

THIS DOCUMENT AND ITS ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice as soon as possible from your stockbroker, bank, solicitor, accountant, fund manager or other appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or have sold or otherwise transferred all of your Ordinary Shares before they were marked ex-entitlement by the London Stock Exchange, you should send this document and, if relevant, the Application Form (having completed Box 10 on the Application 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 delivery to the purchaser or the transferee, **except that such documents should not be forwarded or transmitted into the US, or any other Restricted Jurisdiction or any other jurisdiction where doing so may constitute a violation of local securities laws.** If you have sold or otherwise transferred part of your holding of Ordinary Shares prior to such date or other than ex-entitlements, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected and refer to the instructions regarding split applications set out in the Application Form. If your registered holdings of Ordinary Shares which were sold or transferred were held in uncertificated form and were sold or transferred before they were marked ex-entitlement by the London Stock Exchange, a claim transaction will automatically be generated by CREST which, on settlement, will transfer the appropriate number of Open Offer Entitlements and Excess Open Offer Entitlements to the purchaser or transferee.

The distribution of this document and the accompanying documents, and/or the transfer of the Open Offer Entitlements and Excess Open Offer Entitlements through CREST into jurisdictions other than the United Kingdom may be restricted by law. Therefore, persons into whose possession this document and any accompanying documents come should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, such documents should not be distributed, forwarded to or transmitted in or into the US or any other Restricted Jurisdiction. The attention of Overseas Shareholders and any person (including, without limitation, stockbrokers or other agents) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom is drawn to Paragraph 6 of Part VII: "Terms and Conditions of the Open Offer" of this document.

This document, which comprises (i) a prospectus relating to the New Ordinary Shares prepared in accordance with the Prospectus Rules made under section 73A of FSMA and (ii) a circular prepared in accordance with the Listing Rules of the FCA, has been approved by the FCA in accordance with section 85 of the FSMA and has been filed with the FCA in accordance with the Prospectus Rules. This document together with the documents incorporated into it by reference will be made available to the public as required by section 3.2.1 of the Prospectus Rules by being available, free of charge, at [www.mcgle.com](http://www.mcgle.com).

Application will be made to the FCA for the New Ordinary Shares to be admitted to the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. Subject to certain conditions being satisfied, it is expected that Admission of the New Ordinary Shares to the Official List and to trading on the London Stock Exchange will become effective, and that dealings in the New Ordinary Shares will commence, at 8.00 a.m. on 19 July 2018. The Company's Ordinary Shares are currently listed on the Official List and admitted to trading on the London Stock Exchange's main market for listed securities.



**Management Consulting Group PLC**

(Incorporated under the Companies Act 1948 and registered in England and Wales with Registered No. 01000608)

**Placing and Open Offer  
of 1,000,050,372 New Ordinary Shares at 1 penny per New Ordinary Share**

and

**Notice of General Meeting**

**Peel Hunt**

Sponsor and Sole Financial Adviser

YOUR ATTENTION IS DRAWN TO THE LETTER FROM THE CHAIRMAN WHICH IS SET OUT IN PART VI OF THIS DOCUMENT AND WHICH CONTAINS A RECOMMENDATION FROM THE BOARD THAT YOU VOTE IN FAVOUR OF EACH OF THE RESOLUTIONS TO BE PROPOSED AT THE GENERAL MEETING REFERRED TO BELOW. NOTICE OF A GENERAL MEETING OF THE COMPANY, TO BE HELD AT THE OFFICES OF BAKER & MCKENZIE LLP, 100 NEW BRIDGE STREET, LONDON EC4V 6JA, AT 11.00 A.M. ON 18 JULY 2018, IS SET OUT AT THE END OF THIS DOCUMENT. SHAREHOLDERS ARE ASKED TO COMPLETE AND RETURN THE ENCLOSED FORM OF PROXY IN ACCORDANCE WITH THE INSTRUCTIONS PRINTED ON IT AS SOON AS POSSIBLE AND, IN ANY EVENT, SO AS TO BE RECEIVED BY THE COMPANY'S REGISTRAR, LINK ASSET SERVICES, PXS 1, 34 BECKENHAM ROAD, BECKENHAM, KENT, BR3 4ZF, BY NO LATER THAN 11.00 A.M. ON 16 JULY 2018. AS AN ALTERNATIVE TO COMPLETING THE HARD COPY FORM, SHAREHOLDERS CAN APPOINT PROXIES ELECTRONICALLY VIA [WWW.WWW.SIGNALSHARES.COM](http://WWW.WWW.SIGNALSHARES.COM) SO THAT APPOINTMENT INSTRUCTIONS ARE RECEIVED BY THE REGISTRAR BY NO LATER THAN 11.00 A.M. ON 16 JULY 2018. CREST MEMBERS CAN ALSO APPOINT PROXIES BY USING THE CREST ELECTRONIC PROXY APPOINTMENT SERVICE AND TRANSMITTING A CREST PROXY INSTRUCTION IN ACCORDANCE WITH THE PROCEDURES SET OUT IN THE CREST MANUAL SO THAT IT IS RECEIVED BY THE REGISTRAR (UNDER CREST PARTICIPANT RA10) BY NO LATER THAN 11.00 A.M. ON 16 JULY 2018. THE TIME OF RECEIPT WILL BE TAKEN TO BE THE TIME FROM WHICH THE REGISTRAR IS ABLE TO RETRIEVE THE MESSAGE BY ENQUIRY TO CREST IN THE MANNER PRESCRIBED BY CREST. COMPLETION AND RETURN OF THE FORM OF PROXY WILL NOT PREVENT A SHAREHOLDER FROM ATTENDING AND VOTING IN PERSON AT THE GENERAL MEETING.

You should read the whole of this document and any documents incorporated herein by reference. In particular, your attention is drawn to Part II of this document entitled "Risk Factors" which contains a discussion of certain factors that should be considered by Shareholders when considering whether or not to make an application pursuant to the Open Offer or by Shareholders and other investors in connection with an investment in the New Ordinary Shares.

Peel Hunt LLP ("Peel Hunt"), which is authorised and regulated by the FCA in the United Kingdom, is acting as sponsor in connection with the publication of this document and sole financial adviser in connection with the Rule 9 Waiver. Peel Hunt is acting exclusively for the Company and no one else in connection with such matters and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, or providing any advice in relation to the Placing and Open Offer, the contents of this document or any matters referred to herein, and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Placing and Open Offer.

Apart from the responsibilities and liabilities, if any, which may be imposed on Peel Hunt by FSMA or the regulatory regime established thereunder, none of Peel Hunt, its affiliates nor their respective directors, officers, employees or advisers accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to, the contents of this document, including its accuracy or completeness or for any other statement made or purported to be made by it, or on behalf of it, the Company, the Directors or any other person, in connection with the Company, the Open Offer Entitlements, the Excess Open Offer Entitlements or the Placing and Open Offer, and nothing in this document should be relied upon as a promise or representation in this respect, whether or not to the past or future. Each of Peel Hunt, its affiliates and their respective directors, officers, employees and advisers accordingly disclaims to the fullest extent permitted by law all and any responsibility or liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this document or any such statement.

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Placing and Open Offer, including the merits and risks involved. The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult their own legal, financial or tax adviser. Investors should only rely on the information contained in this document and any documents incorporated herein by reference. No person has been authorised to give any information or make any representations other than those contained in this document and any documents incorporated herein by reference and, if given or made, such information or representation must not be relied upon as having been so authorised. Management Consulting Group PLC ("MCG PLC" or the "Company") will comply with its obligation to publish a supplementary prospectus containing, or otherwise publish, further updated information required by law or by any regulatory authority but assumes no further obligation to publish additional information. Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document.

Subject to certain exceptions, neither this document nor the Application Form is or constitutes an invitation or offer of securities for subscription, sale or purchase to any person in the US or any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, the US or any other Restricted Jurisdiction. The New Ordinary Shares have not been and will not be registered under the relevant laws of the US or any Restricted Jurisdiction, or any state, province or territory thereof and may not be taken up, offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into the US or any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, the US or any Restricted Jurisdiction, except pursuant to an applicable exemption.

The New Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the US or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the US.

**Subject to certain exceptions, this document does not constitute an offer to sell, or the solicitation of an offer to buy, securities in any jurisdiction where such offer or solicitation is unlawful.** The New Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "Securities Act") or under any securities laws of any state or other jurisdiction of the US, and may not be taken up, offered, sold, resold, transferred, delivered or distributed, directly or indirectly, into or from the US except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with the securities laws of any state or other jurisdiction of the US. There will be no public offer in the US. For a description of these and certain further restrictions on offers, sales and transfers of the New Ordinary Shares and the distribution of this Prospectus, see paragraph 6 of Part VII: "Terms and Conditions of the Open Offer".

The New Ordinary Shares are being offered and sold either (i) outside the US in offshore transactions within the meaning of and in accordance with the safe harbour from the registration requirements in Regulation S under the Securities Act or (ii) in the US in private placement transactions not involving any public offering in reliance on the exemption from the registration requirements of Section 5 of the Securities Act provided by Section 4(2) under the Securities Act or another applicable exemption therefrom.

The attention of Overseas Shareholders is drawn to paragraph 6 of Part VII: "Terms and Conditions of the Open Offer" of this document.

The Company and each of the Directors (and the Proposed Director), whose names appear on page 91, accept responsibility for the information contained in this document. To the best of the knowledge of the Company, the Directors (and the Proposed Director), who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect its import.

The New Ordinary Shares will, on Admission, rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission and will rank *pari passu* in all respects with the Ordinary Shares in issue at the date of this document.

**The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 16 July 2018. The procedure for acceptance and payment is set out in Part VII: "Terms and Conditions of the Open Offer" of this document and, where relevant, in the Application Form. Please contact Link Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate.**

**The helpline is open between 9 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.**

Qualifying Non-CREST Shareholders will also be sent an Application Form subject to certain restrictions which apply to shareholders in Restricted Jurisdictions. It is expected that Qualifying CREST Shareholders (who will not receive an Application Form) will receive a credit to their appropriate stock accounts in CREST in respect of the Open Offer Entitlements and the Excess Open Offer Entitlements which are expected to be enabled for settlement on 2 July 2018. If the Open Offer Entitlements and the Excess Open Offer Entitlements are for any reason not enabled by 6.00 p.m. on 2 July 2018 or such later time and/or date as the Company may decide, it is expected that an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements and the Excess Open Offer Entitlements credited to its stock account in CREST. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer. The Application Form is personal to Qualifying Shareholders and cannot be transferred, sold, or assigned except to satisfy *bona fide* market claims.

Applications under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim arising out of a sale or transfer of Ordinary Shares prior to the date on which the Ordinary Shares were marked “ex” the entitlement by the London Stock Exchange. No action has been taken by the Company or Peel Hunt that would permit an offer of the New Ordinary Shares or rights thereto or possession or distribution of this document or any other offering or publicity material or the Application Forms or the Open Offer Entitlements or the Excess Open Offer Entitlements in any jurisdiction where action for that purpose is required.

Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

#### **Information to Distributors**

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

**Internal Revenue Service Circular 230 Notice:** To ensure compliance with US Internal Revenue Service Circular 230, prospective investors are hereby notified that: (a) any discussion of US federal tax issues contained or referred to herein is not intended or written to be used, and cannot be used for the purpose of avoiding penalties that may be imposed under the US Internal Revenue Code; (b) such discussion is written in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) prospective investors should seek advice based on their particular circumstances from an independent tax advisor.

**IMPORTANT NOTE: THIS DOCUMENT IS NOT A PROSPECTUS OR OTHER DISCLOSURE DOCUMENT FOR THE PURPOSES OF THE AUSTRALIAN CORPORATIONS ACT 2001 (CTH) AND HAS NOT BEEN LODGED WITH THE AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION. PROSPECTIVE INVESTORS SHOULD SEEK INDEPENDENT ADVICE BEFORE MAKING ANY INVESTMENT.**

Dated: 29 June 2018

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## PART I

### SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A to E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for these types of securities and issuer. Since some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

Section A – Introduction and warnings	
Element	Disclosure requirement
A.1	<p><b>Introduction and warnings</b></p> <ul style="list-style-type: none"> <li>● This summary should be read as an introduction to the document;</li> <li>● Any decision to invest in the securities should be based on consideration of the document as a whole by the investor;</li> <li>● Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated; and</li> <li>● Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the document or it does not provide, when read together with the other parts of the document, key information in order to aid investors when considering whether to invest in such securities.</li> </ul>
A.2	<p><b>Resale or final placement of Shares by financial intermediaries</b></p> <p>Not applicable. No consent is given by the Company for the subsequent resale or final placement of Shares by financial intermediaries.</p>
Section B – Company	
Element	Disclosure requirement
B.1	<p><b>The legal and commercial name of the Company</b></p> <p>Management Consulting Group PLC.</p>
B.2	<p><b>Domicile and legal form of the Company</b></p> <p>The Company is a public limited company, incorporated in England with registered number 01000608 and its registered office situated in England. The Company operates under the Companies Act 2006.</p>
B.3	<p><b>Key factors of issuer's current operations and principal activities</b></p> <p>Management Consulting Group PLC is a UK listed professional services group providing consultancy and other professional services across a wide range of geographies and industry sectors. The trading operations of the Group solely comprise of Proudfoot.</p> <p>Proudfoot is a long established business which has been successful over many decades. It was established in 1946, and is the original business around which the Company was established. It is headquartered in Atlanta in the US, and operates on a global basis, from offices in the US, the United Kingdom, Canada, Brazil, France, Germany, South Africa and Hong Kong.</p>

	<p>Proudfoot seeks to deliver measurable and sustainable financial benefits to clients by developing and installing processes and programmes to rapidly improve operations. The areas in which it provides services include: call centre optimisation; cost optimisation; post-merger integration; process improvement; procurement; productivity; revenue enhancement; and supply chain management.</p> <p>Proudfoot has consistently delivered significant, measurable benefits from its projects in a wide range of industry sectors. It has specific in-depth experience with clients operating in the following industries: automotive; communications; construction; financial services; healthcare; manufacturing; natural resources; private equity; retail; services; transport and logistics; and utilities.</p>																		
B.4	<p><b>Significant recent trends affecting the Company and the industries in which it operates</b></p> <p>Proudfoot grew revenues in Q1 2018 compared with a particularly low Q4 in 2017 and early indications are for a continuation of this trend into Q2. The customer reaction to the Group's offering continues to be strong where the Group wins work.</p> <p>The Group is building up the necessary sales and marketing teams and infrastructure to promote the Group's offering more effectively and the Board remains confident in the power of the Proudfoot model to deliver sustainable improvement and change for the Group's customers. Nonetheless, revenues for the year ending 31 December 2018 are likely to be lower than revenue reported in 2017. In addition, Management is continuing its work to reduce costs across the Group as a whole.</p> <p>The Group continues to manage the liabilities related to the disposals made in 2015 and 2016 and in particular to negotiate the release of funds held under the escrow arrangements which guarantee certain contingent liabilities relating to the disposal of parts of the Kurt Salmon business in 2016 ("KS Funds"). The Board considers that the uncertainties around these negotiations create undue risk to the Group's short-term funding position and therefore it is pursuing the Placing and Open Offer (on the terms described below).</p>																		
B.5	<p><b>Group Structure</b></p> <p>The Company acts as the holding company of the Group, which comprises the Proudfoot business.</p>																		
B.6	<p><b>Notifiable Interests</b></p> <p>As of 28 June 2018 (being the latest practicable date prior to the publication of this document), insofar as it is known to the Company by reference to notifications made in accordance with rule 5.1 of the Disclosure Guidance and Transparency Rules, the name of each person who holds voting rights representing 3 per cent or more of the total voting rights in respect of Shares.</p> <table> <thead> <tr> <th>Name</th> <th>Number of Shares</th> <th>Percentage of issued share capital (%)</th> </tr> </thead> <tbody> <tr> <td>BlueGem Secondary LP<sup>(1)</sup></td> <td>124,629,895</td> <td>24.38</td> </tr> <tr> <td>Lombard Odier Asset Management (USA) Corp.<sup>(2)</sup></td> <td>87,709,167</td> <td>17.16</td> </tr> <tr> <td>Mr Richard Griffiths<sup>(3)</sup></td> <td>73,715,721</td> <td>14.42</td> </tr> <tr> <td>Aberforth Partners LLP<sup>(4)</sup></td> <td>63,635,313</td> <td>12.45</td> </tr> <tr> <td>FIL Investments International<sup>(5)</sup></td> <td>31,873,773</td> <td>6.22</td> </tr> </tbody> </table> <p>(1) Held through BlueGem Delta S à.r.l.  (2) Acting in its capacity as discretionary manager of certain funds or accounts.  (3) Held through a combination of Mr Richard Griffiths, Blake Holdings Limited, Cream Capital Limited, Seren Investment Management Limited and Oak Trust Limited.  (4) Discretionary fund managers for funds including Aberforth UK Small Companies Fund, Aberforth Smaller Companies Trust plc and other segregated accounts.  (5) As agent for various funds.</p>	Name	Number of Shares	Percentage of issued share capital (%)	BlueGem Secondary LP <sup>(1)</sup>	124,629,895	24.38	Lombard Odier Asset Management (USA) Corp. <sup>(2)</sup>	87,709,167	17.16	Mr Richard Griffiths <sup>(3)</sup>	73,715,721	14.42	Aberforth Partners LLP <sup>(4)</sup>	63,635,313	12.45	FIL Investments International <sup>(5)</sup>	31,873,773	6.22
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B.7

### Selected historical key financial information

Presented below is selected financial information on the Group, prepared in accordance with IFRS, as at and for the year ended 31 December 2017, 31 December 2016 and 31 December 2015, and as restated and unaudited, for the year ended 31 December 2015. The restatement does not impact on the statement of comprehensive income, Group cash flows and Group balance sheet for the year ended 31 December 2015. Investors should read the whole of this document and not rely solely on the summarised financial information set out below

#### Group income statement

	2017 (audited) £'000	2016 (audited) £'000	2015 (audited) £'000	2015 restated (unaudited) £'000
Revenue	35,103	45,193	138,928	50,152
Cost of sales	(18,646)	(23,711)	(87,866)	(25,330)
<b>Gross profit</b>	<b>16,457</b>	<b>21,482</b>	<b>51,062</b>	<b>24,822</b>
Administrative expenses – underlying	(24,761)	(30,327)	(50,293)	(30,108)
Loss from operations – underlying	(8,304)	(8,845)	769	(5,286)
Administrative expenses – non-underlying – impairment	(16,665)	(30,358)	—	—
Administrative expenses – non-underlying other	(1,483)	(2,304)	—	—
Administrative expenses – non-underlying credit	664	1,894	—	—
Administrative expenses – non-underlying (net)	—	—	253	450
Administrative expenses – amortisation of acquired intangibles	—	—	(569)	—
<b>Total administrative expenses</b>	<b>(42,245)</b>	<b>(61,095)</b>	<b>(51,115)</b>	<b>(30,558)</b>
Operating loss	(25,788)	(39,613)	(53)	(5,736)
Investment revenues	224	64	13	8
Finance costs	(719)	(1,220)	(3,682)	(3,464)
<b>Loss before tax</b>	<b>(26,283)</b>	<b>(40,769)</b>	<b>(3,722)</b>	<b>(9,192)</b>
Tax	(4,485)	2,209	(4,024)	(1,185)
(Loss)/profit for the period from continuing operations	(30,768)	(38,560)	(7,746)	(10,377)
(Loss)/profit for the period from discontinued operations	(251)	38,505	(57,802)	(55,171)
<b>Loss for the period</b>	<b>(31,019)</b>	<b>(55)</b>	<b>(65,548)</b>	<b>(65,548)</b>
(Loss)/earning per share – pence				
Loss from continuing operations for the year attributable to owners of the Company				
Basic	(6.1)	(7.6)	(1.6)	(2.1)
Diluted	(6.1)	(7.6)	(1.6)	(2.1)
Basic – underlying	(2.6)	(1.6)	(1.5)	(2.0)
Diluted – underlying	(2.6)	(1.6)	(1.5)	(2.0)
From the loss for the period:				
Basic	(6.1)	0.0	(13.3)	(13.3)
Diluted	(6.1)	0.0	(13.3)	(13.3)
Basic – underlying	(2.6)	(0.9)	(1.1)	(1.1)
Diluted – underlying	(2.6)	(0.9)	(1.1)	(1.1)

<b>Group statement of comprehensive income</b>			
	<b>2017</b> (audited) £'000	<b>2016</b> (audited) £'000	<b>2015</b> (audited) £'000
<b>Loss for the year</b>	<b>(31,019)</b>	<b>(55)</b>	<b>(65,548)</b>
<b>Items that will not be subsequently reclassified to profit and loss:</b>			
Actuarial gains/(losses) on defined benefit post-retirement obligations	3,838	(574)	639
Tax on items taken directly to comprehensive income	(3,867)	(186)	306
	<b>(29)</b>	<b>(760)</b>	<b>945</b>
Items that may be reclassified subsequently to profit and loss:			
Gain on available-for-sale investments	—	7	—
Exchange differences on translation of foreign operations	643	(20,667)	(1,738)
	<b>643</b>	<b>(20,660)</b>	<b>(1,738)</b>
<b>Total comprehensive expense for the year attributable to owners of the Company</b>	<b>(30,405)</b>	<b>(21,475)</b>	<b>(66,341)</b>
<b>Group balance sheet</b>			
	<b>2017</b> (audited) £'000	<b>2016</b> (audited) £'000	<b>2015</b> (audited) £'000
<b>Non-current assets</b>			
Intangible assets and goodwill	151	17,724	148,387
Property, plant and equipment	358	1,108	1,996
Other receivables	395	—	711
Deferred tax assets	79	8,324	14,448
	<b>983</b>	<b>27,156</b>	<b>165,542</b>
<b>Current assets</b>			
Trade and other receivables	4,075	7,212	29,115
Current tax receivables	965	1,404	1,096
Cash and cash equivalents	20,979	38,067	15,478
Assets held for Sale	—	—	91,785
	<b>26,019</b>	<b>46,683</b>	<b>137,474</b>
<b>Total assets</b>	<b>27,002</b>	<b>73,839</b>	<b>303,016</b>
<b>Current liabilities</b>			
Financial liabilities	—	—	(68,294)
Trade and other payables	(11,390)	(20,162)	(39,875)
Current tax liabilities	(1,391)	(1,070)	(4,020)
Liabilities held for sale	—	—	(33,105)
	<b>(12,781)</b>	<b>(21,232)</b>	<b>(145,294)</b>
<b>Net current assets/(liabilities)</b>	<b>13,238</b>	<b>25,451</b>	<b>(7,820)</b>
<b>Non-current liabilities</b>			
Retirement benefit obligations	(7,320)	(11,577)	(21,781)
Deferred tax liabilities	(24)	(707)	(5,413)
Long-term provisions	(4,732)	(7,711)	(1,222)
	<b>(12,076)</b>	<b>(19,995)</b>	<b>(28,416)</b>
<b>Total liabilities</b>	<b>(24,857)</b>	<b>(41,227)</b>	<b>(173,710)</b>
<b>Net assets</b>	<b>2,145</b>	<b>32,612</b>	<b>129,306</b>

<b>Group cash flow statement</b>			
	<b>2017</b> (audited) £'000	<b>2016</b> (audited) £'000	<b>2015</b> (audited) £'000
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(15,014)</b>	<b>(15,214)</b>	<b>909</b>
<b>Investing activities</b>			
Interest received	224	65	36
Purchases of property, plant and equipment	(108)	(414)	(577)
Purchases of intangible assets	(15)	(239)	(467)
Disposal of Financial Assets	—	—	36
Acquisitions	—	—	(316)
Net proceeds from disposal	—	188,950	—
<b>Net cash generated from/(used in) investing activities</b>	<b>101</b>	<b>188,362</b>	<b>(1,288)</b>
<b>Financing activities</b>			
Interest paid	—	—	(2,589)
Dividends paid	—	(7)	(4,000)
Proceeds from borrowings	—	9,663	48, 574
Repayment of borrowings	—	(78,697)	(38,357)
Return of capital	—	(75,000)	—
<b>Net cash (used in)/generated from financing activities</b>	<b>—</b>	<b>(144,041)</b>	<b>3,628</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(14,913)</b>	<b>29,107</b>	<b>3,249</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>38,067</b>	<b>20,737</b>	<b>24,920</b>
Effect of foreign exchange rate changes	(2,175)	(11,777)	(7,432)
<b>Cash and cash equivalents at end of year</b>	<b>20,979</b>	<b>38,067</b>	<b>20,737</b>

During 2015 and 2016, the Company disposed of the Group's then Kurt Salmon businesses by way of a series of separate transactions for aggregate disposal proceeds of £195.4 million, thereby leaving Proudfoot as the continuing business of the Group. The aggregate disposal proceeds were used to repay £50 million of bank debt, return cash to shareholders and fund the KS Funds.

Other than in relation to the above developments, there was no significant change in the financial or trading position of the Group during the period from 1 January 2015 to 31 December 2017.

The most significant developments since 31 December 2017 related to the KS Funds, which represented approximately £6 million of the Group's total cash resources as at 31 December 2017. Under the terms of the agreement with Wavestone, the KS Funds were due to be released in two equal tranches on 7 January 2018, upon expiry of an initial guarantee period, and on 7 July 2018, being the final expiry date of the guarantees, in each case subject to the status of any active or potential claims. However, the release of the first tranche of the KS Funds has taken longer than the Board had expected due to negotiations over the treatment of certain potential indemnification claims. As a result, agreement with Wavestone as to the release of part of the first tranche was only reached on 27 April 2018 with an amount of approximately €2 million (approximately £1.7 million) being released in two parts on 16 March 2018 and 1 May 2018 respectively, while the balance of approximately €2 million (approximately £1.7 million) remains in an escrow arrangement until certain identified potential indemnification claims have been settled or otherwise finally determined on a case by case basis.

Other than in relation to the above developments, there has been no significant change in the financial or trading position of the Group since 31 December 2017, the date to which the latest audited accounts of the Group were prepared.

B.8	<p><b>Selected key <i>Pro Forma</i> financial information</b></p> <p>Selected key unaudited <i>Pro forma</i> financial information is set out below, extracted without material adjustment from Part VIII “Unaudited Pro Forma Financial Information” of this document, to illustrate the impact of the Placing and Open Offer on the net assets of the Group as at 31 December 2017 as if it had taken place at that date. No adjustment has been made to reflect Group trading since 31 December 2017.</p> <p>The Pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore does not represent the actual financial position of the Group.</p> <table data-bbox="277 449 1429 1010"> <thead> <tr> <th></th><th style="text-align: center;">MCG PLC as at 31 December 2017<sup>(1)</sup> £'000</th><th style="text-align: center;">Adjustments – Placing and Open Offer<sup>(2)</sup> £'000</th><th style="text-align: center;">Unaudited Pro Forma Balance Sheet £'000</th></tr> </thead> <tbody> <tr> <td>Non-current assets</td><td style="text-align: right;">983</td><td style="text-align: right;">—</td><td style="text-align: right;">983</td></tr> <tr> <td>Current assets</td><td style="text-align: right;">26,019</td><td style="text-align: right;">8,500</td><td style="text-align: right;">34,519</td></tr> <tr> <td><b>Total assets</b></td><td style="text-align: right;"><b>27,002</b></td><td style="text-align: right;"><b>8,500</b></td><td style="text-align: right;"><b>35,502</b></td></tr> <tr> <td>Current liabilities</td><td style="text-align: right;">(12,781)</td><td style="text-align: right;">—</td><td style="text-align: right;">(12,781)</td></tr> <tr> <td>Non-current liabilities</td><td style="text-align: right;">(12,076)</td><td style="text-align: right;">—</td><td style="text-align: right;">(12,076)</td></tr> <tr> <td><b>Total liabilities</b></td><td style="text-align: right;"><b>(24,857)</b></td><td style="text-align: right;"><b>—</b></td><td style="text-align: right;"><b>(24,857)</b></td></tr> <tr> <td><b>Net assets</b></td><td style="text-align: right;"><b>2,145</b></td><td style="text-align: right;"><b>8,500</b></td><td style="text-align: right;"><b>10,645</b></td></tr> </tbody> </table> <p><b>Notes</b></p> <ol style="list-style-type: none"> <li>1. The net assets of the Group as at 31 December 2017 have been extracted, without material adjustment, from the Group’s audited consolidated financial statements incorporated by reference from the Company’s financial results as described in Part XII of this document.</li> <li>2. The adjustment of £8.5m reflects the approximately £10m gross proceeds receivable by the Company, net of £1.5m estimated transaction fees (as explained in E.1).</li> </ol> <p>No adjustment to the balance sheet has been made to reflect the trading results of the Group since 31 December 2017.</p>		MCG PLC as at 31 December 2017 <sup>(1)</sup> £'000	Adjustments – Placing and Open Offer <sup>(2)</sup> £'000	Unaudited Pro Forma Balance Sheet £'000	Non-current assets	983	—	983	Current assets	26,019	8,500	34,519	<b>Total assets</b>	<b>27,002</b>	<b>8,500</b>	<b>35,502</b>	Current liabilities	(12,781)	—	(12,781)	Non-current liabilities	(12,076)	—	(12,076)	<b>Total liabilities</b>	<b>(24,857)</b>	<b>—</b>	<b>(24,857)</b>	<b>Net assets</b>	<b>2,145</b>	<b>8,500</b>	<b>10,645</b>
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B.9	<p><b>Profit forecast or estimate</b></p> <p>Not applicable. No profit forecast or estimate has been included in this document.</p>																																
B.10	<p><b>Qualifications in the audit report</b></p> <p>An unqualified audit report including an emphasis of matter in respect of going concern was issued on the 2017 financial statements, and did not contain statements under section 498(2) or (3) of the Companies Act 2006. This is due to the fact that the Board approved forecasts which formed the basis of the Director’s assessment of the Group’s ability to continue as a going concern contained a number of assumptions upon which there was (and in some respects remains) significant uncertainty. The principal uncertainties were:</p> <ul style="list-style-type: none"> <li>• The timing and quantum of the release of cash from escrow in connection with the disposal of Kurt Salmon was (and remains) uncertain.</li> <li>• The source and quantum of the fund-raising plans were, at the time that the audit report was prepared, the subject of a letter of intent (from BlueGem), which letter of intent was neither binding nor guaranteed. The ability to achieve the forecast revenues and reduce the cost base of the business appropriately was considered to be inherently uncertain and therefore the quantum of the Group’s financing requirements was considered to be uncertain and its sufficiency is dependent on achieving at least the sensitised forecast outturn.</li> </ul>																																

B.11	<p><b>Working capital</b></p> <p>The Company is of the opinion that, taking into account the Net Proceeds of the Placing and Open Offer (as described below) receivable by the Company, the Group has sufficient working capital for its present requirements, that is, for at least 12 months from the date of this document.</p> <p>If Resolutions 1 through to 5 are not passed at the General Meeting and the Placing and Open Offer does not proceed, there is a material risk that the Group will not have sufficient working capital for its present requirements, that is, for at least 12 months from the date of this document.</p> <p>More specifically, if the Placing and Open Offer does not proceed, then there is a risk that the Group may experience a liquidity shortfall of £0.2 million in February 2019, followed by further shortfalls of £0.2 million and £0.6 million in June and July 2019, respectively. There is then a projected major shortfall of £2.5 million in August 2019. Were the Board to become aware that a near-term liquidity shortfall was likely to occur, with no reasonable prospect of remedy, the Board would need to consider whether there was a reasonable prospect of avoiding insolvent liquidation, and the Board might at such time conclude that the Group should take immediate steps to enter into an insolvency process.</p>
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### Section C – Shares

Element	Disclosure requirement
C.1	<p><b>Type and Class of Securities Being Offered</b></p> <p>The Placing and Open Offer will result in the issue of 1,000,050,372 new ordinary shares of one pence each in the capital of the Company (“<b>New Ordinary Shares</b>”). In addition, the firm placing to Pamela Hackett (the “<b>PH Placing</b>”) will result in the issue of 5,341,195 New Ordinary Shares.</p> <p>The ISIN for the New Ordinary Shares is GBOOO1979029, the same as for the Company’s existing ordinary shares (the “<b>Existing Ordinary Shares</b>”). The ISIN for the Open Offer Entitlements is GB00BFWFZT18 and the ISIN for the Excess Open Offer Entitlements is GB00BFWFZV30.</p>
C.2	<p><b>Currency of the Shares</b></p> <p>The currency of the Shares is British pound sterling.</p>
C.3	<p><b>Number of Shares in issue and par value</b></p> <p>The issued ordinary share capital of the Company following completion of the Placing and Open Offer and the PH Placing (the “<b>Enlarged Issued Share Capital</b>”) will be up to 1,516,528,424 Ordinary Shares with an aggregate nominal value of £15,165,284.24 (assuming that all Open Offer Shares are subscribed for and that no further Ordinary Shares are issued pursuant to the Share Incentive Plans between the posting of this document and the closing of the Placing and Open Offer). Upon completion of the Placing and Open Offer and the PH Placing, the New Ordinary Shares will represent approximately 66 per cent. of the Company’s Enlarged Issued Share Capital and the Existing Ordinary Shares will represent approximately 34 per cent. of the Company’s Enlarged Issued Share Capital (assuming that all Open Offer Shares are subscribed for and that no further Ordinary Shares are issued pursuant to the Share Incentive Plans between the posting of this document and the closing of the Placing and Open Offer).</p>
C.4	<p><b>Rights attaching to the Shares</b></p> <p>The New Ordinary Shares rank <i>pari passu</i> with each other and with the Existing Ordinary Shares for voting purposes. On a show of hands at a general meeting each Shareholder has one vote and on a poll each Shareholder has one vote per New Ordinary Share held, in each case whether present in person or whether represented by a duly appointed proxy or other representative.</p> <p>The New Ordinary Shares rank <i>pari passu</i> with each other and with the Existing Ordinary Shares for any distributions made on a winding up.</p> <p>The New Ordinary Shares rank <i>pari passu</i> with each other and with the Existing Ordinary Shares in the right to receive a relative proportion of shares in the case of a capitalisation of reserves.</p>

	<p>The New Ordinary Shares rank <i>pari passu</i> with each other and with the Existing Ordinary Shares in the rights to receive all distributions (if any), including dividends, declared, paid or made by the Company after Admission.</p>
C.5	<p><b>Restrictions on free transferability</b></p> <p>There are no restrictions on the free transferability of the Ordinary Shares.</p> <p>However, the making of the proposed offer of New Ordinary Shares to persons who are located or resident in or who have a registered address in countries other than the United Kingdom, may be affected by the law or regulatory requirements of the relevant jurisdiction, which may include restrictions on the free transferability of the New Ordinary Shares.</p>
C.6	<p><b>Applications for admission to trading on a regulated market and identity of all the regulated markets where the Shares are or are to be traded</b></p> <p>The Existing Ordinary Shares are listed on the premium segment of the Official List and are traded on the London Stock Exchange's main market for listed securities. Application will be made to the FCA and the London Stock Exchange for all of the New Ordinary Shares to be issued pursuant to the Placing and Open Offer to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. The New Ordinary Shares will not be listed on any other regulated market.</p>
C.7	<p><b>Description of dividend policy</b></p> <p>The Board did not declare a final dividend for the 2017 financial year. The Board would resume dividend payments and/or consider a further share repurchase programme once the Group returns to sustainable profitability.</p>

#### Section D – Risks

Element	Disclosure requirement
D.1	<p><b>Key risks that are specific to the issuer or its industry</b></p> <ul style="list-style-type: none"> <li>• If Shareholders do not approve Resolutions 1 through to 5 at the General Meeting, or if any of the conditions to the Subscription Agreements, the Directors' Irrevocables or the Sponsor Agreement are not satisfied or waived, the Placing and Open Offer will not proceed. In the event that the Placing and Open Offer does not proceed, the Company would be required to seek to take mitigating action to avoid becoming insolvent, however there is a risk that no effective mitigating actions would be available to the Group to address the working capital shortfall.</li> <li>• The Group's financial position may be adversely affected by residual liabilities following three major disposals (including of Kurt Salmon) in 2015 and 2016.</li> <li>• The Group's operating results may fluctuate significantly due to factors beyond management control. Factors that may affect the Group's operating results include exchange rates, interest rates, inflation, investor sentiment, the availability and cost of credit and the liquidity of the global financial market as well as increased competition, increased employment costs, and changes to statutory and regulatory regimes.</li> <li>• Any failure by the Group to retain its existing client relationships could adversely impact the revenues of the Group either permanently or in a particular reporting period.</li> <li>• The Group is dependent on the recruitment and retention of key personnel. Failure to do so may be detrimental to its business, and there can be no assurance that the Group will be able to replace key senior personnel appropriately if necessary in the future.</li> <li>• One of the key assets of the Group is the intellectual capital, methodologies and know how that it has produced in the sale and delivery of assignments to clients. Any failure to retain such key intellectual capital within the Group could adversely affect the Group's financial performance.</li> <li>• Any weaknesses in the systems, processes or business continuity arrangements could have a material adverse effect on the Group's results of operations during the affected period.</li> </ul>

	<ul style="list-style-type: none"> <li>The Group is subject to the risk of professional liability where a client undertakes successful litigation. In some circumstances this may result in a material liability that is not insured, or that existing insurance policies do not cover fully, and that could harm the reputation of the Company and the Group.</li> </ul>
D.3	<p><b>Key risks that are specific to the securities</b></p> <ul style="list-style-type: none"> <li>The market price of the Ordinary Shares could be subject to significant fluctuations due to changeable sentiment in the market regarding the Ordinary Shares or in response to factors such as volatility in the economic climate, regulatory changes, variations in the Group's operating results and business developments of the Group or its competitors.</li> <li>The Board did not declare a final dividend for the 2017 financial year. Any determination to pay dividends in the future will be subject to the ability of the Group to generate distributable profits and subject to other restrictions imposed by applicable law.</li> <li>Qualifying Shareholders (including particularly in the case of Qualifying Shareholders in the US or any of the other Restricted Jurisdictions where Shareholder participation in the Open Offer is restricted for legal, regulatory or other reasons) who do not take up their <i>pro rata</i> entitlement in full pursuant to the Open Offer will suffer an immediate dilution in their proportionate ownership and voting interests in the Enlarged Issued Share Capital.</li> </ul>

#### Section E – Proposals

Element	Disclosure requirement
E.1	<p><b>Net proceeds and expenses</b></p> <p>The proceeds to the Company from the Placing and Open Offer will be approximately £10 million if all Open Offer Shares are subscribed for. The total costs and expenses of, and incidental to, the Placing and Open Offer which are payable by the Company, are estimated to amount to be approximately £1.5 million. As such, the net proceeds pursuant to the Placing will be approximately £8.5 million. No expenses will be charged to Shareholders, whether or not they choose to participate in the Open Offer.</p> <p>The proceeds to the Company of the PH Placing will be approximately £53,000, with no incremental expenses being incurred by the Company in connection therewith.</p>
E.2	<p><b>Reasons for the offer and use of proceeds</b></p> <p>As announced on 1 May 2018 and set out in the 2017 Annual Report, the Board has identified certain material risks to the Group's short-term funding position.</p> <p>In the first instance, the net proceeds of the Placing and Open Offer will be used to mitigate these material risks to the Group's short term funding position and to afford the Board additional flexibility to manage any disputes related to the KS Funds, being the funds held under the escrow arrangements which guarantee certain contingent liabilities relating to the disposal of parts of the European Kurt Salmon business to Wavestone (previously named Solucom) in 2016 in the best long-term interests of the Group.</p> <p>In addition, part of the net proceeds will be used to ensure the Group has sufficient funding to complete the turnaround of Proudfoot and return the business to profitability.</p> <p>As the KS Funds are subsequently released to the Company, the available cash resources will be used for general corporate purposes.</p> <p>The rationale for the PH Placing is to align Pamela Hackett's interests with those of Shareholders. The proceeds of the PH Placing will be used for the same purpose as those of the Placing and Open Offer.</p>
E.3	<p><b>Terms and conditions of the offer</b></p> <p>The offer is comprised of a placing and open offer which is expected to result in the issue of 1,000,050,372 additional New Ordinary Shares in the Company at a price of 1 penny per New Ordinary Share and which is expected to raise additional funds of approximately £10 million, before expenses.</p>

