

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document or as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser. No person should construe the contents of this document as legal, tax or financial advice.

If you sell or have sold or otherwise transferred all of your Ordinary Shares in East Balkan Properties plc you should deliver this document together with the enclosed Tender Form as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. Such documents should not, however, be forwarded in or into the United States or into any other jurisdiction if to do so would constitute a violation of the relevant laws and regulations in such other jurisdictions.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Incorporated and registered in the Isle of Man under the Isle of Man Companies Act 2006 with Company Number 007237V.

---

## **East Balkan Properties plc**

*(incorporated and registered in the Isle of Man with registered number 007237V)*

### **PROPOSED RETURN OF CASH TO SHAREHOLDERS BY WAY OF TENDER OFFERS**

---

If you wish to sell all or some of your Ordinary or Non-Voting Shares held in certificated form under the Tender Offers, you should complete the Tender Form, once you receive it, in accordance with the instructions set out in this document and those set out on the Tender Form and return it, together with your original Ordinary or Non-Voting Share certificate(s), to the Company's Transfer Agent, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, UK or by hand (during normal business hours only) to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, UK so as to be received by no later than 11:00 a.m. on 19 June 2018.

Acceptances of the Tender Offers in respect of Ordinary or Non-Voting Shares held in uncertificated form (i.e. in CREST) should not return a Tender Form but instead should be made electronically through CREST as set out in pages 12 - 13 of this document as soon as possible, but in any event, so that the TTE Instruction settles no later than 11:00 a.m. on 19 June 2018.

Copies of this document will be available free of charge from the Company's registered office, FIM Capital Limited, IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP during normal business hours and a copy is available on the Company's website at [www.eastbalkanproperties.com](http://www.eastbalkanproperties.com).

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of this document	24 May 2018
Tender Offer documentation posted to Shareholders and Tender Offer opens	24 May 2018
Last time and date for receipt of Tender Forms and TTE instructions from CREST Shareholders in relation to the Tender Offers	11.00 a.m. on 19 June 2018
Record date for Tender Offers	6.00 p.m. on 19 June 2018
Cheques dispatched for certificated Ordinary Shares and Non-Voting Shares purchased pursuant to the Tender Offer and CREST payments made for uncertificated Ordinary Shares and Non-Voting Shares purchased pursuant to the Tender Offers	27 June 2018
Dispatch of share certificates in respect of any revised holdings of Ordinary Shares and Non-Voting Shares following the Tender Offers and any Ordinary and Non-Voting Shares held in CREST not tendered pursuant to the Tender Offers	week commencing 25 June 2018

## DEFINITIONS

The following words and expressions apply throughout this letter unless the context requires otherwise:

<b>“Act” or “Companies Act 2006”</b>	the Isle of Man Companies Act 2006;
<b>“Articles”</b>	the articles of association of the Company as at the date of this document;
<b>“Board” or “Directors”</b>	the directors of the Company whose names are set out on page 4 of this document;
<b>“Capital Reorganisation”</b>	the division of the issued share capital of the Company into Ordinary Shares and Non-Voting Shares, pursuant to the Company’s Annual General Meeting of 4 October 2017;
<b>“Code”</b>	the City Code on Takeovers and Mergers;
<b>“Company”</b>	East Balkan Properties plc, a company incorporated in the Isle of Man and registered under the Companies Act 2006 with registered number 007237V;
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which Euroclear UK & Ireland Limited is the authorised operator (as defined in the CREST Regulations);
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2006;
<b>“Ordinary Shares”</b>	Ordinary Shares of €0.01 each in the capital of the Company and carrying full voting rights;
<b>“Non-Voting Shares”</b>	Non-Voting Shares of €0.01 each in the capital of the Company;
<b>“Record date of the Tender”</b>	6.00 p.m. on 19 June 2018, or such later date as the Directors may determine, being the date by which the Tender Offer is calculated;
<b>“Shareholder(s)”</b>	holders of Ordinary Shares and Non-Voting Shares (as appropriate);
<b>“Tender Form”</b>	the tender form for use by Shareholders in respect of the Tender Offer relating to the Ordinary Shares and Non-Voting Shares;
<b>“Tender Period”</b>	the period commencing on 24 May 2018 and ending at 11.00 a.m. on 19 June 2018;

## LETTER FROM THE CHAIRMAN OF THE COMPANY

*Directors:*

James Ede-Golightly (*Executive Chairman*)

Graham Smith (*Non-executive Director*)

Mark Butcher (*Non-executive Director*)

24 May 2018

### Proposed return of cash to shareholders by way of Tender Offers

Dear Shareholder

#### **1 Introduction**

At the Company's AGM on 4 October 2017, shareholders approved the Capital Reorganisation whereby the 140 million Ordinary Shares were replaced by 14 million Ordinary Shares and 126 million Non-Voting Shares. Following the most recent tender offers at 11 pence per share in March 2018, the outstanding Ordinary Shares in the company are 12,599,825 and the outstanding Non-Voting shares are 121,759,921, while unrestricted cash balances available for group purposes are €10.3 million.

The Company today announces a third tender offer (hereinafter referred to as the "Tender Offer").

The purpose of this letter is to provide information about the background to and the reasons for the Tender Offer.

#### **2 Tender Offer**

The Articles permit the Company to agree to buy back shares in certain circumstances, including pursuant to an offer to all Shareholders which, if accepted, would leave the relative rights of Shareholders unaffected and which afford Shareholders a minimum of 14 days within which to accept the offer.

