiliates nor any person acting on its behalf will be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this Announcement or otherwise. Each Placee further represents, warrants and agrees that the only information on which it is entitled to rely and on which such Placee has relied in committing to subscribe for Placing Shares is the information contained in this Announcement and any Exchange Information, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and that it has relied on its own investigation with respect to the Placing Shares and the Company in connection with its decision to subscribe for Placing Shares and acknowledges that it is not relying on any investigation that Peel Hunt, any of its Affiliates or any person acting on its behalf may have conducted with respect to the Placing Shares or the Company and none of such persons has made any representations to it, express or implied, with respect thereto;

8 acknowledges that it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for 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 Placing. It has had sufficient time to consider and conduct its own investigation with respect to the offer and subscription for Placing Shares, including the tax, legal and other economic considerations, and has relied upon its own examination and due diligence of the Company and its affiliates taken as a whole, and the terms of the Placing, including the merits and risks involved;

9 represents and warrants that it has not relied on any confidential price sensitive information concerning the Company in making its investment decision to participate in the Placing and is not purchasing the Placing Shares on the basis of material non-public information;

10 represents and warrants that it has the funds available to pay for the Placing Shares it has agreed to subscribe for and acknowledges, agrees and undertakes 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 Placing Shares may be placed with other placees or sold at such price as Peel Hunt determines;

11 acknowledges that it has not relied on any information relating to the Company contained in any research reports prepared by Peel Hunt, its Affiliates or any person acting on its or any of its Affiliates behalf and understands that (i) neither Peel Hunt nor any of its Affiliates nor any person acting on its behalf has or shall have any liability for public information or any representation; (ii) neither Peel Hunt nor any of its Affiliates, nor any person acting on its behalf, has or shall have any liability for any additional information that has otherwise been made available to such Placee, whether at the date of this Announcement or otherwise; and (iii) neither Peel Hunt nor any of its Affiliates, nor any person acting on its behalf, makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of such information, whether at the date of this Announcement or otherwise;

12 represents and warrants that (i) it is entitled to acquire Placing Shares under the laws and regulations of all relevant jurisdictions which apply to it; (ii) it has fully observed such laws and regulations and obtained all such governmental and other guarantees and other consents and authorities (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this Announcement including this Appendix) which may be required thereunder and has complied with all necessary formalities; (iii) it has all necessary capacity and authority and is entitled to commit to participation in the Placing and to perform its obligations in relation thereto and will honour such obligations; (iv) it has paid any issue, transfer or other taxes due in connection with its participation in the Placing in any territory; (v) it has not taken any action which will or may result in the Company, or Peel Hunt or any of its Affiliates or any person acting on their behalf in breach of the legal and/or regulatory requirements of any territory in connection with the Placing and (iv) if it is a pension fund or investment company it is aware of and acknowledges that it is required to comply with all applicable laws and regulations with respect to its subscription for Placing Shares;

13 represents and warrants that (i) the Placing Shares have not been and will not be registered under the Securities Act or with any state or other jurisdiction of the United States, nor approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, (ii) it will not offer, sell or deliver, directly or indirectly, any Placing Shares in or into the United States other than pursuant to an effective registration under the Securities Act or in a transaction exempt from, or not subject to, the registration requirements thereunder and in compliance with any applicable securities laws of any state or other jurisdiction of the United States, and (iii) it is outside of the United States, not acting on a non-discretionary basis for the account or benefit of a person located within the United States at the time the undertaking to acquire the Placing Shares is given and is otherwise acquiring the Placing Shares in an "offshore transaction" meeting the requirements of Regulation S under the Securities Act;

14 represents and warrants that it is not, and any person who it is acting on behalf of is not, and at the time the Placing Shares are subscribed will not be, a resident of, or with an address in any Restricted Jurisdiction, and it acknowledges and agrees that the Placing Shares have not been and will not be registered or otherwise qualified under the securities legislation of any Restricted Jurisdiction and may not be offered, sold, or acquired, directly or indirectly, within those jurisdictions;