	<p>The Open Offer is being made on the basis of 45 Open Offer Shares for every 23 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date with the option for Qualifying Shareholders to apply for Excess Shares (subject to availability and provided such Qualifying Shareholder has agreed to take up their Open Offer Entitlement in full) up to a maximum number of Excess Shares equal to two times the number of Open Offer Shares Comprised in such Qualifying Shareholder's Open Offer Entitlement.</p> <p>The Open Offer and Excess Application Facility represent a pre-emptive offering that is being made to all Qualifying Shareholders (including BlueGem, Aberforth, Fidelity, Lombard Odier and Richard Griffiths, each of which have made commitments pursuant to the Subscription Agreements). The terms of the Placing do not afford any of BlueGem, Aberforth, Fidelity, Lombard Odier and Richard Griffiths any rights to subscribe for additional shares in preference to the other Qualifying Shareholders. Rather, pursuant to the Placing, BlueGem, Aberforth, Fidelity, Lombard Odier and Richard Griffiths have each irrevocably undertaken to take-up their respective Open Offer Entitlements in full and BlueGem, Lombard Odier and Richard Griffiths have agreed between them to subscribe for up to 337,100,225 further Excess Shares pursuant to the Excess Application Facility.</p> <p>It is noted that the Directors who will receive Open Offer Entitlements have irrevocably undertaken to exercise their Open Offer Entitlements in full and that Nick Stagg has irrevocably undertaken to apply for 2,670,597 Excess Shares. When taken together with the irrevocable commitments of BlueGem, Aberforth, Fidelity, Lombard Odier and Richard Griffiths, it is by this mechanism that the Company is ensured that all of the Open Offer Shares will be subscribed for. Once the estimated total costs and expenses of the Placing and Open Offer of approximately £1.5 million are taken into account, the net proceeds to the Company will be approximately £8.5 million.</p> <p>The issue price of 1 penny per Ordinary Share represents a discount of 68 per cent. to the Closing Price of the Ordinary Shares on 28 June 2018 (being the last Business Day prior to the date of the announcement of the Placing and Open Offer) and a discount of 78 per cent. to the average Closing Price for the period of 90 Business Days up to and including 28 June 2018.</p> <p>The last time and date for acceptance and payment in full under the Open Offer is expected to be no later than 11.00 a.m. on 16 July 2018.</p> <p>The Placing and Open Offer is conditional, amongst other things, upon:</p> <ul style="list-style-type: none"> <li>• the passing of Resolutions 1 through to 5 at the General Meeting without amendment;</li> <li>• the Subscription Agreements, the Directors' Irrevocables and the Sponsor's Agreement becoming unconditional in all respects; and</li> <li>• Admission becoming effective by not later than 8.00 a.m. on 19 July 2018 (or such later time and/or date as Peel Hunt and the Company may agree, being not later than 25 July 2018).</li> </ul>
E.4	<p><b>Material interests (conflicts)</b></p> <p>Each of BlueGem, Lombard Odier, Richard Griffiths and Aberforth, who have entered into Subscription Agreements are significant Shareholders in the Company as at the date of this document.</p> <p>It is noted that, although BlueGem, Aberforth, Lombard Odier and Richard Griffiths, by virtue of each controlling more than 10% of the Company's share capital, are each related parties for the purposes of Chapter 11 of the Listing Rules, these related parties' participation in the Placing and Open Offer does not require the approval of a majority of the Shareholders independent of each such relevant shareholder. The reason for this is that, under the terms of the Subscription Agreements, such shareholders are only (i) committing to take up their own entitlements under the Open Offer in full; and (ii) in the case of BlueGem, Lombard Odier and Richard Griffiths, subscribing for up to 337,100,225 Open Offer Shares that other Qualifying Shareholders do not take up under the Open Offer and under the Excess Application Facility, without an underwriting or other commission being payable to any of BlueGem, Aberforth, Lombard Odier and Richard Griffiths pursuant to the terms of the Subscription Agreements. As stated above, the terms of the Subscription Agreements do not afford any of BlueGem, Aberforth, Lombard Odier, Richard Griffiths and Fidelity any rights to subscribe for additional shares in preference to the other Qualifying Shareholders.</p>

	<p>As Pamela Hackett is Proudfoot Chief Executive and is also proposed to join the Board of Directors of the Company, the PH Placing is subject to the approval of Shareholders pursuant to Listing Rule 11.</p>
E.5	<p><b>Name of person offering to sell the securities and lock ups</b>  <b>Management Consulting Group PLC</b></p> <p>BlueGem, has agreed, subject to certain exceptions, not to dispose of any interest in any Ordinary Shares controlled by them until the date falling six months from Admission.</p> <p>Each of Nick Stagg and Julian Waldron, as the Directors providing the Directors' Irrevocables, and Pamela Hackett as the subscriber pursuant to the PH Placing have agreed, subject to certain exceptions, not to dispose of any interest in any Ordinary Shares held by them until the earlier of them ceasing to be a member of the Board and the date falling eighteen months from Admission.</p>
E.6	<p><b>Resulting dilution</b></p> <p>Qualifying Shareholders who do not take up any of their entitlements in respect of the Open Offer (including in particular if there are Qualifying Shareholders in the US or any of the other Restricted Jurisdictions where shareholder participation is restricted for legal, regulatory or other reasons) will experience dilution of up to approximately 66 per cent. of their interests in the Company on the issue of the New Ordinary Shares, if the Open Offer Shares are subscribed for in full.</p>
E.7	<p><b>Estimated expenses charged to the investors by the Company</b></p> <p>Not applicable. There are no commissions, fees, or expenses to be charged to investors by the Company.</p>

## PART II

### RISK FACTORS

*In addition to the other information presented in this document, the following risk factors should be carefully considered by Shareholders and potential investors when deciding what action to take in relation to the Placing and Open Offer and the Resolutions to be proposed at the General Meeting. The Directors have identified these risks as material risks, but additional risks and uncertainties not currently known to the Directors, or that the Directors currently consider immaterial, may also adversely affect the business of the Group and the trading price of the Ordinary Shares. If any of the risks actually materialise, the business, financial condition, results or future prospects of the Group could be materially adversely affected. In that case, the trading price of the Ordinary Shares could decline and Shareholders and potential investors may lose all or part of the value of their investments. Shareholders and prospective investors should consider carefully whether an investment in the Company is suitable for them in light of the information in this document and the financial resources available to them.*

#### 1. RISKS RELATING TO THE VOTING ON THE RESOLUTIONS

*If Resolutions 1 through to 5 are not passed at the General Meeting or if the Placing and Open Offer does not proceed, there is a material risk that the Group's financial position and future prospects will be adversely affected*

If Shareholders do not approve Resolutions 1 through to 5 at the General Meeting, or if any of the conditions to the Subscription Agreements, the Directors' Irrevocables or the Sponsor Agreement are not satisfied or waived, the Placing and Open Offer will not proceed. The conditions to the Subscription Agreements, the Directors' Irrevocables and the Sponsor Agreement include, *inter alia*, the passing (without amendment) of Resolutions 1 through to 5 and Admission becoming effective by no later than 8.00 a.m. on 19 July 2018, or such later time as may be agreed by the Company and Peel Hunt, being no later than 8.00 a.m. on 25 July 2018.

Following the disposal of several of the Group's businesses, including Kurt Salmon in Europe, in 2015 and 2016, the Group has continued to manage the residual activities and contingent liabilities related to this disposal programme. A material aspect of managing this process has been the negotiation of the release of the KS Funds, being the funds held under the escrow arrangements which guarantee certain contingent liabilities relating to the disposal of parts of the European Kurt Salmon business to Wavestone (previously named Solucom) in 2016. The KS Funds represented approximately £6 million of the Group's total cash resources of £16.1 million as at 31 March 2018. Under the terms of the agreement with Wavestone, the KS Funds were due to be released in two equal tranches on 7 January 2018, upon expiry of an initial guarantee period, and on 7 July 2018, being the final expiry date of the guarantees, in each case subject to the status of any active claims or potential future claims. However, the release of the first tranche of the KS Funds has taken longer than the Board had expected due to negotiations over the treatment of certain potential indemnification claims. As a result, agreement with Wavestone as to the release of part of the first tranche was only reached on 27 April 2018 with an amount of approximately €2 million (approximately £1.7 million) being released in two parts on 16 March 2018 and 1 May 2018 respectively, while the balance of approximately €2 million (approximately £1.7 million) remains in an escrow arrangement until certain identified potential indemnification claims have been settled or otherwise finally determined on a case by case basis. The agreement reached with respect to the first tranche of the KS Funds does not impact the continuing escrow arrangement with respect to the second tranche of the KS Funds, such that approximately €4 million (approximately £3.5 million) is due to be released on 7 July 2018, although again that release will be subject to the status of any new active claims or potential claims arising prior to that date. The deadline for making any indemnification claims is 30 months from November 2016 being July 2018 (excluding tax claims, which are subject to statutory limitations), and therefore additional claims may be made before that deadline, or in the case of any tax claims, in the future. On 26 June 2018, the Company received a further letter of claim from Wavestone which set out a number of disputes with a potential further estimated aggregate liability of approximately €1.8 million (approximately £1.6 million) against the second tranche of the KS Funds and, as at the date of this document, the Company is assessing the merits of these further claims.

The Board considered that the ongoing negotiations relating to the KS Funds created undue risk to the Group's short term funding position such that it was actively considering options to manage this including raising new funds for the Company. Subsequently, on 1 May 2018, the Company released

its preliminary financial results for the year ended 31 December 2017 with the announcement reporting that an unqualified audit report including an emphasis of matter in respect of going concern was issued on the 2017 statutory accounts.

The Company is of the opinion that, taking into account the Net Proceeds of the Placing and Open Offer, the Group has sufficient working capital for its present requirements, that is for, at least the next 12 months from the date of this document.

However, the Board believes that there is a material risk that, in the event the Placing and Open Offer does not proceed, the Group will not have sufficient working capital for its present requirements, that is, for at least 12 months from the date of this document. The factors influencing the size and timing of any shortfall in working capital are dependent upon ongoing negotiations around the release of the KS Funds which is subject to the status of any new active or potential claims arising. More specifically, if the Placing and Open Offer does not proceed, then there is a risk that the Group may experience a liquidity shortfall of £0.2 million in February 2019, followed by further shortfalls of £0.2 million in June and July 2019, respectively. There is then a projected major shortfall of £2.5 million in August 2019. Were the Board to become aware that a near-term liquidity shortfall was likely to occur, with no reasonable prospect of remedy, the Board would need to consider whether there was a reasonable prospect of avoiding insolvent liquidation, and the Board might at such time conclude that the Group should take immediate steps to enter into an insolvency process.

In the event that the Placing and Open Offer does not proceed, the Company would be required to seek to take mitigating action to avoid becoming insolvent. However, the Directors have considered the range of possible mitigating actions that the Group may take and has determined that the Placing and Open Offer is the only viable fundraising option to address the working capital shortfall. The reasons for this include that the Group does not have assets of which it can dispose, and, access to debt financing being restricted due to the Group's perceived level of credit risk and the consequent prohibitively high cost of such debt financing. The Group has already taken steps to reduce its capital expenditure and the Directors do not believe there is scope to implement further capital expenditure reductions within the required timeframe.

## **2. RISKS RELATING TO THE GROUP**

*The turnaround of the Group's Proudfoot business may not deliver the expected benefits and Shareholders may not see an increase in the value of the Group*

Following the Placing and Open Offer, the Group intends to focus its efforts on implementing the continued turnaround of its Proudfoot business through focusing on supporting its new leadership, investing in new services such as Proudfoot Analytics and Proudfoot People Solutions and investing in key talent such as through a new incentive scheme. There can be no guarantee that these or other investments in Proudfoot will mean that the Group will return to profitability in the timeframe envisaged by the Board. There is, therefore, a material risk that the Group will not return to profitability in the foreseeable future and that the Proudfoot turnaround will not have the desired impact.

*The Group's operating results may fluctuate significantly due to factors beyond management control*

The Group's operating results may fluctuate significantly in the future due to a variety of factors, many of which are beyond management control. Factors that may affect the Group's operating results include exchange rates, the economic climate, commodity prices, interest rates, inflation, investor sentiment, the availability and cost of credit and the liquidity of the global financial market as well as increased competition, increased employment costs and changes to statutory and regulatory regimes. In particular:

- the Group operates in, and provides services to, clients in countries other than the UK, and it conducts business in currencies other than pounds sterling (the currency in which the Group reports its financial statements), in particular in the US, Western Europe and Asia. Fees are generally charged to clients in local currencies and services are generally provided by employees who are remunerated in the same currency. Consequently, the reported revenues and profits are dependent on the prevailing average exchange rates, although the profit impact is mitigated to some extent by intra-group hedging mechanisms. Material fluctuations in the exchange rate of pounds sterling against other currencies, in particular US dollars and Euros, could therefore have a material adverse impact on the Group's operations, reported results and future prospects.

- in the relatively recent past, the uncertain economic environment and the volatility of international markets has adversely affected the demand for the Group's services and it is possible that such uncertainty could return. Any deterioration of economic conditions (including those related to the UK's departure from the European Union) is likely to have a further material adverse effect on the overall levels of demand for the Group's services and therefore on the financial performance and future prospects of the Group.

Accordingly, investors should not rely on comparisons with the Group's historical results to date as an indication of future performance. It is possible that, in the future, the Group's operating results will fall below the expectations of securities analysts and/or investors. If this occurs, the market price of the Ordinary Shares may decline significantly.

*Any failure by the Group to retain its existing client relationships could result in a significant reduction in the Group's revenues*

Individual clients of the Group may change their preferred suppliers of consulting services and/or may change, permanently or temporarily, the quantity of such consulting services purchased and/or the price at which they buy such services. For example, the Group's top 10 customers for the year ended 31 December 2017 accounted for 40.4% of the Group's revenues. If a number of these customers were to stop using the Group's services or engage one of the Group's competitor's, and the Group did not find other customers in a short space of time, this would have a potentially significant negative effect on the Group's revenue and profits. These changes may materially adversely impact the revenues of the Group either permanently or in particular reporting period. The extent of the adverse impact on profitability depends, amongst other things, on the speed at which management acts, or is able, to reduce headcount and the level of other costs.

*The Group is dependent on the recruitment and retention of key personnel*

The success of the Group will, to an extent, depend on its ability to recruit and retain key senior personnel and to ensure their continued motivation. Key personnel are important to the Group maintaining its key client relationships. If key personnel were to leave the Group, then there is a risk that the Group may also lose senior level contacts at key clients as well as the know-how which the individual(s) has gained through their work with the Group. The Directors intend to maintain suitable remuneration schemes for employees that are consistent with prevailing market levels of remuneration. To the extent that such arrangements fail to ensure that key senior personnel are retained by the Group, it is possible that such failure may be detrimental to its business, and there can be no assurance that the Group will be able to replace key senior personnel appropriately if necessary in the future.

*Any failure to retain key intellectual capital within the Group could adversely affect the Group's financial performance*

One of the key assets of the Group is the intellectual capital, methodologies and know-how that it has produced in the sale and delivery of assignments to clients. Whilst the Group maintains a comprehensive knowledge management system, it is possible that staff appropriate this intellectual capital for use by themselves or the Group's competitors. In the event of a member of staff misappropriating intellectual capital, or a systems failure which results in a serious loss of know-how, then this could impact the Group's reputation and undermine its competitive advantage in the sectors in which it operates. The loss of key pieces of such intellectual capital could have a material adverse impact on the financial performance of the Group.

*Any weakness or failure in the Group's business processes could adversely affect the Group's business and results of operations*

Business process risks are present in all of the Group's businesses, including the risk of direct and/or indirect loss resulting from inadequate or failed internal and external processes, systems and human error, or from external events. Therefore, any weaknesses in the systems, processes or business continuity arrangements could have a material adverse effect on the Group's results of operations during the affected period.

*Any professional liability claim brought against the Company or the Group could result in the Company and the Group incurring uninsured liabilities and harm their reputation*

The Group provides services that typically involve analysis and the exercise of professional judgement. As a result, the Group is subject to the risk of professional liability where a client undertakes successful litigation. Such claims are rare (the Company has only experienced one such claim in the

past 5 years) and whilst the Group maintains market standard insurance, any claim against the Group on the grounds of professional liability could expose the Group to a large quantum of liability to any potential claimant. In some circumstances this may result in a material liability that is not insured, or that existing insurance policies do not cover in full, and that could harm the reputation of the Company and the Group. In particular, the Group carries on a significant amount of business in the US, where there is generally believed to be a higher risk of litigation than in other countries in which Group carries on business.

*Any claim brought against the Company or the Group as a result of any failure to comply with applicable employment legislation could result in the Company and the Group incurring uninsured liabilities and harm their reputation*

The Group is subject to various employment law regimes around the world and seeks to comply with all such laws that apply to their activities. In particular, the Group has a large concentration of employees in the UK, US, France and Hong Kong. The global geographic spread of the Group's employees means that the Group is exposed to a potentially high and uncertain liability which differs to the claims and potential liabilities it may face in the UK. The Group has faced 6 claims in a variety of jurisdictions over the past 5 years but none of those claims has been successful. To the extent that the Company and the Group fail to fully comply with such laws, they could be subject to litigation that, in some circumstances, may result in a material liability that is not insured or that existing insurance policies do not cover fully. Such litigation could also harm the reputation of the Company and the Group.

*The Group's financial position may be adversely affected by pension liabilities*

The Group has in place a number of retirement plans which cover both current and future employees, including US and UK defined benefit pension plans. The US defined benefit pension scheme is not open to new employees and existing members are not accruing further benefits. The net post-retirement obligation for the US, UK and French defined benefit pension schemes decreased from £11.6 million as at 31 December 2016 to £7.3 million as at 31 December 2017. There is a risk that the amount of liability under the pension schemes materially changes as a result of actuarial valuations of the liability and that the pension trustees make material additional calls on the Group's cash resources to reduce funding deficits. There are no ongoing discussions with the pension regulator in the UK as there is no current reason for the Group to be in negotiations with that regulator.

*The Group is exposed to potential changes in tax legislation in all of the jurisdictions in which it operates*

The Group is exposed to the risk of changes in tax legislation and the interpretation and enforcement of such legislation in the jurisdictions in which it operates. In particular, the Group currently pays tax in Singapore, France and Canada, and benefits from carried forward tax losses in the US and Hong Kong. The global geographic spread of the Group's tax liabilities means that the Group is exposed to potential changes in tax legislation which may differ to the potential projected liabilities of the Group and affect its ability to, for example carry forward tax losses. Therefore, as the Group's activities are subject to tax at various rates computed in accordance with relevant local legislation and practice and action by governments to increase tax rates or to impose additional taxes would reduce the profitability of the Group, revisions to tax legislation or to the interpretation of such legislation could have a materially adverse effect on the Group's business, results of operations, financial condition and future prospects.

*The Group is exposed to potential changes in its regulatory environment*

The Group is exposed to the risk of changes in law and regulation in the jurisdictions in which it operates. A wide variety of local, national and international laws and regulations apply to businesses such as the Group's including the collection, use, retention, protection, disclosure, transfer and other processing of personal data. Laws and regulations, such as those related to personal data and privacy, are evolving and may result in ever-increasing regulatory and public scrutiny as well as escalating levels of enforcement and sanctions.

Failure to comply with applicable laws and regulations, or to protect such data, could result in enforcement action including fines, imprisonment of company officials and public censure, claims for damages by users and other affected individuals, damage to reputation and loss of goodwill (both in relation to existing users and prospective users). Any of these consequences could have a material adverse effect on the Group's operations, financial performance and future prospects.

*The Company may be classified as a passive foreign investment company for US federal income tax purposes*  
Although the Company believes, and the discussion at paragraph 22 of Part XV: “Additional Information” of this document assumes, that the Company is not a PFIC or passive foreign investment company for US federal income tax purposes, in light of the percentage of the Company’s assets consisting of cash and cash equivalents, the Company may be classified as a PFIC. The Company’s status as a PFIC must be determined annually and therefore may be subject to change depending upon, among other things, changes in the income, activities or assets of the Company and the market value of the shares. If the Company were to become a PFIC for any taxable year, materially adverse consequences could result to US Holders (whether or not the Company continued to be a PFIC).

### **3. RISKS RELATING TO THE INDUSTRY IN WHICH THE GROUP OPERATES**

*Demand for management consulting and other professional services is affected by external economic factors*  
Demand for management consulting and other professional services in all markets is affected, to some extent, by the level of business activity of clients, which is in turn affected by the level of economic activity in the industries and markets that they serve. The Company believes that factors such as the economic climate, government policies, commodity prices and the liquidity of the global financial markets have affected the activity level of clients. For example, during economic upturns companies are generally more likely to spend money on the Group’s services as they experience growth. During the global financial crisis, the Group experienced reduced appetite for the use of its services and a future global recession could see a similar decrease in the use of its services. Any deterioration in economic conditions, or a general market downturn, may lead to a decline in the level of business activity of the clients which could have a material adverse impact on the financial performance and future prospects of the Group.

*The markets in which the Group operates are highly competitive*

The market for management consulting and other professional services, in which the Group operates in various countries around the world, is highly competitive and includes a large number of participants. This has always been the case even if the nature of competition market by market may vary or evolve and some clients may also prefer from time to time to insource expertise in consulting. In particular, the UK market has seen increased competition over the past three years with clients engaging consulting firms on the basis of competitive tenders more regularly than they did previously.

The ability of the Group to compete depends, in part, on the ability of the Group’s competitors to hire, retain and motivate skilled consultants, the price at which they offer comparable services and their responsiveness to clients. The ability of the Group to compete also depends on its ability to upgrade its products and systems as quickly as its competitors. In addition, any deterioration in economic conditions could lead to a significant increase in competitor activity. To ensure the Group’s services remain competitive in such circumstances, the Group may be required to reduce the level of the fees it charges to its clients as a result of fee reductions undertaken by competitors, which could materially adversely affect the Group’s results of operations and future prospects. If the Group is unable to compete successfully with existing competitors or with any new competitors, there may be a material adverse impact upon the Group’s business, financial performance and future prospects.

### **4. RISKS RELATING TO THE ORDINARY SHARES**

*The price of the Company’s shares may be volatile*

The market price of the Ordinary Shares could be subject to significant fluctuations due to changeable investor sentiment in the market regarding the Ordinary Shares (or securities similar to them) or in response to various factors and events, including (but not limited to): volatility in the economic climate, any regulatory changes affecting the Group’s operations, variations in the Group’s operating results, and business developments of the Group or its competitors. Stock markets have, from time to time, experienced significant price and volume fluctuations which have affected the market prices for securities which may be unrelated to the Group’s operating performance or prospects. Furthermore, the Group’s operating results and future prospects may be below the expectations of securities analysts and/or investors from time to time. The market price of the Ordinary Shares may go down as well as up and Shareholders may therefore not recover their original investments.

The market price of the Ordinary Shares may decline below the Issue Price for the New Ordinary Shares. Should that occur, Shareholders who take up their entitlements under the Open Offer will

suffer an immediate loss as a result. Moreover, following the completion of the Placing and Open Offer, Shareholders may not be able to sell their New Ordinary Shares at a price equal to or greater than the Issue Price.

*Substantial sales of Ordinary Shares could cause the price of Ordinary Shares to decline*

There can be no assurance Shareholders, including the Company's largest Shareholder and certain of the Directors following the expiration of the lock up periods in their respective Directors' Irrevocables, will not elect to sell their Ordinary Shares. The market price of Ordinary Shares could decline as a result of any such sales or as a result of the perception that these sales may cause. If these or any other sales were to occur, the other Shareholders may in the future have difficulty in selling Ordinary Shares at a time or at a price deemed appropriate.

*Further issues of Ordinary Shares may adversely impact the market price of the Ordinary Shares*

The issue of New Ordinary Shares pursuant to the Placing and Open Offer as well as any sales of a substantial number of Ordinary Shares in the market after the Placing and Open Offer, or the perception that such events might occur, could depress the market price of the Ordinary Shares. Although the Company does not have any plans to offer additional equity securities within 12 months of the date of this document (other than pursuant to the Share Incentive Plans), it is possible that the Company may decide to offer additional equity securities (over and above those issued pursuant to the Share Incentive Plans) in the future. An additional offering of equity securities could have an adverse effect on the market price of the Ordinary Shares.

*Payment of dividends will be dependent on the Group's results of operations and financial condition and on any applicable legal and regulatory restrictions*

The Board did not declare a final dividend for the 2017 financial year. Any determination to pay dividends in the future will be a decision of the Board and, in the case of any final (as opposed to interim) dividend, will be subject to the approval of Shareholders at a general meeting. The Board's decision to recommend a final dividend (or to pay an interim dividend) will depend upon the Group's results of operations and financial condition, contractual restrictions, restrictions imposed by applicable law and other factors the Board deems relevant. Participants in the Placing and Open Offer will be entitled to payment of any dividends declared after the date of this document.

*Shareholders may experience dilution in their ownership of and voting interest in the Company as a result of the Placing and Open Offer*

Qualifying Shareholders (including particularly in the case of Qualifying Shareholders in the US or any of the other Restricted Jurisdictions where Shareholder participation in the Open Offer is restricted for legal, regulatory or other reasons) who do not take up their *pro rata* entitlement in full pursuant to the Open Offer will suffer an immediate dilution in their proportionate ownership and voting interests in the Enlarged Issued Share Capital.

In connection with the Placing and Open Offer, neither New Ordinary Shares nor rights to them will be registered under the Securities Act and, subject to certain exceptions, they will not be offered into the US or any other Restricted Jurisdiction.

*BlueGem's interests may differ from those of other Shareholders*

Shareholders' proportionate ownership and voting interests in the Company will be reduced following the Placing and Open Offer to the extent that such Shareholders do not take up their Open Offer Entitlements or are restricted from participating in the Open Offer. If the Placing and Open Offer and the PH Placing are completed on the terms set out in this document, BlueGem's shareholding in the Company will be between 24.4 per cent. and 31.3 per cent. of the Enlarged Issued Share Capital. For the avoidance of doubt, BlueGem's proportionate shareholding in the Company will not decrease as a result of the Placing and Open Offer.

Notwithstanding the intentions of BlueGem set out in Parts III and IX of this document, the interests of BlueGem may be different from the interests of the Group and other Shareholders. BlueGem's enlarged shareholding may have the effect of making certain future transactions difficult or impossible without the support of BlueGem, and may for example have the effect of delaying or preventing any financing or refinancing transactions proposed to be undertaken by the Company or an acquisition of the Company or other change in control of the Company.

*Overseas Shareholders may not be able to exercise future pre-emptive rights*

As part of the Placing and Open Offer, the share capital of the Company will be increased and New Ordinary Shares will be issued. In addition, further share capital increases and share issues may be proposed in the future. Shareholders are entitled to pre-emptive rights in respect of new issues of shares for cash unless those rights are waived by way of a shareholders' resolution.

Overseas Shareholders may not be able to exercise their pre-emptive rights as part of a future issue of shares for cash (even if pre-emption rights were not waived), unless the Company decides to comply with applicable local laws and regulations. This is because securities laws of certain jurisdictions may restrict the Company's ability to allow participation by certain Overseas Shareholders in any future issue of shares. In particular, Shareholders who are located in the US and any other Restricted Jurisdictions may not be able to exercise their rights on a future issue of shares, unless a registration statement under the Securities Act is effective with respect to such rights or an exemption from the registration requirements is available thereunder.

The New Ordinary Shares will not be registered under the Securities Act and the Company may not file any such registration statements for future share issues, and an exemption to the registration requirements of the Securities Act may not be available in any case. In such an event, Overseas Shareholders with a registered address, or who are located, in the US would be unable to participate in such an issue and would therefore be diluted.

*Shareholders may have limited recourse against the Group's auditors*

The auditors' reports relating to the financial statements incorporated by reference in this document include language limiting the auditors' scope of responsibility in relation to such reports and the financial statements to which they relate. Such language is intended to disclaim liability to subscribers of the New Ordinary Shares, even if such subscribers were members of the Company on the date such auditors' reports were delivered. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act, or in a report filed under the Securities Exchange Act. If a court in the US (or any other jurisdiction) were to give effect to such language, investors in the Ordinary Shares may have only limited recourse against the auditors based on their reports or the financial statements of the Company to which they relate when compared to the recourse they may have with a document which had been registered with the SEC.

*Overseas Shareholders may hold fewer rights under English law than with respect to shares of similar companies in their home jurisdiction*

The ability of Overseas Shareholders to bring an action against the Company may be limited under English law. The Company is a public limited company incorporated under the laws of England and Wales. The rights of holders of Ordinary Shares are governed by English law and by the Company's Articles. These rights differ from the rights of shareholders in non-UK corporations. In particular, English law significantly limits the circumstances under which shareholders of English companies may bring derivative actions. Under English law generally, only the Company can be the proper claimant in proceeding in respect of wrongful acts committed against it. In addition, it may be difficult for an Overseas Shareholder to prevail in a claim against the Company under, or to enforce liabilities predicated upon, non-UK securities laws. An Overseas Shareholder may not be able to enforce a judgment against the Company or some or all of its Directors or the Proposed Director. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Company or its Directors, or the Proposed Director, within the Overseas Shareholders' country of residence or to enforce against the Company or its Directors or the Proposed Director judgments of courts of the Overseas Shareholders' country or residence based on civil liabilities under that country's securities laws. There can be no assurance that an Overseas Shareholder will be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the UK against the Company or its Directors or the Proposed Director who are residents of the UK. In addition, English law may not impose civil liability on the Directors or the Proposed Director in any original action based solely on the foreign securities laws brought against the Company or its Directors or the Proposed Director in a court of competent jurisdiction in England. Awards of punitive damages in actions brought in countries outside the UK may not be enforceable in the UK.

*Investors may not be able to enforce judgments against the Company in the US*

The Company is a public limited company incorporated under the laws of England and Wales. Some of the Directors and the Proposed Director are citizens or residents of countries other than the US. A substantial portion of the assets of such persons and substantially all of the assets of the Group are located in jurisdictions outside the US. As a result, it may not be possible for investors to effect service of process within the US on the Company or such persons or to enforce against them judgments of US courts (whether or not predicated on the civil liability provisions of the US federal securities laws or the securities laws of any state or territory within the US). In addition, awards of punitive damages in actions brought in the US or elsewhere may be unenforceable in England and Wales. Investors may also have difficulties enforcing, in original actions brought in courts in jurisdictions outside the US, liabilities under the US securities laws.

## PART III

### FURTHER INFORMATION

No representation or warranty, express or implied, is made by Peel Hunt as to the accuracy, completeness or verification of the information set forth in this document, and nothing contained in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. Apart from the responsibilities and liabilities, if any, which may be imposed on Peel Hunt by FSMA or the regulatory regime established thereunder, none of Peel Hunt, its affiliates nor their respective directors, officers, employees or advisers accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to, the contents of this document, including its accuracy or completeness or for any other statement made or purported to be made by it, or on behalf of it, the Company, the Directors or any other person, in connection with the Company, the Open Offer Entitlements, the Excess Open Offer Entitlements or the Placing and Open Offer, and nothing in this document should be relied upon as a promise or representation in this respect, whether or not to the past or future. Each of Peel Hunt, its affiliates and their respective directors, officers, employees and advisers accordingly disclaims to the fullest extent permitted by law all and any responsibility or liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this document or any such statement.

The contents of this document should not be construed as legal, business or tax advice. Each prospective investor should consult his, her or its legal adviser, financial adviser or tax adviser for advice. Neither the Company nor Peel Hunt, or any of their respective representatives or affiliates, is making any representation to any offeree or purchaser or acquirer of the New Ordinary Shares regarding the legality of an investment in the New Ordinary Shares by such offeree or purchaser or acquirer under the laws applicable to such offeree or purchaser or acquirer.

Any reproduction or distribution of this document in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than in considering an investment in the New Ordinary Shares offered or otherwise made available hereby, is prohibited. Each offeree of the New Ordinary Shares by accepting delivery of this document agrees to the foregoing.

Recipients of this document acknowledge that: (i) they have not relied on Peel Hunt or its respective representatives or affiliates in connection with any investigation of the accuracy of any information contained in or incorporated by reference into this document or their investment decision; and (ii) they have relied only on the information contained in or incorporated by reference into this document. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Placing and Open Offer, including the merits and risks involved.

#### ***Overseas Shareholders***

This document does not constitute an offer to sell or the solicitation of an offer to buy New Ordinary Shares in any Restricted Jurisdiction or in any jurisdiction in which such offer or solicitation is unlawful.

The New Ordinary Shares have not been, nor will they be, registered under the relevant laws of any state, province or territory of any of the Restricted Jurisdictions. Subject to certain limited exceptions (i) the New Ordinary Shares may not be, directly or indirectly, offered, sold, renounced, transferred, taken up or delivered in, into or within any of the Restricted Jurisdictions, and (ii) Application Forms are not being posted to any person in any of the Restricted Jurisdictions.

The attention of Overseas Shareholders and other recipients of this document who are residents or citizens of any country other than the United Kingdom or who have a contractual or other legal obligation to forward this document, the form of proxy or, where relevant, the Application Form to a jurisdiction outside the United Kingdom (including without limitation custodians, nominees and trustees) is drawn to paragraph 6 of Part VII: "Terms and Conditions of the Open Offer".

It is the responsibility of any person receiving a copy of this document outside the United Kingdom to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any other issue, transfer or other taxes due in such other territory. Persons (including, without limitation, nominees and trustees) receiving this document, the form of proxy and, where relevant, the

Application Form should not, in connection with the Placing and Open Offer, distribute or send it into any jurisdiction when to do so would, or might, contravene local securities laws or regulations. Any person who does forward this document into any such jurisdictions should draw the recipient's attention to paragraph 6 of Part VII: "Terms and Conditions of the Open Offer".

#### ***US Shareholders***

The New Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the US or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the US.

The New Ordinary Shares have not been, and will not be, registered under the Securities Act and, unless so registered, may not be offered or sold within the US, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The New Ordinary Shares are being offered and sold either (i) outside the US in offshore transactions within the meaning of and in accordance with the safe harbour from the registration requirements in Regulation S under the Securities Act or (ii) in the US in private placement transactions not involving any public offering in reliance on the exemption from the registration requirements of Section 5 of the Securities Act provided by Section 4(2) under the Securities Act or another applicable exemption therefrom. For certain restrictions on resale of the shares, see paragraph 6 of Part VII: "Terms and Conditions of the Open Offer".

#### ***Cautionary note regarding forward looking statements***

This document includes forward-looking statements. The words "believe", "anticipate", "expect", "intend", "aim", "plan", "predict", "continue", "assume", "positioned", "may", "will", "should", "shall", "risk" and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. These forward-looking statements include all matters that are not historical facts. In particular, the statements under the headings "Summary", "Risk Factors", "Information on the Group" and "Operating and Financial Review" regarding the Company's strategy, dividend policy and other future events or prospects are forward-looking statements. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Company's control. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company caution's you that forward-looking statements are not guarantees of future performance and that the Company's actual results of operations, financial condition and the development of the industry in which the Company operates may differ materially from those made in or suggested by the forward-looking statements contained in this document. The cautionary statements set out above should be considered in connection with any subsequent written or oral forward-looking statements that the Company, or persons acting on its behalf, may issue. Factors that may cause the Company's actual results to differ materially from those expressed or implied by the forward-looking statements in this document include but are not limited to the risks described under the section entitled "Risk Factors" of this document.

These forward-looking statements reflect the Company's judgment at the date of this document and are not intended to give any assurances as to future results. Save as required by the Listing Rules, Disclosure Guidance and Transparency Rules and/or the Prospectus Rules or other applicable law or regulation, the Company undertakes no obligation to update these forward-looking statements, and will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this document. The Company will comply with its obligations to publish updated information as required by law or by any regulatory authority but assumes no further obligation to publish additional information.

The forward-looking statements contained in this document do not in any way seek to qualify the working capital statement as set out in paragraph 14 of Part XV: "Additional Information".

#### ***Information not contained in this document***

No person has been authorised to give any information or to make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Group or Peel Hunt. Subject to the Listing Rules and/or the Prospectus Rules and/or the Disclosure Guidance and Transparency Rules, neither the delivery

of this document or the Application Form nor any subscription or acquisition made under it shall, in any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this document or that the information in it is correct as of any subsequent date.

No statement in this document is intended as a profit forecast and no statement in this document should be interpreted to mean that the earnings per Ordinary Share for the current or future years would necessarily match or exceed the historical published earnings per Ordinary Share.

Recipients of this document acknowledge that they have relied only on the information contained in this document, and that no person has been authorised to give any information or to make any representation concerning the Group, the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or Peel Hunt or any of their respective affiliates or their respective directors, officers, employees and advisers.

#### ***Dilution of Ordinary Share Capital***

Qualifying Shareholders who do not take up any of their entitlements in respect of the Open Offer will experience a maximum dilution of approximately 66 per cent. of their interests in the Company as a result of the Placing and Open Offer.

Participants in the Share Incentive Schemes who hold unexercised options over Ordinary Shares are not the beneficial owners of those shares and so are not eligible to participate in the Open Offer. Following Admission and in accordance with the rules of the applicable Share Incentive Plans, adjustments may be made to subsisting awards and options granted pursuant to the Share Incentive Plans to take account of the Placing and Open Offer.

#### ***Certain conventions and financial information presentation***

Unless otherwise noted, references to "MCG PLC", "the Company" and "our" refer to Management Consulting Group PLC and, where the context requires, its direct and indirect subsidiaries. Unless the context otherwise requires, references to "management" are to the Company's Directors and Senior Management, and statements as to the Company's beliefs, expectations, estimates and opinions are to those of MCG PLC's management. References in this document to numbers of "employees" refer to numbers of full-time-equivalent employees of MCG PLC and its subsidiaries.

The historical financial information presented in this document, unless otherwise stated, has been compiled on the following basis:

- the financial information for the year ended 31 December 2017 has been extracted without material adjustment from the 2017 Annual Report of the Company which is incorporated by reference into this document as set out in Part XII: "Historical and Financial Information on the Group" of this document;
- the financial information for the year ended 31 December 2016 has been extracted without material adjustment from the 2016 Annual Report of the Company, which is incorporated by reference into this document, as set out in Part XII: "Historical and Financial Information on the Group" of this document;
- the financial information for the year ended 31 December 2015 has been extracted from the 2015 Annual Report, also incorporated by reference into this document as set out in Part XII: "Historical and Financial Information on the Group". In Part XI: "Operating and Financial Review", certain financial information for the year ended 31 December 2015 is presented on a restated basis to show the reclassification of the results of operations of parts of the Kurt Salmon business disposed of in 2015 to discontinued operations as a consequence of that disposal of that entity on 15 December 2016. This has resulted in the exclusion of certain amounts related to the discontinued operations in order to ensure consistency with the financial information presented for 31 December 2017 and 2016. As a result, certain of the Group's 2015 financial year information as presented in the Group 2015 Financial Statements differs from that presented in the 2015 comparative information disclosed in the Group 2016 Financial Statements included in the 2016 Annual Report. Accordingly, such restated 2015 information is unaudited.