The Company is proposing that it will make a Tender Offer to purchase:

- (A) Up to 33% of the Non-Voting Shares in issue at a price of £0.16 per Non-Voting Share; and
- (B) Up to 33% of the Ordinary Shares in issue at a price of £0.16 per Ordinary Share:

Accordingly, the maximum aggregate consideration to be paid by the Company in respect of the Tender Offer shall not exceed £7,094,195.

The Tender Offer is being made on the terms and subject to the conditions set out in Part 2 of this document.

The Tender Offer has been structured so as to provide Shareholders with the choice of either exiting by sale of all their interest in the Company or realising a return by allowing the Company to purchase a portion of their Ordinary and Non-Voting Shares for cash whilst retaining a holding in the Company.

Shareholders should note that under the terms of the Tender Offer they are entitled to take any of the following actions:

- (a) tender all their holding of Ordinary Shares and all their holding of Non-Voting Shares;
- (b) tender all or part only of their holding of Ordinary Shares and all or part only of their holding of Non-Voting Shares;
- (c) tender all or part only of their holding of Ordinary Shares and none of their Non-Voting Shares;  
or
- (d) tender none of their Ordinary Shares and all or part only of their holding of Non-Voting Shares.

Shareholders not wishing to tender any Shares in the Tender Offer should take no action.

The Tender Offer will constitute a distribution for the purposes of Section 49 of the Act and prior to completing the Tender Offer the Directors will need to be satisfied that, after the completion of the Tender Offer, the Company will be able to pay its debts as they become due in the normal course of the Company's business and that the value of the Company's assets will exceed the value of its liabilities. As a result of this statutory solvency test, the Directors will retain full discretion to scale back the number of Shares subject to the Tender Offer in each class as a proportion of the total number of Shares tendered in each class.

It should be noted that Shareholders who retain rather than tendering their allocated Ordinary Shares may increase their voting rights in respect of the Company. In order to prevent the requirement for the Company to undertake a whitewash procedure under Rule 9 of the City Code, the Directors will retain the further discretion to scale back the number of Ordinary Shares subject to the Tender Offer, such scale back to be in proportion to the number of Ordinary Shares Tendered by each shareholder.

Shareholders who retain rather than tendering their allocated Non-Voting Shares, although retaining a larger relative holding in the Company, will not increase their voting rights.

The Directors are of the opinion that the Tender Offer benefits the Shareholders and that the terms of the Tender Offer are fair and reasonable to the Company and the Shareholders and are in the best interests of the Shareholders as a whole.

Further information relating to the Tender Offer (including the terms and conditions of the Tender Offer) is set out in Part 2 of this Circular. Answers to commonly asked questions relating to a tender offer are set out in Part 3 of this Circular.

### **3 United Kingdom taxation in relation to the Tender Offer**

The following comments do not constitute tax advice and are intended only as a guide to current United Kingdom law and H.M. Revenue & Customs' published practice (which are both subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the United Kingdom taxation treatment of Shareholders who are resident and, if individuals, domiciled, in (and only in) the United Kingdom for United Kingdom tax purposes, who are, and will be, the beneficial owners of their Ordinary Shares and who hold, and will hold, their Ordinary and Non-Voting Shares as investments (and not as assets to be realised in the course of a trade, profession or vocation). They may not relate to certain Shareholders, such as dealers in securities or Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment. Shareholders are advised to take independent advice in relation to the tax implications for them of selling their Ordinary Shares and/or Non-Voting Shares pursuant to the Tender Offer.

Shareholders who are subject to tax in a jurisdiction other than the UK, or who are in any doubt as to the potential tax consequences of tendering their Ordinary Shares and/or Non-Voting Ordinary Shares under the Tender Offer, are strongly recommended to consult their own independent professional advisers.

For the purpose of UK taxation, the sale of Ordinary Shares by a Shareholder to the Company pursuant to the Tender Offer may be treated as a disposal of those shares in the hands of the seller. This may, subject to the Shareholder's individual circumstances and any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of United Kingdom capital gains tax (CGT) or corporation tax.

For a Shareholder who is an individual, the amount of CGT payable, if any, as a consequence of the sale of Ordinary Shares will depend on his or her own personal tax position.

A corporate Shareholder is normally taxable on all of its chargeable gains, subject to any reliefs and exemptions. Corporate Shareholders should be entitled to indexation allowance up to the date the chargeable gain is realised.

#### **4 Action to be taken**

The Tender Offer will open on 24 May 2018 and close at 11.00 a.m. on 19 June 2018.

The procedure for tendering your Ordinary Shares and/or Non-Voting Shares will depend upon whether your Ordinary and/or Non-Voting Shares are held in certificated or uncertificated form. Please refer to Part 2 of this Circular for details of the procedure relevant to your shareholding. If you have any questions about the procedure for tendering Ordinary Shares and/or Non-Voting Shares, making a TTE Instruction once the Tender Offer opens, or if you would like help filling in the Tender Form, please contact the Company's Transfer Agent, Neville Registrars Limited on 0121 585 1131 (or if calling from outside of the UK +44 121 585 1131).

Shareholders who do not wish to participate in the Tender Offer should not complete the Tender Form.

#### **5 Corporate Update**

This circular has been published concurrently with the 2017 annual report which includes detailed corporate update and outlook. We strongly advise you read the annual report in conjunction with this circular.

If the tender offers announced today are taken up in full, the Group is expected to have residual unrestricted cash balances at the end of June 2018 of €2.2 million. The directors will review the option of further distributions in light of the progression of the company's strategy of disposing of assets. Any further distributions would also need to take into account the need to use disposal proceeds to support group working capital balances for on-going administrative expenses (which were €775k in 2017) and the ultimate shut down of the group holding structure.