15 represents and warrants that, if it is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, the Placing Shares purchased by it in the 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 European Economic Area which has implemented the Prospectus Directive other than "qualified investors" as defined in Article 2.1(e) of the Prospectus Directive, or in circumstances in which the prior consent of Peel Hunt has been given to the offer or resale;

16 represents and warrants that it has not offered or sold and will not offer or sell any Placing Shares to the public in the United Kingdom or any member state of the European Economic Area 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 in and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of FSMA or an offer to the public in any other member state of the European Economic Area within the meaning of the Prospectus Directive (which includes any relevant implementing measure in any Member State of the European Economic Area);

17 represents and warrants that it has not been engaged to subscribe for the Placing Shares on behalf of any other person who is not a Qualified Investor unless the terms on which it is engaged enable it to make decisions concerning the acceptance of offers of transferable securities on the client's behalf without reference to the client as described in section 86(2) of FSMA;

18 represents and warrants that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which it is permitted to do so pursuant to section 21 of FSMA and it acknowledges and agrees that this Announcement has not been approved by Peel Hunt in its capacity as an authorised person under section 21 of 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;

19 represents and warrants that it is aware of and has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Placing Shares in, from, or otherwise involving the United Kingdom;

20 represents and warrants that it is aware of and has complied with its obligations in connection with money laundering and terrorist financing under the Criminal Justice Act 1993, section 118 of FSMA, the Proceeds of Crime Act 2002, the EU Market Abuse Regulation (2014/596/EU), the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000, the Terrorism Act 2006, the Antiterrorism Crime and Security Act 2001, the Money Laundering Regulations (2007) (the "**Regulations**") and the Money Laundering Sourcebook of the FCA and, if it is 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;

21 if in the United Kingdom, represents and warrants that it is a person of a kind described in (i) Article 19(5) (Investment Professionals) and/or 49(2) (high net worth companies etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, and/or an authorised person as defined in section 31 of FSMA; and (ii) section 86(7) of FSMA ("Qualified Investor"), being a person falling within Article 2.1(e) of the Prospectus Directive. For such purposes, it undertakes that it will acquire, hold, manage and (if applicable) dispose of any Placing Shares that are allocated to it for the purposes of its business only;

22 represents and warrants that its participation in the Placing would not give rise to an offer being required to be made by it or any person with whom it is acting in concert pursuant to Rule 9 of the City Code on Takeovers and Mergers; undertakes that it (and any person acting on its behalf) will pay for the Placing Shares acquired by it in accordance with this Announcement on the due time and date set out in this Announcement or any trade confirmation issued pursuant to this Announcement against delivery of such Placing Shares to it, failing which the relevant Placing Shares may be placed with other Placees or sold as either Peel Hunt or the Company may, in their absolute discretion, determine and it will remain liable for any shortfall of the net proceeds of such sale below the Placing proceeds of such Placing Shares and may be required to bear any costs, commissions, 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 Placing Shares on its behalf;

23 acknowledges that if it has received any confidential price sensitive information about the Company in advance of the Placing, it warrants that it has received such information within the marketing soundings regime provided for in article 11 of Regulation (EU) No. 596/2014 on market abuse (as amended) and associated delegated regulations and has not: (a) dealt in the securities of the Company; (b) encouraged or required another person to deal in the securities of the Company; or (c) disclosed such information to any person, prior to the information being made publicly available;

24 acknowledges that neither Peel Hunt, nor any of its Affiliates nor any person acting on its behalf is making any recommendations to it or advising it regarding the suitability or merits of any transaction it may enter into in connection with the Placing, and that neither Peel Hunt, nor any of its Affiliates nor any person acting on its behalf has any duties or responsibilities to it for providing advice in relation to the Placing or in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement or for the exercise or performance of any of Peel Hunt's rights and obligations thereunder, including any right to waive or vary any condition or exercise any termination right contained therein;