#### ***Non-IFRS Financial Measures***

The financial information within this document includes certain measures that are not measures defined by IFRS. These include underlying, profit/loss from operations, underlying expenses and all other non-IFRS metrics. These measures have been included for the reasons described below;

accordingly, these non-IFRS measures should be viewed as supplemental to, but not be used instead of, or considered as alternatives to, the Group's historical financial results based on IFRS.

#### ***Underlying profit measures***

The Group's operating results are split between underlying and non-underlying to better understand the performance of the Group without distortion by items of income and expense that are non-underlying in nature. The definition of non-underlying is referred to below. Underlying profit/loss is used by management internally to evaluate performance and to establish strategic goals. Underlying profit/loss is arrived at by removing non-underlying items from operating profit/loss as seen on the face of the income statement reconciled to gross and operating profit. Underlying loss per share is reconciled to loss per share by removing non-underlying items from operating profit/loss.

#### ***Non-underlying profit measures***

Non-underlying items are those significant charges or credits which, in the opinion of the directors, should be disclosed separately by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Transactions that may give rise to non-underlying items include charges for impairment, restructuring costs, employee severance acquisition costs and profits/losses on disposals of subsidiaries. The Group exercises judgement in assessing whether items should be classified as non-underlying. This assessment covers the nature of the item and the material impact of that item on reported performance. Reversals of previous items are assessed based on the same criteria.

#### ***References to defined terms***

Certain terms used in this document, including certain capitalised terms and certain technical and other terms (including acronyms) and certain selected industry and technical terms are defined and explained in Part XVI: "Definitions" of this document.

#### ***No incorporation of website information***

Save for the information incorporated into this document by reference as set out in Part XVII: "Documentation Incorporated by Reference", the contents of the Company's website or any website directly or indirectly linked to the Company's website do not form part of this document and investors should not rely on it.

**PART IV**

**EXPECTED TIMETABLE AND PLACING AND OPEN OFFER STATISTICS**

**EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

<b>Event</b>	<b>Time and/or Date</b>
Record Date for entitlement under the Open Offer	6.00 p.m. 25 June 2018
Announcement of the Placing and Open Offer and the publication of this document, Non CREST Application Form, and form of proxy	29 June 2018
Ordinary Shares marked “ex-entitlement” by the London Stock Exchange	8.00 a.m. on 29 June 2018
Open Offer Entitlements and Excess Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	8.00 a.m. on 2 July 2018
Recommended latest time for requesting withdrawal of the Open Offer Entitlements and Excess Open Offer Entitlements from CREST	4.30 p.m. on 6 July 2018
Latest time and date for depositing the Open Offer Entitlements and Excess Open Offer Entitlements into CREST	3.00 p.m. on 10 July 2018
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 11 July 2018
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 16 July 2018
<b>Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)</b>	<b>11.00 a.m. on 16 July 2018</b>
General Meeting	11.00 a.m. on 18 July 2018
Announcement of results of General Meeting	18 July 2018
Results of Placing and Open Offer announced through a Regulatory Information Service	18 July 2018
<b>Admission and commencement of dealings in the New Ordinary Shares</b>	<b>8.00 a.m. on 19 July 2018</b>
New Ordinary Shares in uncertificated form expected to be credited to accounts in CREST	19 July 2018
Expected despatch of definitive share certificates for the New Ordinary Shares in certificated form	Within five (5) Business Days of Admission

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Notes

- (1) Reference to times in this document are to London time unless otherwise stated.
- (2) The times and dates set out in the expected timetable of principal events above and mentioned throughout this document may be adjusted by the Company, in which event details of the new times and dates will be notified to the FCA, the London Stock Exchange and, where appropriate, Qualifying Shareholders. In particular, in the event that withdrawal rights arise under Section 87Q of FSMA prior to Admission the Company and Peel Hunt may agree to defer Admission until such time as such withdrawal rights no longer apply.
- (3) Different deadlines and procedures for return of forms may apply in certain cases.

## PLACING AND OPEN OFFER STATISTICS

Issue Price per New Ordinary Share	1 penny
Number of Ordinary Shares in issue at the date of this document	511,136,857
Basis of Open Offer (excluding Excess Share Facility)	45 Open Offer Shares for every 23 Existing Ordinary Shares
Number of New Ordinary Shares comprised in Qualifying Shareholders' Open Offer Entitlements in relation to which the Company has received irrevocable undertakings	718,426,107
Basis of Excess Share Facility	Applications may be made for up to two times the number of Open Offer Shares comprised in a Qualifying Shareholder's Open Offer Entitlement
Number of Excess Shares in relation to which the Company has received irrevocable undertakings to apply	340,273,111
Number of New Ordinary Shares to be issued by the Company pursuant to the Placing and Open Offer	1,000,050,372
Number of New Ordinary Shares to be issued by the Company pursuant to the PH Placing	5,341,195
Number of Ordinary Shares in issue immediately following completion of the Placing and Open Offer and PH Placing <sup>(1)</sup>	1,516,528,424
New Ordinary Shares as a percentage of the Enlarged Issued Share Capital of the Company immediately following completion of the Placing and Open Offer and PH Placing <sup>(1)</sup>	66 per cent.
Estimated net proceeds receivable by the Company after expenses of the Placing and Open Offer and PH Placing	£8.5 million
Estimated expenses of the Placing and Open Offer	£1.5 million

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### Notes

(1) On the assumption that no further Ordinary Shares are issued pursuant to the Share Incentive Plans between the posting of this document and the closing of the Placing and Open Offer.

## PART V

### COMPANY BOARD AND ADVISER DETAILS

<b>Directors:</b>	Nicholas Stagg <i>Chairman and Chief Executive</i> Emilio Di Spiezio Sardo <i>Non-Executive Director</i> Fiona Czerniawska <i>Non-Executive Director</i> Marco Capello <i>Non-Executive Director</i> Julian Waldron <i>Non-Executive Director</i>
<b>Proposed Director:</b>	Pamela Hackett <i>Executive Director</i>
<b>Company Secretary:</b>	Prism CoSec Limited
<b>Registered and Head Office:</b>	St Paul's House 4th Floor 10, Warwick Lane, London, EC4M 7BP
<b>Sponsor and Financial Advisor:</b>	Peel Hunt LLP Moor House, 120 London Wall, London EC2Y 5ET
<b>Legal adviser to the Company:</b>	Baker & McKenzie LLP 100 New Bridge Street London EC4V 6JA
<b>Legal adviser to the Sponsor and Financial Advisor:</b>	Norton Rose Fulbright LLP 3 More London Riverside, London SE1 2AQ
<b>Reporting Accountants to the Company:</b>	Deloitte LLP 1 New Street Square London EC4A 3HQ
<b>Registrars:</b>	Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4ZF
<b>Receiving Agent:</b>	Link Asset Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

## **WHERE TO FIND HELP**

Part VIII: “Question and Answers about the Placing and Open Offer” of this document answers some of the questions most often asked by shareholders about placings and open offers. If you have further questions, please telephone the Shareholder Helpline on the numbers set out below.

Please contact Link Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

## PART VI

### LETTER FROM THE CHAIRMAN

#### **Management Consulting Group PLC**

(Incorporated in England and Wales under the Companies Act 1948 with registered number 01000608)

#### **Directors:**

Nicholas Stagg, Chairman and Chief Executive  
Emilio Di Spiezio Sardo\*  
Fiona Czerniawska\*  
Marco Capello\*  
Julian Waldron\*

\*Non-executive director

#### **Registered Office:**

St Paul's House  
4th Floor  
10, Warwick Lane,  
London, EC4M 7BP

29 June 2018

*To Qualifying Shareholders and, for information only, to the holders of awards under the Share Incentive Plans*

Dear Shareholder,

#### **1. INTRODUCTION**

Your Board announced on 29 June 2018 that it had conditionally raised proceeds of approximately £8.5 million net of expenses under the Placing and Open Offer.

The Placing and Open Offer will result in the issue of 1,000,050,372 additional New Ordinary Shares in the Company at an issue price of 1 penny per New Ordinary Share representing up to 196 per cent. of the Existing Ordinary Share Capital. The Open Offer is being made on the basis of 45 Open Offer Shares for every 23 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date with the option for Qualifying Shareholders to apply for Excess Shares (subject to availability and provided such Qualifying Shareholder has agreed to take up their Open Offer Entitlement in full) up to a maximum number of Excess Shares equal to two times such Qualifying Shareholder's Open Offer Entitlement.

The Open Offer and Excess Application Facility represent a pre-emptive offering that is being made to all Qualifying Shareholders (including BlueGem, Aberforth, Fidelity, Lombard Odier and Richard Griffiths, each of which have made commitments pursuant to the Subscription Agreements). The terms of the Subscription Agreements do not afford any of BlueGem, Aberforth, Fidelity, Lombard Odier and Richard Griffiths any rights to subscribe for additional Ordinary Shares in preference to the other Qualifying Shareholders. Rather, BlueGem, Aberforth, Fidelity, Lombard Odier and Richard Griffiths have each irrevocably undertaken to take-up their respective Open Offer Entitlements in full and BlueGem, Lombard Odier and Richard Griffiths have agreed between them to subscribe for up to 337,100,225 further of the New Ordinary Shares being offered pursuant to the Open Offer by making applications for Excess Shares pursuant to the Excess Application Facility.

In addition, it is noted that the Directors who will receive Open Offer Entitlements have irrevocably undertaken to exercise their Open Offer Entitlements in full and that Nick Stagg has irrevocably undertaken to apply for 2,670,597 Excess Shares. When taken together with the irrevocable commitments of BlueGem, Aberforth, Fidelity, Lombard Odier and Richard Griffiths, it is by this mechanism that the Company is ensured that all of the Open Offer Shares will be subscribed for. Once the estimated total costs and expenses of the Placing and Open Offer of approximately £1.5 million are taken into account, the net proceeds to the Company will be approximately £8.5 million.

In addition, the PH Placing constitutes a firm placing to Pamela Hackett on a non pre-emptive basis, which will result in the issue of 5,341,195 New Ordinary Shares. The rationale for the PH Placing is to align Pamela Hackett's interests with those of Shareholders. As Pamela Hackett is Proudfoot Chief Executive and is also proposed to join the Board of Directors of the Company, the PH Placing is subject to the approval of Shareholders pursuant to Listing Rule 11.

The issue price of 1 penny per Ordinary Share represents a discount of 68 per cent. to the Closing Price of the Ordinary Shares on 28 June 2018 (being the last Business Day prior to the date of the Placing and Open Offer Announcement). The Issue Price represents a discount of 78 per cent. to the average Closing Price for the period of 90 Business Days up to and including 28 June 2018.

In accordance with the requirements of Listing Rule 9.5.10, shareholder approval is required to issue the New Ordinary Shares at a discount greater than 10 per cent. to the Closing Price on the last Business Day prior to the announcement of the terms of the Placing and Open Offer. Shareholders should be aware that the Board is of the view that it was necessary to set the issue price at this level to ensure the success of the Placing and Open Offer.

In addition, the Placing and Open Offer requires Shareholder approval: (i) of the terms of the Placing and Open Offer and to direct the Directors to implement the Placing and Open Offer; (ii) to grant the Directors authority to allot and issue the New Ordinary Shares; (iii) to disapply statutory pre-emption rights; (iv) to allot the New Ordinary Shares at the Issue Price; and (v) to approve the Rule 9 Waiver (as further described below).

**The Board believes that there is a material risk that, in the absence of the Placing and Open Offer, the Group will not have sufficient working capital for its present requirements, that is, for at least 12 months from the date of this document. The factors influencing the size and timing of any shortfall in working capital are dependent upon ongoing negotiations around the release of the KS Funds which is subject to the status of any new active or potential claims arising.**

**Specifically, if the Placing and Open Offer does not proceed, then there is a risk that the Group may experience a liquidity shortfall of £0.2 million in February 2019, followed by further shortfalls of £0.2 million in June and July 2019, respectively. There is then a projected major shortfall of £2.5 million in August 2019. Were the Board to become aware that a near-term liquidity shortfall was likely to occur, with no reasonable prospect of remedy, the Board would need to consider whether there was a reasonable prospect of avoiding insolvent liquidation, and the Board might at such time conclude that the Group should take immediate steps to enter into an insolvency process.**

The Directors and the Proposed Director believe that the Placing and Open Offer is the only viable fundraising option to address the working capital shortfall which was announced by the Company on 23 April 2018. The Directors and the Proposed Director have considered alternative fundraising options but as the Group does not have assets of which it can dispose, and, as access to debt financing is restricted due to the Group's perceived level of credit risk and the consequent prohibitively high cost of such debt financing, the Placing and Open Offer is the only option available to the Company within the required timeframe. The Group has already taken steps to reduce its capital expenditure and the Directors and the Proposed Director do not believe there is scope to implement further capital expenditure reductions within the required timeframe.

The Directors who will receive Open Offer Entitlements have each irrevocably agreed, subject to certain exceptions, not to dispose of any interest in any Ordinary Shares held by them until the earlier of them ceasing to be a member of the Board and the date falling eighteen months from Admission. The commitments of the Directors given pursuant to the Directors' Irrevocables demonstrate their confidence in the future of the Company and help ensure that their interests remain aligned with those of Shareholders generally.

The purpose of this letter is to set out the background to, and reasons for, the Placing and Open Offer, and to explain why the Directors and in the case of Resolution 4, the Independent Directors, believe the Placing and Open Offer is fair and reasonable and is in the best interests of the Independent Shareholders and the Company as a whole. Paragraph 13 of this Part VI: "Letter from the Chairman" sets out the actions to be taken by Qualifying Shareholders.

**The Board believes that the Placing and Open Offer and the PH Placing are in the Shareholders' best interests and the Directors (and in the case of Resolution 4, the Independent Directors) recommend that Shareholders vote in favour of all of the Resolutions in order that the Placing and Open Offer can proceed.**

The notice convening the General Meeting, to be held at 100 New Bridge Street, London EC4V 6JA on 18 July 2018, is set out at the end of this document.

## **2. BACKGROUND TO, AND REASONS FOR, THE PLACING AND OPEN OFFER**

The Group provides consultancy and other professional services across a wide range of industries and sectors via the Proudfoot business. Proudfoot was established in 1946 and is the original business around which the Group was built.

During 2015 and 2016, the Company disposed of the Group's Kurt Salmon businesses by way of a series of separate transactions thereby leaving Proudfoot as the continuing part of the business. Proudfoot continues to deliver value to clients and remains a distinctive and recognised brand as well as an established global operator in its key sectors. Notwithstanding this market position, over the last few years Proudfoot has been loss-making and this is expected to continue in the current financial year. The Board continues to work on the ongoing transformation of the Proudfoot business and remains focused on returning it to profitability.

### *The release of the KS Funds*

Following the disposal of several of the Group's businesses, including Kurt Salmon in Europe, in 2015 and 2016, the Group has continued to manage the residual activities and contingent liabilities related to this disposal programme. A material aspect of managing this process has been the negotiation of the release of the KS Funds, being the funds held under the escrow arrangements which guarantee certain contingent liabilities relating to the disposal of parts of the European Kurt Salmon business to Wavestone (previously named Solucom) in 2016. The KS Funds represented approximately £6 million of the Group's total cash resources of £16.1 million as at 31 March 2018. Under the terms of the agreement with Wavestone, the KS Funds were due to be released in two equal tranches on 7 January 2018, upon expiry of an initial guarantee period, and on 7 July 2018, being the final expiry date of the guarantees, in each case subject to the status of any active claims or potential future claims. However, securing the release of the first tranche of the KS Funds has taken longer than the Board had expected due to negotiations over the treatment of certain potential indemnification claims. As a result, agreement with Wavestone as to the release of part of the first tranche was only reached on 27 April 2018 with an amount of approximately €2 million (approximately £1.7 million) being released in two parts on 16 March 2018 and 1 May 2018 respectively, while the balance of approximately €2 million (approximately £1.7 million) remains in an escrow arrangement until certain identified potential indemnification claims have been settled or otherwise finally determined on a case by case basis. The agreement reached with respect to the first tranche of the KS Funds does not impact the continuing escrow arrangement with respect to the second tranche of the KS Funds, such that approximately €4 million (approximately £3.5 million) is due to be released on 7 July 2018, although again that release will be subject to the status of any new active claims or potential claims arising prior to that date. The deadline for making any indemnification claims is 30 months from November 2016 being July 2018 (excluding tax claims, which are subject to statutory limitations), and therefore additional claims may be made before that deadline, or in the case of any tax claims, in the future. On 26 June 2018, the Company received a further letter of claim from Wavestone which set out a number of disputes with a potential further estimated aggregate liability of approximately €1.8 million (approximately £1.6 million) against the second tranche of the KS Funds and, as at the date of this document, the Company is assessing the merits of these further claims.

While the Board remains confident as to the Group's overall position in terms of the release of the outstanding KS Funds, as announced on 23 April 2018, it considered that the ongoing negotiations created undue risk to the Group's short term funding position such that it was actively considering options to manage this including raising new funds for the Company. Subsequently, on 1 May 2018, the Company released its preliminary financial results for the year ended 31 December 2017 with the announcement reporting that an unqualified audit report including an emphasis of matter in respect of going concern was issued on the 2017 statutory accounts.

### *The ongoing transformation of Proudfoot*

As previously reported, the Board believes that the Proudfoot business needs to implement additional operational change, together with selective investment, in order to further the continued process of transformation there and so begin to create future value for Shareholders.

A new management team, led by Proudfoot Chief Executive, Pamela Hackett, was put in place in 2017 and good progress has been made in some of Proudfoot's markets, notably Europe and Asia where the transformation of the business was started first. In the Americas, a new management team was recently formed to start the change process in 2017 and the benefits are expected to start to be visible in the second half of 2018.

Proudfoot continues to deliver sustainable improvement and change for its customers and the Board intends to maintain the momentum of the transformation it has started including maintaining the appropriate investment in key talent (both retention and new hires), know-how and intellectual property and brand presence.

In addition, the Board expects to continue to work to reduce the cost base across the Group and at Proudfoot, thereby continuing the work started in 2017.

#### ***The proposed fundraising***

Accordingly, the Board is proposing the Placing and Open Offer to:

- mitigate the material risks to the Group's short-term funding position associated with delayed release of the KS Funds;
- afford the Board additional flexibility to manage any disputes related to the KS Funds in the best long-term interests of the Group; and
- ensure the Group has sufficient funding to complete the turnaround of Proudfoot and return the business to profitability.

The Board considers that the Placing and Open Offer is an appropriate and proportionate response to the material uncertainty relating to the Company's ability to continue as a going concern referred to in its announcement of preliminary results on 1 May 2018 and subsequently in the 2017 Annual Report.

The Directors and the Proposed Director believe that the Placing and Open Offer is the only viable fundraising option to address the working capital shortfall announced on 23 April 2018. The Directors and the Proposed Director have considered the alternative fundraising options but as the Group does not have assets of which it can dispose, and, as access to debt financing is restricted due to the Group's perceived level of credit risk and the consequent prohibitively high cost of such debt financing, the Placing and Open Offer is the only option available to the Company within the required timeframe. The Group has already taken steps to reduce its capital expenditure and the Directors and the Proposed Director do not believe there is scope to implement further capital expenditure reductions within the required timeframe.

### **3. STRATEGIC AND OPERATIONAL OVERVIEW**

#### *Strategic focus: return the Proudfoot business to profitability*

The Group's strategy is to return its continuing business, Proudfoot, to profitability through selective investment and the transformation of its business. The key strategic objectives of the transformation are to provide Proudfoot with a broader offering and a more flexible set of contracting options for its clients, so as to broaden its client base whilst providing more incentive for existing clients to contract additional work. At the same time, the Group will continue to seek ways to reduce its costs. Success will therefore consist of growing revenues at Proudfoot, notably in the Americas, and a return to profitability, initially on a cash basis.

This transformation is ongoing, with a number of significant changes being made in 2017 and 2018 to date. The key pillars of the transformation are:

- *New leadership*: in 2017, Proudfoot appointed a new Chief Executive, Pamela Hackett, who has a 30-year history with the business. Pamela previously led the Group's Asian and European businesses where the transformation was introduced first and where the Group has seen promising results including increases in activity in 2017. Proudfoot has removed several layers of management across the business, bringing the Group's most senior expertise directly into its client teams.
- *New services*: the addition of new services to the Group's core capabilities of Proudfoot Analytics and Proudfoot People Solutions, such as Proudfoot Digital Ready which enables management to lead digital change through their people processes and decision-making.
- *Investment in key talent*: Proudfoot has invested to maintain its key talent and critically in new hires to ensure it has the right people with the right skills to market and execute its offering. The Group has also introduced a new incentive scheme to retain talent at managing director and sector leadership levels.

- *Leveraging know-how and intellectual property:* for over 70 years, Proudfoot has delivered client success based on a deep understanding of what makes change effective and improvement sustainable, including taking advantage of the modernisation of processes enabled by digitalisation. Proudfoot is making this know-how and experience more visible and readily available to the Group's existing and prospective clients
- *Direct client engagement:* Proudfoot has merged the Group's selling activities with the Group's delivery capabilities, driving greater customer satisfaction. Proudfoot's objectives are to offer more flexibility to clients in the way they engage with the Group. As a result, repeat business has risen in 2018 with some 68% of Proudfoot's clients buying a second engagement.
- *Marketing:* Proudfoot introduced new marketing methods in 2017, notably digitally-driven marketing in Q4 of that year with early signs of success in opening other channels to market, specifically inbound lead generation for new business.
- *Rationalisation of the cost base:* the Group has materially simplified its operating structure (including reducing back office functions), reducing peripheral activities and locations with the objective of substantially reducing its cost base. The Group is progressively basing all operations around hubs in Atlanta, London and Hong Kong, whilst maintaining its strong focus on key industry verticals such as natural resources, industrials and digital ready. This more streamlined operational structure enables staffing of engagements in the manner that best matches the Group's expertise to client needs.

Change has been and will continue to be introduced progressively, with recent success with European and Asian clients, where the model was rolled out first, supporting the Board's confidence in Proudfoot's long term potential. Change was started in 2017 in the Americas and the initial client feedback has also been positive in this market.

Clients and peers recognised the Group's impact, with its assignment in natural resources for Rio Tinto receiving an award in the Best International Project category at the 2018 MCA awards and Proudfoot's work for Santa Monica Seafood winning their Service Provider of the Year award. Proudfoot was put on Forbes annual list of Best Consulting Firms in America.

Proudfoot continues to deliver value to clients and remains a distinctive and recognised brand and is an established global operator in key sectors. As stated in the 2017 Annual Report, the Board remains confident in the longer term potential of the Proudfoot model to deliver sustainable improvement and change for its customers, and therefore its ability over time to generate sufficient revenues and revenue growth to result in strong positive cash flows. Additional change and investment is required in order to further progress the transformation the Group started in 2017 and to create value for shareholders. The Board believes that the Placing and Open Offer and the PH Placing will support this plan.

#### *Operational focus: Group structure*

The Chairman and Chief Executive, Nick Stagg, remains committed to delivering further efficiencies in the Group's operations and infrastructure. This will build upon the reduction of nearly 20 per cent in its cost base made in 2017. The Group now comprises one operating unit, Proudfoot, and the Board's intention is to end progressively the distinction between Proudfoot's and the Company's activities, notably as the residual activities and contingent liabilities linked to the prior disposals programme are concluded.

Notwithstanding that, the management of the residual activities and contingent liabilities of the Group will be a key focus of the Board, notably securing the release of the remainder of the KS Funds, as discussed above.

The Group's management is focused on the transformation of Proudfoot and its organic growth plans. Selective investment will be made in Proudfoot's talent and expertise and its brand awareness. Whilst growth will not be from acquisitions. Proudfoot may explore potential partnerships to broaden its reach, offering and expertise.

The Board expects to create future shareholder value through a combination of reduced costs and structure across the Group, a transformed Proudfoot that generates positive and growing cash flows and a conclusion to the material risks linked to the 2015/6 disposal programme.

#### *Board and governance*

The Group Chairman and Chief Executive positions are currently jointly held by Nick Stagg. The Board has decided that it intends to appoint the current Chief Executive Officer of Proudfoot, Pamela Hackett, to the Board in the near future.

As the Group continues the transformation of Proudfoot, the Board intends to progressively take steps towards greater compliance with the FRC Code. The Governance section of the 2017 Annual Report sets out those areas where the Company is not at this time compliant with the FRC Code. In particular, over the 12 months following completion of the Placing and Open Offer, the Company expects to appoint new director(s) who will be independent under the FRC Code, whilst recognising always the size of the Board and the profitability of the current Group.

Whilst recognising that the Company does not have a Finance Director, the Board is confident that the Group possesses sufficient internal resource, including in its finance function, to deliver the turnaround of Proudfoot. Day-to-day control and oversight of the resources, operations and risks at the Company level remains the responsibility of Nick Stagg, assisted notably by the Group Treasurer and the Group's Financial Controller. Day-to-day control and oversight of Proudfoot, including bidding activity, pricing and monitoring of ongoing projects, resides with the Proudfoot Chief Executive, Pamela Hackett, assisted notably by the Proudfoot Head of Finance.

#### **4. DETAILS OF THE PLACING AND OPEN OFFER**

The Company is proposing to raise approximately £8.5 million (net of expenses) under the Placing and Open Offer through the issue of up to 1,000,050,372 New Ordinary Shares at 1 penny per New Ordinary Share.

The issue price of 1 penny per Ordinary Share represents a discount of 68 per cent. to the Closing Price of the Ordinary Shares on 28 June 2018 (being the last Business Day prior to the date of the Placing and Open Offer Announcement), and a discount of 78 per cent. to the average Closing Price for the period of 90 Business Days up to and including 28 June 2018.

##### *Details of the Placing and Open Offer*

Qualifying Shareholders, subject to the terms and conditions of the Open Offer, are being given the opportunity to apply for the Open Offer Shares at the Issue Price *pro rata* to their holdings of Existing Ordinary Shares on the Record Date on the basis of:

##### **45 Open Offer Shares for every 23 Existing Ordinary Shares**

Fractions of Open Offer Shares will not be allotted to Qualifying Shareholders in the Open Offer and fractional entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares.

Provided that they take up their Open Offer Entitlements in full, Qualifying Shareholders are also being given the opportunity to apply for Excess Shares, subject to availability, through the Excess Application Facility, up to a maximum number of Excess Shares equal to two times such Qualifying Shareholder's Open Offer Entitlement. Excess Shares will become available as part of the Open Offer where Open Offer Entitlements are not taken up in full by Qualifying Shareholders.

The Open Offer has not been underwritten although, pursuant to the Subscription Agreements, BlueGem, Aberforth, Fidelity, Lombard Odier and Richard Griffiths have irrevocably undertaken to take-up their own Open Offer Entitlements in full and BlueGem, Lombard Odier and Richard Griffiths have also agreed between them to subscribe for up to 337,100,225 further of the Open Offer Shares by making applications for Excess Shares under the Excess Application Facility.

It is noted that the Directors who will receive Open Offer Entitlements have irrevocably undertaken to exercise their Open Offer Entitlements in full and that Nick Stagg has irrevocably undertaken to apply for 2,670,597 Excess Shares. When taken together with the irrevocable commitments of BlueGem, Aberforth, Fidelity, Lombard Odier and Richard Griffiths, it is by this mechanism that the Company is ensured that all of the Open Offer Shares will be subscribed for. Once the estimated total costs and expenses of the Placing and Open Offer of approximately £1.5 million are taken into account, the net proceeds to the Company will be approximately £8.5 million.

It is noted that the terms of the Subscription Agreements do not afford any of BlueGem, Aberforth, Fidelity, Lombard Odier and Richard Griffiths any rights to subscribe for additional shares in preference to the other Qualifying Shareholders. Furthermore, none of BlueGem, Aberforth, Fidelity,

Lombard Odier and Richard Griffiths will be paid any commission pursuant to the Subscription Agreements.

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their maximum entitlement which, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown in Box 2 of their Application Form, or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST.

Qualifying Non-CREST Shareholders who wish to apply to acquire more than their Open Offer Entitlement should complete the relevant sections on the Application Form. Qualifying CREST Shareholders will have Excess Open Offer Entitlements credited to their stock account in CREST.

Qualifying Non-CREST Shareholders and Qualifying CREST Shareholders should refer, respectively, to paragraphs 4.1 and 4.2 of Part VII: "Terms and Conditions of the Open Offer" of this document for information on how to apply for Excess Shares pursuant to the Excess Application Facility.

Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements and Excess Open Offer Entitlements on 2 July 2018.

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

If valid applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available under the Excess Application Facility, such applications will be scaled back in such manner as the Board determines in its absolute discretion, having regard to both the number of Excess Shares applied for and the valid shareholdings held by Qualifying Shareholders (on the Record Date) who make applications under the Excess Application Facility. Furthermore, applications will be scaled back to ensure that no Qualifying Shareholder (other than BlueGem, if the Whitewash Resolution is passed) will as a result of subscriptions for Excess Shares acquire more than 29.9% of the voting rights of the Company. Any monies paid in excess of the amount due in respect of such scaled back applications will be returned to the applicant (at the applicant's risk) without interest within 14 days by way of cheque or CREST payment, as appropriate. There is no guarantee that applications for Excess Shares by Qualifying Shareholders will be met.

**Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying non-CREST Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST they will have limited settlement capabilities (for the purposes of market claims only), the Open Offer Entitlements and Excess Open Offer Entitlements will not be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim. Open Offer Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their Open Offer Entitlement and Excess Open Offer Entitlements will have no rights under the Open Offer or receive any proceeds from it.**

#### **Conditions and Admission**

The Placing and Open Offer is conditional upon the passing of Resolutions 1 through to 5, Admission and the Subscription Agreements and Sponsor's Agreement becoming unconditional in all respects (other than as to Admission) and not being terminated. If these conditions are not satisfied or waived (where capable of waiver), the Placing and Open Offer will not proceed.

If Admission does not take place on or before 8.00 a.m. on 19 July 2018 (or such later time and/or date as Peel Hunt and the Company may determine, not being later than 8.00 a.m. on 25 July 2018), the Open Offer will lapse, any Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will thereafter be disabled and application monies under the Open Offer will be refunded to the applicants, by cheque (at the applicant's risk) in the case of Qualifying Non-CREST Shareholders and by way of a CREST payment in the case of Qualifying CREST Shareholders, without interest, as soon as practicable thereafter and in any event within 14 days. In these circumstances the Placing and Open Offer will also not proceed.

Application will be made to the UKLA for the New Ordinary Shares to be admitted to the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on

the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective on 19 July 2018 and that dealings for normal settlement in the New Ordinary Shares (including all Open Offer Shares) will commence at 8.00 a.m. on the same day.

Application has been made for the Open Offer Entitlements and Excess Open Offer Entitlements to be admitted to CREST. It is expected that the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST at 8.00 a.m. on 2 July 2018. The Open Offer Entitlements and Excess Open Offer Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 2 July 2018.

Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying Non-CREST Shareholders should note that their Application Form is not a negotiable document and cannot be traded.

Further information on the Placing and Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part VII: "Terms and Conditions of the Open Offer" of this document and, where relevant, on the applicable Application Form.

Any Qualifying Shareholder who has sold or transferred all or part of his/her registered holding(s) of Ordinary Shares prior to 25 June 2018 is advised to consult his or her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him/her by the purchasers under the rules of the London Stock Exchange.

The New Ordinary Shares (including all Open Offer Shares), when issued and fully paid, will be identical to and rank in full for all dividends or other distributions declared, made or paid after Admission and in all respects will rank *pari passu* with the Existing Ordinary Shares. No temporary documents of title will be issued.

#### ***Details of the Subscription Agreements***

Pursuant to the Subscription Agreements, BlueGem, Aberforth, Fidelity, Lombard Odier and Richard Griffiths have irrevocably undertaken to take-up their own Open Offer Entitlements in full and have also agreed between them to subscribe for up to 337,100,225 further of the New Ordinary Shares by applying for Excess Shares under the Excess Application Facility.

It is noted that the Directors who will receive Open Offer Entitlements have irrevocably undertaken to exercise their Open Offer Entitlements in full and that Nick Stagg has irrevocably undertaken to apply for 2,670,597 Excess Shares. When taken together with the irrevocable commitments of BlueGem, Aberforth, Fidelity, Lombard Odier and Richard Griffiths, it is by this mechanism that the Company is ensured that all of the Open Offer Shares will be subscribed for. Once the estimated total costs and expenses of the Placing and Open Offer of approximately £1.5 million are taken into account, the net proceeds to the Company will be approximately £8.5 million.

Under the terms of the Subscription Agreements, subject to certain conditions:

- (a) each of BlueGem, Aberforth, Fidelity, Lombard Odier and Richard Griffiths have irrevocably undertaken to exercise their respective full Open Offer Entitlements (representing a subscription commitment of £7.2 million); and
- (b) each of BlueGem, Lombard Odier and Richard Griffiths have irrevocably undertaken to apply for a further 337,100,225 Open Offer Shares under the Excess Application Facility (representing a further subscription commitment of up to £3.4 million).

The obligations of each of BlueGem, Aberforth, Fidelity, Lombard Odier and Richard Griffiths under the Subscription Agreements to subscribe for Open Offer Shares are subject to:

- (a) the passing of Resolutions 1 through to 5 at the General Meeting without amendment;
- (b) the Directors' Irrevocables, the Subscription Agreements and the Sponsor's Agreement each becoming unconditional in all respects; and
- (c) Admission becoming effective by not later than 8.00 a.m. on 19 July 2018 (or such later time and/or date as Peel Hunt and the Company may agree, being not later than 25 July 2018).

For the avoidance of doubt, to the extent that any of BlueGem, Aberforth, Fidelity, Lombard Odier and Richard Griffiths apply for Excess Shares under the Excess Application Facility they will do so on the same terms and conditions as all other Qualifying Shareholders who choose to apply for Excess Application Shares. In aggregate, the total number of Open Offer Shares subscribed for by each of BlueGem, Aberforth, Fidelity, Lombard Odier and Richard Griffiths pursuant to the Excess Application Facility must not exceed two times such shareholder's Open Offer Entitlement.

For further details on the Subscription Agreements see paragraph 10 of Part XV: "Additional Information".

#### *Related party considerations*

It is noted that, although BlueGem, Aberforth, Lombard Odier and Richard Griffiths, by virtue of each controlling more than 10% of the Company's share capital, are related parties for the purposes of Chapter 11 of the Listing Rules, these related parties' participation in the Placing and Open Offer does not require the approval of a majority of the Shareholders independent of each such relevant shareholder. The reason for this is that the terms of the Subscription Agreements do not afford any of BlueGem, Aberforth, Lombard Odier and Richard Griffiths any rights to subscribe for additional Ordinary Shares in preference to the other Qualifying Shareholders and that no underwriting or other commission is payable to such shareholders pursuant to the terms of the Subscription Agreements.

As Pamela Hackett is Proudfoot Chief Executive and is also proposed to join the Board, the PH Placing is subject to shareholder approval under Listing Rule 11.

#### *Directors' Irrevocables*

Each of Nick Stagg and Julian Waldron, as the Directors who will receive Open Offer Entitlements have entered into the Directors' Irrevocables with the Company dated 28 June 2018, pursuant to which they have undertaken to vote in favour of the Resolutions at the General Meeting and also to take up their full entitlements to subscribe for New Ordinary Shares pursuant to the Open Offer, representing a total commitment to subscribe for approximately £63,000 worth of Open Offer Shares. In addition, each of the Directors has agreed, subject to certain exceptions, not to dispose of any interest in Ordinary Shares or other equity securities in the Company, or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, or to publicly announce an intention to effect any such transaction, until the earlier of them ceasing to be a member of the Board and the date falling eighteen months from Admission.

Further details of the Directors' Irrevocables are set out in paragraph 10 of Part XV: "Additional Information".

#### *The PH Placing*

In addition, the PH Placing constitutes a firm placing to Pamela Hackett on a non pre-emptive basis, which will result in the issue of 5,341,195 New Ordinary Shares at an issue price of 1 penny per New Ordinary Share. The rationale for the PH Placing is to align Pamela Hackett's interests with those of Shareholders.

As Pamela Hackett is Proudfoot Chief Executive and is also proposed to join the Board of Directors of the Company, the PH Placing is subject to the approval of Shareholders pursuant to Listing Rule 11.

Further details of the placing letter entered into by Pamela Hackett are set out in paragraph 10 of Part XV: "Additional Information".

## **5. THE CITY CODE ON TAKEOVERS AND MERGERS**

The Company is subject to the City Code and the requirements of Rule 9 which requires that any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the City Code) in shares which, taken together with shares in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, will normally be required to make a Mandatory Offer to all of the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which, in aggregate, carry not less than 30 per cent. of the voting rights of such a company but not more than 50 per cent. of such voting rights, a Mandatory Offer will normally be required if any further interests in shares are acquired by any such person, or any person acting in concert with him.

A Mandatory Offer must be made in cash and at the highest price paid by the person required to make such offer, or any person acting in concert with him, for any interest in shares in the company during the 12 months prior to the announcement of such offer.

Rule 9 of the City Code further provides, *inter alia*, that where any person who, together with persons acting in concert with him, holds over 50 per cent. of the voting rights of a company and acquires an interest in shares which carry additional voting rights, then they will not normally be required to make a Mandatory Offer. However, the Panel may deem an obligation to make an offer to have arisen on the acquisition by a single member of a concert party of an interest in shares sufficient to increase his individual holding to 30 per cent. or more of a company's voting rights, or, if he already holds more than 30 per cent. but less than 50 per cent, an acquisition which increases his shareholding in that company.

Under the City Code, a concert party arises where persons acting together pursuant to an agreement or understanding (whether formal or informal) co-operate to obtain or consolidate control of, or to frustrate the successful outcome of an offer for a company, subject to the City Code. Control means an interest, or interests, in shares carrying, in aggregate, 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control.

#### ***Participation by BlueGem in the Placing and Open Offer***

The Company's largest Shareholder is BlueGem, which is interested in 124,629,895 Existing Ordinary Shares, representing approximately 24.4 per cent. of the Existing Ordinary Share Capital. Given the size of BlueGem's position, its support for the Placing and Open Offer is crucial to its success.

Pursuant to its Subscription Agreement, BlueGem has undertaken to apply for all of its Open Offer Entitlements. In addition, BlueGem will also apply for up to 106,158,901 of the remaining Open Offer Shares by making an application for Excess Shares pursuant to the Excess Application Facility. BlueGem has therefore undertaken to apply for, in aggregate, 350,000,000 Open Offer Shares.

On completion of the Placing and Open Offer and the PH Placing, and subject to the participation in the Open Offer by Qualifying Shareholders, BlueGem's interest in the Company could increase to, between a minimum of approximately 24.4 per cent. and a maximum of approximately 31.3 per cent. of the Enlarged Issued Share Capital.