Yours faithfully

James Ede-Golightly

## Details of the Tender Offer

### 1. Introduction

- 1.1 The Company is inviting Shareholders to tender some, none, or all of their Ordinary Shares and/ or some, none, or all of their Non-Voting Shares for purchase by the Company on the terms and subject to the conditions set out in this Circular.
- 1.2 Shareholders who do not wish to participate under the Tender Offer need take no action. The rights of Shareholders who choose not to tender their Ordinary Shares and / or their Non-Voting Shares will be unaffected.
- 1.3 All Ordinary Shares and Non-Voting Shares purchased by the Company in connection with the Tender Offer will be cancelled.

### 2. Terms of the Tender Offer

- 2.1 Each Non-Voting Share and each Ordinary Share (together the "**Tender Shares**") may be tendered under the Tender Offer at the price of £0.16 per Tender Share ("**Tender Price**").
- 2.2 The Tender Offer is available only in respect of the number of Tender Shares held as at the Record Date for the Tender Offer.
- 2.3 The number of Tender Shares subject to the Tender Offer is 4,157,942 Ordinary Shares and 40,180,774 Non-Voting Shares which has been calculated by dividing the aggregate consideration intended to be payable by the Company in respect of the Tender Offer by the Tender Price. This number, as a percentage of the aggregate number of Ordinary Shares and Non-Voting Shares as at the Record Date of the Capital Reorganisation, represents the "**Basic Entitlement**" of each Shareholder under the Tender Offer as against each class of Tender Share. As calculated at the time of this Circular the Basic Entitlement is expected to be 33% for each class of Tender Share. Shareholders may tender a number of Ordinary Shares and / or Non-Voting Shares representing more or less than their Basic Entitlement.
- 2.4 The Tender Offer is conditional upon the following (together, the "**Tender Conditions**"):-
  - (a) the Board being satisfied on reasonable grounds that the Company will, immediately after completion of the Tender Offer, satisfy the Solvency Test prescribed by Section 50 of the Act that the Company will be able to pay its debts as they become due in the normal course of the Company's business and that the value of the Company's assets will exceed the value of its liabilities; and
  - (b) the Tender Offer not having been terminated in accordance with paragraph 9 of this Part 2 prior to 6.00 p.m. on 19 June 2018;
- 2.5 If the Tender Conditions are not satisfied, the Tender Offer will lapse and the Company will not purchase any Tender Shares pursuant to the Tender Offer. The Conditions may not be waived.
- 2.6 The maximum aggregate consideration to be paid by the Company in respect of the Tender Offer shall not exceed £7,094,195.
- 2.7 Only tenders made at the Tender Price will be accepted.

- 2.8 All or any part of a holding of Tender Shares may be tendered. Only whole numbers of Tender Shares may be tendered.
- 2.9 Tenders in respect of the Tender Shares must be made in one of the following ways:
- (a) tenders from **Shareholders who hold their Tender Shares in certificated form** must make tenders in respect of their Tender Shares on the Tender Form, duly completed in accordance with the instructions set out below and on the Tender Form itself which together constitute part of the terms of the Tender Offer. Such tenders will be valid only if the procedures contained in this Circular and the Tender Form are complied with; and
  - (b) tenders from **Shareholders who hold their Tender Shares in uncertificated form, that is, in CREST**, must be made by the input and settlement of a TTE Instruction in CREST in accordance with the instructions set out below and the relevant procedures in the CREST manual which together constitute part of the terms of the Tender Offer. Such Tenders will be valid only if the procedures contained in this Circular and in the relevant parts of the CREST manual are complied with.
- 2.10 The Tender Offer and all tenders relating thereto will be governed by and construed in accordance with Isle of Man law. Delivery of a Tender Form and/or the input of a TTE instruction in CREST, as applicable, will constitute submission to the exclusive jurisdiction of the Isle of Man Court.
- 2.11 Under the Tender Offer and subject to the terms and conditions of this Part 2 and (where relevant) the Tender Form, Shareholders will be entitled to sell to the Company a percentage of their Ordinary Shares and/ or Non-Voting Shares equal to their Basic Entitlement for each class. **Shareholders may tender a number of Ordinary Shares and/ or Non-Voting Shares representing more or less than their Basic Entitlement.**
- 2.12 Subject to the Tender Conditions and subject to any further scaling back of the Ordinary Shares and/or Non-Voting Shares available to tender pursuant to paragraph 2.23, if a Shareholder validly tenders a number of Tender Shares less than or equal to the Basic Entitlement, the tender will be satisfied in full.
- 2.13 In respect of each class of Tender Share, if:
- (a) any shareholder validly tenders a number of Tender Shares (for a specific class) in excess of the Basic Entitlement (each an **“Excess Tender”** and in aggregate the **“Total Excess Tenders”**); and
  - (b) any Shareholder validly tenders a number of the same class of Tender Shares in excess of the Basic Entitlement, or has not validly tendered any of the same class of Tender Shares which, upon aggregation of all of the unused portions of Basic Entitlements, results in a pool of either class of Tender Share available to be allocated between the Excess Tenders (**“Total Available Shares”**)
  - (c) then (in respect of each class of Tender Shares) the Total Available Shares shall be allocated between the Excess tenders as follows:
    - (i) if the Total Excess Tenders exceed the Total Available Shares, all Excess Tenders will be scaled back by application of the following ratio:  
  