25 acknowledges that it irrevocably appoints any member of Peel Hunt as its agent for the purposes 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 Placing Shares agreed to be taken up by it under the Placing;

26 represents and warrants that it and any person who is acting on behalf of it is not, and at the time the Placing Shares are subscribed will not be, a resident of any Restricted Jurisdiction and acknowledges that the Placing Shares have not been and will not be registered or otherwise qualified under the securities legislation of any Restricted Jurisdiction, nor will a prospectus be issued in respect of the Placing Shares under the securities legislation of any Restricted Jurisdiction and, subject to certain exceptions, may not be offered, sold, taken up, renounced, delivered or transferred, directly or indirectly, within any Restricted Jurisdiction;

27 represents and warrants that any person who confirms to Peel Hunt on behalf of a Placee an agreement to subscribe for Placing Shares and/or who authorises Peel Hunt to notify the Placee's name to the Company's registrar, has authority to do so on behalf of the Placee;

28 acknowledges that the agreement to settle each Placee's allocation of Placing Shares (and/or the allocation of a person for whom it is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to an acquisition by it and/or such person direct from the Company of the Placing Shares in question. Such agreement assumes that the Placing Shares are not being acquired in connection with arrangements to issue depositary receipts or to issue or transfer the Placing Shares into a clearance service. If there were any such arrangements, or the settlement related to other dealing in the Placing Shares, stamp duty or stamp duty reserve tax may be payable, for which neither the Company nor Peel Hunt will be responsible. If this is the case, the Placee should take its own advice and notify Peel Hunt accordingly

29 represents and warrants that it, or the person specified by it for registration as a holder of the Placing Shares, will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto), if any, payable on acquisition of any of the Placing Shares or the agreement to subscribe for the Placing Shares and acknowledges and agrees that none of Peel Hunt, the Company, any of their respective Affiliates or any person acting on behalf of them will 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 participate in the Placing, and agrees to indemnify the Company and Peel Hunt on an after-tax basis in respect of the same, on the basis that the Placing Shares will be allotted to the CREST stock account of Peel Hunt who will hold them as nominee on behalf of such Placee until settlement in accordance with its standing settlement instructions;

30 acknowledges that the Placing Shares will be issued subject to the terms and conditions set out in this Announcement (including this Appendix)

31 acknowledges that in order to ensure compliance with the Money Laundering Regulations 2007, Peel Hunt (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 Peel Hunt or the Company's registrars, as applicable, of evidence of identity, definitive certificates in respect of the Placing Shares may be retained at Peel Hunt's absolute discretion or, where appropriate, delivery of the Placing Shares to it in uncertificated form, may be retained at Peel Hunt'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 Peel Hunt (for itself and as agent on behalf of the Company) or the Company's registrars have not received evidence satisfactory to them, Peel Hunt and/or the Company may, at its absolute discretion, terminate its commitment in respect of the 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;

32 acknowledges that when a Placee or any person acting on behalf of the Placee is dealing with Peel Hunt, any money held in an account with Peel Hunt 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 FSMA. The 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 Peel Hunt money in accordance with the client money rules and will be used by Peel Hunt in the course of its business; and the Placee will rank only as a general creditor of Peel Hunt;

33 acknowledges and understands that the Company, Peel Hunt and others will rely upon the truth and accuracy of the foregoing agreements, acknowledgements, representations, warranties, agreements and undertakings which are given to Peel Hunt, on its own behalf and on behalf of the Company, are irrevocable;

34 acknowledges that time is of the essence as regard its obligations in respect of its participation in the Placing under these terms and conditions;

35 acknowledges that the basis of allocation will be determined by Peel Hunt in its absolute discretion in consultation with the Company. The right is reserved to reject in whole or in part and/or scale back any participation in the Placing;