#### ***Rule 9 Waiver and Whitewash Resolution***

Given BlueGem's participation in the Placing and Open Offer may increase its aggregate percentage shareholding of the Company's issued share capital to over 30 per cent, absent a waiver, BlueGem would be required to make a Mandatory Offer.

Under Note 1 of the Dispensations from Rule 9 of the City Code, the Panel may waive the requirement for a Mandatory Offer to be made if, *inter alia*, the shareholders of the company who are independent of the person who would otherwise be required to make an offer, and any person acting in concert with him, pass an ordinary resolution on a poll at a general meeting approving such a waiver.

The Panel has agreed, subject to the passing of the Whitewash Resolution by the Independent Shareholders on a poll at the General Meeting, to waive the requirement for BlueGem to make a Mandatory Offer for the Ordinary Shares not already owned by it or persons connected with it as would otherwise arise on BlueGem's participation in the Placing and Open Offer. Accordingly, the Company proposes that the Independent Shareholders be asked to vote in favour of a waiver of the obligation on BlueGem to make a Mandatory Offer, through shareholder resolution 4 (which is the Whitewash Resolution). BlueGem and its associates will not be entitled to vote on Resolution 4 and any votes cast by BlueGem or its associates will be deemed void.

The Independent Directors, who have been so advised by Peel Hunt, consider the terms of the Proposals to be fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole. In providing such advice, Peel Hunt has taken into account the Independent Directors' commercial assessments.

In the event that the Placing and Open Offer and Rule 9 Waiver pursuant to the Whitewash Resolution are approved at the General Meeting and, as a result of the level of participation in the Open Offer by other Qualifying Shareholders, BlueGem's interest in the Company increases to above 30% of the Enlarged Issued Share Capital, BlueGem will not be restricted from making an offer for the Company. In such circumstances, because BlueGem will be interested in Ordinary Shares which, in aggregate, carry not less than 30 per cent. of the voting rights of the Company but not more than

50 per cent. of such voting rights, a general offer will normally be required if any further interests in Ordinary Shares are acquired by BlueGem, or any person acting in concert with BlueGem.

The Panel may deem an obligation to make an offer to have arisen on the acquisition by a single member of a concert party of an interest in shares sufficient to increase his individual holding to 30 per cent. or more of a company's voting rights, or, if he already holds more than 30 per cent. but less than 50 per cent, an acquisition which increases his shareholding in that company.

#### ***BlueGem's intentions***

BlueGem has confirmed that, if the Whitewash Resolution is passed and the Placing and Open Offer proceeds, there is no agreement, arrangement or understanding for the transfer of the New Ordinary Shares for which BlueGem will subscribe to any third party. BlueGem has, through Marco Capello and Emilio Di Spiezio Sardo who are directors of the Company, worked with the Board to develop the strategy set out in paragraph 3 of Part VI: "Letter from the Chairman". Following the Placing and Open Offer, BlueGem, through Marco Capello and Emilio Di Spiezio Sardo, intends to continue to work with the Board to implement this strategy and, with the Board, will keep the strategy under review to ensure it best reflects the ongoing position of the Company and its operating markets. When reviewing this strategy with the Board, BlueGem intends to act in the best interests of the Company, and in turn, seek to improve the valuation of the Company for all Shareholders. BlueGem has no intentions to seek any changes in respect of: (i) the future business of the Company (including any research or development functions), (ii) the composition of the Board, nor the Company's plans with respect to the continued employment of employees and management of the Company and its subsidiaries (including any material change in conditions of employment and in the balance of the skills and functions of employees and management); (iii) the Group's strategic plans (including the location of its headquarters and the headquarters functions), (iv) the existing pension rights of the Company's existing management and employees and the participation of any new employees in that pension, in particular it intends to maintain the Company's existing arrangements in respect of: (a) the employer contributions; (b) the accrual of benefits for existing members; and (c) the admission of new members; (v) redeployment of the Company's fixed assets; or (vi) the continuation of the Ordinary Shares being admitted to trading on the London Stock Exchange's main market for listed securities. BlueGem does not expect its business to be affected by the Placing and Open Offer.

## **6. DILUTIVE EFFECT OF THE PLACING AND OPEN OFFER**

In considering the Placing and Open Offer, the Directors and the Proposed Director have given a great deal of thought as to how to structure the proposed equity fundraising, having regard to the Company's current financial position, current market conditions, the level of the Company's share price and the importance of pre-emption rights to Shareholders. After considering all these factors, the Directors and the Proposed Director have concluded that the Placing and Open Offer is the most appropriate option available to the Company and its Shareholders to raise new equity funds. Although the PH Placing constitutes a firm placing to Pamela Hackett on a non pre-emptive basis, the rationale for the PH Placing is to align Pamela Hackett's interests with those of Shareholders.

Upon completion of the Placing and Open Offer and PH Placing, the New Ordinary Shares will represent approximately 66 per cent. of the Enlarged Issued Share Capital and the Existing Ordinary Shares will represent approximately 34 per cent. of the Enlarged Issued Share Capital (assuming that all Open Offer Shares are subscribed for and that no further Ordinary Shares are issued pursuant to the Share Incentive Plans between the posting of this document and the closing of the Placing and Open Offer).

Qualifying Shareholders who do not take up any of their entitlements in respect of the Open Offer will experience dilution of approximately 66 per cent. of their interests in the Company (assuming that all Open Offer Shares are subscribed for and that no further Ordinary Shares are issued pursuant to the Share Incentive Plans between the posting of this document and the closing of the Placing and Open Offer).

The Placing and Open Offer and the PH Placing are expected to be dilutive, on an earnings per share basis, for Qualifying Shareholders, for the current financial year ending 31 December 2018.

The Placing and Open Offer and PH Placing will result in an increase in cash and other short term funds of approximately £8.5 million with a corresponding approximate £8.5 million increase in net assets. Shareholders' attention is drawn to Part XIII: "Unaudited Pro Forma Statement of Net Assets" of this document for further information on these changes.

Shareholders should note that the Open Offer is not a rights issue. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market on behalf of or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer, but will be subscribed for under the Excess Application Facility or the Placing, with all proceeds of such subscription ultimately being for the benefit of the Company.

## **7. SELECTED FINANCIAL INFORMATION ON THE COMPANY**

Presented below is selected financial information on the Group, prepared in accordance with IFRS, as at and for the year ended 31 December 2017, 31 December 2016 and 31 December 2015, and as restated and unaudited, for the year ended 31 December 2015. The restatement does not impact on the statement of comprehensive income, Group cash flows and Group balance sheet for the year ended 31 December 2015. Investors should read the whole of this document and not rely solely on the summarised financial information set out below.

## Group income statement

	2017 (audited) £'000	2016 (audited) £'000	2015 (audited) £'000	2015 (unaudited, restated) £'000
Revenue	<b>35,103</b>	45,193	138,928	50,152
Cost of sales	<b>(18,646)</b>	(23,711)	(87,866)	(25,330)
<b>Gross profit</b>	<b>16,457</b>	21,482	51,062	24,822
Administrative expenses – underlying	<b>(24,761)</b>	(30,327)	(50,293)	(30,108)
Loss from operations – underlying	<b>(8,304)</b>	(8,845)	769	(5,286)
Administrative expenses – non-underlying – impairment	<b>(16,665)</b>	(30,358)	—	—
Administrative expenses – non-underlying other	<b>(1,483)</b>	(2,304)	—	—
Administrative expenses – non-underlying credit	<b>664</b>	1,894	—	—
Administrative expenses – non-underlying (net)	—	—	253	450
Administrative expenses – amortisation of acquired intangibles	—	—	(569)	—
<b>Total administrative expenses</b>	<b>(42,245)</b>	(61,095)	(51,115)	(30,558)
Operating loss	<b>(25,788)</b>	(39,613)	(53)	(5,736)
Investment revenues	<b>224</b>	64	13	8
Finance costs	<b>(719)</b>	(1,220)	(3,682)	(3,464)
<b>Loss before tax</b>	<b>(26,283)</b>	(40,769)	(3,722)	(9,192)
Tax	<b>(4,485)</b>	2,209	(4,024)	(1,185)
(Loss)/profit for the period from continuing operations	<b>(30,768)</b>	(38,560)	(7,746)	(10,377)
(Loss)/profit for the period from discontinued operations	<b>(251)</b>	38,505	(57,802)	(55,171)
<b>Loss for the period</b>	<b>(31,019)</b>	(55)	(65,548)	(65,548)
(Loss)/earning per share – pence				
From loss from continuing operations for the year attributable to owners of the Company				
Basic	<b>(6.1)</b>	(7.6)	(1.6)	(2.1)
Diluted	<b>(6.1)</b>	(7.6)	(1.6)	(2.1)
Basic – underlying	<b>(2.6)</b>	(1.6)	(1.5)	(2.0)
Diluted – underlying	<b>(2.6)</b>	(1.6)	(1.5)	(2.0)
From the loss for the period:				
Basic	<b>(6.1)</b>	0.0	(13.3)	(13.3)
Diluted	<b>(6.1)</b>	0.0	(13.3)	(13.3)
Basic – underlying	<b>(2.6)</b>	(0.9)	(1.1)	(1.1)
Diluted – underlying	<b>(2.6)</b>	(0.9)	(1.1)	(1.1)

## Group balance sheet

	2017 (audited) £'000	2016 (audited) £'000	2015 (audited) £'000
<b>Non-current assets</b>			
Intangible assets and goodwill	151	17,724	148,387
Property, plant and equipment	358	1,108	1,996
Other receivables	395	—	711
Deferred tax assets	79	8,324	14,448
<b>Total non-current assets</b>	<b>983</b>	<b>27,156</b>	<b>165,542</b>
<b>Current assets</b>			
Trade and other receivables	4,075	7,212	29,115
Current tax receivables	965	1,404	1,096
Cash and cash equivalents	20,979	38,067	15,478
Assets held for sale	—	—	91,785
<b>Total current assets</b>	<b>26,019</b>	<b>46,683</b>	<b>137,474</b>
<b>Total assets</b>	<b>27,002</b>	<b>73,839</b>	<b>303,016</b>
<b>Current liabilities</b>			
Financial liabilities	—	—	(68,294)
Trade and other payables	(11,390)	(20,162)	(39,875)
Current tax liabilities	(1,391)	(1,070)	(4,020)
Liabilities held for sale	—	—	(33,105)
<b>Total current liabilities</b>	<b>(12,781)</b>	<b>(21,232)</b>	<b>(145,294)</b>
<b>Net current assets/(liabilities)</b>	<b>13,238</b>	<b>25,451</b>	<b>(7,820)</b>
<b>Non-current liabilities</b>			
Retirement benefit obligations	(7,320)	(11,577)	(21,781)
Deferred tax liabilities	(24)	(707)	(5,413)
Long-term provisions	(4,732)	(7,711)	(1,222)
<b>Total non-current liabilities</b>	<b>(12,076)</b>	<b>(19,995)</b>	<b>(28,416)</b>
<b>Total liabilities</b>	<b>(24,857)</b>	<b>(41,227)</b>	<b>(173,710)</b>
<b>Net assets</b>	<b>2,145</b>	<b>32,612</b>	<b>129,306</b>

### 8. USE OF PROCEEDS

As announced on 1 May 2018 and set out in the 2017 Annual Report, the Board has identified certain material risks to the Group's short-term funding position. These risks are discussed further in paragraph 2 of this letter.

In the first instance, the net proceeds of the Placing and Open Offer will be used to mitigate these material risks to the Group's short term funding position and to afford the Board additional flexibility to manage any disputes related to the KS Funds in the best long-term interests of the Group which will account for £5.8 million of the money raised pursuant to the Placing and Open Offer.

In addition, the remaining part of the net proceeds of the Placing and Open Offer and the proceeds of the PH Placing (together being approximately £2.7 million) will be used to ensure the Group has sufficient funding to complete the turnaround of Proudfoot and return the business to profitability.

As the KS Funds are subsequently released to the Company, the available cash resources will be used for general corporate purposes.

## **9. DIVIDENDS AND DIVIDEND POLICY**

The Board did not declare a final dividend for the 2017 financial year. The Board would resume dividend payments and/or consider a further share repurchase programme once the Group returns to sustainable levels of profitability.

## **10. CURRENT TRADING AND PROSPECTS**

As previously announced on 1 May 2018, Proudfoot grew revenues in Q1 2018 compared with a particularly low Q4 in 2017 and early indications are for a continuation of this trend into Q2. The customer reaction to its offering continues to be strong where the Group wins work.

The Board is focusing on the Group's sales and marketing teams and infrastructure to promote its offering more effectively and the Board remains confident in the strength of the Proudfoot model to deliver sustainable improvement and change for its customers. Nonetheless, revenues for the year ending 31 December 2018 are likely to be lower than revenue reported in 2017. In addition and as previously announced, management is continuing its work to reduce costs across the Group as a whole. The Group's total costs were £10.7 million for the year ended 31 December 2017.

The Board is conscious that the turnaround of the business is taking longer than expected but remains focused on continuing to promote the changes needed to restore the Group's growth and profitability.

## **11. PROPOSALS TO BE VOTED ON AT THE GENERAL MEETING**

For the purposes of effecting the Placing and Open Offer and the PH Placing, the Resolutions will be proposed at a General Meeting.

**It should be noted that Resolutions 1 through to 5 are inter-conditional, such that if any one of those Resolutions is not passed by the requisite majority of Shareholders eligible to vote on that Resolution, then the Placing and Open Offer will not proceed. If the Placing and Open Offer does not proceed then the Board believes that there is a material risk that the Group will not have sufficient working capital for its present requirements, that is, for at least 12 months following the date of this document.** The factors influencing the size and timing of any shortfall in working capital are dependent upon ongoing negotiations around the release of the KS Funds which is subject to the status of any new active or potential claims arising. More specifically, if the Placing and Open Offer does not proceed, then there is a risk that the Group may experience a liquidity shortfall of £0.2 million in February 2019, followed by further shortfalls of £0.2 million in June and July 2019, respectively. There is then a projected major shortfall of £2.5 million in August 2019. Were the Board to become aware that a near-term liquidity shortfall was likely to occur, with no reasonable prospect of remedy, the Board would need to consider whether there was a reasonable prospect of avoiding insolvent liquidation, and the Board might at such time conclude that the Group should take immediate steps to enter into an insolvency process.

At the end of this document, you will find a notice convening the General Meeting, which is to be held at the offices of Baker & McKenzie LLP, 100 New Bridge Street, London EC4V 6JA at 11.00 a.m. on 18 July 2018. The full text of the Resolutions is set out in that notice and a summary of the Resolutions is set out below:

Resolution 1 (Ordinary) is required by the Listing Rules and seeks to approve the issue of New Ordinary Shares for cash at a price of 1 penny per New Ordinary Share (being a discount of 68 per cent. to the Closing Price at the last Business Day prior to the date of the announcement of the Placing and Open Offer and PH Placing). Under the Listing Rules, shareholders must approve an issuance of ordinary shares at a discount of greater than 10 per cent. to the Closing Price on the last Business Day prior to the announcement of the same.

Resolution 2 (Ordinary) seeks a new authority to enable the Directors to allot relevant securities. The Directors may not allot new shares in the Company without the prior approval of Shareholders in general meeting. For the reason that it was known that the General Meeting would be called in connection with the Placing and Open Offer, no general authority to allot new shares in the Company will be sought at the annual general meeting to be held on 29 June 2018. Resolution 2 seeks authority to allot relevant securities up to an aggregate nominal amount of £15,109,010, including, but not limited to, the issue of equity securities pursuant to the Placing and Open Offer and PH Placing. This represents approximately 196 per cent. of the Company's Existing Ordinary Share Capital as at the date of this document and will provide headroom of approximately 33 1/3 per cent. of the Enlarged Issued Share Capital following the completion of the Placing and Open Offer

and PH Placing (assuming no further exercise of options granted or other issue of shares pursuant to the Share Incentive Plans). The Directors currently have no specific plans to allot relevant securities other than in connection with the Placing and Open Offer, the PH Placing and pursuant to the Share Incentive Plans.

Resolution 3 (Special) seeks a new authority to disapply statutory pre-emption rights in relation to the allotment of equity securities for cash. The Directors may also only issue shares on a non-pre-emptive basis with the prior approval of Shareholders in general meeting. Again, for the reason that it was known that the General Meeting would be called in connection with the Placing and Open Offer, no disapplication of pre-emption rights will be sought at the annual general meeting to be held on 29 June 2018. If approved, Resolution 3 will authorise the Directors to allot shares for cash for the purposes of the Placing and Open Offer and PH Placing and otherwise to allot shares for cash up to a maximum nominal amount of £10,812,180. This represents approximately 196 per cent. of the Company's Existing Ordinary Share Capital as at the date of this document and will provide headroom of approximately 5 per cent. of the Enlarged Issued Share Capital following the completion of the Placing and Open Offer and PH Placing (assuming no further exercise of options granted or other issue of shares pursuant to the Share Incentive Plans).

Resolution 4 (Ordinary) is the Whitewash Resolution which is proposed as an ordinary resolution to the Independent Shareholders (other than BlueGem, Marco Capello and Emilio Di Spiezio Sardo who are unable to vote pursuant to the City Code). Under the City Code, the grant of the waiver by the Panel of any requirement under Rule 9 of the City Code on Takeovers and Mergers for BlueGem to make a general offer to the shareholders of the Company as a result of the potential for BlueGem to pass through the 30% threshold by virtue of its participation in the Placing and Open Offer must be approved by a majority of the Shareholders independent of BlueGem. This matter is described in further detail in paragraph 4 of this letter and also in Part IX "The Whitewash" of this document.

BlueGem has undertaken to the Company not to vote on Resolution 4, the Whitewash Resolution. BlueGem and its associates will not be entitled to vote on Resolution 4 and any votes cast by BlueGem or its associates will be deemed void.

Resolution 5 (Ordinary) seeks to generally approve the terms of the Placing and Open Offer and PH Placing and to authorise the Directors to implement the Placing and Open Offer and PH Placing.

Finally, Resolution 6 (Ordinary) seeks to approve the PH Placing as a related party transaction for the purposes of Chapter 11 of the Listing Rules. As Pamela Hackett is Proudfoot Chief Executive and is also proposed to join the Board of Directors of the Company, the PH Placing is subject to the approval of Shareholders.

**The Board believes that the Placing and Open Offer and the PH Placing are in the Shareholders' best interests and recommends (and in the case of Resolution 4, the Independent Directors recommend) that Shareholders vote in favour of all of the Resolutions in order that the Placing and Open Offer and PH Placing can proceed.**

**It is noted that Resolutions 1 through to 5 are inter-conditional, such that if any one of those Resolutions is not passed by the requisite majority of Shareholders eligible to vote on that Resolution, then the Placing and Open Offer will not proceed.**

**Even if Shareholders do not intend to participate in the Open Offer, they are urged to vote for the Resolutions to enable the Placing and Open Offer and PH Placing to proceed.**

Further details of the Company's issued share capital at present and as it will be following the completion of the Placing and Open Offer are set out in paragraph 2 of Part XV: "Additional Information" of this document.

## **12. OVERSEAS SHAREHOLDERS**

The attention of Overseas Shareholders who have registered addresses outside the UK, or who are citizens of or residents in countries other than the UK, is drawn to the information which appears in paragraph 6 of Part VII: "Terms and Conditions of the Open Offer" of this document. New Ordinary Shares may be made available in the Placing and Open Offer to certain persons in the US pursuant to Section 4(2) of the Securities Act, in a manner designed not to require registration of the New Ordinary Shares under the Securities Act.

### **13. UK AND US TAXATION**

Certain information about UK and US taxation in relation to the Placing and Open Offer is set out in paragraph 22 of Part XV: "Additional Information" of this document. **If you are in any doubt as to your tax position, or you are subject to tax in a jurisdiction other than the UK or the US, you should consult your own independent tax adviser without delay.**

### **14. ACTION TO BE TAKEN**

You will find enclosed with this document a form of proxy for use at the General Meeting. Whether or not you propose to attend the General Meeting in person, it is important that you complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Registrars, Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, as soon as possible and, in any event, so as to be received not later than 11.00 a.m. on 16 July 2018. As an alternative to completing the hard copy form, shareholders can appoint proxies electronically via [www.signalshares.com](http://www.signalshares.com) so that it is received by the Registrar by no later than 11.00 a.m. on 16 July 2018. The completion and return of a form of proxy (in hard copy or electronically) will not preclude you from attending the General Meeting and voting in person, if you so wish.

If you hold shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Link(CREST participant RA10) so that it is received by no later than 11.00 a.m. on 16 July 2018.

If you are a Qualifying Non-CREST Shareholder you will receive an Application Form which gives details of your maximum entitlement under the Open Offer (as shown by the number of Open Offer Entitlements set out in Box 2 and the maximum number of Excess Shares which you may apply for in Box 4). If you wish to apply for Open Offer Shares under the Open Offer, you should complete the Application Form in accordance with the procedure for application set out in paragraph 4 of Part VII: "Terms and Conditions of the Open Offer" of this document and on the Application Form itself. Completed Application Forms, accompanied by full payment in accordance with the instructions in paragraph 4 of Part VII: "Terms and Conditions of the Open Offer" of this document, should be posted in the accompanying pre-paid envelope or returned by post or by hand (during normal business hours only) to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive as soon as possible and in any event so as to be received by no later than 11.00 a.m. on 16 July 2018. If you do not wish to apply for any Ordinary Shares under the Open Offer, you should not complete or return the Application Form.

If you are a Qualifying CREST Shareholder no Application Form will be sent to you and you will receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements and the Excess Open Offer Entitlements representing your maximum entitlement under the Open Offer and under the Excess Application Facility. You should refer to the procedure for application set out in paragraph 4 of Part VII: "Terms and Conditions of the Open Offer" of this document. The relevant CREST instructions must have settled in accordance with the instructions in paragraph 4 of Part VII: "Terms and Conditions of the Open Offer" of this document by no later than 11.00 a.m. on 16 July 2018.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

If you are in any doubt as to the action you should take, you should immediately seek your own personal financial advice from an independent professional adviser authorised under FSMA.

### **15. FURTHER INFORMATION AND RISK FACTORS**

Your attention is drawn to the further information set out in Part VII: "Terms and Conditions of the Open Offer" to Part XV: "Additional Information" inclusive, of this document and to the Notice of General Meeting set out at the end of this document. In particular, your attention is drawn to Part II: "Risk Factors" of this document. You are advised to read the whole of this document and not rely solely on the information contained in this letter.

Should you require further assistance, please contact Link Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link

Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

## **16. IRREVOCABLE UNDERTAKINGS TO VOTE IN FAVOUR OF THE PLACING AND OPEN OFFER**

Irrevocable undertakings to vote in favour of the Placing and Open Offer at the General Meeting and to vote against any shareholder resolution in respect of any alternative transaction involving a subscription for Ordinary Shares or other equity securities in the Group have been received from those members of the Board who hold Ordinary Shares over an aggregate of 1,621,697 Ordinary Shares, representing approximately 0.3 per cent. of the Company's current issued share capital.

Each of the irrevocable undertakings will remain in force until completion of the Placing and Open Offer or the Company has notified the person giving the undertaking that the Placing and Open Offer will not proceed.

## **17. THE IMPORTANCE OF THE SHAREHOLDER VOTE**

Resolutions 1 through to 5 must be passed by Shareholders at the General Meeting in order for the Placing and Open Offer to proceed. If any one of those Resolutions is not approved at the General Meeting, the Placing and Open Offer will not proceed. The Board believes that there is a material risk that, in the absence of the Placing and Open Offer, the Group will not have sufficient working capital for its present requirements, that is, for at least 12 months from the date of this document. The factors influencing the size and timing of any shortfall in working capital are dependent upon ongoing negotiations around the release of the KS Funds which is subject to the status of any new active or potential claims arising. More specifically, if the Placing and Open Offer does not proceed, then there is a risk that the Group may experience a liquidity shortfall of £0.2 million in February 2019, followed by further shortfalls of £0.2 million in June and July 2019, respectively. There is then a projected major shortfall of £2.5 million in August 2019. Were the Board to become aware that a near-term liquidity shortfall was likely to occur, with no reasonable prospect of remedy, the Board would need to consider whether there was a reasonable prospect of avoiding insolvent liquidation, and the Board might at such time conclude that the Group should take immediate steps to enter into an insolvency process.

The Directors and the Proposed Director believe that the Placing and Open Offer is the only viable fundraising option to address the working capital shortfall announced on 23 April 2018. The Directors and the Proposed Director have considered alternative fundraising options but as the Group does not have assets of which it can dispose, and, as access to debt financing is restricted due to the Group's perceived level of credit risk and the consequent prohibitively high cost of such debt financing, the Placing and Open Offer is the only option available to the Company within the required timeframe. The Group has already taken steps to reduce its capital expenditure and the Directors and the Proposed Director do not believe there is scope to implement further capital expenditure reductions within the required timeframe.

Even if shareholders do not intend to participate in the Open Offer, they are urged to vote on the Resolutions to enable the Placing and Open Offer and PH Placing to proceed.

The Board believes that the Placing and Open Offer and the PH Placing are in the Shareholders' best interests and recommends (and in the case of Resolution 4, the Independent Directors recommend) that Shareholders vote in favour of all of the Resolutions in order that the Placing and Open Offer and PH Placing can proceed.

## **18. RECOMMENDATION**

The Board (and in the case of Resolution 4, the Independent Directors) considers the Placing and Open Offer, the PH Placing and the Resolutions to be in the best interests of the Company and Shareholders as a whole.

The Independent Directors, who have received financial advice from Peel Hunt in connection with the Rule 9 Waiver, consider Resolution 4 to be fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole. In providing advice to the Independent Directors, Peel Hunt has taken into account the Independent Directors' commercial assessments.

Accordingly, the Board, and in the case of Resolution 4, the Independent Directors, unanimously recommends that Shareholders vote in favour of all of the resolutions, as the Directors intend to do, or procure to be done, in respect of their own beneficial holdings of 1,621,697 Ordinary Shares

(except as otherwise disclosed above in the case of Marco Capello and Emilio Di Spiezio Sardo), representing approximately 0.3 per cent. of the Existing Ordinary Shares.

Yours faithfully,

Nick Stagg  
**Chairman and Chief Executive**

## PART VII

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### 1. INTRODUCTION

As explained in Part VI: "Letter from the Chairman" of this document, the Company is proposing to issue 1,000,050,372 New Ordinary Shares to raise through the Placing and Open Offer, approximately £8.5 million (net of expenses related to the Placing and Open Offer).

Upon completion of the Placing and Open Offer and the PH Placing, the New Ordinary Shares will represent approximately 66 per cent. of the Company's Enlarged Issued Share Capital and the Existing Ordinary Shares will represent approximately 34 per cent. of the Enlarged Issued Share Capital on an undiluted basis.

The Record Date for entitlements under the Open Offer for Qualifying Shareholders is close of business on 25 June 2018. Application Forms are expected to be posted to Qualifying Non-CREST Shareholders (other than, subject to certain conditions, Qualifying Shareholders with a registered address in the US or another of the Restricted Jurisdictions) on or around 29 June 2018 and Open Offer Entitlements and Excess Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST by 2 July 2018. The latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is expected to be 11.00 a.m. on 16 July 2018 with Admission and commencement of dealings in Open Offer Shares expected to take place at 8.00 a.m. on 19 July 2018.

This document and, for Qualifying Non-CREST Shareholders only, the Application Forms contain the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 4 of this Part VII: "Terms and Conditions of the Open Offer" which gives details of the procedure for application and payment for the Open Offer Shares. The attention of Overseas Shareholders is drawn to paragraph 6 of this Part VII: "Terms and Conditions of the Open Offer" below.

The Open Offer Shares will, when issued and fully paid, rank equally in all respects with Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

The Company is proposing to issue 1,000,050,372 Open Offer Shares, at the Issue Price, subject to Admission.

The Open Offer has not been underwritten (by Peel Hunt, or anyone else) although pursuant to the Subscription Agreements, each of BlueGem, Aberforth, Fidelity, Lombard Odier and Richard Griffiths have irrevocably undertaken to take-up their own Open Offer Entitlements in full and have also agreed between them to subscribe for up to 337,100,225 further Excess Shares pursuant to the Excess Application Facility.

Application will be made to the Financial Conduct Authority for the Open Offer Shares to be admitted to the Official List and to the London Stock Exchange for the Open Offer Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

The Open Offer is an opportunity for Qualifying Shareholders to apply for, in aggregate, 1,000,050,372 Open Offer Shares *pro rata* to their current holdings at the Issue Price of 1 penny per share, and to apply for Excess Shares, up to a maximum number of Excess Shares equal to two times such Qualifying Shareholder's Open Offer Entitlement at the Issue Price of 1 penny per share (subject to availability and provided such Qualifying Shareholder has agreed to take up his Open Offer Entitlement in full), in accordance with the terms of the Open Offer, upon Admission.

Any Qualifying Shareholder who has sold or transferred all or part of his/her registered holding(s) of Ordinary Shares prior to 25 June 2018 is advised to consult his or her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him/her by the purchasers under the rules of the London Stock Exchange.

#### 2. THE OPEN OFFER

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Application Form), Qualifying Shareholders are being given the opportunity to apply for any number of Open Offer Shares at the Issue Price (payable in full on application and free

of all expenses) up to a maximum of their *pro rata* entitlement which shall be calculated on the basis of:

**45 Open Offer Shares for every 23 Existing Ordinary Shares**

registered in the name of each Qualifying Shareholder on the Record Date.

Fractions of Open Offer Shares will not be allotted to Qualifying Shareholders in the Open Offer and fractional entitlements under the Open Offer will be rounded down to the nearest whole number of New Ordinary Shares.

Applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Open Offer Entitlement, provided that a Qualifying Shareholder is not an Overseas Shareholder.

Provided that they take up their Open Offer Entitlements in full, Qualifying Shareholders are also being given the opportunity to apply for Excess Shares, subject to availability, through the Excess Application Facility, up to a maximum number of Excess Shares equal to two times such Qualifying Shareholder's Open Offer Entitlement. Excess Shares will become available as part of the Open Offer where Open Offer Entitlements are not taken up in full by Qualifying Shareholders.

**Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.**

If you are a Qualifying Non-CREST Shareholder, the Ordinary Share Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date (in Box 1).

Qualifying CREST Shareholders will have Open Offer Entitlements and Excess Open Offer Entitlements credited to their stock accounts in CREST and should refer to paragraph 4.2 of this Part VII: "Terms and Conditions of the Open Offer" and also to the CREST Manual for further information on the relevant CREST procedures.

Qualifying Shareholders may apply for any number of Open Offer Shares up to the maximum to which they are entitled under the Open Offer.

**Qualifying Shareholders who do not take up any of their entitlements in respect of the Open Offer will experience dilution of approximately 66 per cent. of their ownership and voting interest in the Company.**

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should also note that their respective Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, Open Offer Entitlements and Excess Open Offer Entitlements will be credited to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up Open Offer Shares will have no rights under the Open Offer.

Application will be made for the Open Offer Entitlements to be credited to Qualifying CREST Shareholders' CREST accounts. The Open Offer Entitlements and Excess Open Offer Entitlements are expected to be credited to CREST accounts by 2 July 2018.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Application has been made for the Open Offer Entitlements and Excess Open Offer Entitlements to be admitted to CREST. The conditions for such admission having been met, the Open Offer Entitlements and Excess Open Offer Entitlements are expected to be admitted to CREST with effect from 2 July 2018.

The Open Offer Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares. The Open Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

**3. CONDITIONS AND FURTHER TERMS OF THE OPEN OFFER**

The Open Offer is conditional on the Subscription Agreements, the Directors Irrevocables and Sponsor's Agreement becoming unconditional in all respects (other than as to Admission), the passing

of Resolutions 1 through to 5 at the General Meeting without amendment and Admission of the Open Offer Shares becoming effective by not later than 8.00 a.m. on 19 July 2018 (or such later time and/or date as Peel Hunt and the Company may determine, not being later than 8.00 a.m. on 25 July 2018). A summary of the principal terms of the Subscription Agreements and Sponsor's Agreement is set out in paragraph 10 of Part XV: "Additional Information" of this document.

Accordingly, if these conditions are not satisfied or waived (where capable of waiver), the Placing and Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter.

No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form within five (5) Business Days of Admission. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST by 8.00 a.m. on 19 July 2018.

Applications will be made for the Open Offer Shares to be listed on the Official List and to be admitted to trading on the London Stock Exchange's main market for listed securities. Admission is expected to occur at 8.00 a.m. on 19 July 2018, when dealings in the Open Offer Shares are expected to begin.

All monies received by the Receiving Agent in respect of Open Offer Shares will be placed on deposit in a non-interest bearing account by the Receiving Agent.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

#### **4. PROCEDURE FOR APPLICATION AND PAYMENT**

The action to be taken by you in respect of the Open Offer depends on whether, at the relevant time, you have an Application Form in respect of your entitlement under the Open Offer or you have Open Offer Entitlements credited to your CREST stock account in respect of such entitlement, in each case including the Express Application Facility.

Qualifying Shareholders who hold their Existing Ordinary Shares in certificated form will be allotted Open Offer Shares in certificated form. Qualifying Shareholders who hold part of, or all of, their Existing Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements and Excess Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 4.2(f) of this Part VII: "Terms and Conditions of the Open Offer".

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements and Excess Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Qualifying Shareholders who do not want to apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form.

##### ***4.1 If you have an Application Form in respect of your entitlement under the Open Offer***

###### ***(a) General***

Subject as provided in paragraph 6 of this Part VII: "Terms and Conditions of the Open Offer" in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Application Form. The Application Form shows the number of Existing Ordinary Shares registered in their name on the Record Date in Box 1. It also shows the maximum number of Open Offer Shares for which they are entitled to apply under the Open Offer, as shown by the total number of New Ordinary Shares constituted in their Open Offer Entitlements allocated to them set out in Box 2 and the maximum number of Excess Shares which they may apply for in Box 4. Box 3 shows how much they

would need to pay if they wish to take up their Open Offer Entitlements in full and Box 5 shows how much they would need to pay if they wish to take up their Excess Open Offer Entitlements in full, in addition to the Open Offer Entitlements. Qualifying Non-CREST Shareholders may apply for less than their entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim. There is no guarantee that applications for Excess Shares by Qualifying Shareholders under the Excess Application Facility will be met in full or at all.

The instructions and other terms set out in the Application Form are an integral part of the terms of the Open Offer in relation to Qualifying Non-CREST Shareholders.

*(b) Bona fide market claims*

For Qualifying Non-CREST Shareholders, applications to acquire Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to 25 June 2018 (the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer). Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 11 July 2018. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee. Qualifying Non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however be forwarded to or transmitted in or into any Restricted Jurisdiction. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedure set out in paragraph 4.2(b) of this Part VII: “Terms and Conditions of the Open Offer”.

*(c) Application procedures*

Qualifying Non-CREST Shareholders wishing to apply to acquire all or any of the Open Offer Shares should complete the Application Form in accordance with the instructions printed on it.

Completed Application Forms should be posted in the accompanying pre-paid envelope or returned by post or by hand (during normal business hours only) to the Receiving Agent (Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU) (who will act as Receiving Agent in relation to the Open Offer) so as to be received by the Link Asset Services by no later than 11.00 a.m. on 16 July 2018, after which time Application Forms will not be valid. Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four working days for delivery.

All payments must be in pounds sterling and made by cheque or banker’s draft made payable to “Link Market Services Limited re: MCG – Open Offer A/C” and crossed “A/C Payee Only”. Cheques or banker’s drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker’s drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques may not be accepted with the exception of building society cheques or banker’s drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or banker’s drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds) will be subject to the Money Laundering

Regulations which would delay Shareholders receiving their Open Offer Shares (please see paragraph 5 of this Part VII: "Terms and Conditions of the Open Offer").

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct Link Asset Services to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

In the event that Qualifying CREST Shareholders apply for Excess Shares under the Excess Application Facility but any such Excess Shares are not available to be issued, the application monies in relation to such Excess Shares applied for but not issued will be returned by post to the Qualifying CREST Shareholders, at the Qualifying CREST Shareholders risk and without interest, to the address set out in the Application Form, within 14 days thereafter.

If cheques or banker's drafts are presented for payment before the conditions of the Placing and Open Offer are fulfilled, the application monies will be kept in a separate non-interest bearing bank account until all conditions are met. If the Placing and Open Offer does not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Placing and Open Offer.

The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) Application Forms received after 11.00 a.m. on 16 July 2018; or
- (ii) applications in respect of which remittances are received before 11.00 a.m. on 16 July 2018 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

*(d) Effect of application*

By completing and delivering an Application Form the applicant:

- (i) represents and warrants to the Company and Peel Hunt that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with the Company and Peel Hunt that all applications under the Open Offer and contracts resulting therefrom shall be governed by and construed in accordance with English law;
- (iii) agrees with the Company and Peel Hunt that the Open Offer Shares are issued subject to, and in accordance with, the Articles;
- (iv) agrees with the Company and Peel Hunt that applications, once made, will be valid and binding and, subject to the very limited withdrawal rights set out in this document, be irrevocable;
- (v) confirms to the Company and Peel Hunt that in making the application he is not relying on any information or representation in relation to the Company other than that contained in (or incorporated by reference in) this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information in relation to the Company contained in this document (including information incorporated into it by reference);

- (vi) represents and warrants to the Company and Peel Hunt that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements and Excess Open Offer Entitlements or that he received such Open Offer Entitlements and Excess Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vii) confirms to the Company and Peel Hunt that, in making the application, he is not relying on, and has not relied on Peel Hunt or any other person affiliated with Peel Hunt in connection with any investigation of the accuracy of any information contained in (or incorporated by reference in) this document or his investment decision;
- (viii) confirms to the Company and Peel Hunt that no person has been authorised to give any information or to make any representation concerning the Group and/or the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be, and has not been, relied upon as having been authorised by the Company or Peel Hunt;
- (ix) represents to the Company and Peel Hunt that if he has received some or all of his Open Offer Entitlements and Excess Open Offer Entitlements from a person other than the Company he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements and Excess Open Offer Entitlements by virtue of a *bona fide* market claim;
- (x) represents and warrants to the Company and Peel Hunt that he is not, nor is he applying on behalf of any person who is, in the US or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of the US or any other Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application in the US or to, or for the benefit of, a person who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of the US or any other Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (xi) represents and warrants to the Company and Peel Hunt that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986; and
- (xii) requests that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and the Application Form.

All enquiries in connection with the procedure for application and completion of the Ordinary Share Application Form should be addressed to the Receiving Agents, Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU (Telephone: Capita Asset Services on 0371 664 0321). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Qualifying Non-CREST Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form.

#### **4.2 If you have Open Offer Entitlements and Excess Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer**

##### **(a) General**

Subject as provided in paragraph 6 of this Part VII: “Terms and Conditions of the Open Offer” in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlements equal to the maximum number of Open Offer Shares for which he is entitled to apply to acquire under the Open Offer and of his Excess Open Offer Entitlements, which is equal to the maximum number of Open Offer Shares he is entitled

to apply for under the Excess Application Facility. Entitlements to Open Offer Shares will be rounded down to the nearest whole number and any fractional Open Offer Entitlement and Excess Open Offer Entitlements will therefore also be rounded down.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements and Excess Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements and/or Excess Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 8.00 a.m. on 29 June 2018, or such later time and/or date as the Company (after consultation with Peel Hunt) may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements and Excess Open Offer Entitlements which should have been credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document may be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive such Application Forms. The Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates but Qualifying CREST Shareholders may not receive any further written communication.