Total Available Shares / Total Excess Tenders



- (d) if the Total Excess Tenders are less than or equal to the Total Available Shares, subject to any further scaling back of the Ordinary Shares available to tender pursuant to paragraph 2.23, all Excess Tenders will be satisfied in full.
- 2.14 Tender Forms and/or tenders in CREST which have been, or are deemed to be, validly and properly completed and received by the Receiving Agent by 11.00 a.m. on 19 June 2018 will become irrevocable at such time they are received and will not be capable of being withdrawn.
- 2.15 The Tender Offer will close at 11.00 a.m. on 19 June 2018 and no Tender Forms and/or tenders in CREST received after such time will be accepted in whole or in part except to the extent the Company extends the period for tendering under the Tender Offer, in which case the new date for the Tender Offer will be given.
- 2.16 Subject to the satisfaction of the Tender Conditions the Tender Shares successfully tendered will be purchased by the Company fully paid and free of all liens, charges, restrictions, claims, equitable interests and encumbrances together with all rights attaching thereto.
- 2.17 All tenders for certificated Tender Shares must be made on the accompanying Tender Form duly completed in accordance with the instructions set out below and in the Tender Form (which constitute part of the terms of the Tender Offer). The Tender Form constitutes an offer to tender such Tender Shares as may be nominated by each such Shareholder.
- 2.18 All tenders for uncertificated Tender Shares must be made by TTE instruction in accordance with the instructions set out below. The input and settlement of a TTE instruction shall constitute an irrevocable offer to tender such Tender Shares by each such Shareholder.
- 2.19 If part only of a holding of either Ordinary Shares and/ or Non-Voting Shares is tendered pursuant to the Tender Offer, the relevant Shareholder will be entitled to receive the following:
- (a) if such Shareholders Ordinary and/or Non-Voting Shares are held in certificated form, the Shareholder will receive a certificate in respect of his unsold Ordinary Shares together with a certificate in respect of any unsold Non-Voting Shares; or
  - (b) if the Shareholders Ordinary Shares are held in uncertificated form and if there has been a scale back of the number of Tender Shares available to tender, the transfer of the unsold Ordinary Shares and any unsold Non-Voting Shares (each the subject of an unsuccessful tender) by the Receiving Agent to the original registered holder of such Tender Shares.
- 2.20 The decision of the Company as to the results of the Tender Offer shall be final and binding on all Shareholders. Subject to the satisfaction of the Tender Conditions all successfully tendered Tender Shares will be purchased by the Company at the Tender Price.
- 2.21 All questions as to the number of Tender Shares tendered, and the validity, form, eligibility (including the time of receipt) and acceptance for payment of any tender of Tender Shares will be determined by the Company, in its sole and absolute discretion, which determination shall be final and binding on all of the parties.
- 2.22 The failure of any person to receive a copy of this Circular and/or the Tender Form shall not invalidate any aspect of the Tender Offer. None of the Company, the Receiving Agent or any other person will incur any liability in respect of any person failing to receive this Circular and /or the Tender Form. Additional copies of this Circular and the Tender Form can be obtained from the Receiving Agent.

- 2.23 **The Company reserves the right to reduce the percentage of each Shareholders holding of Ordinary Shares available to tender under the Tender Offer (“Individual Entitlement”). Any reduction in the Individual Entitlement will be applied equally to all Shareholders. The calculation of any reduced Individual Entitlement shall be based upon the proportion of Ordinary Shares required not to be subject to the Tender Offer as required, at the absolute discretion of the Board, to ensure that no requirement arises or is triggered for the Company to undertake a whitewash procedure under Rule 9 of the Code. Any reduction in the Individual Entitlement will be at the Company’s sole discretion and will be notified to Shareholders on 21 June 2018.**
- 2.24 The Company reserves the right to revise the Tender Price based on market conditions and/or other factors, subject to compliance with applicable law and regulatory requirements. Any such revision will require, amongst other matters, that new Tender Forms are despatched to Shareholders and may, in certain circumstances, require that the period of the Tender Offer be extended.
- 2.25 No acknowledgement of receipt of any Tender Form and or TTE instruction will be given.

### **3. Procedure for Tendering Shares**

- 3.1 Different procedures apply where Tender Shares are held in either certificated or uncertificated form.
- 3.2 Where a Shareholder holds their Ordinary Shares and/or Non-Voting in certificated form, such Shareholder may only tender their Ordinary Shares and/or Non-Voting Shares by completing and returning the enclosed Tender Form in accordance with the instructions set out in paragraphs 3.4 – 3.6 below and the instruction printed on such Tender Form.
- 3.3 Where a Shareholder holds their Ordinary Shares and/or Non-Voting Shares in uncertificated form, such Shareholder may only tender their Ordinary Shares and/or Non-Voting Shares by TTE Instruction in accordance with the procedure set out in paragraphs 3.8 – 3.15 below.

#### ***Certificated shares***

- 3.4 To tender your certificated Tender Shares you must complete, sign and have witnessed the Tender Form.
- 3.5 The completed, signed and witnessed Tender Form should be sent along with your original Ordinary and/or Non-Voting Share certificate in respect of the number of Shares tendered either by post in the accompanying reply paid envelope or by hand during normal business hours only to the Receiving Agent, as soon as possible and, in any event, so as to be received by no later than 11.00 a.m. on 19 June 2018. The Company shall be entitled in its sole discretion to accept late Tender Forms. No acknowledgement of receipt of documents will be given.
- 3.6 If you hold Tender Shares in both certificated and uncertificated forms, you should complete a Tender Form for the certificated holdings and tender your Tender Shares held in uncertificated form by TTE instruction in accordance with paragraphs 3.8 – 3.15 below.
- 3.7 All Tender Forms are issued only to the addressees and are specific to the classes of security and the unique designated accounts printed on the Tender Forms. These personalised forms are not transferable between different account holders; classes of security or uniquely designated accounts. The Company and the Receiving Agent accept no responsibility for any instruction that does not comply with these instructions.