36 irrevocably authorises the Company and Peel Hunt to produce this Announcement pursuant to, in connection with, or as may be required by any applicable law or regulation, administrative or legal proceeding or official inquiry with respect to the matters set forth in this Announcement;

37 acknowledges that its commitment to subscribe for Placing Shares on the terms set out in this Announcement including this Appendix will continue notwithstanding any amendment that may in future be made to the terms of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's conduct of the Placing;

38 acknowledges that Peel Hunt may, and its affiliates acting as an investor for its or their own account(s) may, subscribe for and/or

purchase Placing Shares and, in that capacity may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the Placing Shares, any other securities of the Company or other related investments in connection with the Placing or otherwise. Accordingly, references in this Announcement to the Placing Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by, Peel Hunt and/or any of their respective affiliates acting as an investor for its or their own account(s). Neither Peel Hunt 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; and

39 acknowledges that its participation in the Placing, these terms and conditions and any contractual or non-contractual obligations arising out of, or in relation to thereto, shall be governed by and construed in accordance with English law and that the courts of England shall have exclusive jurisdiction to hear and decide any proceedings which may arise out of or in connection with these terms and conditions, except that enforcement proceedings in respect of the Placee's obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by Peel Hunt or the Company in any jurisdiction.

The acknowledgements, agreements, undertakings, representations and warranties referred to above are given to each of the Company and Peel Hunt (for its own benefit and, where relevant, the benefit of its Affiliates) and any person acting on their behalf and are irrevocable.

No claim shall be made against the Company, or Peel Hunt or its Affiliates or any other person acting on behalf of any of such persons by a Placee to recover any damage, cost, charge or expense which it may suffer or incur by reason of or arising from the carrying out by it of the work to be done by it pursuant to this Announcement or the performance of its obligations pursuant to this Announcement or otherwise in connection with the Placing.

No UK stamp duty or stamp duty reserve tax should be payable to the extent that the Placing Shares are issued or transferred (as the case may be) into CREST to, or to the nominee of, a Placee who holds those shares beneficially (and not as agent or nominee for any other person) within the CREST system and registered in the name of such Placee or such Placee's nominee.

Any arrangements to issue or transfer the Placing Shares into a depositary receipts system or a clearance service or to hold the Placing Shares as agent or nominee of a person to whom a depositary receipt may be issued or who will hold the Placing Shares in a clearance service, or any arrangements subsequently to transfer the Placing Shares, may give rise to stamp duty and/or stamp duty reserve tax, for which neither the Company nor Peel Hunt will be responsible and the Placee to whom (or on behalf of whom, or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, allotment, issue or delivery of Placing Shares has given rise to such stamp duty or stamp duty reserve tax undertakes to pay such stamp duty or stamp duty reserve tax forthwith and to indemnify on an after-tax basis and to hold harmless the Company and Peel Hunt in the event that either of the Company and/or Peel Hunt has incurred any such liability to stamp duty or stamp duty reserve tax.

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 UK by them or any other person on the acquisition by them of any Placing Shares or the agreement by them to acquire any Placing Shares.

All times and dates in this Announcement may be subject to amendment. Peel Hunt shall notify the Placees and any person acting on behalf of the Placees of any such changes.

This Announcement has been issued by the Company and is the sole responsibility of the Company.

Each Placee, and any person acting on behalf of the Placee, acknowledges that Peel Hunt do not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement. Each Placee and any person acting on behalf of the Placee acknowledges and agrees that Peel Hunt or any of its Affiliates may, at its absolute discretion, agree to become a Placee in respect of some or all of the Placing Shares.

The rights and remedies of Peel Hunt and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise or partial exercise of one will not prevent the exercise of others.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

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.

All times and dates in this Announcement may be subject to amendment.

Each Placee may be asked to disclose in writing or orally to either of Peel Hunt:

(a) if he is an individual, his nationality; or

(b) if he is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.

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