CREST members who wish to apply to acquire some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Please contact Link Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

*(b) Bona fide claims*

Each of the Open Offer Entitlements and Excess Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of the Open Offer Entitlements and Excess Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and Excess Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess Open Offer Entitlement(s) will thereafter be transferred accordingly.

*(c) USE instructions*

Qualifying CREST Shareholders who are CREST members and who want to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements and Excess Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an Unmatched Stock Event (“USE”) Instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of Link Asset Services under the participant ID and member account ID specified below, with a number of Open Offer Entitlements and Excess Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of Link Asset Services in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above.

*(d) Content of USE instruction in respect of the Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear’s specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to Link Asset Services);

- (ii) the ISIN of the Open Offer Entitlement. This is GB00BFWFZT18;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (v) the participant ID of Link Asset Services in its capacity as a CREST receiving agent. This is 7RA33;
- (vi) the member account ID of Link Asset Services in its capacity as a CREST receiving agent. This is 29722MCG;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of New Ordinary Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 16 July 2018; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11 a.m. on 16 July 2018:

- (i) a contact name and telephone number (in the shared note field); and
- (ii) a priority of at least 80.

*(e) Content of USE in respect of Excess Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Excess Shares for which application is being made (and hence the number of the Excess Open Offer Entitlement(s) being delivered to Link Asset Services);
- (ii) the ISIN of the Excess Open Offer Entitlement. This is GB00BFWFZV30;
- (iii) the participant ID of the accepting CREST member;
- (iv) the member account ID of the accepting CREST member from which the Excess Open Offer Entitlements are to be debited;
- (v) the participant ID of Link Asset Services, in its capacity as a CREST receiving agent. This is 7RA33;
- (vi) the member account ID of Link Asset Services, in its capacity as a CREST receiving agent. This is 29722MCG;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of New Ordinary Shares referred to in paragraph (e)(i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 16 July 2018;
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 16 July 2018.

In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 16 July 2018 in order to be valid is 11.00 a.m. on that day.

In the event that the Placing and Open Offer does not become unconditional by 8.00 a.m. on 19 July 2018 or such later time and date as the Company and Peel Hunt determine (being no later than 8.00 a.m. on 25 July 2018), the Placing and Open Offer will lapse, the Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will be disabled and Link Asset Services will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. Such monies will be held in a non-interest bearing bank account. In the event that Qualifying CREST Shareholders apply for Excess Shares under the Excess Application Facility but any such Excess Shares are not available to be issued, the Excess Open Offer Entitlements admitted to CREST in relation to the Excess Shares applied for but not issued will be disabled and Link will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter. Such monies will be held in a non-interest bearing bank account.

*(f) Deposit of Open Offer Entitlements and Excess Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements and Excess Open Offer Entitlements, set out in his Application Form, may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements and Excess Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and Excess Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 3.00 p.m. on 10 July 2018.

In particular, having regard to normal processing times in CREST and on the part of Link Asset Services, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements and Excess Open Offer Entitlements in CREST, is 3.00 p.m. on 10 July 2018 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and Excess Open Offer Entitlements from CREST is 4.30 p.m. on 6 July 2018 in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and Excess Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements and Excess Open Offer Entitlements prior to 11.00 a.m. on 16 July 2018.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Ordinary Share Application Form or into the name of another person, shall constitute a representation and warranty to the Company and Link Asset Services by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" on page 2 of the Ordinary Share Application Form, and a declaration to the Company and Link Asset Services from the relevant CREST member(s) that it/they is/are not in the US or citizen(s) or resident(s) of the US or any other Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

*(g) Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 16 July 2018 will constitute a valid application under the Open Offer.

(h) *CREST procedures and timings*

**CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 16 July 2018. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.**

(i) *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company, through Link Asset Services, reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question (without interest);
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question (without interest); and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction, refunding any unutilised sum to the CREST member in question (without interest).

(j) *Effect of valid application*

A CREST member who makes or is treated as making a valid application in accordance with the above procedures thereby:

- (i) represents and warrants that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to Link Asset Services' payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (iii) agrees that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, English law;
- (iv) agrees that the Open Offer Shares are issued subject to, and in accordance with, the Articles;
- (v) agrees that applications, once made, will, be valid and binding, and subject to the very limited withdrawal rights set out in this document, be irrevocable;
- (vi) confirms that in making the application he is not relying on any information or representation in relation to the Company other than that contained in (or incorporated by reference in) this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information in relation to the Company contained in this document (including information incorporated by reference);
- (vii) confirms that, in making the application, he is not relying, and has not relied, on Peel Hunt or any other person affiliated with Peel Hunt in connection with any investigation of the accuracy of any information contained in (or incorporated by reference in) this document or his investment decision;

- (viii) confirms that no person has been authorised to give any information or to make any representation concerning the Group and/or the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be, and has not been, relied upon as having been authorised by the Company or Peel Hunt;
- (ix) represents and warrants that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (x) represents and warrants that if he has received some or all of his Open Offer Entitlements and Excess Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlement by virtue of a *bona fide* market claim;
- (xi) requests that the New Ordinary Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the memorandum of association and articles of association of the Company;
- (xii) represents and warrants that he is not, nor is he applying on behalf of any Shareholder who is, in the US or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws of the US or any other Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application in the US or to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of the US or any other Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer; and
- (xiii) represents and warrants that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986; and
- (xiv) requests that the New Ordinary Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the Articles.

(k) *Company's discretion as to the rejection and validity of applications*

The Company may in its sole discretion:

- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part VII: "Terms and Conditions of the Open Offer";
- (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid application if, at the time at which the Registrar receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or Link Asset Services has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is

unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

*(l) Lapse of the Open Offer*

In the event that the Placing and Open Offer does not become unconditional by 8.00 a.m. on 19 July 2018 (or such later time and date as the Company and Peel Hunt may determine, not being later than 8.00 a.m. on 25 July 2018), the Placing and Open Offer will lapse, the Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will be disabled and Link Asset Services will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. In the event that Qualifying CREST Shareholders apply for Excess Shares under the Excess Application Facility but any such Excess Shares are not available to be issued, the Excess Open Offer Entitlements admitted to CREST in relation to the Excess Shares applied for but not issued will be disabled and Link will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter.

## 5. MONEY LAUNDERING REGULATIONS

### 5.1 Holders of Application Forms

To ensure compliance with the Money Laundering Regulations, Link Asset Services may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the “verification of identity requirements”). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent or the Registrar. In such case, the lodging agent’s stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the “acceptor”), including any person who appears to Link Asset Services to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Shares as is referred to therein (for the purposes of this paragraph 5 the “relevant Open Offer Shares”) and shall thereby be deemed to agree to provide Link Asset Services with such information and other evidence as Link Asset Services may require to satisfy the verification of identity requirements.

If Link Asset Services determines that the verification of identity requirements apply to any acceptor or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. Link Asset Services is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither Link Asset Services nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, Link Asset Services has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor’s risk) without interest to the account of the bank or building society on which the relevant cheque or banker’s draft was drawn.

**Submission of an Application Form with the appropriate remittance will constitute a warranty and representation to each of the Company, Link Asset Services, Peel Hunt from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.**

The verification of identity requirements will not usually apply if the aggregate subscription price for the Open Offer Shares is less than the sterling equivalent of €15,000 (approximately £13,000).

If the Application Form(s) is/are in respect of Open Offer Shares with an aggregate subscription price of €15,000 (approximately £13,000) or more and is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of Open Offer Shares is/are lodged by hand by the acceptor and

the accompanying payment is not the acceptor's own cheque, he or she should ensure that he or she has with him or her government issued evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 16 July 2018, the Receiving Agent, Link Asset Services, has not received evidence satisfactory to it as aforesaid, Link Asset Services may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

### **5.2 Open Offer Entitlements and Excess Open Offer Entitlements in CREST**

If you hold your Open Offer Entitlements and Excess Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Open Offer Entitlements and Excess Open Offer Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, Link Asset Services is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact Link Asset Services before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by Link Asset Services as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to Link Asset Services as to identity, Link Asset Services may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

## **6. OVERSEAS SHAREHOLDERS**

This document has been approved by the FCA, being the competent authority in the United Kingdom.

Accordingly, the making of the Open Offer to persons resident in, or who are citizens of, or who have a registered address in, countries other than the United Kingdom may be affected by the law or regulatory requirements of the relevant jurisdiction. The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

### **6.1 General**

**The distribution of this document and the making of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer.**

No action has been or will be taken by the Company and Peel Hunt, or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials or application form(s) relating to the Open Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.

Receipt of this document and/or an Application Form and/or a credit of Open Offer Entitlements and Excess Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

Application Forms will not be sent to, and Open Offer Entitlements and Excess Open Offer Entitlements will not be credited to stock accounts in CREST of, persons with registered addresses in the US or any other Restricted Jurisdiction or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements and Excess Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements and Excess Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements and Excess Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company and Peel Hunt, nor any of their respective representatives or affiliates, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements and Excess Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements and Excess Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Open Offer Shares in respect of the Open Offer unless the Company or Peel Hunt determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Open Offer Entitlements and Excess Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part VII: "Terms and Conditions of the Open Offer" and specifically the contents of this paragraph 6.

Subject to paragraphs 6.2 to 6.6 below, any person (including, without limitation, custodians, agents, nominees and trustees) outside of the United Kingdom wishing to apply for Open Offer Shares in respect of the Open Offer must satisfy himself or herself as to the full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched from the US or any other Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates or in the case of a credit of Open Offer Entitlements and Excess Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be,

in the US or any other Restricted Jurisdiction or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to paragraphs 6.2 to 6.6 below.

Notwithstanding any other provision of this document or the relevant Application Form, the Company reserves the right to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in pounds sterling denominated cheques or bankers' drafts or where such Overseas Shareholder is a Qualifying CREST Shareholder, through CREST.

Due to restrictions under the securities laws of the US and the other Restricted Jurisdictions, and subject to certain exceptions, Qualifying Shareholders in the US or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any other Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements and Excess Open Offer Entitlements.

The Open Offer Shares have not been and will not be registered under the relevant laws of the US or any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into the US or any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, the US or any other Restricted Jurisdiction except pursuant to an applicable exemption.

No public offer of Open Offer Shares is being made by virtue of this document or the Application Forms into the US or any other Restricted Jurisdiction. Receipt of this document and/or an Application Form and/or a credit of an Open Offer Entitlement and Excess Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

## **6.2 US Shareholders**

Subject to certain exceptions, this document is intended for use only in connection with offers and sales of New Ordinary Shares outside the US and is not to be sent or given to any person within the US. The New Ordinary Shares offered hereby are not being registered under the Securities Act, for the purposes of sales outside of the US.

Accordingly, neither this document nor the Application Form constitutes, or will constitute, or forms part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or acquire any New Ordinary Shares to any person with a registered address in or located in the US. Notwithstanding the foregoing, the Company reserves the right to offer the New Ordinary Shares in the US in transactions exempt from, or not subject to, the registration requirements under the Securities Act.

Subject to certain exceptions, the New Ordinary Shares will be distributed, offered or sold, as the case may be, outside the US in offshore transactions within the meaning of, and in accordance with, Regulation S under the Securities Act.

Each person to which the New Ordinary Shares are distributed, offered or sold outside the US will be deemed by its subscription for, or purchase of, the New Ordinary Shares to have represented and agreed, on its behalf and on behalf of any investor accounts for which it is subscribing or purchasing the New Ordinary Shares, as the case may be, that:

- (i) it is acquiring the New Ordinary Shares from the Company in an "offshore transaction" as defined in Regulation S under the Securities Act; and
- (ii) the New Ordinary Shares have not been offered to it by the Company or Peel Hunt by means of any "directed selling efforts" as defined in Regulation S under the Securities Act.

Each subscriber or purchaser acknowledges that the Company and Peel Hunt will rely upon the truth and accuracy of the foregoing representations and agreements, and agrees that if any of the representations and agreements deemed to have been made by such subscriber or purchaser by its subscription for, or purchase of, the New Ordinary Shares, as the case may be, are no longer

accurate, it shall promptly notify the Company and Peel Hunt. If such subscriber or purchaser is subscribing for, or purchasing, the New Ordinary Shares as a fiduciary or agent for one or more investor accounts each subscriber or purchaser represents that it has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.

Notwithstanding the foregoing, New Ordinary Shares may be offered to and acquired by a limited number of persons in the US who are reasonably believed to be QIBs or AIs, and a limited number of Non-AIs who also are employees of the Company, pursuant to an available exemption from registration under the Securities Act. Any person reasonably believed to be a QIB or AI and one of a limited number to whom New Ordinary Shares are offered and by whom New Ordinary Shares are acquired will be required to complete an appropriate investor letter and make certain representations and covenants in the Non-CREST Application Form or otherwise in which, among other things, it will warrant, undertake or acknowledge certain information and/or obligations, as the case may be, in order to participate in the Placing and Open Offer. Such warranties will include, among others, warranties as to the fact that the purchaser (a) is a QIB or AI, and one of a limited number of Non-AIs who also is an employee of the Company, and (b) is acquiring the New Ordinary Shares as principal for its own account and not with a view to or for distributing or reselling such New Ordinary Shares or any portion thereof, without prejudice, however, to its right at all times to sell or otherwise dispose of all or any part of such New Ordinary Shares in compliance with applicable US federal and state securities laws.

Until 40 days after the commencement of the Placing and Open Offer (being the date of this document), an offer, sale or transfer of the New Ordinary Shares within the US by any dealer (whether or not participating in the Placing Open Offer) may violate the registration requirements of the Securities Act.

Each subscriber or purchaser acknowledges that it will not resell the New Ordinary Shares absent registration or an available exemption or safe harbour from registration under the Securities Act.

### **6.3 Shareholders in other Restricted Jurisdictions**

Due to restrictions under the securities laws of the Restricted Jurisdictions and subject to certain exemptions, Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form.

The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No offer of Open Offer Shares is being made by virtue of this document or the Application Forms into any Restricted Jurisdiction.

### **6.4 Shareholders in other overseas territories**

Application Forms will be sent to Qualifying Non-CREST Shareholders and Open Offer Entitlements and Excess Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the US or the other Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and the Application Form. Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the United Kingdom should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Open Offer Shares in respect of the Open Offer.

### **6.5 Representations and warranties relating to Overseas Shareholders**

#### **(a) Qualifying Non-CREST Shareholders**

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents to the Company, Peel Hunt and Link Asset Services that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any

jurisdiction: (i) such person is not requesting registration of the relevant Open Offer Shares from within the US or any other Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares in respect of the Open Offer or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within the US or any Jurisdiction (except as agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not acquiring Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories. The Company and/or Link Asset Services may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or dispatched from the US or any other Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) provides an address in the US or any other Restricted Jurisdiction for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the warranty required by this subparagraph (a).

*(b) Qualifying CREST Shareholders*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part VII: "Terms and Conditions of the Open Offer" represents to the Company and Peel Hunt that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) he or she is not within the US or any other Restricted Jurisdiction; (ii) he or she is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares; (iii) he or she is not accepting on a non-discretionary basis for a person located within the US or any other Restricted Jurisdiction (except as otherwise agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) he or she is not acquiring any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories.

**6.6 Waiver**

The provisions of this paragraph 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company and Peel Hunt in their absolute discretion. Subject to this, the provisions of this paragraph 6 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 6 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

**7. WITHDRAWAL RIGHTS**

Persons wishing to exercise or direct the exercise of statutory withdrawal rights pursuant to section 87Q(4) of FSMA after the issue by the Company of a document supplementing this document must do so by lodging a written notice of withdrawal within two Business Days commencing on the Business Day after the date on which the supplementary document is published. The withdrawal notice must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the participant ID and the member account ID of such CREST member. The notice of withdrawal must be deposited by hand only (during normal business hours only) with Link Asset Services, Corporate Actions, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, or by email to [withdraw@linkgroup.co.uk](mailto:withdraw@linkgroup.co.uk) or Capita Asset Services on 0371 664 0321 between 9.00 a.m. and 5.30 p.m. so as to be received before the end of the withdrawal period. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. Notice of withdrawal given by any other means or which is deposited with Link Asset Services after expiry of such period will not constitute a valid withdrawal, provided that the Company will not permit the exercise of withdrawal rights after payment by the relevant person for the Open Offer Shares applied for in full and the allotment of

such Open Offer Shares to such person becoming unconditional save to the extent required by statute. In such event, Shareholders are advised to seek independent legal advice.

## **8. ADMISSION, SETTLEMENT AND DEALINGS**

The result of the Open Offer is expected to be announced on 18 July 2018. Applications will be made to the FCA for the Open Offer Shares to be admitted to the Official List and to the London Stock Exchange for the Open Offer Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. Subject to satisfaction of certain conditions, it is expected that Admission will become effective and that dealings in the Open Offer Shares, fully paid, will commence at 8.00 a.m. on 19 July 2018.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Open Offer Entitlements and Excess Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 16 July 2018 (the latest date for applications under the Open Offer). If the condition(s) to the Open Offer described above are satisfied, New Ordinary Shares will be issued in uncertificated form to those persons who submitted a valid application for New Ordinary Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. On the date of the satisfaction of certain conditions, Link Asset Services will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission (expected to be 19 July 2018). The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE Instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by Link Asset Services in connection with CREST.

For Qualifying Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the New Ordinary Shares issued to them are expected to be despatched by post within five (5) Business Days of Admission. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the UK share register of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to paragraph 4.1 of this Part VII: "Terms and Conditions of the Open Offer" above and their respective Application Form.

Qualifying CREST Shareholders should note that they will be sent no confirmation of the credit of the New Ordinary Shares to their CREST stock account nor any other written communication by the Company in respect of the issue of the New Ordinary Shares.

## **9. TIMES AND DATES**

The Company shall, in agreement with Peel Hunt, be entitled to amend the dates that Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall notify the FCA, and make an announcement on a Regulatory Information Service approved by the FCA and, if appropriate, by Shareholders but Qualifying Shareholders may not receive any further written communication.

If a supplementary document is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this document, the latest date for acceptance under the Open Offer shall be extended to the date that is three Business Days after the date of issue of the supplementary document (and the dates and times of principal events due to take place following such date shall be extended accordingly).

## **10. TAXATION**

Certain statements regarding United Kingdom and US taxation in respect of the New Ordinary Shares and the Open Offer are set out in paragraph 22 of Part XV: "Additional Information" of this

document. Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the United Kingdom or the US should immediately consult a suitable professional adviser.

## **11. FURTHER INFORMATION**

Your attention is drawn to the further information set out in this document and also, in the case of Qualifying Non-CREST Shareholders and other Qualifying Shareholders to whom the Company has sent Application Forms, to the terms, conditions and other information printed on the accompanying Application Form.

## **12. GOVERNING LAW AND JURISDICTION**

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, English law. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute, whether contractual or non-contractual, which may arise out of or in connection with the Open Offer, this document or the Application Form. Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

## PART VIII

### QUESTIONS AND ANSWERS ABOUT THE PLACING AND OPEN OFFER

The questions and answers set out in this Part VIII: “Questions and Answers about the Placing and Open Offer” are intended to be in general terms only and, as such, you should read Part VII: “Terms and Conditions of the Open Offer” of this document for full details of what action to take. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, fund manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under the FSMA if you are in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action. Even if shareholders do not intend to participate in the Open Offer, they are urged to vote for the Resolutions to enable the Placing and Open Offer to proceed.

This Part VIII deals with general questions relating to the Placing and Open Offer and more specific questions relating principally to persons resident in the United Kingdom who hold their Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 6 of Part VII: “Terms and Conditions of the Open Offer” of this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Open Offer Entitlements. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part VII: “Terms and Conditions of the Open Offer” of this document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor. Please contact Link Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

For ease of reference, this Part VIII “Questions and Answers about the Placing and Open Offer” contains answers to the following questions:

1. What is a placing and open offer? Is it the same as a rights issue?
2. I hold my Existing Ordinary Shares in certificated form. How do I know I am eligible to participate in the Open Offer?
3. I hold my Existing Ordinary Shares in certificated form. How do I know how many Open Offer Shares I am entitled to take up?
4. I hold my Existing Ordinary Shares in certificated form and am eligible to receive an Application Form. What are my choices in relation to the Open Offer?
5. I hold my Existing Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?
6. I acquired my Existing Ordinary Shares prior to the Record Date and hold my Existing Shares in certificated form. What if I do not receive an Application Form or I have lost my Application Form?
7. I am a Qualifying Shareholder, do I have to apply for all the Open Offer Shares I am entitled to apply for? Can I sell my entitlements (or buy more)?
8. What if I change my mind?
9. I hold my Existing Ordinary Shares in certificated form. What should I do if I want to spend more or less than the amount set out in Boxes 3 and 5 of the Application Form?
10. What if I hold options and awards under the Share Incentive Plans?
11. I hold my Existing Ordinary Shares in certificated form. What should I do if I have sold some or all of my Existing Ordinary Shares?
12. I hold my Existing Ordinary Shares in certificated form. How do I pay?
13. Will the Existing Ordinary Shares that I hold now be affected by the Open Offer?

14. I hold my Existing Ordinary Shares in certificated form. Where do I send my Application Form?
15. I hold my Existing Ordinary Shares in certificated form. When do I have to decide if I want to apply for Open Offer Shares?
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The contents of this document should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action.

## **1. WHAT IS A PLACING AND OPEN OFFER? IS IT THE SAME AS A RIGHTS ISSUE?**

A placing and open offer is not the same as a rights issue but it is a way for companies to raise money. Companies usually raise money under a placing and open offer by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings (the open offer) and providing for the acquisition of any shares not bought by the Company's existing shareholders (the placing), which will in this case also be acquired by existing shareholders who wish to participate in the fundraise in excess of their *pro rata* entitlement. The fixed price is normally at a discount to the market price of the existing ordinary shares prior to the announcement of the open offer.

The Open Offer is an invitation by the Company to Qualifying Shareholders who are entitled to participate to apply to acquire an aggregate of 45 Open Offer Shares for every 23 Existing Ordinary Share held at a price of 1 penny per Open Offer Share.

The Open Offer is being made on the basis of 45 Open Offer Shares for every 23 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date with the option for Qualifying Shareholders to apply for Excess Shares (subject to availability and provided such Qualifying Shareholder has agreed to take up their Open Offer Entitlement in full) up to a maximum number of Excess Shares equal to two times such Qualifying Shareholder's Open Offer Entitlement. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back in such manner as the Board determines in its absolute discretion, having regard to both the number of Excess Shares applied for and the number of shares held by Qualifying Shareholders (on the Record Date) who make valid applications under the Excess Application Facility. Furthermore, applications will be scaled back to ensure that no Qualifying Shareholder (other than BlueGem, if the Whitewash Resolution is passed) will as a result of subscriptions for Excess Shares acquire more than 29.9% of the voting rights of the Company. No assurances can therefore be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or (if the Open Offer was fully subscribed) at all.

If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to buy an Open Offer Share in respect of any fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number. Open Offer Shares are being offered to Qualifying Shareholders in the Open Offer at a discount to the share price on the last dealing day before the details of the Placing and Open Offer were announced on 29 June 2018. Specifically, the issue price of 1 penny per Ordinary Share represents a discount of 68 per cent. to the Closing Price of the Ordinary Shares on 28 June 2018 (being the last Business Day prior to the date of the Placing and Open Offer Announcement) and a discount of 78 per cent. to the average Closing Price for the period of 90 Business Days up to and including 28 June 2018.

Valid applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Open Offer Entitlement and, subject to availability, up to the amount applied for under the Excess Application Facility.

**Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Unlike in a rights issue, Application Forms are not negotiable documents and neither they nor the Open Offer Entitlements can themselves be traded. Open Offer Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and**

**Qualifying Shareholders who do not apply to take up their Open Offer Entitlement and Excess Open Offer Entitlements will have no rights under the Open Offer or receive any proceeds from it.**

**2. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. HOW DO I KNOW I AM ELIGIBLE TO PARTICIPATE IN THE OPEN OFFER?**

If you receive an Application Form then you should be eligible to participate in the Open Offer as long as you have not sold all of your Existing Ordinary Shares before 8.00 a.m. on 2 July 2018 (the time when the Existing Ordinary Shares are expected to be marked “ex-entitlement” by the London Stock Exchange). This is provided that (unless an exemption applies to you), you are not a holder with a registered address or located in the US or any other Restricted Jurisdiction.

If you hold Existing Ordinary Shares and are located in, or are a citizen of, or have an address in, a jurisdiction other than the United Kingdom then you will be subject to the laws of that jurisdiction and your ability to participate in the Open Offer may be affected accordingly. Your attention is drawn to the information which appears in paragraph 6 of Part VII: “Terms and Conditions of the Open Offer” of this document and you should take professional advice as to whether they are eligible and/or need to observe any formalities to enable them to take up your Open Offer Entitlement and Excess Open Offer Entitlement.

**3. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. HOW DO I KNOW HOW MANY OPEN OFFER SHARES I AM ENTITLED TO TAKE UP?**

If you are sent an Application Form, that Application Form will show:

- how many Existing Ordinary Shares you held at the close of business on the Record Date;
- how many Open Offer Shares are comprised in your Open Offer Entitlement and Excess Open Offer Entitlement; and
- how much you need to pay if you want to take up (i) your right to buy all of the Open Offer Shares comprised in your Open Offer Entitlement and (ii) your right to buy all of the Open Offer Shares comprised in your Excess Open Offer Entitlement.

If you hold your Existing Ordinary Shares in certificated form and, subject to certain exceptions, do not have a registered address and are not located in the US or any other Restricted Jurisdiction, you will be sent an Application Form.

If you would like to apply for any of or all of the Open Offer Shares comprised in your Open Offer Entitlement and Excess Open Offer Entitlement you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document. Completed Application Forms should be posted, along with a cheque or banker’s draft drawn in the appropriate form, in the accompanying pre-paid envelope or returned by post or by hand (during normal office hours only), to Link Asset Services, Corporate Actions, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (who will act as Receiving Agent in relation to the Open Offer) so as to be received by Link Asset Services by no later than 11 a.m. on 16 July 2018, after which time Application Forms will not be valid.

**4. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM AND AM ELIGIBLE TO RECEIVE AN APPLICATION FORM. WHAT ARE MY CHOICES IN RELATION TO THE OPEN OFFER?**

(a) If you do not want to take up your Open Offer Entitlement

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. However, you should note that you will also not receive any money when the Open Offer Shares you could have taken up are subscribed for, as might happen under a rights issue. You cannot sell your Application Form your Open Offer Entitlement, or your Excess Open Offer Entitlement to anyone else. Furthermore, if you do not take up your Open Offer Entitlement then following the issue of the Open Offer Shares pursuant to the Open Offer, your interest in the Company will be diluted.

More specifically, following the issue of the New Ordinary Shares to be allotted pursuant to the Placing and Open Offer, Qualifying Shareholders who do not take up their full entitlements in respect of the Open Offer will experience a dilution of up to approximately 66 per cent. of their

interests in the Company. Qualifying Shareholders who do not take up any of their entitlements in respect of the Open Offer will experience dilution, of approximately 66 per cent. of their interests in the Company.

**Even if shareholders do not intend to participate in the Open Offer, they are urged to vote for the Resolutions to enable the Placing and Open Offer to proceed.**

(b) If you want to take up some but not all of your Open Offer Entitlement

If you want to take up some but not all of the Open Offer Shares to which you are entitled under the Open Offer Entitlement, you should write the number of Open Offer Shares you want to take up in Box 6 of your Application Form; for example, if you are entitled to take up 50 shares but you only want to take up 25 shares, then you should write '25' in Box 6. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, '25') by £0.01, which is the price in pounds of each Open Offer Share (giving you an amount of £0.25 in this example). You should write this amount in Box 9, rounding down to the nearest whole pence and this should be the amount your cheque or banker's draft is made out for. You should then return the completed Application Form, together with a cheque or banker's draft for that amount, in the accompanying pre-paid envelope or return by post or by hand (during normal office hours only), to Link Asset Services, Corporate Actions, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (who will act as Receiving Agent in relation to the Open Offer) so as to be received by Link Asset Services by no later than 11.00 a.m. on 16 July 2018, after which time Application Forms will not be valid.

All payments must be in pounds sterling and made by cheque or banker's draft made payable to "Link Market Services Limited re: MCG PLC – Open Offer A/C" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant name at the building society or bank by stamping or endorsing the back of the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds) will be subject to the Money Laundering Regulations which would delay Shareholders receiving their Open Offer Shares.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct Link Asset Services to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Following Admission, a definitive share certificate will be sent to you for the Open Offer Shares for which you have subscribed. Your definitive share certificate is expected to be despatched to you within five (5) Business Days of Admission.

**Even if shareholders do not intend to participate in the Open Offer, they are urged to vote for the Resolutions to enable the Placing and Open Offer to proceed.**

(c) If you want to take up all of your Open Offer Entitlement

If you want to take up all of the Open Offer Shares to which you are entitled under the Open Offer Entitlement, all you need to do is send the Application Form, together with your cheque or banker's draft for the amount (as indicated in Box 3 of your Application Form), payable to "Link Market Services Limited re: MCG PLC – Open Offer A/C" and crossed "A/C payee only", in the accompanying pre-paid envelope or return by post or by hand (during normal

office hours only), to Link Asset Services, Corporate Actions, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (who will act as Receiving Agent in relation to the Open Offer) so as to be received by Link Asset Services by no later than 11 a.m. on 16 July 2018, after which time Application Forms will not be valid. If you post your Application Form by first-class post, you should allow at least four Business Days for delivery.

All payments must be in pounds sterling and made by cheque or banker's draft made payable to "Link Market Services Limited re: MCG PLC – Open Offer A/C" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant name at the building society or bank by stamping or endorsing the back of the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds) will be subject to the Money Laundering Regulations which would delay Shareholders receiving their Open Offer Shares.

(d) If you want to apply for more than your Open Offer Entitlement

Provided you have agreed to take up your Open Offer Entitlement in full, you can apply for further Excess Shares up to a maximum number of additional Open Offer Shares, as shown in Box 4 of your Application Form.

If you want to apply, under your Excess Application Facility, for more than your Open Offer Entitlement, you should write the number of Open Offer Shares comprised in your Open Offer Entitlement (as indicated in Box 2 of the Application Form) in Box 6 and write the number of Excess Shares for which you would like to apply in Box 7 (subject to the maximum as shown in Box 4). You should then add the totals in Boxes 6 and 7 and insert the total number of Open Offer Shares for which you would like to apply in Box 8. For example, if you have an Open Offer Entitlement for 50 Open Offer Shares but you want to apply for 75 Open Offer Shares in total, then you should write '50' in Box 6, '25' in Box 7 and '75' in Box 8.

To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, '75' by £0.01, which is the price in pounds sterling of each Open Offer Share (giving you an amount of £0.75 in this example). You should write this amount in Box 9, rounding down to the nearest whole pence. You should then return your Application Form by post or by hand (during normal business hours only) to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom, to be received by no later than 11 a.m. on 16 July 2018 after which time the Application Forms will not be valid.

If valid applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take up of Open Offer Entitlements, such applications will be scaled back in such manner as the Board determines in its absolute discretion, having regard to both the number of Excess Shares applied for and the shareholdings held by Qualifying Shareholders (on the Record Date) who make valid applications under the Excess Application Facility. Furthermore, applications will be scaled back to ensure that no Qualifying Shareholder (other than BlueGem, if the Whitewash Resolution is passed) will as a result of subscriptions for Excess Shares acquire more than 29.9% of the voting rights of the Company.

It should be noted that applications under the Excess Application Facility may not be satisfied.

All payments must be in pounds sterling and made by cheque or banker's draft made payable to "Link Market Services Limited re: MCG PLC – Open Offer A/C" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared

through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant name at the building society or bank by stamping or endorsing the back of the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds) will be subject to the Money Laundering Regulations which would delay Shareholders receiving their Open Offer Shares.

**5. I HOLD MY EXISTING SHARES IN UNCERTIFICATED FORM IN CREST. WHAT DO I NEED TO DO IN RELATION TO THE OPEN OFFER?**

CREST members should follow the instructions set out in Part VII: "Terms and Conditions of the Open Offer" of this document. Persons who hold Existing Ordinary Shares through a CREST member should be informed by the CREST member through which they hold their Existing Ordinary Shares of the number of Open Offer Shares which they are entitled to acquire under the Open Offer and should contact them should they not receive this information.

**6. I ACQUIRED MY EXISTING ORDINARY SHARES PRIOR TO THE RECORD DATE AND HOLD MY EXISTING SHARES IN CERTIFICATED FORM. WHAT IF I DO NOT RECEIVE AN APPLICATION FORM OR I HAVE LOST MY APPLICATION FORM?**

If you do not receive an Application Form, this probably means that you are not eligible to participate in the Open Offer. Some Non-CREST Shareholders, however, will not receive an Application Form but may still be eligible to participate in the Open Offer, namely:

- Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 28 June 2018 and who have converted them to certificated form;
- Qualifying non-CREST Shareholders who bought Existing Ordinary Shares before 8.00 a.m. on 29 June 2018 but were not registered as the holders of those shares at the close of business on 25 June 2018; and
- certain Overseas Shareholders.

If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact Link Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

**7. I AM A QUALIFYING SHAREHOLDER, DO I HAVE TO APPLY FOR ALL THE OPEN OFFER SHARES I AM ENTITLED TO APPLY FOR? CAN I SELL MY ENTITLEMENTS (OR BUY MORE)?**

You can take up any number of the Open Offer Shares allocated to you under your Open Offer Entitlement. Your maximum Open Offer Entitlement is shown on your Application Form in Box 2. Any applications by a Qualifying Shareholder for a number of Open Offer Shares which is equal to or less than that person's Open Offer Entitlement will be satisfied, subject to Resolutions 1 through to 5 being passed and the Open Offer becoming unconditional. If you decide not to take up all of the Open Offer Shares comprised in your Open Offer Entitlement, then your proportion of the ownership and voting interest in the Company will be reduced. Please refer to answers (a), (b) and (c) of Question 4 for further information.

Unlike in a rights issue, Application Forms are not negotiable documents and neither they nor the Open Offer Entitlements can themselves be traded. This means that you cannot sell your Open Offer Entitlements if you do not want to take them up in full (and therefore also that you cannot buy Open Offer Entitlements from any other Qualifying Shareholder). However, provided you have agreed to take up your Open Offer Entitlement in full, you can apply for further Excess Shares at the same Issue Price up to a maximum number of additional Open Offer Shares, as shown in Box 4 of your

Application Form. There is, however, no guarantee that your application for Excess Share will be satisfied in full, or at all. Please refer to answer (c) of Question 4 for further information.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying non-CREST Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST they will have limited settlement capabilities (for the purposes of market claims only), the Open Offer Entitlements and Excess Open Offer Entitlements will not be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim. Open Offer Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their Open Offer Entitlement and Excess Open Offer Entitlements will have no rights under the Open Offer or receive any proceeds from it.

## **8. WHAT IF I CHANGE MY MIND?**

If you are a Qualifying non-CREST Shareholder, once you have sent your Application Form and payment to Link Asset Services, you cannot withdraw your application or change the number of Open Offer Shares for which you have applied, except in the very limited circumstances which are set out in this document (including if a supplementary document is published, thus triggering withdrawal rights).

## **9. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHAT SHOULD I DO IF I WANT TO SPEND MORE OR LESS THAN THE AMOUNT SET OUT IN BOX 3 OF THE APPLICATION FORM?**

You cannot spend more than the aggregate amount set out in Boxes 3 and 5. If you want to spend less than the amount set out in Box 3, you should divide the amount you want to spend by £0.01 (being the price, in pounds, of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares you should apply for. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £1,000 you should divide that amount by £0.01 (the Issue Price). You should round that down to the nearest whole number (in this example, 100,000), to give you the number of shares you want to take up.

If this number is less than the number of Open Offer Shares comprised in your Open Offer Entitlement (shown in Box 2 of your Application Form) then you should write that number in Box 6. To then get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (in this example 100,000) by £0.01 and then fill in that amount rounded down to the nearest whole pence (in this example being, rounded down to the nearest whole pence, £1,000) in Box 9 and on your cheque or banker's draft accordingly.

If this number is greater than the number of Open Offer Shares comprised in your Open Offer Entitlement (shown in Box 2) then you should write the number of Open Offer Shares comprised in your Open Offer Entitlement (shown in Box 2) in Box 6. You should then write the number of Open Offer Shares in excess of your Open Offer Entitlement in Box 7. You should then aggregate the numbers in Boxes 6 and 7, and insert that aggregated number in Box 8. To then get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (Box 8) by £0.01 and then fill in that amount rounded up to the nearest whole pence in Box 9 and on your cheque or banker's draft accordingly.

## **10. WHAT IF I HOLD OPTIONS AND AWARDS UNDER THE SHARE INCENTIVE PLANS?**

In accordance with the rules of each plan, the number or exercise prices of options and awards under the Share Incentive Plans may be adjusted to take account of the Open Offer. If this is the case, participants will be contacted separately.

## **11. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHAT SHOULD I DO IF I HAVE SOLD SOME OR ALL OF MY EXISTING ORDINARY SHARES?**

If you hold shares in the Company directly and you sell or have sold some or all of your Existing Ordinary Shares before 25 June 2018, you should contact the buyer or the person/company through whom you sell or have sold your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer. If you sell any of your Existing Ordinary Shares on or after 25 June 2018, you may still take up and apply for the Open Offer Shares as set out on your Application Form.

## **12. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. HOW DO I PAY?**

Completed Application Forms should be returned with a cheque or banker's draft drawn in the appropriate form. All payments must be in pounds sterling and made by cheque or banker's draft made payable to "Link Market Services Limited re: MCG PLC – Open Offer A/C" and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant name at the building society or bank by stamping or endorsing the back of the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds) will be subject to the Money Laundering Regulations which would delay Shareholders receiving their Open Offer Shares).

## **13. WILL THE EXISTING ORDINARY SHARES THAT I HOLD NOW BE AFFECTED BY THE OPEN OFFER?**

If you decide not to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, or only apply for some of your entitlement, your proportionate ownership and voting interest in the Company will be reduced by more than would be the case if you had taken up your Open Offer Entitlement.

More specifically, following the issue of the New Ordinary Shares to be allotted pursuant to the Placing and Open Offer, Qualifying Shareholders who do not take up their full entitlements in respect of the Open Offer will experience a dilution of up to approximately 66 per cent. of their interests in the Company. Qualifying Shareholders who do not take up any of their entitlements in respect of the Open Offer will experience a dilution of approximately 66 per cent. of their interests in the Company. These stated levels of dilution assume that all Open Offer Shares are subscribed for and that no further Ordinary Shares are issued pursuant to the Share Incentive Plans between the posting of this document and the closing of the Placing and Open Offer.

## **14. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHERE DO I SEND MY APPLICATION FORM?**

You should send your completed Application Form in the accompanying pre-paid envelope or returned by post or by hand (during normal office hours only), together with the monies in the appropriate form, to: Link Asset Services, Corporate Actions, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (who will act as Receiving Agent in relation to the Open Offer). If you post your Application Form by first-class post, you should allow at least four Business Days for delivery.

If you do not want to take up or apply for Open Offer Shares then you need take no further action.