### ***Uncertificated shares***

- 3.8 If your Tender Shares are in uncertificated form, you should take (or procure the taking of) the action set out below to transfer (by means of a Transfer to Escrow or 'TTE' Instruction) the total number of Ordinary Shares and/or Non-Voting Shares you wish to tender under the Tender Offer to the escrow account, specifying the Receiving Agent (in its capacity as a CREST participant under the relevant participants ID(s) and member account ID(s) referred to below) as the escrow agent, as soon as possible and in any event so that the TTE Instruction settles by no later than 11.00 a.m. on 19 June 2018. Please note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) and you should therefore ensure you time the input of the TTE Instructions accordingly.
- 3.9 **Uncertificated Shareholders should note that they will need to issue separate TTE instructions in respect of Ordinary Shares and Non-Voting Shares. For example, if a Shareholder wished to accept the Tender Offer for both Ordinary Shares and Non-Voting Shares they would be required to submit two separate TTE Instructions, one in respect of each class of shares being tendered.**
- 3.10 The input and settlement of a TTE Instruction in accordance with the foregoing paragraph shall constitute an offer to sell the number of Ordinary Shares and/or Non-Voting Shares at the Tender Price, by transferring such Tender Shares to the relevant escrow account as detailed below.
- 3.11 CREST sponsored Shareholders should refer to their CREST sponsor before taking any action as only their CREST sponsor will be able to send the TTE Instruction to Euroclear in relation to the Shareholders Shares.
- 3.12 After settlement of a TTE Instruction, Shareholders will not be able to access the Tendered Shares in CREST for any transaction or charging purposes, notwithstanding that they will be held by the Receiving Agent as escrow agent until completion or lapsing of the Tender Offer.
- 3.13 Shareholders are recommended to refer to the CREST manual published by Euroclear for further information on the CREST procedures.
- 3.14 The TTE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for the TTE instruction to settle in CREST, either of the following details: -

#### **in respect of the Ordinary Shares:**

- (i) The ISIN for the Ordinary Shares which is **IM00BYT1SS55**
- (ii) the number of Ordinary Shares in respect of which you wish to accept the Tender Offer (i.e. the number of Ordinary Shares in uncertificated form to be transferred to escrow);
- (iii) your member account ID;
- (iv) your participant ID;
- (v) the participant ID of the escrow / Receiving Agent, in its capacity as a CREST receiving agent. This is **7RA11**;
- (vi) the member account ID of the escrow / Receiving Agent, in its capacity as a CREST receiving agent. This is **EBPORD**;
- (vii) the intended settlement date for the transfer to escrow. This should be as soon as possible and in any event no later than **11.00 a.m. on 19 June 2018**;

- (viii) the contact name and telephone number inserted in the shared note field;
- (ix) input with a standard delivery instruction priority of 80; and
- (x) the corporate action number for the Offer, which is allocated by Euroclear and can be found by viewing the corporate action details on screen in CREST.

**in respect of the Non-Voting Shares:**

- (i) The ISIN for the Non-Voting Shares which is **IM00BYT1SV84**
- (ii) the number of Ordinary Shares in respect of which you wish to accept the Tender Offer (i.e. the number of Ordinary Shares in uncertificated form to be transferred to escrow);
- (iii) your member account ID;
- (iv) your participant ID;
- (v) the participant ID of the escrow / Receiving Agent, in its capacity as a CREST receiving agent. This is **7RA11**;
- (vi) the member account ID of the escrow / Receiving Agent, in its capacity as a CREST receiving agent. This is **EBPNONVT**;
- (vii) the intended settlement date for the transfer to escrow. This should be as soon as possible and in any event no later than **11.00 a.m.** on 19 June **2018**;
- (viii) the contact name and telephone number inserted in the shared note field;
- (ix) input with a standard delivery instruction priority of 80; and
- (x) the corporate action number for the Offer, which is allocated by Euroclear and can be found by viewing the corporate action details on screen in CREST.

3.15 Euroclear does not make available special procedures for any particular corporate action. Normal system timings and limitations will therefore apply in connection with the TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or your CREST sponsor) to enable a TTE Instruction relating to your Tender Shares to settle prior to 11.00 on 19 June 2018. Please also refer to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

3.16 In the event of any changes to the details above, Shareholders will be contacted or an appropriate announcement will be made.

## **4. Settlement**

4.1 Settlement of the consideration to which any Shareholder is entitled pursuant to valid tenders accepted by the Company (which will be rounded down to the nearest whole penny) will be affected by the despatch of cheques or the crediting of CREST accounts as applicable.

4.2 If only part of a holding of Ordinary Shares is sold pursuant to the Tender Offer where the Ordinary Shares are held in certificated form, the Shareholder will be entitled to receive a balance certificate in respect of the Ordinary Shares remaining. If only part of a holding of Non-Voting Shares is sold pursuant to the Tender Offer where the Non-Voting Shares are held in certificated form, the Shareholder will be entitled to receive a certificate in respect of the Non-Voting Shares remaining.

- 4.3 Where the Tender Shares are held in uncertificated form (that is, in CREST), any Tender Shares that are the subject of an unsuccessful tender (due to any scale back of the number of Tender Shares) will be transferred to the relevant Shareholder by means of a credit to the original CREST account for such Shareholder's Tender Shares.