**Even if shareholders do not intend to participate in the Open Offer, they are urged to vote for the Resolutions to enable the Placing and Open Offer to proceed.**

## **15. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHEN DO I HAVE TO DECIDE IF I WANT TO APPLY FOR OPEN OFFER SHARES?**

Link Asset Services must receive the Application Form by no later than 11 a.m. on 16 July 2018, after which time Application Forms will not be valid. If an Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four working days for delivery.

## **16. I HOLD MY EXISTING ORDINARY SHARES IN CERTIFICATED FORM. WHEN WILL I RECEIVE MY NEW SHARE CERTIFICATE?**

It is expected that Link Asset Services will post all new share certificates within five (5) Business Days of Admission.

## **17. WHAT SHOULD I DO IF I LIVE OUTSIDE THE UK?**

Your ability to apply to acquire Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement and Excess Open Offer Entitlement. Shareholders with registered addresses or who are located in the US or any other Restricted Jurisdiction are, subject to certain exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 6 of Part VII: "Terms and Conditions of the Open Offer" of this document.

## **18. FURTHER ASSISTANCE**

Please contact Link Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

**The contents of this document or any subsequent communication from the Company and/or Peel Hunt or any of their respective affiliates, officers, directors, employees or agents are not to be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own solicitor, independent financial adviser or tax adviser for legal, financial or tax advice**

## PART IX

### THE WHITEWASH

#### 1. INTRODUCTION

##### 1.1 The City Code on Takeovers and Mergers

The Company is subject to the City Code and the requirements of Rule 9 which requires that any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the City Code) in shares which, taken together with shares in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, will normally be required to make a general offer to all of the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which, in aggregate, carry not less than 30 per cent. of the voting rights of such a company but not more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person, or any person acting in concert with him.

An offer under Rule 9 of the City Code must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares in the company during the 12 months prior to the announcement of such offer.

Rule 9 of the City Code further provides, *inter alia*, that where any person who, together with persons acting in concert with him, holds over 50 per cent. of the voting rights of a company and acquires an interest in shares which carry additional voting rights, then they will not normally be required to make a general offer to the other shareholders to acquire their shares. However, the Panel may deem an obligation to make an offer to have arisen on the acquisition by a single member of a concert party of an interest in shares sufficient to increase his individual holding to 30 per cent. or more of a company's voting rights, or, if he already holds more than 30 per cent. but less than 50 per cent, an acquisition which increases his shareholding in that company.

Under the City Code, a concert party arises where persons acting together pursuant to an agreement or understanding (whether formal or informal) co-operate to obtain or consolidate control of, or to frustrate the successful outcome of an offer for a company, subject to the City Code. Control means an interest, or interests, in shares carrying, in aggregate, 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control.

##### 1.2 Participation by BlueGem in the Placing and Open Offer

The Company's largest Shareholder is BlueGem, which is interested in 124,629,895 Existing Ordinary Shares, representing approximately 24.4 per cent. of the Existing Ordinary Share Capital.

Pursuant to the BlueGem Subscription Agreement, BlueGem has, subject to certain conditions, irrevocably undertaken:

- (a) to exercise its Open Offer Entitlement of 243,841,099 Open Offer Shares in full (representing a subscription commitment of £2.44 million); and
- (b) to subscribe for up to 106,158,901 further of the Open Offer Shares not taken up by Qualifying Shareholders under the Open Offer by making an application for Excess Shares under the Excess Application Facility (representing a further subscription commitment of up to £1.06 million).

Accordingly, BlueGem has undertaken to apply for, in aggregate, up to 350,000,000 New Ordinary Shares pursuant to the Placing and Open Offer.

BlueGem's obligations to subscribe for Open Offer Shares are subject to:

- (a) the passing of Resolutions 1 through to 5 at the General Meeting without amendment;
- (b) the Directors' Irrevocables, the Subscription Agreements and the Sponsor's Agreement each becoming unconditional in all respects; and

(c) Admission becoming effective by not later than 8.00 a.m. on 19 July 2018 (or such later time and/or date as Peel Hunt and the Company may agree, being not later than 25 July 2018).

For the avoidance of doubt, to the extent that BlueGem or any of the other major shareholders party to a Subscription Agreement apply for Excess Shares pursuant to the Excess Application Facility they will do so on the same terms and conditions as all other Qualifying Shareholders who choose to apply for Excess Application Shares.

**On completion of the Placing and Open Offer and the PH Placing, depending on the participation in the Open Offer by Qualifying Shareholders, BlueGem's interest in the Company could increase to a maximum of approximately 31.3 per cent. of the Enlarged Issued Share Capital.**

BlueGem's participation in the Placing and Open Offer may therefore increase its aggregate percentage shareholding of the Company's issued share capital to over 30 per cent. of the Company's issued share capital and as such mean that, absent a waiver, BlueGem would be required to make a mandatory offer for the remainder of the Company's issued share capital under Rule 9 of the City Code.

BlueGem will not receive any commission for its participation in the Placing and Open Offer.

BlueGem will fund its participation in the Placing and Open Offer through a draw down from the limited partners of BlueGem Secondary LP and the funds will be passed down to BlueGem Delta S.àrl.

For BlueGem's interest in the Enlarged Issued Share Capital to exceed 30% following completion of the Placing and Open Offer, Qualifying Shareholders (other than BlueGem, Aberforth, Fidelity, Lombard Odier and Richard Griffiths and the Directors, all of who have undertaken to take up with Open Offer Entitlements in full) would have to take up less than 56 per cent. of their Open Offer Entitlements (either directly or by way of the Excess Application Facility).

#### 1.3 BlueGem's intentions

BlueGem has confirmed that, if the Whitewash Resolution is passed and the Placing and Open Offer proceeds, there is no agreement, arrangement or understanding for the transfer of the New Ordinary Shares for which BlueGem will subscribe to any third party. BlueGem has, through Marco Capello and Emilio Di Spiezzio Sardo who are directors of the Company, worked with the Board to develop the strategy set out in paragraph 3 of Part VI: "Letter from the Chairman". Following the Placing and Open Offer, BlueGem, through Marco Capello and Emilio Di Spiezzio Sardo, intends to continue to work with the Board to implement this strategy and, with the Board, will keep the strategy under review to ensure it best reflects the ongoing position of the Company and its operating markets. When reviewing this strategy with the Board, BlueGem intends to act in the best interests of the Company, and in turn, seek to improve the valuation of the Company for all Shareholders. BlueGem has no intentions to seek any changes in respect of: (i) the future business of the Company (including any research or development functions), (ii) the composition of the Board, nor the Company's plans with respect to the continued employment of employees and management of the Company and its subsidiaries (including any material change in conditions of employment and in the balance of the skills and functions of employees and management); (iii) the Group's strategic plans (including the location of its headquarters and the headquarters functions), (iv) the existing pension rights of the Company's existing management and employees and the participation of any new employees in that pension, in particular it intends to maintain the Company's existing arrangements in respect of: (a) the employer contributions; (b) the accrual of benefits for existing members; and (c) the admission of new members; (v) redeployment of the Company's fixed assets; or (vi) the continuation of the Ordinary Shares being admitted to trading on the London Stock Exchange's main market for listed securities. BlueGem does not expect its business to be affected by the Placing and Open Offer.

#### 1.4 Dispensation from Rule 9 of the City Code

Under Note 1 of the Dispensations from Rule 9 of the City Code, the Panel may waive the requirement for a general offer to be made in accordance with Rule 9 of the City Code if, *inter alia*, the shareholders of the company who are independent of the person who would otherwise

be required to make an offer, and any person acting in concert with him, pass an ordinary resolution on a poll at a general meeting (or by way of a written resolution) approving such a waiver.

The Panel has agreed, subject to the passing of the Whitewash Resolution by the Independent Shareholders on a poll at the General Meeting, to waive the requirement for BlueGem to make a Mandatory Offer for the Ordinary Shares not already owned by it or persons connected with it as would otherwise potentially arise on BlueGem's participation in the Placing and Open Offer. Accordingly, the Company proposes that the Independent Shareholders be asked to vote in favour of a waiver of the obligation on BlueGem to make a Mandatory Offer, through shareholder resolution 4 (which is the Whitewash Resolution).

**The Independent Directors, who have been so advised by Peel Hunt, consider the terms of the Proposals to be fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole. In providing such advice, Peel Hunt has taken into account the Independent Directors' commercial assessment.**

In the event that the Placing and Open Offer and Rule 9 Waiver pursuant to the Whitewash Resolution are approved at the General Meeting and, as a result of the level of participation in the Open Offer by other Qualifying Shareholders, BlueGem's interest in the Company increases to above 30% of the Enlarged Issued Share Capital, BlueGem will not be restricted from making an offer for the Company. In such circumstances, because BlueGem will be interested in Ordinary Shares which, in aggregate, carry not less than 30 per cent. of the voting rights of the Company but not more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in Ordinary Shares are acquired by BlueGem, or any person acting in concert with BlueGem.

## **2. INFORMATION ON BLUEGEM**

The information set out in this paragraph, which relates to BlueGem's interest in the Company has been accurately reproduced from information provided by BlueGem. So far as the Company is aware and is able to ascertain from information provided by BlueGem, no facts have been omitted which would render the information in this paragraph, which relates to the BlueGem, inaccurate or misleading.

### **2.1 *Information on BlueGem***

#### **2.1.1 *Overview***

BlueGem Secondary LP and the associated BlueGem entities (described further below) invest in and manage investments in four businesses in differing sectors, being DigitalGO a leading mobile commerce group, The Private Clinic Group, a leading chain of clinics in the cosmetic medicine sector, Enotria a wholesale wine specialist, and the Company. BlueGem Delta S.à r.l. is the entity which directly holds BlueGem's interest in the Company. BlueGem Delta S.à r.l. is owned by: (i) BlueGem General Partner L.P. in its capacity as general partner of BlueGem Secondary LP; and (ii) BlueGem Beta Limited.

#### **2.1.2 *BlueGem Delta S.à r.l.***

BlueGem Delta S.à r.l. is a société à responsabilité limitée established in Luxembourg with company number B0164882 and with its registered office at 4 rue Lou Hemmer, L-1748 Luxembourg-Findel, Grand Duchy of Luxembourg. The company is a holding company used by BlueGem for the purpose of holding shares. Its directors are Marco Capello, Emilio Di Spiezio Sardo, Dalia Bleyer and James Pledger. BlueGem Secondary LP and BlueGem Beta Limited together own its entire issued share capital. BlueGem Secondary LP will provide BlueGem Delta S.à r.l. with monies to fund the participation in the Placing and Open Offer. Such participation will have no effect on the trading prospects of BlueGem Delta S.à r.l., and will have no financial affect on BlueGem Delta S.à r.l. beyond the returns generated pursuant to the investment.

#### **2.1.3 *BlueGem Secondary LP***

BlueGem Secondary LP is a limited partnership registered in England with registered number LP019353 and with its principal place of business at 50 Lothian Road, Festival Square, Edinburgh EH3 9WJ. The partnership's investment objective is to acquire securities in specifically identified companies (including the Company) and, where necessary, to provide follow-on capital to such companies and/or their associates, and carry out all connected functions and acts. BlueGem Secondary LP has investments in four businesses which are

described above. Its general partner is BlueGem General Partner L.P. and its manager is BlueGem Capital Partners LLP. BlueGem Capital Partners LLP has discretionary control over the investment decisions of BlueGem Secondary LP. BlueGem Secondary LP has four investors who are limited partners. Three of the limited partners are institutional investors and one represents the carry interest of the manager. The only limited partner with an interest of 5% or more in BlueGem Secondary LP is Matisse GP Limited in its capacity as general partner of Matisse 402, LP (described at paragraph 2.1.5 below). BlueGem and Matisse have only a fund/investor relationship, and the only investment Matisse have in BlueGem controlled funds is this investment. Limited partners, regardless of their percentage interest, are prohibited from taking an active role in BlueGem Secondary LP's investment operation. BlueGem Secondary LP accesses funds by making draw down requests to its limited partners (including Matisse) who are each bound to provide any undrawn commitment, based on their original commitment to BlueGem Secondary LP on a *pro rata* basis. BlueGem draws down funds from the limited partners for the purposes of investment, and participation in the Placing and Open Offer will have no effect on the trading prospects and will have no financial affect on BlueGem beyond the returns generated pursuant to the investment.

#### *2.1.4 BlueGem Beta Limited*

BlueGem Beta Limited is a company incorporated in Scotland with registered number SC346487 and with its registered office at 50 Lothian Road, Festival Square, Edinburgh EH3 9WJ. The company is a holding company used by BlueGem for the purpose of holding shares. Its directors are Marco Capello and Emilio Di Spiezzo Sardo and is a wholly owned subsidiary of BlueGem Secondary LP. Together with BlueGem Secondary LP, it owns the entire issued share capital of BlueGem Delta S.à r.l.

#### *2.1.5 Matisse 402, LP*

Matisse 402, LP is a limited partnership registered in the Cayman Islands with registered number WT-95728 and with its registered address at Circumference FS (Cayman) Ltd, PO Box 32322, 4th Floor, Century Yard, Cricket Square, George Town, Grand Cayman, KY1-1209. The partnership's investment objective is to engage in any lawful activity for which exempted limited partnerships may be formed under the Exempted Limited Partnership Law (2018 Revision) of the Cayman Islands. Its general partner is Matisse GP Limited which is wholly owned by Glendower Capital Secondary Opportunities Fund IV, LP, whose manager is Glendower Capital, LLP. Glendower Capital, LLP is authorised and regulated by the FCA in the conduct of its discretionary management activities and is an institutional investor with a focus on secondary issues, which was spun out of Deutsche Bank in 2017. Limited partners are prohibited from taking an active role in the limited partnership's operation and have limited liability up to the amount of capital that they have contributed and comprise of a mixture of institutional investors and high net worth individuals.

#### *2.1.6 BlueGem General Partner L.P.*

BlueGem General Partner L.P. is a limited partnership registered in Scotland with registered number SL005936 and with its principal place of business at 50 Lothian Road, Festival Square, Edinburgh EH3 9WJ. Its purpose is to act as general partner of, amongst others, BlueGem Secondary LP. Its manager is BlueGem Capital Partners LLP (described at paragraph 2.1.7 below). BlueGem General Partner L.P. is the general partner of BlueGem Secondary LP, as under English law that partnership must have a general partner who has responsibility for managing its business and has unlimited liability for its debt and obligations. BlueGem General Partner L.P. has appointed BlueGem Capital Partners LLP as the manager of BlueGem Secondary LP.

#### *2.1.7 BlueGem Capital Partners LLP*

BlueGem Capital Partners LLP is a limited liability partnership registered in England with registered number OC321570 and with its registered office at 16 Berkeley Street, London W1J 8DZ. It is a management business for the funds promoted by BlueGem Capital Partners LLP, being BlueGem L.P., BlueGem II LP, Rock UK L.P. and BlueGem Secondary LP. As at 31 December 2017, BlueGem Capital Partners LLP had EUR 575 million under management. BlueGem Capital Partners LLP's role is to act as manager of BlueGem General Partner L.P., BlueGem Secondary LP and other entities on a discretionary basis and has the power to direct the voting rights of BlueGem Beta Limited and BlueGem Delta S.à r.l., through its capacity as

manager of BlueGem Secondary LP. BlueGem Capital Partners LLP is authorised and regulated by the FCA in the conduct of its discretionary management activities. BlueGem Capital Partners LLP manage the fund participating in the Placing and Open Offer and, as such, the Placing and Open Offer will have no effect on the trading prospects and will have no financial affect on BlueGem Capital Partners LLP beyond the returns generated pursuant to the investment. Its members are Marco Capello, Emilio Di Spiezio Sardo and Marco Anatriello.

#### **2.2 *Arrangements***

None of BlueGem or any persons acting in concert with it has entered into any agreements, arrangements or understandings (including any compensation arrangement) with any of the Company's:

- Directors (excluding any arrangement that any BlueGem entity may have with Marco Capello or Emilio Di Spiezio Sardo in connection with their roles with BlueGem); or
- Shareholders, recent Shareholders or any person interested or recently interested in Existing Ordinary Shares,

which are connected with or dependent upon the outcome of the Placing and Open Offer.

#### **2.3 *Material contracts of BlueGem***

Except as set out in paragraph 10 of Part XV: "Additional Information", there are no material contracts (other than contracts entered into in the ordinary course of business) entered into by BlueGem within the two years immediately preceding the date of this document.

#### **2.4 *Financial information***

BlueGem Delta S.à.r.l accounts are publicly available via the RCS website (in Luxembourg): <https://www.lbr.lu/>

Each of BlueGem Beta Limited and BlueGem Capital Partners LLP's accounts are publicly available via the website of Companies House: <https://beta.companieshouse.gov.uk/>

Each of BlueGem Secondary LP and BlueGem General Partner L.P. are not legally required to produce or publish accounts.

The publicly available financial information relating to BlueGem referred to in this paragraph 2.4 is incorporated by reference into this document for the purposes of compliance with the City Code only (and is not required to be incorporated by reference into this document by the Listing Rules or the Prospectus Rules).

#### **2.5 *Ratings information***

There are no current ratings or outlooks accorded to BlueGem by ratings agencies.

### 3. FINANCIAL INFORMATION ON MANAGEMENT CONSULTING GROUP PLC

The consolidated financial statements of the Company and its subsidiaries included in the Annual Report and Financial Statements of the Company for the years ended 31 December 2017, 31 December 2016, 31 December 2015 and 31 December 2015 as restated are incorporated by reference into this document. They may also be viewed on the Company's website at [www.mcgle.com](http://www.mcgle.com), although the contents of that website are not incorporated by reference into this document.

The table below indicates the source of the relevant information required to be included in this document by the City Code.

Information	Source of Information
Revenue, profit or loss before and after taxation, the charge for tax, extraordinary items, minority interests, the amount absorbed by dividends and earnings and dividends per share for the Company for the year ended 31 December 2016 and the year ended 31 December 2017.	Management Consulting Group Annual Report 2017, page 42, "Group Income Statement".
A statement of the assets and liabilities shown in the audited accounts for the Company for the year ended 31 December 2017.	Management Consulting Group Annual Report 2017, page 26, "Group Balance Sheet".
A cash flow statement as provided in the audited accounts for the Company for the year ended 31 December 2017.	Management Consulting Group Annual Report 2017, page 47, "Group Cash Flow Statement".
Significant accounting policies together with any points from the notes to the accounts which are of major relevance to an appreciation of the figures.	Management Consulting Group Annual Report 2017, page 52, Note 2, "Notes to the Financial Statements".

Any Shareholder, person with information rights or other person to whom this document is sent may request a copy of each of the documents set out above, or a copy of this document, in hard copy form. Hard copies will be sent only where valid requests are received from such persons. Requests for hard copies are to be submitted to the Company Secretary, either by post to St Paul's House 4th Floor 10, Warwick Lane, London EC4M 7BP, or by calling Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

#### 4. MARKET QUOTATIONS

The following table sets out the closing middle market quotations for shares as derived from the Daily Official List as published by the London Stock Exchange for the first dealing day of the six months immediately prior to the date of this document and for 28 June 2018 (being the latest practical date before the publication of this document).

Date	Middle Market Quotation (p)
01.12.17	3.5
02.01.18	6.6
01.02.18	6.3
01.03.18	6.2
03.04.18	6.1
01.05.18	3.2
01.06.18	3.1
28.06.18	3.1

#### 5. DISCLOSURE OF INTERESTS AND DEALINGS IN SHARES

5.1 For the purposes of this paragraph 5.1 of Part IX, reference to:

- (a) “**acting in concert**” is to such term as defined in the City Code;
- (b) an “**arrangement**” includes any indemnity or option arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
- (c) an “**associate**” of any company means, unless otherwise stated:
  - (i) its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which any such companies are associated companies (“**relevant associates**”). For this purpose, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status;
  - (ii) connected advisers and persons controlling, controlled by or under the same control as any such connected advisers;
  - (iii) the directors (together in each case with their close relatives and related trusts) of the company or any relevant associate;
  - (iv) the pension funds of the company or any relevant associate;
  - (v) any investment company, unit trust or other person whose investments an associate manages on a discretionary basis, in respect of the relevant investment accounts;
  - (vi) an employee benefit trust of the company or any relevant company; and
  - (vii) a company having a material trading arrangement with the company;
- (d) a “**connected adviser**” is to such term as defined in the City Code;
- (e) “**connected person**” has the meaning attributed to it in section 252 of the Companies Act;
- (f) “**control**” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give *de facto* control;
- (g) “**dealing**” or “**dealt**” includes the following:
  - (i) the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to the securities, or of general control of securities;
  - (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities;
  - (iii) subscribing or agreeing to subscribe for securities;

- (iv) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or Placing rights;
- (v) the acquisition of, or disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities;
- (vi) entering into, terminating or varying the terms of any agreement to purchase or sell securities; and
- (vii) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;

(h) “**derivative**” includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of any underlying security;

(i) “**disclosure period**” means the period of 12 months ending on 28 June 2018 (being the latest practicable date prior to the publication of this document);

(j) “**exempt principal trader**” or “**exempt fund manager**” is to such term as defined in the City Code;

(k) “**Directors**” the directors of the Company as at the date of this document;

(l) a person has an “**interest**” in or is “**interested**” if he has a long economic exposure, whether absolute or condition, to change in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person is treated as “**interested**” in securities if:

- (i) he owns them;
- (ii) he has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
- (iii) by virtue of any agreement to purchase any option or derivative, he has the right or option to acquire them or call for their delivery, or is under an obligation to take delivery of them, in each case, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise;
- (iv) he is party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them; or
- (v) in the case of Rule 5 of the City Code only, he has received an irrevocable commitment in respect of them;

(m) “**related parties**” in relation to a director, means those persons whose interests in shares the director would be required to disclose pursuant to Part 22 of the Companies Act and related regulations;

(n) “**relevant securities**” includes: (1) shares and any other securities conferring voting rights; (2) equity share capital; (3) any securities convertible into or rights to subscribe for securities, described in (1) and (2) above; and (4) securities convertible into, rights to subscribe for, options (included traded options) in respect of and derivatives referenced to any of the foregoing; and

(o) “**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

## 5.2 Interests and dealings in relevant securities

- (a) As at the close of business on 28 June 2018 (being the latest practicable date prior to the publication of this document), BlueGem held 124,629,895 Existing Ordinary Shares.
- (b) During the disclosure period, the Company has not redeemed or purchased any of its relevant securities or taken or exercised an option over any of its relevant securities.
- (c) During the disclosure period, BlueGem has not redeemed or purchased any of the Company’s relevant securities or taken or exercised an option over any of its relevant securities.

- (d) As disclosed on 4 June 2018, the BlueGem stake in the Company was indirectly transferred (meaning that the holding was still held by BlueGem but through a different entity) from BlueGem General Partner L.P., in its capacity as general partner of BlueGem L.P., to BlueGem General Partner L.P., in its capacity as general partner of BlueGem Secondary LP, pursuant to a contribution deed between BlueGem L.P., acting by its manager BlueGem Capital Partners LLP, and BlueGem Secondary LP, acting by its manager BlueGem Capital Partners LLP dated 4 May 2018.
- (e) As at the close of business on 28 June 2018 (being the latest practicable date prior to the publication of this document), BlueGem did not hold any interest in or right to subscribe for or any short position in any relevant securities of the Company, nor have any agreements to sell or any delivery obligations or rights to require another person to purchase or take any delivery of any relevant securities of the Company nor, save for any borrowed shares which have either been on-lent or sold, had borrowed or lent any relevant securities of the Company (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the City Code) nor has BlueGem dealt in any relevant securities of the Company during the disclosure period.
- (f) BlueGem has no Note 11 arrangements (being any indemnity or option arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing) with any person.
- (g) Save as disclosed in paragraph 4 of Part XIV: "Directors, Responsible Persons, Corporate Governance and Employees", none of:
  - (i) the Company;
  - (ii) the Directors or their respective immediate families, related trusts and any other connected persons;
  - (iii) any person acting in concert with the Company, or
  - (iv) any person who is a party to an arrangement with the Company or any person acting in concert the Company of the kind referred to in Note 11 on the definition of acting in concert in the City Code,
held any interest in or right to subscribe for or any short position in any relevant securities of the Company, nor had any agreements to sell or any delivery obligations or rights to require another person to purchase or take any delivery of any relevant securities of the Company nor, save for any borrowed shares which have either been on-lent or sold, had borrowed or lent any relevant securities of the Company (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the City Code) nor has any such person dealt in any relevant securities of the Company during the disclosure period;
- (h) The Company has not redeemed, purchased or exercised any option over any Ordinary Shares or any securities convertible into rights to subscribe for or options in respect of or derivatives referenced to the Ordinary Shares during the disclosure period.
- (i) Other than Marco Capello and Emilio Di Spiezo Sardo, none of the Directors' or the Group have any interests in BlueGem.

### 5.3 ***Squeeze-out***

Under the Companies Act, if an offeror were to acquire 90 per cent. of the Ordinary Shares within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders.

The consideration offered to the Shareholders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer unless the Shareholders can show that the offer value is unfair.

#### **5.4 Sell-out**

The Companies Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of shares to which the offer relates who has not accepted the offer can by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any shareholder notice of his right to be bought out within one month of that right arising.

The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

## PART X

### BUSINESS OVERVIEW OF THE GROUP

#### *Overview*

The Company is a UK premium listed services group providing consultancy and other professional services across a wide range of geographies and industry sectors. Following certain disposals by the Group in 2016 and 2015, the trading operations of the Group now solely comprises of the Proudfoot business.

Proudfoot was established in 1946, and is the original business around which the Company was built. It is headquartered in Atlanta in the US, and operates on a global basis, from offices in the US, the UK, Canada, Brazil, France, Germany and South Africa.

Proudfoot seeks to deliver measurable and sustainable financial benefits to clients by developing and installing processes and programmes to rapidly improve operations. The areas in which it provides services include: call centre optimisation; cost optimisation; post-merger integration; process improvement; procurement; productivity; revenue enhancement; and supply chain management.

Proudfoot has consistently delivered significant, measurable benefits from its projects across a wide range of industry sectors. It has specific in-depth experience with clients operating in the following industries: automotive; communications; construction; financial services; healthcare; manufacturing; natural resources; private equity; retail; services; transport and logistics; and utilities.

The Group's strategic focus has been the transformation of the Proudfoot business and its return to profitability.

#### *Strategy*

This transformation is ongoing with a number of significant changes being made in 2017 and 2018 to date. The key pillars of the transformation are:

- *New leadership*: in 2016, Proudfoot appointed a new Chief Executive, Pamela Hackett, who has a 30-year history with the business. Pamela previously led the Group's Asian and European businesses where the transformation was introduced first and where the Group has seen promising results including increases in activity in 2017. Proudfoot has removed several layers of management across the business, bringing the Group's most senior expertise directly into its client teams.
- *New services*: the addition of new services to the Group's core capabilities of Proudfoot Analytics and Proudfoot People Solutions, such as Proudfoot Digital Ready which enables management to lead digital change through their people processes and decision-making.
- *Investment in key talent*: Proudfoot has invested to maintain its key talent and critically in new hires to ensure it has the right people with the right skills to market and execute its offering. The Group has also introduced a new incentive scheme to retain talent at managing director and sector leadership levels.
- *Leveraging know-how and intellectual property*: for 75 years, Proudfoot has delivered client success based on a deep understanding of what makes change effective and improvement sustainable, including taking advantage of the modernisation of processes enabled by digitalisation. Proudfoot is making this know-how and experience more visible and readily available to the Group's existing and prospective clients.
- *Direct client engagement*: Proudfoot has merged the Group's selling activities with the Group's delivery capabilities, driving greater customer satisfaction. Proudfoot's objectives are to offer more flexibility to clients in the way they engage with it. As a result, repeat business is rising with some 68% of Proudfoot's clients buying a second engagement.
- *Marketing*: Proudfoot introduced new marketing methods in 2017, notably digitally-driven marketing in Q4 of that year with early signs of success in opening other channels to market, specifically inbound lead generation for new business.
- *Rationalisation of the cost base*: the Group has materially simplified its operating structure (including back office functions), reducing peripheral activities and locations with the objective of substantially reducing its cost base. The Group is progressively basing all operations around hubs in Atlanta, London and Hong Kong, whilst maintaining its strong focus on key industry

verticals such as natural resources industrials and digital ready. This more streamlined operational structure enables staffing of engagements in the manner that best matches the Group's expertise to client needs.

Change has been and will continue to be introduced progressively, with recent success with European and Asian clients, where the model was rolled out first, supporting the Board's confidence in Proudfoot's long term potential. Change was started in 2017 in the Americas and the initial client feedback has also been positive in this market.

Clients and peers recognised the Group's impact, with its assignment in natural resources for Rio Tinto receiving an award in the Best International Project category at the 2018 MCA awards and Proudfoot's work for Santa Monica Seafood winning their Service Provider of the Year award. Proudfoot was put on Forbes annual list of Best Consulting Firms in America.

Proudfoot continues to deliver value to clients and remains a distinctive and recognised brand and is an established global operator in key sectors. As stated in the 2017 Annual Report, the Board remains confident in the longer term potential of the Proudfoot model to deliver sustainable improvement and change for its customers, and therefore its ability over time to generate sufficient revenues and revenue growth to result in strong positive cash flows. Additional change and investment is required in order to further progress the transformation the Group started in 2017 and to create value for shareholders. The Board believes that the Placing, and Open Offer and the PH Placing will support this plan.

## **PART XI**

### **OPERATING AND FINANCIAL REVIEW OF THE GROUP**

The following discussion and analysis of the operating and financial review of the Group is based on the audited historical consolidated income statement, balance sheet and cash flow information of the Group as of and for the three years ended 31 December 2017, 31 December 2016 and 31 December 2015.

Certain extracts from the Group's annual reports, including audited consolidated financial statements (including their respective audit reports) of the Group for the financial years ended 31 December 2017, 31 December 2016 and 31 December 2015 are incorporated by reference in this document.

The audited 2015 income statement reflects the disposal of the French and related operations of Kurt Salmon in discontinued operations. The unaudited restated 2015 income statement reflects the disposal of the Kurt Salmon Healthcare business on 29 July 2016 and the disposal of the Kurt Salmon retail and consumer group on 1 November 2016 in discontinued operations. This restatement does not impact the 2015 audited statement of comprehensive income, Group cash flows and Group balance sheet.

Investors should read the whole of this prospectus and use the documents cited above for reference and should not just rely on the summary information contained in this Part XI. Documents incorporated by reference contain an extensive review of the financial years in question at both an operating and a financial level.

#### **1. KEY FACTORS AFFECTING RESULTS OF OPERATIONS AND SIGNIFICANT MARKET TRENDS**

##### **Disposal programme**

During 2015 and 2016, the Company disposed of the Group's then Kurt Salmon businesses by way of a series of separate transactions for aggregate disposal proceeds of £195.4 million, thereby leaving Proudfoot as the continuing business of the Group. The aggregate disposal proceeds were used to repay £50 million of bank debt, return cash to shareholders and fund the KS Funds.

The results for the three years ended 31 December 2017, 31 December 2016 and 31 December 2015 reflect the continuing operations of the Group which comprises of the Proudfoot business. Discontinued operations in 2015 related to the disposal of Kurt Salmon France and related operations in January 2016 and in 2016 related to the disposal of the Kurt Salmon healthcare business and the Kurt Salmon retail and consumer group operations in 2016. Discontinued operations in 2017 primarily related to the residual transitional service agreements, and other contractual obligations and contingent liabilities related to the business disposals undertaken by the Group in 2016.

##### **The continuing business – Proudfoot**

Following the disposal programme referred to above, the Board recognised the need to focus on returning Proudfoot to profitability. The 2017 year saw large-scale change and selective investment. The Group invested to maintain key talent and in new hires as well as in the Group's know-how and intellectual property. The Group undertook a creative rebrand of Proudfoot which, whilst rooted in the Group's 75 years of client success, was designed to showcase the Group's ability to work with senior executives and their frontline teams to deliver sustainable improvement and change. The Group has made changes to the nature of the solutions the Group now delivers, whilst being true to its purpose for clients; achieving "tomorrow's results, today". The Proudfoot business fundamentally changed its structure and sales model and introduced new additional services during the course of the year. In addition to the Group's core capabilities of Proudfoot Analytics and Proudfoot People Solutions, the Group has added new offerings such as Proudfoot Digital Ready which enables management to lead digital change through their people processes and decision-making. In addition, the Group has also continued to merge its selling activities with its delivery capabilities, driving greater customer satisfaction with the added benefit of streamlining its cost base. Structurally, the Group has removed several layers of management across the business, therefore focusing on bringing its most senior expertise directly into its client teams.

In the markets where change has been introduced earliest, notably Europe and Asia, the Group saw growth in its revenues. The Group's main challenge looking forward is to deliver a similar impact in North America where the new model was starting to be rolled out during 2017.

In particular, Proudfoot operates in a number of client industry sectors which are subject to different economic factors. Proudfoot's revenues and operating profits were affected by reduced demand from potential clients in the natural resources sector. Clients in this sector continued to hold back investments given the uncertain outlook in some commodity markets and this had a significant adverse impact on Proudfoot's revenues in 2017 and 2016.

#### **Foreign exchange movements**

The Group reports its results in Sterling, however the majority of its revenues and costs are denominated in other currencies, principally in Euros and US Dollars. As a result, costs and revenues are to a large extent hedged in relation to the impact of currency movements on profitability. Nonetheless, changes in the average exchange rates for these currencies against Sterling from one year to another can have a significant effect on the translation into Sterling of the total reported revenues and costs of the Group. The average exchange rates that applied over the periods under review were:

	<b>2017</b> <b>unaudited</b>	<b>2016</b> <b>unaudited</b>	<b>2015</b> <b>unaudited</b>
£1 = US Dollar	1.290	1.350	1.530
£1 = Euro	1.140	1.220	1.380

## 2. RESULTS OF THE GROUP

The following table sets out certain financial information relating to the Group's income statements for the corresponding periods.

	Year ended 31 December			
	2017 audited £'000	2016 audited £'000	2015 audited £'000	Restated <sup>1</sup> 2015 unaudited £'000
<b>Revenue</b>	<b>35,103</b>	<b>45,193</b>	<b>138,928</b>	<b>50,152</b>
Cost of sales	(18,646)	(23,711)	(87,866)	(25,330)
Gross profit	16,457	21,482	51,062	24,822
Administration expenses – underlying	(24,761)	(30,327)	(50,293)	(30,108)
<b>(Loss)/profit from operations – underlying<sup>2</sup></b>	<b>(8,304)</b>	<b>(8,845)</b>	<b>769</b>	<b>(5,286)</b>
Administrative expenses – non-underlying – impairment	(16,665)	(30,358)	—	—
Administrative expenses – non-underlying other	(1,483)	(2,304)	—	—
Administrative expenses – non-underlying credit	664	1,894	—	—
Administrative expenses – non-underlying (net)	—	—	253	450
Amortisation of acquired intangibles	—	—	(569)	—
<b>Total administrative expenses</b>	<b>(42,245)</b>	<b>(61,095)</b>	<b>(51,115)</b>	<b>(30,558)</b>
<b>Loss before interest and taxation</b>	<b>(25,788)</b>	<b>(39,613)</b>	<b>(53)</b>	<b>(5,736)</b>
Investment revenues	224	64	13	8
Finance costs	(719)	(1,220)	(3,682)	(3,464)
Loss before tax	(26,283)	(40,769)	(3,722)	(9,192)
Taxation	(4,485)	2,209	(4,024)	(1,185)
<b>Loss for the year from continuing operations</b>	<b>(30,768)</b>	<b>(38,560)</b>	<b>(7,746)</b>	<b>(10,377)</b>
<b>(Loss)/ profit from discontinued operations</b>	<b>(251)</b>	<b>38,505</b>	<b>(57,802)</b>	<b>(55,171)</b>
<b>Loss for the financial period</b>	<b>(31,019)</b>	<b>(55)</b>	<b>(65,548)</b>	<b>(65,548)</b>

1 The restated income statement for the financial year ended 30 December 2015 has been restated to exclude the results of the Kurt Salmon business and to classify the results of Kurt Salmon as discontinued operations in order to provide visibility of the performance of the continuing business.

2 Underlying profit/loss is arrived at by removing non-underlying items from operating profit/loss as seen on the face of the income statement reconciled to gross and operating profit.

### Commentary on operations

Unless otherwise noted, the following commentary refers, as regards 2015, to the unaudited restated financial information.

#### Revenue

Reported revenue for 2017 was 22% lower at £35.1 million. Although first half 2017 revenues of £21.6 million showed growth compared to the second half of 2016, this was not sustained in the second half of 2017. Second half revenues were £13.5 million and the latter part of the year was particularly weak, notably in North America. Given the lower revenues, and despite substantial cost reduction measures, the Group reported an underlying operating loss of £8.3 million for the year as a whole. Excluding foreign exchange losses, the underlying operating loss would have been £6.9 million, showing good progress compared to 2016. The reported operating loss was £31.0 million.

Reported revenue for 2016 was 10% lower at £45.2 million compared to restated 2015 reported revenues. Following a poor performance in the second half of 2015, Proudfoot delivered two quarters of solid revenue growth in the first half of 2016, although not achieving the levels recorded in the first half of 2015. Proudfoot reported an underlying operating loss for the first half of 2016 of £1.9 million on revenue of £25.7 million. Second half revenues were significantly weaker at £19.5 million, driving an increased underlying operating loss of £8.8 million for the year as a whole.

Reported restated revenue for 2015 from continuing operations was 18% lower at £50.2 million. The year on year comparison has been affected by negative currency translation effects. At 2014 exchange rates, the 2015 revenues from continuing operations would have been £51.8 million. Second half revenues were significantly weaker at £20.9 million generating an underlying operating loss for the year as a whole of £5.3 million.

The following table sets out a geographic analysis of the Group's revenues for the corresponding periods:

	Year ended 31 December			
	2017		Restated <sup>1</sup>	
	audited £m	2016 audited £m	2015 audited £m	2015 unaudited £m
Revenue				
Americas	15.4	27.8	96.5	31.4
Europe	14.8	13.2	26.4	12.1
Rest of World	4.9	4.2	16.0	6.7
<b>Total</b>	<b>35.1</b>	<b>45.2</b>	<b>138.9</b>	<b>50.2</b>

<sup>1</sup> The income statement for the financial year ended 30 December 2015 has been restated to exclude the results of the Kurt Salmon business and to classify the results of Kurt Salmon as discontinued operations in order to provide visibility of the performance of the continuing business.

The distribution of revenues by geography reflects the relative levels of activity in the different regions within the Group.

Revenues from continuing operations in Europe have increased by 22% between 2015 restated and 2017, reflecting the further progress made during the year in enhancing the sales and delivery functions through selective recruitment and management changes. The business is currently focused principally on clients based in the UK, France and Germany, and derives much of its revenues from projects outside these clients' home countries. Revenues from European-based clients in 2017 were 11% ahead of the previous year with significant repeat business.

Revenue from clients in the Americas was disappointing, falling from £31.4 million in 2015 restated to £15.4 million in 2017. This performance reflected that the introduction of Proudfoot's new business offerings and models and the substantial associated changes in front-line staff were only getting started during this period. Management remains committed to the key US market and is continuing to implement a series of initiatives to promote an improved performance in a market which remains broadly favourable.

The Group disposed of its business in Brazil, Alexander Proudfoot Servicos Empresariais Ltda, on 29 May 2018.

Although small, the business with clients in Asia, based out of the Group's Hong Kong office, showed improvement compared to a poor 2016, benefitting from the management and personnel changes made in 2017.

The Group's activity with clients in Africa suffered from the relatively low level of investment amongst natural resources clients, which has been the mainstay of the Group's local office in South Africa.

#### *Cost of sales and gross profit*

Cost of sales represents the direct costs of delivering professional services to clients and therefore principally includes the salary, bonus and related costs of employees providing these services.

The gross profit was 49 per cent in 2015 restated, the gross profit was 48 per cent in 2016, and was 47 per cent in 2017.

*Administrative expenses – underlying*

Underlying administrative expenses represent the indirect costs of the operations of the Group. Underlying administrative expenses decreased by £5.3 million in 2017 compared with 2015 restated reflecting certain cost cutting initiatives introduced at the end of 2016. Non-underlying administrative expenses are reported separately.

*Loss from continuing operations*

In 2017, the operating loss from continuing operations reflects the impact of foreign exchange movements on cash and cash equivalents balance held in currencies other than sterling. This impact increased the operating loss by £1.4 million in 2017. The operating loss also reflects a non-underlying charge of £16.7 million for the impairment of goodwill relating to the Proudfoot business and £0.8 million of non-underlying expenses as described below. After these non-underlying expenses and intangible asset impairments, there was an operating loss of £25.8 million. The net interest expense was £0.5 million and in accordance with ISA 19 the reported net interest charge includes an imputed charge in relation to defined benefit pensions of £0.6 million. The loss before tax on continuing operations was £26.3 million. The tax charge on continuing operations was £4.5 million. The movement in the deferred tax asset from £8.3 million to £0.1 million is reflected primarily by a balance sheet reclassification of £0.6 million and an impairment of the deferred tax assets in the US of £7.2 million, split between the P&L (£3.4 million) and reserves of £3.9 million. The charge in the income statement represents the impairment of US tax losses and other temporary differences and the charge through reserves represents the impairment of the temporary difference on the US pension scheme. The continuing high tax charge on continuing operations in 2017 reflects the impact of unrelieved losses in certain jurisdictions driven largely by loss-making operations and the impact of project specific withholding taxes in Proudfoot. the loss for the period from continuing operations was £30.8 million.

In 2016 the operating loss from continuing operations was £39.6 million which reflects a charge of £30.4 million for the impairment of Proudfoot goodwill and £0.4 million of non-underlying expenses as described below. The net interest expense was £1.2 million which includes a £0.8 million charge of imputed interest in relation to defined benefit pensions. The loss before tax on continuing operations was £40.8 million. The tax credit was £2.2 million. This credit reflects the true-up of prior year balances, the effects of different rates of subsidiaries operating in non-UK jurisdictions offset by the impact of unrelieved losses in loss-making operations in certain jurisdictions, the non-deductible impairment of Proudfoot goodwill and project specific withholding taxes. The loss for the period was £38.6 million.

In 2015 the restated operating loss from continuing operations was £5.7 million which reflects charges of £0.4 million of non-underlying expenses as described below. The net interest expense was £3.5 million which includes a £1.5 million charge of imputed interest in relation to defined benefit pensions and £2.0 million in relation to interest paid on the Group's borrowing facilities. The loss before tax on continuing operations was £9.2 million. The tax charge was £1.2 million. The loss for the period from continuing operations was £10.4 million.

*Non-underlying items*

The following table sets out the underlying items reported separately from the underlying operating profit measures as they are not linked to the performance of the period under review.

	Year ended 31 December			
	2017		2015	
	audited £m	2016 audited £m	2015 audited	restated 2015 unaudited £m
Restructuring	(1.1)	(1.7)	(0.3)	(0.5)
Employee provision	(0.4)	—	—	—
Software write off	—	(0.6)	—	—
Goodwill write off	(16.7)	(30.4)	—	—
Defined medical benefit scheme closure	0.7	1.6	—	—
Other	—	0.3	—	—
	<b>(17.5)</b>	<b>(30.8)</b>	<b>(0.3)</b>	<b>(0.5)</b>

In 2017, non-underlying expenses comprised £16.7 million of goodwill impairment, £1.0 million of restructuring-related redundancy costs and employee severance, £0.4 million in connection with a provision charge for a former Proudfoot employee's ongoing contractual pension payments and £0.1 million in relation to advisory fees incurred for restructuring. The credit of £0.7 million (2016: £1.9 million) arises due to a release of the provision in relation to the closure of the Proudfoot Defined Benefit Medical Scheme in December 2016, and £0.3 million is in respect of a provision release.

In 2016, non-underlying expenses comprised £30.4 million of goodwill impairment, £1.7 million of restructuring related redundancy costs and employee severance offset by a £0.3 million provision release and the £0.6 million relating to a write off of capitalised software costs. The £1.6 million credit is in relation to the closure of the Proudfoot Defined Benefit Medical Scheme in the year.

In 2015 audited non-underlying expenses comprise £0.3m of restructuring costs, split by £1.1m of restructuring related redundancy costs offset by the release of £0.9m property provisions as a result of the Group rationalising its office accommodation in London and Atlanta.

The impairment charges of £16.7 million and £30.4 million in 2017 and 2016 relates to Proudfoot goodwill. Goodwill is tested annually for impairment, based on determining recoverable amounts from value-in-use calculations. The Board reviewed the carrying value of Proudfoot goodwill at the respective year ends and concluded that the recoverable amount was lower than the value of goodwill then recorded at cost in the Group balance sheet.

Goodwill is reflected at its recoverable amount of zero in the Group balance sheet as at 31 December 2017.

**Commentary on investment revenues, finance costs, taxation and discontinued activities**

The following commentary refers, as regards 2015, to the audited accounts as reported.

*Investment revenues and finance costs*

Investment revenues comprise interest receivable on bank deposits and similar income. Finance costs largely relate to interest payable on bank loans and overdrafts. Finance costs decreased significantly in 2016 as a result of the repayment of the revolving credit facility held by the Group.

*Taxation*

The Group tax charge for 2017 was £4.5 million. The tax charge includes a write down of US tax losses for deferred tax purposes as a result of the reduction in the US tax rate and a further write-down to reflect the low probability of using the remaining losses against taxable income in the US. In addition, the tax charge also reflects the impact of project specific withholding taxes and unrelieved tax losses in certain jurisdictions. The Group tax credit for 2016 was £2.2 million. The tax credit reflects the true-up of prior year balances, the effects of different tax rates operating in non-UK jurisdictions, offset by the impact of unrelieved losses in loss-making operations, the non-deductible

impairment of goodwill and project specific withholding taxes. The Group tax charge for 2015 was £4.0 million. The tax charge relates to the utilisation of tax losses as a deferred tax asset, the impact of project specific withholding taxes and unrelieved tax losses in certain jurisdictions.

#### *Discontinued operations*

Discontinued operations in 2015 related to Kurt Salmon France and related operations, in 2016 to the disposal of Kurt Salmon Healthcare and Kurt Salmon retail and consumer goods operations and in 2017 to the servicing of transitional service agreements and other contractual obligations and contingent liabilities relating to the business disposals.

The sales of the French and related operations to Solucom (now Wavestone) completed on 7 January 2016 for net proceeds for £58.6 million. A loss on disposal of £53.4 million was included in the 2015 Group financial statements arising from the impairment of goodwill relating to that business. Following the finalisation of the sale in 2016, a profit of £0.3 million was recognised in the 2016 Group financial statements primarily comprising the recycling of a £1.3 million currency translation reserve to the profit and loss account and a post-closing adjustment of £1.1 million.

The sale of the Kurt Salmon healthcare business which completed on 29 July 2016 for net proceeds of £6.2 million. The Group recognised a loss on disposal of £10.7 million principally from a result of the impairment of goodwill.

The disposal of the retail and consumer goods operations of Kurt Salmon was completed on 1 November 2016 for net proceeds of £124.1 million. The profit on disposal of £53.2 million includes £21.8 million relating to the net proceeds of the disposal exceeding the book value of the related net assets including goodwill and £31.4 million relating to the recycling of a currency translation reserve.

### **3. LIQUIDITY AND CAPITAL RESOURCES**

The Group is currently financed by shareholders' equity and the Group has no debt. The Group's capital structure is reviewed regularly to ensure that it remains relevant to the business and its planned development. The Group's primary sources of liquidity are cash flows from operations and, in the event that the Placing and Open Offer is approved by Shareholders, the net proceeds from the Placing and Open Offer.

As at 31 December 2017, the Group had cash balances of £21.0 million of which £8.5 million is not available for use by the Group. This represents cash held in restricted bank accounts as required to be retained to support indemnity obligations to Wavestone, the acquirer of the French and related operations of Kurt Salmon, and to support the Kurt Salmon UK Pension scheme, which became the Company's obligation following the sale of the Kurt Salmon retail and consumer goods operations. As at 28 June 2018 (being the latest practicable date prior to the publication of this document), the equivalent cash balances were £14.4 million of which £6.5 million was restricted.

The Group's cash position is closely monitored and there are effective forecasting procedures in place. Treasury activities are managed on a day-to-day basis by the Group Treasurer who reports to the Chairman and Chief Executive. There are established treasury policies which are reviewed regularly to ensure that they remain relevant.

The Group has no variable rate financial assets or financial liabilities. The Group does not hold derivatives (interest rate swaps).

#### 4. CASH FLOWS, INVESTMENTS AND CAPITAL EXPENDITURES

The following table sets out the Group's cash inflows and outflows over the three years ended 31 December 2017, 31 December 2016 and 31 December 2015 from the audited accounts as reported:

	2017 audited £m	2016 audited £m	2015 audited £m
Net cash (outflow)/inflow from operating activities	(15.0)	(14.4)	0.9
Net cash (outflow)/inflow from investing activities	0.1	188.4	(1.3)
Net cash (outflow)/inflow from financing activities	—	(144.9)	3.6
Net cash flow	(14.9)	29.1	3.2
Cash at beginning of year	38.1	20.7	24.9
Foreign exchange	(2.2)	(11.7)	(7.4)
Cash at end of year	21.0	38.1	20.7

The Group's cash flows do not typically exhibit any marked seasonal trends, except that the majority of staff bonus payments are made in the first half of the year to 30 June.

The Group generated net cash outflows from operating activities in 2016 and 2017 reflecting its loss making operations.

The operating cash outflows before movements in working capital were £1.0 million in 2015, £6.8 million in 2016 and £10.5 million in 2017. These represent the profit or loss from operations adjusted for non-cash movements including depreciation, amortisation, impairment charges and movements in provisions.

The net movements in working capital were a positive £8.6 million in 2015, a negative £3.9 million in 2016 and a negative £3.6 million in 2017.

Net cash outflows from investing activities related to the purchase and disposal of tangible and intangible fixed assets, the purchase and disposal of financial assets and investments, and interest received. For 2016 net cash inflows from investing activities also includes the £188.9 million net proceeds received from the three separate disposals of the Kurt Salmon business.

For 2015, net cash inflows from financing activities principally related to net draw-downs under the Group's bank facilities agreements (which have subsequently been repaid), and to dividends and interest paid. For 2016 net cash outflows from financing activities principally related to repayments of borrowings, payments of dividends, interest paid and a return of capital of £75 million to shareholders. There were no financing activities in 2017.

#### 5. CONTRACTUAL OBLIGATIONS

The Group operates a number of defined contribution pension schemes. The costs charged to the income statement in respect of defined contribution schemes were £0.8 million in 2017, £1.6 million in 2016 and £1.7 million in 2015 (restated).

The Group has a number of defined benefit pension scheme obligations for which actuarial valuations are obtained from independent qualified actuaries. These are as follows:

- In the US, the Group has a closed defined benefit pension scheme.
- In France, the Group has a statutory unfunded post retirement benefit obligation.

- In the UK, the Group has a funded guaranteed pension obligation.

The following table sets out the amounts included in the Group balance sheet at 31 December 2017 in relation to these obligations:

	audited £m
US	7.2
French	0.3
UK	(0.2)
	<hr/>
	7.3
	<hr/> <hr/>

The UK scheme is currently in an asset position.

## 6. OFF-BALANCE SHEET ARRANGEMENTS

The Group does not have any material off-balance sheet arrangements.

## 7. CAPITALISATION AND INDEBTEDNESS

The following table sets out the capitalisation of the Group at 31 December 2017:

	As at 31 December 2017	audited £'000
<b>Total current debt</b>	<hr/>	<hr/>
<b>Total non-current debt</b>	<hr/>	<hr/>
<b>Equity</b>		
Share Capital	5,111	
Statutory reserve capital	8,023	
Other reserves	4,386	
Retained earnings	(15,376)	
<b>Total equity</b>	<hr/>	2,144
		<hr/>

Statutory reserve capital represents the share premium account.

The main elements of other reserves are a legal reserve and currency translation reserve.

There has been no material change to the information provided in the capitalisation statement since 31 December 2017.

The following table sets out the gross financial indebtedness of the Group at 5 May 2018:

	As at 5 May 2018 audited £'000
Cash and cash equivalents <sup>1</sup>	15,289
Trading securities	—
<b>Liquidity</b>	15,289
<b>Current financial receivable</b>	15,289
Current bond debt	—
Current portion of non-current debt	—
Other current financial debt	—
<b>Current financial debt</b>	—
<b>Net current financial indebtedness</b>	—
Non-current bank loans	—
Bonds issued	—
Other non-current loans	—
<b>Non-current financial indebtedness</b>	—
 <b>Net financial indebtedness</b>	 15,289

Note (1): Cash equivalents relate to money market investments and government securities.

As at 5 May 2018, the Group had cash balances of £15.3 million of which £6.5 million is not available for use by the Group. This represents cash held in restricted bank accounts as required to be retained to support indemnity obligations to Wavestone, the acquirer of the French and related operations of Kurt Salmon, and to support of the Kurt Salmon UK Pension scheme, which became the Company's obligation following the sale of the Kurt Salmon retail and consumer goods operations.

The Group has no indirect or contingent indebtedness.

## 8. CRITICAL ACCOUNTING POLICIES

The Group's critical accounting policies are those set out in notes 1 and 2 the Group's audited consolidated financial statements for the year ended 31 December 2017 which are incorporated by reference in this document.

## 9. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT TREASURY RISK

The main treasury risks faced by the Group are country specific liquidity risks. The Group's objectives regarding interest rate risk, exchange rate risk, credit risk and liquidity risk are, respectively, to minimise interest charges; to minimise realised exchange losses on foreign currency transactions to ensure the Group only deals with creditworthy customers and to ensure that the Group has sufficient resources available to meet liabilities as they fall due.

### *Foreign exchange risk*

The Group reports its results in Sterling however the majority of its revenues and costs are denominated in other currencies, principally in Euros and US Dollars. The Group's exposure to currency risk relates principally to trade receivables, cash balances and trade payables denominated in currencies other than Sterling. The Group's foreign exchange exposure is primarily a translation risk.

### *Interest rate risk*

The Group is exposed to cash flow interest rate risk on floating rate deposits.

### *Credit risk*

The amounts included in the balance sheet for trade receivables are net of allowances for bad and doubtful debts, which have been estimated based on prior experience and known factors at the balance sheet date which may indicate that a provision is required. The Group's most significant customer accounted for 20 per cent. of total trade receivables reported at 31 December 2017 of £1.8 million.

The Group's credit risk on financial assets is limited because the Group only maintains liquid funds with banks and institutions with high credit ratings. The maximum exposure to credit risk at 31 December 2017 was £21.0 million in relation to cash and cash equivalents.

## **PART XII**

### **HISTORICAL AND FINANCIAL INFORMATION ON THE GROUP**

The consolidated financial statements of the Company and its subsidiaries included in the Annual Report and Financial Statements of the Company for the years ended 31 December 2017, 31 December 2016, and 31 December 2015 are incorporated by reference into this document.

Deloitte LLP of 2 New Street Square, London, EC4A 3BZ has issued unqualified audit opinions on the consolidated financial statements of the Company and its subsidiaries for each of the financial periods ended 31 December 2017, 31 December 2016 and 31 December 2015.

The audit opinion for the year ended 31 December 2017 is set out on pages 36 to 42 of the Annual Report and Financial Statements of the Company for the year ended 31 December 2017. That audit opinion contained an emphasis of matter in respect of going concern and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The audit opinion for the year ended 31 December 2016 is set out on pages 48 to 54 of the Annual Report and Financial Statements of the Company for the year ended 31 December 2016.

The audit opinion for the year ended 31 December 2015 is set out on pages 63 to 66 of the Annual Report and Financial Statements of the Company for the year ended 31 December 2015.

## PART XIII

### UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

#### 1. UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited *pro forma* consolidated statement of net assets and accompanying notes (the “**Pro forma Financial Information**”) set out in Section 1 of this Part XIII has been prepared to illustrate the effect of the proceeds of the Placing and Open Offer on the Group’s net assets as if it had taken place on 31 December 2017. The Pro forma Financial Information has been prepared for illustrative purposes only and, because of its nature, the *pro forma* consolidated statement of net assets addresses a hypothetical situation and therefore does not represent the actual financial position or results of the Group.

The Pro forma financial information has been prepared in accordance with Annex II of the Prospectus Directive, and in a manner consistent with the accounting policies adopted by the Group in preparing its consolidated financial statements for the year ended 31 December 2017.

The *Pro forma* financial information does not constitute financial statements within the meaning of section 434 of the Companies Act 2006. Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part XIII “unaudited Pro-Forma Statement of Net Assets”.

Deloitte LLP’s report on the *Pro forma* financial information is set out in Section 2 of this Part XIII “Unaudited Pro Forma Financial Information”.

The Pro forma financial information does not reflect any changes in the trading position of the Group since 31 December 2017 other than those outlined in the notes to the statement below.

**Unaudited *Pro forma* statement of net assets**

	<b>The Group as at 31 December 2017</b>	<b>Adjustments – Placing and Open Offer</b>	<b>Unaudited Pro Forma Balance Sheet</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Non-current assets</b>			
Intangible assets	151	—	151
Other fixed assets	358	—	358
Other receivables	395	—	395
Deferred tax assets	79	—	79
<b>Total non-current assets</b>	<b>983</b>	<b>—</b>	<b>983</b>
<b>Current assets</b>			
Trade and other receivables	4,075	—	4,075
Current tax receivables	965	—	965
Cash and cash equivalents	20,979	8,500	29,479
<b>Total current assets</b>	<b>26,019</b>	<b>8,500</b>	<b>34,519</b>
<b>Total Assets</b>	<b>27,002</b>	<b>8,500</b>	<b>35,502</b>
<b>Current liabilities</b>			
Trade and other payables	(11,390)	—	(11,390)
Current tax liabilities	(1,391)	—	(1,391)
<b>Total current liabilities</b>	<b>(12,781)</b>	<b>—</b>	<b>(12,781)</b>
<b>Non-current liabilities</b>			
Retirement benefit obligations	(7,320)	—	(7,320)
Non-current tax liabilities	(24)	—	(24)
Long-term provisions	(4,732)	—	(4,732)
<b>Total non-current liabilities</b>	<b>(12,076)</b>	<b>—</b>	<b>(12,076)</b>
<b>Total liabilities</b>	<b>(24,857)</b>	<b>—</b>	<b>(24,857)</b>
<b>Net assets</b>	<b>2,145</b>	<b>8,500</b>	<b>10,645</b>

Notes

1. The net assets of the Group as at 31 December 2017 have been extracted, without material adjustment, from the Group's audited consolidated financial statements incorporated by reference from the Company's financial results as set out in Part XII of this document.
2. The adjustment of £8.5m reflects the approximately £10m gross proceeds receivable by the Company, net of £1.5m estimated transaction fees (as explained in para 15 of Part XV of this document).
3. No adjustment to the balance sheet has been made to reflect the trading results of the Group since 31 December 2017.

## 2. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

**Deloitte.**

Deloitte LLP  
1 New Street Square  
London EC4A 3HQ

The Board of Directors  
on behalf of Management Consulting Group PLC  
St Paul's House  
4<sup>th</sup> Floor, 10 Warwick Lane  
London EC4M 7BP

Peel Hunt LLP  
Moor House  
120 London Wall  
London EC2Y 5ET

29 June 2018

Dear Sirs,

### **Management Consulting Group plc (the "Company")**

We report on the *pro forma* statement of net assets (the "Pro forma financial information") set out in Section 1 of Part XIII of the prospectus dated 29 June 2018 (the "Prospectus"), which has been prepared on the basis described in the notes, for illustrative purposes only, to provide information about how the Placing and Open Offer might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 December 2017. This report is required by the Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation") and is given for the purpose of complying with that requirement and for no other purpose.

### **Responsibilities**

It is the responsibility of the directors of the Company (the "Directors") to prepare the Pro forma financial information in accordance with Annex II items 1 to 6 of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, as to the proper compilation of the Pro forma financial information and to report that opinion to you in accordance with Annex II item 7 of the Prospectus Directive Regulation.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

### **Basis of Opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

### **Opinion**

In our opinion:

- (a) the Pro forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

### **Declaration**

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

Deloitte LLP

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## PART XIV

### DIRECTORS, RESPONSIBLE PERSONS, CORPORATE GOVERNANCE AND EMPLOYEES

#### **1. RESPONSIBILITY**

The Company and each of the Directors and the Proposed Director, whose names are set out below, accept responsibility for the information contained in this document. To the best of the knowledge of the Company, the Directors and the Proposed Director, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the members of BlueGem Capital Partners LLP, whose names appear in paragraph 2 of Part IX: “The Whitewash” of this document, accept responsibility for the information contained in this document relating to BlueGem and do so without prejudice and in addition to the Directors’ responsibility statement set out above. To the best of the knowledge and belief of the members of BlueGem Capital Partners LLP, who have taken all reasonable care to ensure that such is the case, the information contained in this document relating to BlueGem is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### **2. DIRECTORS**

The full names and functions of the Directors are as follows:

Nicholas Stagg	Chairman and Chief Executive
Emilio Di Spiezio Sardo	Non-Executive Director
Fiona Czerniawska	Non-Executive Director
Marco Capello	Non-Executive Director
Julian Waldron	Non-Executive Director

The full names and functions of the Proposed Director is:

Pamela Hackett	Chief Executive Officer
----------------	-------------------------

The business address of the Directors and the Proposed Director is St Paul’s House, 4th Floor, 10 Warwick Lane, London, EC4M 7BP.

#### **3. RELEVANT EXPERTISE AND EXPERIENCE OF THE DIRECTORS AND THE PROPOSED DIRECTOR**

##### ***N S Stagg, Chairman and Chief Executive***

Nicholas Stagg, aged 58, was appointed executive Director on 21 October 2009, Chief Executive with effect from 1 July 2010, and Chairman and Chief Executive with effect from 1 January 2017. He graduated in physics at University College, London and joined Thomson McLintock in 1981, where he qualified as a Chartered Accountant. He worked in property investment companies before becoming group managing director of Lambert Smith Hampton PLC. Subsequently he was managing director of W S Atkins International PLC and then first COO and then CEO of Teather & Greenwood Holdings PLC, where he was responsible for the development of the business and its eventual sale to Landsbanki in 2005 and then Straumur in 2008.

##### ***M Capello***

Marco Capello, aged 57, joined the Board on 18 June 2010. He is the founder and managing partner of BlueGem Capital Partners LLP. From 2002 to 2006 he was a managing director of Merrill Lynch Global Private Equity, having joined Merrill Lynch in 1994. Previously he worked for over 18 years at First Boston and Wasserstein Perella. During his career in investment banking he worked primarily in mergers and acquisitions both in New York and London. Mr Capello holds an MBA from Columbia University in New York. He graduated in Civil Engineering from the Politecnico di Torino. He is a board member of among others, The Private Clinic Limited, DigitalGO S.p.A., and Liberty Limited. He is a member of the Remuneration Committee and the Nominations Committee.

##### ***E Di Spiezio Sardo***

Emilio Di Spiezio Sardo, aged 41, joined the Board on 18 June 2010. He is a partner of BlueGem Capital Partners LLP. Before joining BlueGem as a partner in 2007, he worked in London as a

hedge fund manager at York Capital Management, a global multi-strategy hedge fund with approximately US\$10 billion under management. Before that he worked for six years in investment banking at Merrill Lynch in London and Rome. Mr Di Spiezio Sardo graduated summa cum laude in Economics and Finance from Bocconi University in Milan. He is a board member of among others The Private Clinic Limited, DigitalGO S.p.A., and Liberty Limited.

**F Czerniawska**

Fiona Czerniawska, aged 56, joined the Board on 10 March 2017. She is the founder and director of Source Global Research. Prior to this, she was director of strategy and planning for EY in the UK, head of research for the Management Consultancies Association, and has more than 25 years' experience in the management consulting industry. Fiona has a PhD from the University of London and is a graduate of Oxford University. She is a director of the Source Information Services Limited.

**J D Waldron**

Julian Waldron, aged 53, joined the Board on 8 October 2008. He was formerly executive vice president and chief operating officer of TechnipFMC, a US and French listed group providing project management, engineering and construction services for the oil and gas industry, which he joined in October 2008. Prior to this he was a managing director in corporate finance at UBS Warburg and the chief financial officer of Thomson SA. He is Chairman of the Audit & Risk Committee and Nominations committee and a member of the Remuneration Committee.

**Pamela Hackett**

Pamela leads the Proudfoot Global Management Team, whom ensure client satisfaction across the Proudfoot world. Pamela joined Proudfoot 30 years ago. Pam has held various executive roles, including the global leadership of Proudfoot People Solutions practice, the growth of Proudfoot Asia, President, EMEA Business, and is Executive Sponsor of the Proudfoot Institute – home of the Proudfoot Transformation Masterclass. Pam is a recognized thought leader in transformative change. She has also led client engagements across multiple sectors in more than 35 countries.

**4. INTERESTS OF THE DIRECTORS AND THE PROPOSED DIRECTOR**

As at 28 June 2018 (being the latest practicable date prior to the date of this document), the interests of each Director and the Proposed Director, including those of any connected person (within the meaning of section 252 of the Companies Act 2006 and the provisions of the Disclosure Guidance and Transparency Rules), the existence of which is known to, or could with reasonable diligence be ascertained by, that Director or Proposed Director whether or not held through another party, in the share capital of the Company together with any options in respect of such capital were as follows:

Director/Proposed Director	Current Number of Ordinary Shares	Percentage of Existing Ordinary Shares	Number of Ordinary Shares following Admission <sup>(1)</sup>	Percentage of Enlarged Issued Share Capital
N S Stagg	1,364,972	0.3	6,706,167	0.4
Fiona Czerniawska	—	—	—	—
J D Waldron	256,725	0.1	1,261,301	0.1
M Capello	—	—	—	—
E Di Spiezio Sardo	—	—	—	—
5,341,195				
Pamela Hackett	—	—	—	0.3

Note (1): Shareholdings following Admission are based on the assumption that each Director will take up their full Open Offer Entitlement (if applicable), as they are required to do by virtue of the Directors' Irrevocables. No Ordinary Shares (including these Open Offer Shares) may be sold by the Directors prior to the earlier of 18 months from Admission or the Director ceasing to be a Director of the Company.

Certain of the Directors are also interested in unissued Ordinary Shares under share options and awards held by them pursuant to the Performance Share Plan, all of which were granted for nil consideration, as follows:

***Interest under the 2008 Performance Share Plan***

As at 31 December 2017, there were no awards outstanding over new Shares under the 2008 Performance Share Plan.

**5. DETAILS OF DIRECTORS' SERVICE CONTRACTS**

Nicholas Stagg is the only director who currently has a service contract with the Company which was entered into on 13 January 2010, has a term which expires until he is 65 years old and may be terminated by either party on 12 months notice. Nicholas Stagg is entitled under his contract to an annual salary of £400,000, as well as approximately £40,000 of other benefits. He also receives a pension contribution equal to 17.5% of base salary.

Upon a termination of Nicholas Stagg's service contract he would not be entitled to more than one years salary and as a matter of Company policy he is not entitled automatically to bonuses or any share based payments on the termination of his contract. If the event of a change of control of the Company, his outstanding share awards would be eligible to vest provided that (i) performance targets had been met over the applicable period, and (ii) subject to any *pro rata* time reduction.

Pamela Hackett, the Proposed Director, has a service contract entered into on 7 December 2017 with Alexander Proudfoot Inc., which governs her role as the Chief Executive Officer of the Proudfoot business. The contract may be terminated by either party on 12 months' notice, or by Proudfoot without notice where it has "cause" to do so (for example, in the case of dishonesty or gross misconduct). Following any such termination, Pamela Hackett would be subject to non-compete restrictions for 6 months following the termination within a certain geographic area. Pamela Hackett is entitled under her contract to an annual base salary of \$550,000 (reviewed annually) along with an entitlement to be considered by the Remuneration Committee of the Company for an annual bonus, to participate in the Group pension plan (with cash payments being made by the Company if so elected by the Proposed Director) and Group employee insurance plans (dental etc.). Upon termination of Pamela Hackett's service contract (without "cause"), she would not be entitled to more than 12 months' salary.

Other than Nicholas Stagg and Paula Hackett, no other director has a service contract. The details of the non-executive director letters of appointment are set out below.

Julian Waldron entered into a letter of appointment with the Company on 21 October 2016 with the Company, which governs his role as Non-Executive Director of the Company with effect from 8 October 2014. Julian Waldron was most recently re-appointed as Non-Executive Director of the Company at the AGM held on 30 May 2017. His appointment may be terminated earlier if he fails to be re-appointed as a Director at any time when such re-appointment is required in accordance with the Company's Articles of Association, if his appointment is terminated earlier by his or at the discretion of the Company by giving to the other written notice, or if he is otherwise removed as a Director or vacates office pursuant to the provisions of legislation or the Company's Articles of Association. Julian Waldron's responsibilities are those typically required of a non-executive director of a premium listed company. Julian Waldron received fees of £45,000 in the year ended 31 December 2017. Julian Waldron is entitled to be reimbursed for any reasonable expenses incurred wholly in respect of Company business.

Fiona Czerniawska entered into a letter of appointment with the Company on 15 March 2017 with the Company. Unless terminated earlier, her appointment will continue for a period of three years commencing on 10 March 2017. Her appointment may be terminated earlier if she fails to be re-appointed as a Director at any time when such re-appointment is required in accordance with the Company's Articles of Association, if her appointment is terminated earlier by her or at the discretion of the Company by giving to the other written notice (which may be immediate), or if she is otherwise removed as a Director or vacates office pursuant to the provisions of legislation or the Company's Articles of Association. Fiona Czerniawska was most recently reappointed as Non-Executive Director of the Company at the AGM held on 30 May 2017. Fiona Czerniawska's responsibilities are those typically required of a non-executive director of a premium listed company. Fiona Czerniawska is entitled to fees of £35,000 per annum, and received £28,404 for the year ending 31 December 2017 (having been appointed during the financial year). Fiona Czerniawska is entitled to be reimbursed for any reasonable expenses incurred wholly in respect of Company business.

Emilio Di Spiezio Sardo entered into a letter of appointment with the Company on 27 May 2010 with the Company, which governs his role as Non-Executive Director of the Company. Under the letter of appointment, his appointment will continue for a period of three years commencing on the date of his appointment, and he was most recently reappointed as Non-Executive Director of the Company at the AGM held on 30 May 2017. His appointment may be terminated earlier if he fails to be re-appointed as a Director at any time when such re-appointment is required in accordance with the Company's Articles of Association, if his appointment is terminated earlier by her or at the discretion of the Company by giving to the other written notice, or if he is otherwise removed as a Director or vacates office pursuant to the provisions of legislation or the Company's Articles of Association. Emilio Di Spiezio Sardo's responsibilities are those typically required of a non-executive director of a premium listed company. Emilio Di Spiezio Sardo is not entitled to any fees or other benefits in respect of his appointment, and did not receive any fees or benefits in the year ending 31 December 2017. Emilio Di Spiezio Sardo is entitled to be reimbursed for any reasonable expenses incurred wholly in respect of Company business.

Marco Capello entered into a letter of appointment with the Company on 27 May 2010, which governs his role as Non-Executive Director of the Company. Under the letter of appointment, his appointment will continue for a period of three years commencing on the date of his appointment, but he was most recently reappointed as Non-Executive Director of the Company at the AGM held on 30 May 2017. His appointment may be terminated earlier if he fails to be re-appointed as a Director at any time when such re-appointment is required in accordance with the Company's Articles of Association, if his appointment is terminated earlier by her or at the discretion of the Company by giving to the other written notice, or if he is otherwise removed as a Director or vacates office pursuant to the provisions of legislation or the Company's Articles of Association. Marco Capello's responsibilities are those typically required of a non-executive director of a premium listed company, and he did not receive any fees or benefits in the year ending 31 December 2017. Marco Capello is entitled to be reimbursed for any reasonable expenses incurred wholly in respect of Company business.

There have been no amendments to any director service contract (including the Proposed Director's service contract) in the six months preceding this document.

## **6. CORPORATE GOVERNANCE**

### **Board procedure and committees**

The Board is collectively responsible to its shareholders for the success of the Group. The Board currently comprises the Chairman and Chief Executive, who is an executive Director, and four non executive Directors. The FRC Code requires that smaller companies should have at least two independent non executive directors. Ms Czerniawska is considered to be an independent non-executive director. Mr Waldron completed nine years as an independent director in October 2017 and can therefore no longer be considered to be independent for the purposes of the FRC Code. As a consequence, at present, the Company does not comply with FRC Code provisions A.4.1, B.1.2, B.2.1, C.3.1 and D.2.1.

The roles of the Board and management are clearly defined. Although Mr Stagg occupies the roles of Chairman and Chief Executive, the distinction between these roles and that of Senior Independent Director are clearly defined in writing. Further information on the future make up of the Board can be found in Part VI: "Letter from the Chairman" of this document.

On appointment, directors are provided with formal details of their responsibilities under legislation applicable to a company listed in the UK. Changes to such legislation and other relevant factors affecting the Group are communicated to all directors. Newly appointed directors are also required to participate in an induction programme in order to familiarise themselves with the Group's businesses. Regular presentations are made to the Board by senior management in order to refresh and expand this knowledge.

The Board annually evaluates the performance of individual directors, the Board as a whole and its Committees.

All directors are authorised to obtain, at the Company's expense and subject to the Chairman's approval, independent legal or other professional advice where they consider it necessary. All directors have access to the Company Secretary who oversees their ongoing training and development needs. There is a formal schedule of decisions reserved for the Board. This includes approval of the following: the Group's strategy, the annual operating plan and budget, the annual and interim

financial statements, significant transactions, major capital expenditures, risk management policies, the authority levels vested in management, Board appointments, and remuneration policies. As described below, the review of certain matters is delegated to the Audit and Risk Committee, the Remuneration Committee and the Nomination, all of which make recommendations to the Board in relation to those matters reserved for the Board as a whole.

As detailed below, the Board has an Audit Committee, Remuneration Committee and Nominations Committee to assist in the discharge of its responsibilities. The terms of reference of these committees comply with the FRC Code.

### **Audit and Risk Committee**

The Audit and Risk Committee currently consists of Mr Julian Waldron and Ms Fiona Czerniawska. The FRC Code provides that at least one member of the Committee should have recent and relevant financial experience. Mr Waldron was the chief operating officer of a US/French listed group and the former chief financial officer of a French listed company and is considered to have such experience.

The Committee works with a structured annual agenda of matters tied in to the key events in the Company's financial reporting cycle, together with various standing items the Committee is required to consider. The Chairman and Chief Executive, Finance Director, Group Head of Finance, other financial managers and external auditors are invited to attend Audit Committee meetings. The external auditor and the Committee meet privately at least once a year.

The Chairman of the Committee reports to the Board on the Committee's activities after each meeting, identifying relevant matters requiring communication to the Board and recommendations on the steps to be taken. The performance of the Committee is considered as part of the Board performance evaluation process. In addition, each year the Committee members complete a detailed self-assessment as an aid to maintaining the Committee's effectiveness.

The key responsibilities of the Audit and Risk Committee are:

- (i) to monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them;
- (ii) to assist the Board in ensuring the annual report and accounts, taken as a whole, is fair balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- (iii) to review the Group's internal financial controls and to review the Group's internal control and risk management systems;
- (iv) to monitor and review the effectiveness of the Group's internal audit function;
- (v) to make recommendations to the Board in relation to the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- (vi) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process;
- (vii) review insurance arrangements in respect of identified risks; and
- (viii) to develop and implement policy on the engagement of the external auditor to supply non-audit services, and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and recommending the steps to be taken.

### **Remuneration Committee**

The FRC Code recommends that the Committee should comprise at least two independent non-executive directors. The Committee comprises of only one non-independent non-executive director and therefore does not currently comply with the FRC Code. Mr Marco Capello, Ms Fiona Czerniawska and Mr Julian Waldron are all members of the Committee.

The Remuneration Committee has responsibility for setting the framework for the remuneration of the Chairman, executive directors and other senior executives in the Group and the remuneration packages of those individuals.

In determining the directors' remuneration for the year, the Committee consults the Chairman save in relation to his own remuneration. No director is involved in deciding their own remuneration. The

Committee makes use of published reports on directors' remuneration packages and advice from independent external advisers is obtained when required. New Bridge Street is the independent adviser to the Remuneration Committee.

The Committee meets at least three times a year, and its meetings may be attended by other Board members at the invitation of the Committee. The Committee is required to attend the Annual General Meeting at which the Chairman of the Committee answers shareholders' questions on remuneration.

#### **Nominations Committee**

The Nominations Committee's purpose is to consider future appointments to the Board and the succession policy for key management positions. The FRC Code recommends that a majority of the members of a nominations committee should be independent non-executive directors though the Committee does not currently comply with this recommendation. Mr Marco Capello, Ms Fiona Czerniawska and Mr Julian Waldron are all members of the Committee.

The Nominations Committee meets at least annually and is required to make a statement in the annual report about its activities.

### **7. EMPLOYEES**

The average number of people employed by the Group over the last three financial years was as follows:

Division	Number of Employees		
	Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2015
Sales and Marketing	44	53	72
Consultants	122	161	185
Support Staff	48	60	69
<b>Total</b>	<b>214</b>	<b>274</b>	<b>326</b>

### **8. CONFIRMATION FROM DIRECTORS AND PROPOSED DIRECTOR**

In the five years before the date of this document, the Directors and the Proposed Director:

- (i) do not have any convictions in relation to fraudulent offences;
- (ii) have not been associated with any bankruptcies, receiverships or liquidations through acting in the capacity of a member of administrative, management or supervisory bodies or as a partner, founder or senior manager of any partnership or company; and
- (iii) do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by court from acting as a member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of the affairs of any company.

### **9. DETAILS OF DIRECTORS' AND PROPOSED DIRECTOR'S CONFLICTS OF INTEREST**

Mr Marco Capello and Mr Emilio Di Spiezo Sardo are partners in BlueGem Capital Partners LLP, which manages BlueGem. Each of these positions, which have been identified as potential situational conflicts, has been disclosed to and authorised by the Board.

Save as disclosed in this paragraph 9 and in their capacities as persons beneficially interested in Ordinary Shares as summarised in paragraph 4 of this Part XIV "Directors, Responsible Persons, Corporate Governance and Employees" above, at the date of this document there are no potential conflicts of interests between any duties owed to the Company by the Directors or the Proposed Director or by any members of senior management and their private interests or other duties.