## 5. Tender Form

Each Shareholder by whom, or on whose behalf, a Tender Form is executed irrevocably undertakes, represents, warrants and agrees to and with the Company and the Receiving Agent, for themselves and so as to bind such holder and their personal or legal representatives, heirs, successors and assigns to the following effect: -

- 5.1 that the execution of the Tender Form shall constitute an irrevocable offer to sell to the Company:
- (a) the total number of Ordinary Shares inserted at 1B or deemed to have been inserted in 1A of the Tender Form; and
  - (b) the total number of Non-Voting Shares inserted at 1D or deemed to have been inserted in 1C of the Tender Form;

on and subject to the terms and conditions set out or referred to in this Circular and the Tender Form;

- 5.2 that such Shareholder has full power and authorised to tender, sell, assign or transfer the Tender Shares in respect of which such irrevocable offer is accepted (together with all rights attaching thereto) and, when the same are purchased by the Company, the Company will acquire such Tender Shares free and clear from all liens, charges, restrictions, claims, equitable interests and encumbrances and together with all rights attaching thereto and such representation and warranty will be true in all respects at the time the Company purchases such Tender Shares as if it had been entered into a new at such time and shall not be extinguished by such purchase;
- 5.3 the execution of the Tender Form will, subject to the Tender Offer becoming unconditional, in respect of the shares referred to in paragraph 5.1 above constitute the irrevocable appointment of any director or officer of the Company as such Shareholder's attorney and/or agent, and an irrevocable instruction and authority to the attorney to complete and execute all or any instruments of transfer and/or other documents at the attorney's discretion in relation to such Tender Shares for the purchase of such shares by the Company and to do all other such acts and things as may in the opinion of such attorney be necessary or expedient for the purchase of or in connection with the Tender Offer;
- 5.4 that such Shareholder agrees to ratify and confirm each and every act or thing that may be done or effected such attorney and/or by the Company or any of its directors or any person nominated by the Company in the proper exercise of its or his or her powers and/or authorities hereunder;
- 5.5 that the terms of this Part 2 shall be deemed to be incorporated in, and form part of, the Tender Form, which shall be read and construed accordingly;
- 5.6 on execution, the Tender Form takes effect as a deed;
- 5.7 the execution of the Tender Form constitutes such Shareholder's submission to the jurisdiction of the Courts of the Isle of Man in relation to all matters arising out of or in connection with the Tender Offer or the Tender Form;
- 5.8 if the appointment of attorney provision under paragraph 5.3 above shall be unenforceable or invalid or shall not operate so as to afford any director or officer of the Company the benefit or authority

expressed to be given thereunder, the Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable the Company to secure the full benefits of paragraph 5.3 above. A reference in this paragraph to a holder of Non-Voting or Ordinary Shares or a Shareholder includes a reference to the person or persons executing the Tender Form and in the event of more than one person executing a Tender Form, the provisions of this paragraph will apply to them jointly and severally.

## **6. Electronic Instruction**

Each Shareholder by whom, or on whose behalf, an electronic tender is made irrevocably undertakes, represents, warrants and agrees to and with the Company and the Receiving Agent, for themselves and so as to bind such holder and their personal or legal representatives, heirs, successors and assigns to the following effect: -

- 6.1 that the input of the TTE instruction(s) shall constitute an irrevocable offer to sell to the Company:
  - (a) the total number of Ordinary Shares specified in a TTE instruction; and
  - (b) the total number of Non-Voting Shares specified in a TTE instruction;on and subject to the terms and conditions set out or referred to in this Circular;
- 6.2 that such Shareholder has full power and authorised to tender, sell, assign or transfer the Tender Shares in respect of which such irrevocable offer is accepted (together with all rights attaching thereto) and, when the same are purchased by the Company, the Company will acquire such Tender Shares free and clear from all liens, charges, restrictions, claims, equitable interests and encumbrances and together with all rights attaching thereto and such representation and warranty will be true in all respects at the time the Company purchases such Tender Shares as if it had been entered into a new at such time and shall not be extinguished by such purchase;
- 6.3 the input of the TTE Instruction will, subject to the Tender Offer becoming unconditional, in respect of the shares referred to in paragraph 6.1 above constitute the irrevocable appointment of any director or officer of the Company as such Shareholder's attorney and/or agent, and an irrevocable instruction and authority to the attorney to complete and execute all or any instruments of transfer and/or other documents at the attorney's discretion in relation to such Tender Shares for the purchase of such shares by the Company and to do all other such acts and things as may in the opinion of such attorney be necessary or expedient for the purchase of or in connection with the Tender Offer;
- 6.4 that such Shareholder agrees to ratify and confirm each and every act or thing that may be done or effected such attorney and/or by the Company or any of its directors or any person nominated by the Company in the proper exercise of its or his or her powers and/or authorities hereunder;
- 6.5 the input of a CREST payment in favour of such Shareholders payment bank in accordance with CREST payment arrangements will discharge fully any obligation of the Company to pay to such Shareholder the consideration to which he is entitled under the Tender Offer.
- 6.6 the input of a TTE instruction constitutes such Shareholder's submission to the jurisdiction of the Courts of the Isle of Man in relation to all matters arising out of or in connection with the Tender Offer;
- 6.7 if the appointment of attorney provision under paragraph 6.3 above shall be unenforceable or invalid or shall not operate so as to afford any director or officer of the Company the benefit or authority expressed to be given thereunder, the Shareholder shall with all practicable speed do all such acts and

things and execute all such documents that may be required to enable the Company to secure the full benefits of paragraph 6.3 above.

## **7. Invalid Tenders**

The Company reserves the absolute right to inspect all Tender Forms and TTE instructions and may consider void and reject any tender that does not in the sole judgment of the Company meet the requirements of the Tender Offer. Neither the Company, the Receiving Agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give such notification. The Company reserves the right, in its sole discretion, to treat as valid in whole or in part any Tender Form that is not entirely in order. In that event, however, the consideration under the Tender Offer will only be despatched when the Tender Form is entirely in order.

## **8. Closing Date**

The Tender Offer will close at 11.00 a.m. on 19 June 2018 and no tenders that are received after that time will be accepted unless the Company, in its sole and absolute discretion shall have extended the Tender Period.

## **9. Right to terminate or amend the Tender Offer**

If at any time prior to the expiry of the Tender Period:

- (a) the Directors in their absolute discretion conclude that the Tender Offer would no longer be in the best interests of the Company and / or Shareholders as a whole; or
- (b) there shall occur any change in the national or international, financial, economic, political or market conditions; or
- (c) there shall occur any change in the financial position or prospects and/or circumstances of the Company which in the opinion of the Company (acting in its absolute discretion), renders the Tender Offer temporarily or permanently impractical or inadvisable,

the Company shall be entitled to determine that the tender Offer is terminated and that no Tender Share tendered under the tender Offer shall be acquired.

## **10. Overseas Shareholders**

The making of the Tender Offer in, or to certain persons who are citizens or nationals of, or resident in, jurisdictions outside the United Kingdom or the Isle of Man or custodians, nominees or trustees for persons who are citizens or nationals of, or resident in, jurisdictions outside the United Kingdom or the Isle of Man, may be affected or prohibited by the laws of the relevant overseas jurisdiction. Shareholders resident outside of the United Kingdom or the Isle of Man should inform themselves about and observe any applicable legal requirements. It is the responsibility of such Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in relation to the Tender Offer, the compliance with any necessary formalities and the payment of transfer or any other taxes or other payments due in any such jurisdiction.

**The comments set out in this paragraph 10 and any other part of this Circular are intended as a general guide only and Shareholders who are in any doubt about their position should consult their professional advisor in the relevant jurisdiction.**

## PART 3

### Questions and Answers on the Tender Offer

To help you understand what is involved in the Tender Offer we have prepared a summary and some questions and answers. **You should read the whole of this circular and not reply solely on the summary information in this Part 3.** Part 2 of this Circular sets out the detailed terms and conditions of the Tender Offer. A list of defined terms is set out at the beginning of this Circular.

In the event of any inconsistency between the contents of this Part 3 and the terms and conditions set out in Part 2 of this Circular, the terms and conditions set out in Part 2 of the Circular shall prevail.

#### Why am I receiving this Circular?

On 24 May 2018, the Company announced that it intends to return up to £7,094,195 to Shareholders by way of Tender Offer of the Ordinary Shares and/or Non-Voting Shares.

This Circular sets out information on the details of the Tender Offer and the procedure for participating, should you wish to do so.

#### What other documents should I have received?

All Shareholders should receive this Circular.

In addition, Shareholders who hold their Ordinary Shares in **certificated form** should also receive a Tender Form and a prepaid envelope to return the Tender Form together with this Circular. If you hold your Ordinary Shares in certificated form and have not received the Tender Form, please call the Shareholder Helpline on 0121 5851131.

Shareholders who hold their Ordinary Shares in **uncertificated form** (i.e. in **CREST**) will not receive a Tender Form.

#### What do I need to do next?

You should consider whether you want to tender all or any of your Ordinary Shares and/or your Non-Voting Shares.

The procedure for tendering your Ordinary Shares and/or Non-Voting Shares depends on whether your Shares are held in certificated form or uncertificated form. Please refer to Part 2 of this Circular for details of the procedure relevant to your shareholding.

In summary, if you hold your Ordinary and/or Non-Voting Shares in **certificated form** and you wish to tender some or all of your Ordinary Shares and/or Non-Voting Shares, you should complete the Tender Form in accordance with the instructions printed on it and as set out in paragraphs 3.4 – 3.7 of Part 2 of this Circular, and return it by post along with your original Ordinary and/or Non-Voting Share certificate in the accompanying reply-paid envelope (for use in the UK only) or by hand to Neville Registrars Limited ("**Receiving Agent**"), Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA.

If you hold your Ordinary Shares in **uncertificated form** and you wish to tender some or all of your Ordinary Shares and/or Non-Voting Shares, you should send a TTE instruction and follow the procedures set out in paragraphs 3.8 – 3.15 of Part 2 of this Circular.

Completed Tender Forms and/or TTE Instructions (as appropriate) **must be received by the Receiving Agent by no later than 11.00 am (UK time) on 19 June 2018** after which time Tender Forms and/or TTE Instructions (as appropriate) will not be accepted (unless the Tender Offer is extended).

#### Why has the Company chosen a Tender Offer as a way of returning money to Shareholders?

The board considered various options for returning cash to Shareholders and determined that the Tender Offer would be the most appropriate means of returning cash the Shareholders. Shareholders should refer to Part 1 of this Circular where the benefits of the Tender Offer are considered.



**Who is eligible to participate in the Tender Offer?**

All Shareholders who are on the Register at the Record Date of the Capital Reorganisation are eligible to participate in the Tender Offer.

**What if I am resident outside the UK?**

Shareholders resident outside the UK, or who are nationals or citizens of jurisdictions other than the UK, should read the additional information set out on pages 16-17 of this Circular. The Making of the Tender Offer to persons outside the UK or Isle of Man may be prohibited or affected by the laws of the relevant overseas jurisdictions. It is the responsibility of all overseas Shareholders to satisfy themselves as to the observance of any legal requirements within their jurisdiction, including, without any limitation, any relevant requirements in relation to the ability of such Shareholder to participate in the Tender Offer.

**What price will I receive if I tender my Ordinary Shares and/ or Non-Voting Shares?**

All Ordinary Shares and Non-Voting Shares successfully tendered in the Tender Offer will receive the same price per share, being the Tender Price of £0.16 per share.

**Will all of the Ordinary Shares I tender be purchased?**

Each Shareholder is entitled to tender a percentage of that Shareholder's holding in Ordinary Shares and / or Non-Voting Shares equal to (or less than, if they so choose) the Basic Entitlement for each class. If a Shareholder validly tenders a number of Ordinary Shares and Non-Voting Shares less than or equal to the Basic Entitlement for each class, the tender will be satisfied in full (subject to the Tender Offer not being terminated or lapsing prior to its completion and satisfaction of the other terms and conditions set out in Part 2 of this Circular and (where relevant) the Tender Form).

Shareholders will also be entitled to apply to tender Ordinary Shares and Non-Voting Shares above their Basic Entitlement and, to the extent that other Shareholders do not tender up to their Basic Entitlement, such applications will be satisfied proportionately to other excess applications.

**What is the maximum number of Ordinary Shares and Non-Voting Shares that I can tender?**

You can tender all of the Ordinary Shares and Non-Voting Shares which are held by you at the Record Date for the Tender Offer. If you tender more Ordinary Shares and Non-Voting Shares than you hold at the Record Date, you will be deemed to have tendered the number of Ordinary Shares and Non-Voting Shares you actually own on the Record Date.

You should note, however, that the Company has absolute discretion in determining the validity of tenders. The decision of the Company as to which Ordinary Shares and Non-Voting Shares have been validly tendered will be final and binding on all Shareholders.

Please note that even if you tender the maximum number of Ordinary Shares and Non-Voting Shares possible, the amount to be purchased from you may be scaled-back as described above.

**Can I tender some, but not all, of my Ordinary Shares and Non-Voting Shares?**

Yes. You can tender some, rather than all, of your Ordinary Shares and Non-Voting Shares. You may also tender some of your Ordinary Shares and none of your Non-Voting Shares or none of your Ordinary Shares and some or all of your Non-Voting Shares.

**Do I have to tender my Ordinary Shares and/or Non-Voting Shares?**

No. You are not obliged to tender any of your Ordinary Shares and Non-Voting Shares. If you choose not to tender any Ordinary Shares and Non-Voting Shares, you will not receive any proceeds under the Tender Offer. If you choose not to tender any Ordinary Shares and Non-Voting Shares and the Tender Offer and the subsequent repurchase of Ordinary Shares and Non-Voting Shares successfully takes place, the issued Ordinary Share capital and Non-Voting Share capital of the Company will decrease. You will therefore end up owning a greater percentage of the issued Ordinary Share capital and Non-Voting Share capital of the Company.

**What will happen to the Ordinary Shares and Non-Voting Shares that are successfully tendered?**

It is the Company's intention that the Ordinary Shares and Non-Voting Shares that are successfully tendered to the Company pursuant to the Tender Offer will be cancelled.

**When will I receive payment for any Ordinary Shares and/or Non-Voting Shares I have tendered?**

If you hold shares in certificated form and successfully submit a Tender Form, it is expected that a cheque will be posted to you in the week commencing 25 June 2018. If you hold shares in uncertificated form, it is expected that your CREST account will be credited on 27 June 2018.

Dispatch of new or balance share certificates (as appropriate) for certificated Ordinary Shares and Non-Voting Shares not tendered or unsuccessfully tendered is anticipated to take place on week commencing 25 June 2018.

**What should I do if I have lost my share certificate and wish to participate in the Tender Offer?**

If one or all of your Share Certificate(s) and/or other documents of title has/have been lost please write to Neville Registrars Limited for a letter of indemnity which should be completed in accordance with the instructions given. When completed, the letter of indemnity must be received by Neville Registrars Limited by no later than 11.00 a.m. on 19 June 2018.

**If my Tender Shares are held by my broker or other nominee, will that person tender my Tender Shares on my behalf?**

You should follow the directions provided by your broker or other nominee regarding how to instruct them to tender your Tender Shares.

**Can I withdraw my tender?**

No. Once you have tendered your Ordinary Shares and /or Non-Voting Shares the instruction to do so is irrevocable.

**Can the Company decide not to proceed with the Tender Offer?**

The Tender Offer is subject to the terms and conditions set out in Part 2 of this Circular. If the Conditions described in paragraph 2.4 of Part 2 of this Circular are not satisfied or waived, the Tender Offer will not proceed. The Company has also reserved the right, at any time prior to the announcement of the results of the Tender Offer, to not to proceed with the Tender Offer if it concludes that the implementation of the Tender Offer is no longer in the best interests of the Company and/or the Shareholders as a whole.

Any such decision will be announced by the Company to the Shareholders.

**Do I have to pay any costs and expenses?**

No. Neither the Company nor the Receiving Agent are imposing any fees in connection with the Tender Offer. If you own your Tender Shares through a bank, broker, dealer, trust company or other nominee and such person tenders your Tender Shares on your behalf, they may charge you a fee for doing so. You should consult with your bank, broker, dealer, trust company or other nominee to determine whether any charges will apply.

**What is the tax treatment for Shareholders?**

For information on certain UK tax consequences of the Tender Offer, please see Part 2 of this Circular. The information is for guidance only and does not constitute tax advice. **If you are in any doubt as to your tax position, or if you are subject to tax in a jurisdiction other than the UK, you should consult your independent professional adviser.**

**What if I have any more questions?**

If you have read this Circular and still have questions, we have set up a Shareholder Helpline on 0121 585 1131, further details of which are set out on page 6 of this Circular.