## 10. OTHER DIRECTORSHIPS AND PARTNERSHIPS OF DIRECTORS AND THE PROPOSED DIRECTOR

The Directors and the Proposed Director have held the following directorships and/or been a partner in the following partnerships within the five years prior to the date of this document (other than directorships in the Group):

Director	Company	Current/Previous
N S Stagg	Alexander Proudfoot Europe SA	Current
	Alexander Proudfoot France SAS	Current
	Alexander Proudfoot GmbH (Austria)	Current
	Alexander Proudfoot GmbH (Germany)	Current
	Alexander Proudfoot Services GmbH	Current
	Alexander Proudfoot South Africa	Current
	Alexander Proudfoot Africa	Current
	Alexander Proudfoot Company	Current
	Alexander Proudfoot Consulting (Shanghai) Ltd	Current
	Alexander Proudfoot Inc.	Current
	Alexander Proudfoot (Europe) Limited	Current
	Bridgewell Group Limited (in liquidation)	Current
	Bridgewell Limited (in liquidation)	Current
	Bridgewell Securities Limited (in liquidation)	Current
	Escalon Investments Limited (in liquidation)	Current
	Ineum Consulting Pty Ltd (Australia)	Current
	Kurt Salmon Associates Limited	Current
	Shinetrip Limited	Current
	Lambert Smith Hampton Group Limited	Current
	Management Consulting Group PLC	Current
	MCG Company No 1 Limited	Current
	MCG Company No 4 Limited	Current
	Management Consulting Group Holdings LLC	Current
	MCG TSA Holdco LLC	Current
	MCG BV (formerly Kurt Salmon Associates BV	Current
	MCG Overseas Holdings BV	Current
	MCG Holdings Netherlands BV	Current
	Management Consulting Group Overseas Limited	Current
	Proudfoot Trustees Limited	Current
	Proudfoot (Netherlands) BV (NL)	Current
	Proudfoot (Malaysia) SDN BHD	Current
	Proudfoot (Singapore) Pte Ltd	Current
	Teathers Ltd (in liquidation)	Current
	Teawood Trustee Limited (proposal to strike off)	Current
	Alexander Proudfoot Company of Europe Limited	Previous
	Bridgewell Advisers Limited	Previous
	Bridgewell Corporate Finance Limited	Previous
	Bridgewell Corporate Holdings Limited	Previous
	Bridgewell Investment Limited	Previous
	Bridgewell Investment Management Limited	Previous
	Camomile Wood Nominees Limited	Previous
	Inventive Leisure PLC	Previous
	Kurt Salmon UKI Limited	Previous
	Landsbanki Securities (UK) Holdings PLC	Previous
	MCG Overseas Holdings Limited	Previous
	Teather & Greenwood Investment Management	Previous
	Teather & Greenwood Nominees Limited	Previous
	Teather Capital Markets Limited	Previous
	Teawood Nominees Limited	Previous
	Viaduct Consulting Limited	Previous



Director	Company	Current/Previous
	Mamas & Papas (Property) Limited	Current
	Mamas & Papas (Retail) Limited (CVA)	Current
	Management Consulting Group plc	Current
	Nidoram Limited	Current
	Nitumen Limited	Current
	Odoram Limited	Current
	Private Clinic Products.co.uk Limited	Current
	QMS Holdings Limited	Current
	Retail Stores Property Holdings Limited	Current
	Retail Stores Property Holdings No.1 Limited	Current
	Retail Stores Property Holdings No.2 Limited	Current
	Retail Stores Property Holdings No.3 Limited	Current
	Stork Beta Limited	Current
	Stork Delta Limited	Current
	The DMC Group Holding Limited	Current
	The Private Clinic Group Limited	Current
	The Private Clinic of Harley Street Limited	Current
	Union Lifestyle Holdings Limited	Current
	Union Lifestyle Limited	Current
	Wool and the Gang Limited	Current
	BlueGem Coöperatief B.A	Current
	BlueGem Delta S.à r.l	Current
	BlueGem Neo Holdings	Current
	Arco S.à r.l	Current
	LT Coral S.C.A	Current
	LT Violet S.à r.l	Current
	Crocus II S.à r.l	Current
	QMS S.à r.l	Current
	Stork Alpha S.à r.l	Current
	Bellis Holdings GmbH	Current
	Pelicur GmbH	Current
	DigitalGO S.p.A	Current
	Dr. Vranjes Firenze S.r.l.	Current
	Rubilis S.r.l.	Current
	UFI Filters S.p.A	Current
	Ambretta S.r.l.	Previous
	BlueGem II Partners S.à r.l	Previous
	BG II (Lux) GP Limited	Previous
	MEM II (Lux) Limited	Previous
	Eskatos Capital Management Sarl	Previous
	Eskatos Sicav-Fis	Previous
	The Sleep Disorder Clinic Limited	Previous
	The Private Clinic – Surgical Limited	Previous
	The Private Clinic Hair Transplant Limited	Previous
	The Private Clinic Ltd	Previous
	The Private Clinic Hair Transplant Limited	Previous
	Military Fitness Limited	Previous
	MEM II (Lux) Limited	Previous
	Hans Place Practice Limited	Previous
	Hans Place Practice (Clinic) Limited	Previous
	BlueGem II (Initial) General Partner Limited	Previous
	BlueGem II General Partner LLP	Previous
	BlueGem II CO2 Ltd	Previous
	BlueGem II CO1 Ltd	Previous
	BG II (Lux) GP Limited	Previous
	Fintyre S.p.A.	Previous
	Neoco S.p.A.	Previous
	Neomobile S.p.A.	Previous

Director	Company	Current/Previous
	Olicar S.p.A.	Previous
	Orizzonti Mobile S.p.A.	Previous
	Petrolifera Estense S.p.A.	Previous
E Di Spiezio Sardo	Big Holding Group Limited	Current
	BlueGem Alpha Limited	Current
	BlueGem Beta Limited	Current
	BlueGem Capital Partners LLP	Current
	BWS Alpha Limited	Current
	Candumen Limited	Current
	Crafts Group Limited	Current
	Descomed Limited	Current
	Enotria Wine Group Limited	Current
	Liberty Centres Limited	Current
	Liberty Fabric Limited	Current
	Liberty Fabric Sales Ltd	Current
	Liberty Gamma Holdings Limited	Current
	Liberty Investment Limited	Current
	Liberty Kappa Limited	Current
	Liberty Lease Limited	Current
	Liberty Limited	Current
	Liberty of London Limited	Current
	Liberty Properties Link Owner Limited	Current
	Liberty Properties Link Owner No.2 Limited	Current
	Liberty (Regent and Tudor) Holdings Limited	Current
	Liberty (Regent and Tudor) Holdings No.1 Limited	Current
	Liberty Regent Street Limited	Current
	Liberty Retail Limited	Current
	Liberty Theta Limited	Current
	Liberty Tudor Property Limited	Current
	Liberty Tudor Property No.2 Limited	Current
	Liberty Zeta Limited	Current
	Lothian Shelf (725) Limited	Current
	Lothian Shelf (726) Limited	Current
	Lothian Shelf (728) Limited	Current
	Mamas & Papas (Franchise Stores) Limited	Current
	Mamas & Papas (Holdings) Limited	Current
	Mamas & Papas Limited	Current
	Mamas & Papas (Property) Limited	Current
	Mamas & Papas (Retail) Limited (CVA)	Current
	Management Consulting Group plc	Current
	My Wardrobe Mistakes Limited	Current
	Nidoram Limited	Current
	Nitumen Limited	Current
	Odoram Limited	Current
	Private Clinic Products.co.uk Limited	Current
	QMS Holdings Limited	Current
	Retail Stores Property Holdings Limited	Current
	Retail Stores Property Holdings No.1 Limited	Current
	Retail Stores Property Holdings No.2 Limited	Current
	Retail Stores Property Holdings No.3 Limited	Current
	Sirdar Group Limited	Current
	Sirdar Holdings Limited	Current
	Stork Beta Limited	Current
	Stork Delta Limited	Current
	The DMC Group Holding Limited	Current
	The Private Clinic Group Limited	Current
	The Private Clinic of Harley Street Limited	Current

Director	Company	Current/Previous
	Tilsatac Limited	Current
	Wool and the Gang Ltd	Current
	BlueGem Coöperatief B.A	Current
	BlueGem Delta S.à r.l.	Current
	BlueGem Neo Holdings	Current
	BlueGem II SCA SICAV-FIS	Previous
	Arco S.à r.l.	Current
	Cotton Holding S.A.S	Current
	Big Holding S.A.	Current
	LT Coral S.C.A	Current
	LT Violet S.à r.l	Current
	Crocus II S.à r.l.	Current
	QMS S.à r.l	Current
	Stork Alpha S.à r.l.	Current
	Bellis Holdings GmbH	Current
	Pelicur GmbH	Current
	QMS Medicosmetics GmbH	Current
	DigitalGO S.p.A	Current
	Dr. Vranjes Firenze S.r.l.	Current
	Rubilis S.r.l.	Current
	Ambretta S.r.l.	Previous
	BlueGem II Partners S.à r.l.	Previous
	BG II (Lux) GP Limited	Previous
	MEM II (Lux) Limited	Previous
	The Sleep Disorder Clinic Limited	Previous
	The Private Clinic – Surgical Limited	Previous
	The Private Clinic Ltd	Previous
	The Private Clinic Hair Transplant Limited	Previous
	MEM II (Lux) Limited	Previous
	Hans Place Practice Limited	Previous
	Hans Place Practice (Clinic) Limited	Previous
	BlueGem II (Initial) General Partner Limited	Previous
	BlueGem II General Partner LLP	Previous
	BlueGem II CO2 Ltd	Previous
	BlueGem II CO1 Ltd	Previous
	BG II (Lux) GP Limited	Previous
	Fintyre S.p.A.	Previous
	Neoco S.p.A.	Previous
	Neomobile S.p.A.	Previous
	Olicar S.p.A.	Previous
	Orizzonti Mobile S.p.A.	Previous
	Petrolifera Estense S.p.A.	Previous

Pamela Hackett has no previous directorships.

## PART XV

### ADDITIONAL INFORMATION

#### **1. THE COMPANY AND THE HISTORY AND DEVELOPMENT OF THE COMPANY**

The Company was incorporated and registered in England and Wales on 22 January 1971 under the Companies Act 1948 to 1967 and under the name City and Foreign Investment Company Limited. On 9 February 1982, the Company was re-registered as a public company under the Companies Acts 1948 to 1980 in the name City and Foreign Investment plc. On 10 February 1987, the Company changed its name from City and Foreign Investment plc to City and Foreign Holdings plc. On 11 December 1987 the Company changed its name from City and Foreign Holdings plc to Alexander Proudfoot plc. On 4 June 1993 the Company changed its name from Alexander Proudfoot plc to Proudfoot plc. On 1 July 1999 the Company changed its name from Proudfoot plc to Proudfoot Consulting plc. On 2 January 2001 the Company changed its name from Proudfoot Consulting plc to Management Consulting Group PLC. It is a public company limited by shares. The Company's registered number is 1000608. The registered and head office of the Company is St Paul's House 4th Floor 10, Warwick Lane, London, EC4M 7BP. The telephone number of the registered address is +44 (0)20 7710 5000. The principal laws and legislation under which the Company operates, and under which the Ordinary Shares have been created, are the Companies Act 2006 and regulations made thereunder.

The Company's registered and head office is at St Paul's House 4th Floor 10, Warwick Lane, London, EC4M 7BP. The telephone number for the registered office of the Company is 020 7710 5000.

The original business of what was eventually to become Management Consulting Group PLC was started by Alexander Proudfoot in Chicago in 1946.

In the late 1960s, the Proudfoot business expanded outside North America by opening a partnership in Brazil. In the early 1970s, Proudfoot opened its first European office in London. It later moved its European headquarters to Brussels, and then in the mid 1990s returned to London. The business expanded in the mid 1980s to Singapore, followed shortly thereafter by the establishment of companies headquartered in Sydney, Auckland, Kuala Lumpur, Hong Kong, Taipei, Bangkok, Tokyo and South Africa.

In 1987, Proudfoot went public on the London Stock Exchange via a reverse takeover.

In 1989, Proudfoot acquired Philip Crosby Associates, a public company traded on the American Stock Exchange. This acquisition was followed in 1991 by the acquisition of Indevo, a strategy consultancy with its main office in Stockholm.

Following a strategy review carried out in 1999, the non-executives led by the then chairman recruited a new management team. During 2000, the executive team began to implement the four elements of that strategy: a focus on the core business, expansion of the range of services offered, ensuring adequate finance existed for investment and exploring the value of the Company's Japanese operation.

In April 2000, the Company raised £6.8 million via a placing and open offer and by June 2000 had raised £28.5 million from the sale of Proudfoot Japan. The proceeds were used, *inter alia*, to provide funds for expansion in North America and Europe. By the end of 2000, the Company had also purchased IMR Europe, a well-established consultancy firm with a significant presence in France, for £21.3 million.

At the beginning of January 2001, the Company changed its name to MCG PLC to avoid confusion between operating brands and the holding company.

In 2001 the Company acquired Czipin & Partners for £2.8 million to practice in the German-speaking parts of Europe.

An issue of new shares in May 2002 raised £39 million, which was used to finance the acquisition of Parson Consulting. Parson Consulting had a presence only in the USA and offered financial management consultancy. Parson subsequently opened offices in London, Paris and Sydney.

Following the acquisition of Parson Consulting, the Company focused on organic growth of its existing business, whilst continuing to seek acquisition opportunities to expand the range of consulting offerings available to clients and deepen the coverage of existing Group offerings.

On 1 September 2006, the Company acquired Ineum Consulting for a total consideration of €120 million satisfied by the payment of €54 million in cash and the issue of 80,388,159 new Ordinary

Shares. This acquisition diversified the Group's consultancy offerings and deepened its European footprint particularly in the French speaking markets.

In early October 2006 the Group acquired 51 per cent. of The Salzer Group Asia Pacific Pte Limited for cash consideration of £0.5 million with the option to acquire the remaining share capital between 2017 and 30 April 2018. Salzer Consulting operates in Asia offering specialist human resource consulting.

On 5 September 2007, the Group acquired CBH Consulting, which provides business performance and business intelligence solutions for enterprises, for US\$10.6 million, satisfied by the payment of US\$6.3 million in cash and the issue of 4,156,054 new Ordinary Shares in the Company. This acquisition broadened the Group's portfolio of consultancies and added a new specialisation to its existing service offering.

On 12 October 2007 the Company acquired Kurt Salmon Associates, Inc. for a total consideration of US\$125 million satisfied by the payment of US\$75 million and the issue of 53,643,103 new Ordinary Shares and share options over 7,471,444 shares. This acquisition further broadened the Group's service offering and deepened its North American footprint.

In December 2007, the CBH Consulting business was merged into Parson Consulting's US business.

In February 2008, the then chairman and chief executive both resigned from the board and Alan Barber, an existing non-executive director, was appointed as Executive Chairman.

During 2008, Parson Consulting was integrated into Ineum Consulting and the name discontinued and in December 2008, the stake in Salzer Consulting was sold back to the original owner. The Group was now focused on three trading divisions, Ineum Consulting, Kurt Salmon Associates and Proudfoot.

In April 2010, the Group announced that Ineum Consulting and Kurt Salmon Associates are to merge their businesses to create a larger and more integrated global practice.

In April 2010, the Group announced that Nick Stagg was appointed Chief Executive with effect from 1 July 2010 and that Alan Barber would move to the role of non-executive Chairman on 1 January 2011.

In June 2010, Management Consulting Group PLC raised £25 million through a firm placing, placing and open offer of new ordinary shares and warrants. Through this fundraising BlueGem Capital Partners LLP became an active, long term cornerstone investor in the Company.

In January 2016, Management Consulting Group PLC completed the sale of its Kurt Salmon businesses in France, Belgium, Luxembourg, Switzerland and Morocco, together with certain related operations in the US, to Solucom (subsequently rebranded as Wavestone) generating gross proceeds of £59.2 million (£56.2 million net of transaction costs). These proceeds were used to repay £50 million of debt.

In July 2016, Management Consulting Group PLC completed the sale of its healthcare consulting business in the US for approximately £9.2 million.

In November 2016, Management Consulting Group PLC announced that it had completed the sale of the Kurt Salmon retail and consumer goods consulting businesses to Accenture, generating gross proceeds of £127 million (£120.8 million net of transaction costs).

In December 2016, the Company returned £75 million of capital to its shareholders having reduced its share premium account by £75 million, and also cancelled all of its deferred shares.

## 2. SHARE CAPITAL HISTORY

The following table shows the issued ordinary share capital of the Company (i) as at the date of this document, and (ii) following Admission:

	<b>Ordinary Shares</b>	
	<b>Number of Ordinary Shares</b>	<b>Issued and fully paid</b>
(i) Current	511,136,857	511,136,857
(ii) Proposed**	1,516,528,424	1,516,528,424

As at 28 June 2018 (the latest practicable date prior to publication of this document), none of the share capital of the Company was held as treasury shares.

\* The nominal value of each Ordinary Share is 1 penny.

\*\* Assuming no further exercise of options or other issue of Ordinary Shares under the Share Incentive Plans.

The following alterations in the share capital of the Company have taken place in the three years preceding the date of this document:

- (i) On 1 October 2015, 2,026,976 ordinary shares were issued at 15.88 pence per share in part consideration for the transfer of the entire common stock of Mobispoke LLC
- (ii) On 29 January 2016, 3,491,305 Ordinary Shares were issued as a result of the exercise of options at 0.1 pence per share
- (iii) On 8 February 2016, 2,541,356 Ordinary Shares were issued as a result of the exercise of options at 0.1 pence per share
- (iv) On 22 April 2016, 119,800 Ordinary Shares were issued as a result of the exercise of options at 16.13 pence per share
- (v) On 26 April 2016, 13,403 Ordinary Shares were issued as a result of the exercise of options at 16.13 pence per share
- (vi) On 29 April 2016, 1,442,022 Ordinary Shares were issued as a result of the exercise of options at 16.15 pence per share
- (vii) On 10 May 2016, 285,034 Ordinary Shares were issued as a result of the exercise of options at 16.13 pence per share
- (viii) On 15 June 2016, 191,908 Ordinary Shares were issued as a result of the exercise of options at 16.25 pence per share
- (ix) On 1 November 2016, 1,708,883, Ordinary Shares were issued at 0.1 pence per share for the deferred consideration to the vendors of Mobispoke LLC
- (x) On 10 November 2016, 772,861 Ordinary Shares were issued as a result of the exercise of options at 0.1 pence per share
- (xi) On 23 November 2016, 142,311 Ordinary shares were issued as a result of the exercise of options at 0.1 pence per share
- (xii) On 7 December 2016, 79,533,830 Deferred Shares were cancelled

### *The Placing and Open Offer and PH Placing*

Pursuant to the Placing and Open Offer and PH Placing, 1,000,050,372 New Ordinary Shares will, subject to the passing of the Resolutions and Admission, be issued at a price of 1 penny per New Ordinary Share. Such an issue would result in the issued Ordinary Share Capital increasing by 196 per cent. Following the issue of the New Ordinary Shares to be allotted pursuant to the Placing and Open Offer, Qualifying Shareholders who do not take up their full entitlements in respect of the Open Offer will experience a dilution of up to approximately 66 per cent. of their interests in the Company. Qualifying Shareholders who do not take up any of their entitlements in respect of the Open Offer will experience a dilution of approximately 66 per cent. of their interests in the Company.

### **3. EXISTING SHAREHOLDER AUTHORITIES**

For the reason that it was known that the General Meeting would be called in connection with the Placing and Open Offer, no general authority to allot equity securities in the Company, nor any disapplication of pre-emption rights was put forward at the annual general meeting on 29 June 2018.

As such, the Company currently has no existing shareholder authorities with respect to the allotment and issuance of new Ordinary Shares.

### **4. SUMMARY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY**

Following a special resolution passed on 20 April 2010 and pursuant to section 31 of the Companies Act 2006, the objects of the Company are unrestricted.

The Company's Articles of Association ("Articles") contain, *inter alia*, provisions to the following effect:

#### *4.1 Voting rights*

Subject to the provisions described in paragraph 4.5 below, and to any rights or restrictions as to voting attached to any class of shares, at a general meeting on a vote on a resolution on a show of hands, every member (whether present in person or by proxy duly appointed by one or more members entitled to vote on the resolution) has one vote. Where a proxy has been duly appointed by more than one member and has been instructed by one or more members to vote in favour of a resolution and by one or more members to vote against that resolution, that proxy has one vote in favour and one vote against that resolution. In the case of a vote on a resolution on a poll, every Member (whether present in person or by proxy) has one vote for every share of which he is the holder.

#### *4.2 Variation of rights*

If at any time the capital of the Company is divided into different classes of shares all or any of the rights or privileges attaching to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class (excluding any share of that class held as treasury shares), or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. At every such separate general meeting (except an adjourned meeting), the quorum shall be two persons present at the meeting holding at least one-third in nominal value of the issued shares of that class. The quorum at an adjourned meeting is one person present at the meeting holding shares of the class in question. A poll may be demanded in writing by any holder of shares of the class in question present at the meeting, and on a poll each member has one vote for every share of that class of which he is the holder. The rights attached to a class of shares are not, unless otherwise expressly provided for in the rights attaching to those shares, deemed to be varied by the creation, allotment or issue of further shares ranking *pari passu* with or subsequent to them or by the purchase or redemption by the Company of its own shares.

#### *4.3 Transfer of shares*

A member may transfer all or any of his shares (1) in the case of certificated shares by instrument in writing in any usual or common form or in such other form as may be approved by the Directors and (2) in the case of uncertificated shares, through CREST in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant system concerned. The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or on behalf of the transferee. The Directors may in their absolute discretion refuse to register a transfer of (1) a certificated share which is not fully paid, provided that dealings in the shares are not prevented from taking place on an open and proper basis, (2) an uncertificated share in the circumstances set out in the CREST Regulations and (3) a share of any class that is subject to restrictions as to transfer, which restrictions would permit the directors to refuse to register a transfer of such share. The directors may likewise refuse to register any transfer of a share, whether fully paid or not, in favour of more than four persons jointly. Subject to the provisions described in paragraph 4.6 below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with.

#### 4.4 *Dividends*

The Company may by ordinary resolution in general meeting declare dividends provided that no dividend shall be paid otherwise than in accordance with the Acts and no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to any rights or restrictions as to receipt of dividends attached to any class of shares, and subject to the provisions described in paragraph 4.5 below, all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. However, if any share is issued on terms providing that it shall rank for dividend as if paid up in full or in part from a particular date, whether past or future, such share shall rank for dividend accordingly. All dividends unclaimed for a period of 12 years after the payment date for such dividend shall if the Directors so resolve be forfeited and shall revert to the Company.

#### 4.5 *Suspension of rights*

If a member or any other person appearing to be interested in shares held by such shareholder has been duly served with notice under section 793 of the Companies Act 2006 and is in default in supplying to the Company within the prescribed period the information thereby required, then (if the Directors so resolve) such member shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company in respect of the shares which are the subject of such notice. Where the holding represents more than 0.25 per cent. of the issued shares of that class, the payment of dividends shall be withheld, and such member shall not be entitled to transfer such shares, subject to certain exceptions.

#### 4.6 *Return of capital*

Subject to the rights attaching to the shares of the Company then in issue, on a winding-up or other return of capital, the holders of Ordinary Shares may be entitled to share in any surplus assets *pro rata* to the amount paid up on their Ordinary Shares. A liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Acts, divide amongst the members in specie or in kind the whole or any part of the assets of the Company, those assets to be set at such value as he deems fair. A liquidator may also vest the whole or any part of the assets of the Company in trustees on trust for the benefit of the members.

#### 4.7 *Pre-emption rights*

There are no rights of pre-emption under the Articles in respect of transfers of issued Ordinary Shares. In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the Companies Act 2006 in respect of the allotment of shares in the Company. These statutory pre-emption rights would require the Company to offer shares for allotment by existing shareholders on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders.

#### 4.8 *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets both present and future (including uncalled capital). The aggregate amount at any one time owing by the Company and all its subsidiaries in respect of monies borrowed by them or any of them (exclusive of monies borrowed by the Company or any of its subsidiaries from such companies) shall not at any time, without the previous sanction of the shareholders by ordinary resolution in general meeting, exceed a sum equivalent to the greater of £120,000,000 and five times the aggregate of the share capital, share premium account, capital redemption reserve and credit balances on other reserves of the Company less any debit balances on any other reserves of the Company plus goodwill written off to reserves resulting from acquisitions and goodwill charged to the profit and loss account as reduced by amortisation attributable to subsidiary undertakings which have been disposed of or closed.

#### 4.9 *Annual General Meetings and General Meetings*

An annual general meeting shall be held once in every year, within 15 months of the previous annual general meeting. Unless all Shareholders entitled to attend and vote agree to short notice, an annual general meeting shall be called by at least twenty-one clear days' notice in writing. All general meetings other than annual general meetings are called general meetings. The Directors may,

whenever they see fit, and shall on requisition, in accordance with the Companies Act 2006, convene a general meeting. The length of written notice to convene such a meeting varies depending on the nature of the business to be transacted. Any general meeting at which it is proposed to pass a special resolution or (except as provided by statute) a resolution for which special notice has been given to the Company, shall be called by at least twenty-one clear days' notice in writing. Any other general meetings shall be called by at least fourteen clear days' notice in writing. Notice shall be given to all members (other than any who, under the provisions of the Articles are not entitled to receive notice), the directors and the auditors. General meetings can be called on shorter notice if it is agreed by a majority in number of the members having a right to attend and vote, being a majority together holding not less than 95 per cent., in nominal value of the shares giving that right.

Every notice calling a general meeting shall specify the time, date and place of the meeting, the general nature of the business to be dealt with and, if the meeting is convened to consider a special resolution, include the text of this resolution. Every notice must also include the statements required by section 311(3) of the Companies Act 2006 (so far as applicable and a prominent statement that a member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him and that a proxy need not be a member of the Company. In addition, every notice of an annual general meeting must also specify the meeting as such and (where applicable) include the statements required by section 337(3) of the Companies Act 2006.

In the case of any general meeting or meeting of members, the notice shall contain a statement that a member is not entitled to attend and vote unless his name is entered on the register of members at the specified date, which must not be more than 48 hours before the date of the meeting.

The quorum of all general meetings is three members present in person, proxy or duly authorised representative. If within half an hour from the time appointed for the meeting a quorum be not present, the meeting, if convened by or upon the requisition of members, shall be dissolved. In any other case it shall stand adjourned to such time (being not less than 10 days nor more than 28 days thence) and place as the Chairman shall appoint. If at such adjourned meeting a quorum is not present within half an hour from the time appointed therefor, any two Members present in person or by proxy and entitled to vote shall have power to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place. The Company shall give not less than 10 clear days' notice of any meeting adjourned for want of a quorum and the notice shall state that the member or members present as aforesaid shall form a quorum and shall have the power aforesaid. No business may be dealt with at any meeting adjourned for the lack of a quorum the general nature of which was not stated in the notice convening the original meeting.

A poll may be demanded at any general meeting by the Chairman, not less than three members having the right to vote on the resolution, a member or members representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution (excluding any voting rights attached to any shares held as treasury shares) or by any member or members holding shares in the Company conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all the shares conferring that right (excluding any shares conferring a right to vote on the resolution which are held as treasury shares). A poll demanded on a question of adjournment shall be held immediately. A poll demanded on any other question shall be held immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the Chairman may direct. A demand by a proxy is deemed to be a demand by the member appointing the proxy.

#### *4.10 Directors*

The number of the directors of the Company must not be less than two or more than fifteen. No shareholder qualification for directors is required. A director who is not a member of the Company is entitled to receive notice of, attend and speak at all general meetings.

Subject to the Acts, the directors may appoint any director to be the holder of any executive office and the directors may determine the period and terms of any such appointment and the salary or remuneration of any executive.

The total of the fees paid to the directors, other than executive directors, for their services as directors must not exceed £500,000 per annum or such larger amount as the Company may by ordinary resolution approve. The directors shall be entitled to be paid all reasonable travelling, hotel and other expenses properly incurred in attending directors' meetings, committee meetings or general meetings or otherwise in connection with the business of the Company. The directors or any committee appointed by the Board can award extra remuneration, which is additional to fees payable

as described above, to any director who devotes special attention to the business of the Company or who otherwise performs services which in the opinion of the Board are outside the scope of the ordinary duties of a director. Subject to the Acts, the Company may also fund a director's expenditure on defending proceedings (including investigations by or action proposed to be taken by any regulatory authority) or in connection with any application under the Acts and may do anything to enable a director to avoid such expenditure.

Subject to the Acts, the Board may purchase and maintain insurance for the benefit of a person who is or was a director, alternate director or secretary of the Company against any liability attaching to him in connection with any negligence, default, breach of duty or breach of trust or any other liability which may lawfully be insured against by the Company.

The office of a director will be vacated if the director resigns, becomes bankrupt or is the subject of other insolvency related proceedings, in certain circumstances where the director is suffering from mental disorder, if the director is absent from meetings of the Board for six successive months without leave unless prevented from attending by virtue of illness, accident or other cause deemed sufficient by the directors and the directors resolve that the office be vacated, if the director is an executive director and ceases to hold that office and the directors resolve that the office be vacated, if the director is removed or becomes prohibited from being a director under any provision of the Acts or if requested in writing by all the other directors to resign.

At each annual general meeting one third of the directors or if their number is not a multiple of three, then such number as is nearest to but not exceeding one third, shall retire from office and be eligible for re-election. Such directors retiring by rotation will be those who have been in office the longest since their last appointment or re-appointment. No person other than a director retiring at the meeting shall, unless recommended by the Board, be eligible for election to the office of director at any general meeting unless not less than seven nor more than twenty-one days before the day appointed for the meeting there has been left a notice in writing at the registered office, signed by one or more members duly qualified to attend and vote at the meeting and holding in aggregate not less than 10 per cent. of the ordinary share capital of the company, of the intention to propose the person for election and a written notice signed by that person of his willingness to be elected.

The Company has power by ordinary resolution (of which special notice has been given) to remove any director from office before the expiration of the term of his office and may by ordinary resolution appoint another person in his place. At meetings of the Board questions are determined by a majority of votes and in the case of an equality of votes the chairman of the meeting shall have a second or casting vote. The quorum at Board meetings may be fixed by the directors but otherwise shall be two.

#### *4.11 Directors' conflicts of interest other than in relation to transactions or arrangements with the Company*

- (a) If a situation (a "**relevant situation**") arises in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (including, without limitation, in relation to the exploitation of any property, information or opportunity, whether or not the Company could take advantage of any such property, information or opportunity, but excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest), the following provisions shall apply if the conflict of interest does not arise in relation to a transaction or arrangement with the Company:
  - (i) if the relevant situation arises from the appointment or proposed appointment of a person as a director of the Company, the Board may resolve to authorise the appointment of the Director and the relevant situation on such terms as it may determine;
  - (ii) if the relevant situation arises in circumstances other than those in paragraph 4.12 (a)(i) above, the Board may resolve to authorise the relevant situation and the continuing performance by the Director of his duties on such terms as it may determine.
- (b) Any terms determined by the Board under paragraph 4.12(a)(i) or paragraph 4.12(a)(ii) above may be imposed at the time of the authorisation or may be imposed or varied subsequently and may include (without limitation):
  - (i) a statement as to whether the interested Director(s) may vote (or be counted in the quorum at a meeting) in relation to any resolution relating to the relevant situation;

- (ii) the exclusion of the interested Director(s) from all information and discussion by the Board or any committee of the Board of the relevant situation; and
- (iii) (without prejudice to the general obligations of confidentiality) the application to the interested Director(s) of a strict duty of confidentiality to the Company for any confidential information of the Company in relation to the relevant situation.

(c) If a relevant situation has been authorised by the Board under paragraph 4.12(a) above then (subject, in any case, to any terms determined by the Board under paragraph 4.12 (a)(i) or paragraph 4.12 (a)(ii)):

- (i) where the Director obtains (other than through his position as a director of the Company) information relating to that relevant situation which is confidential to a third party, he will not be obliged to disclose it to the Board or to any Director or other officer or employee of the Company or to use it in relation to the Company's affairs in circumstances where to do so would amount to a breach of that confidence;
- (ii) the Director may absent himself from meetings of the Board or any committee of the Board at which anything relating to that relevant situation will or may be discussed; and
- (iii) the Director may make such arrangements as he thinks fit for Board and committee papers to be received and read by a professional adviser on his behalf.

(d) A Director shall not be liable to account to the Company for any profit, remuneration or other benefit which he (or any person connected with him within the meaning of section 252 of the Companies Act 2006) may derive from any relevant situation authorised under paragraph 4.12(a) above (subject, in any case, to any terms determined by the Board in connection with such authorisation) and no contract, arrangement, transaction or proposal is liable to be avoided on the grounds of any Director (or any person connected with him as aforesaid) having any type of interest authorised under paragraph 4.12(a) above (subject as aforesaid).

#### *4.12 Directors' interests and voting*

- (a) Subject to the provisions of the Acts and provided he has declared his interest in accordance with the Articles, a Director, notwithstanding his office:
  - (i) may enter into or otherwise be interested in a contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested either in connection with his tenure of an office or place of profit or as seller, buyer or otherwise;
  - (ii) may hold another office or place of profit with the Company (except that of auditor or auditor of a subsidiary of the Company) in conjunction with the office of Director and may act by himself or through his firm in a professional capacity to the Company, and in that case on such terms as to remuneration and otherwise as the Board may decide either in addition to or instead of remuneration provided for by another regulation in the Articles of Association; and
  - (iii) may be or become a director or other officer of, or employed by, or a party to a contract, transaction, arrangement or proposal with or otherwise interested in, a Company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has a power of appointment.
- (b) A Director shall not be liable to account to the Company for any profit, remuneration or other benefit resulting from any interests permitted as above and no contract, arrangement, transaction or proposal is liable to be avoided on the grounds of any Director having any type of interest permitted as above.
- (c) A Director may not vote on, or be counted in the quorum in relation to, a resolution of the Board or of a committee of the Board concerning any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested and in which he has an interest which may reasonably be regarded as likely to give rise to a conflict of interest, but this prohibition does not apply to a resolution concerning any of the following matters:
  - (i) any contract, arrangement, transaction or proposal in which he is interested by virtue of an interest in shares, debentures or other securities of the Company, or otherwise in or through the Company;

- (ii) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (iii) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- (iv) a contract, arrangement, transaction or proposal concerning an offer of shares;
- (v) debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (vi) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning another Company (including a subsidiary undertaking of the Company) in which he is interested (directly or indirectly) whether as an officer, shareholder, creditor or otherwise (a “relevant company”), if he does not to his knowledge hold an interest in shares (as that term is used in sections 820 to 825 of the Companies Act 2006) representing 1 per cent. or more of either any class of the equity share capital of or the voting rights in the relevant company;
- (vii) a contract, arrangement, transaction or proposal for the benefit of the employees of the Company or any of its subsidiary undertakings (including any pension fund or retirement, death or disability scheme) which does not award him a privilege or benefit not generally awarded to the employees to whom it relates; and
- (viii) a contract, arrangement, transaction or proposal concerning:
  - (A) indemnification (including loans made in connection with it) by the Company in relation to the performance of his duties on behalf of the Company or any of its subsidiary undertakings; or
  - (B) the purchase or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.

(d) A Director may not vote on or be counted in the quorum in relation to a resolution of the Board or committee of the Board concerning his own appointment (including, without limitation, fixing or varying the terms of his appointment or its termination) as the holder of an office or place of profit with the Company or any Company in which the Company is interested. Where proposals are under consideration concerning the appointment (including, without limitation, fixing or varying the terms of appointment or its termination) of two or more Directors to offices or places of profit with the Company or a Company in which the Company is interested, such proposals shall be divided and a separate resolution considered in relation to each Director. In that case each of the Directors concerned (if not otherwise debarred from voting under the regulation summarised in this paragraph 4.12(d)) is entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

(e) If a question arises at a meeting as to whether the interest of a Director (other than the interest of the Chairman of the meeting) may reasonably be regarded as likely to give rise to a conflict of interest or as to the entitlement of a Director (other than the Chairman) to vote or be counted in a quorum and the question is not resolved by his voluntarily agreeing to abstain from voting or being counted in the quorum, the question shall be referred to the Chairman and his ruling in relation to the Director concerned is conclusive and binding on all concerned.

(f) If a question arises at a meeting as to whether the interest of the Chairman of the meeting may reasonably be regarded as likely to give rise to a conflict of interest or as to the entitlement of the Chairman to vote or be counted in a quorum and the question is not resolved by his voluntarily agreeing to abstain from voting or being counted in the quorum, the question shall be decided by resolution of the Directors or committee members present at the meeting (excluding the Chairman) whose majority vote is conclusive and binding on all concerned.

The Articles are available for inspection as described in paragraph 23 of this Part XV: “Additional Information”.

## 5. APPLICATION OF MANDATORY TAKEOVER BIDS AND OTHER RELATED MATTERS

### *Mandatory bids*

The City Code applies to the Company. Under Rule 9 of the City Code, if an acquisition of any interest in Ordinary Shares were to result in the aggregate interests of the acquirer and persons acting in concert with it in Ordinary Shares representing 30 per cent. or more of the voting rights in the Company, the acquirer and, depending upon the circumstances, persons acting in concert with it, would be required (except with the consent of the Panel) to make a cash offer for the outstanding Ordinary Shares in the Company at a price not less than the highest price paid for any interest in Ordinary Shares in the Company by the acquirer or persons acting in concert with it during the previous 12 months. A similar obligation to make such a mandatory offer would also arise on the acquisition of an interest in Ordinary Shares by a person holding (together with persons acting in concert with it) an interest in Ordinary Shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

### *Squeeze-out and sell-out provisions*

Part 28 of the Companies Act 2006 governs "squeeze-out" and "sell-out" provisions, which are triggered when a person acquires 90 per cent. of both the issued shares and voting rights in the Company. Under this regime, such an acquirer may serve a notice on the remaining minority shareholder stating that it desires to buy their shares ("squeeze-out") and, conversely, the remaining minority shareholder may exercise in writing its right to require the acquirer to acquire its shares ("sell-out"). The consideration offered to the minority shareholder whose shares are compulsorily acquired must, in general, be the same as the consideration that was available under the takeover offer.

Both squeeze-out and sell-out rights are exercisable within a three month period from the end of the period within which the takeover offer can be accepted. Under the squeeze-out provisions, the acquirer must, at the end of the six weeks from the date of the notice, send a copy of its notice and an executed transfer for the shares to the Company and pay the consideration for the shares to the Company, whereupon the shares will be registered in the name of the acquirer. The consideration is then held on trust by the Company for the minority shareholder. Under the sell-out provisions, the acquirer is entitled and bound to acquire the shares on the terms of the takeover offer or on such other terms as may be agreed.

### *Takeover bids*

No public takeover bid has been made in relation to the Company during the last financial year or the current financial year.

## 6. MAJOR SHAREHOLDERS

Save as in respect of the interests of the Directors noted above and save as disclosed below, the Company is not aware of any person who directly or indirectly, had, as at 28 June 2018 (being the latest practicable date before the publication of this document) a notifiable interest in the Ordinary Shares under Disclosure Guidance and Transparency Rule 5.

Name of Shareholder	Number of Ordinary Shares	Percentage of existing issued share capital
BlueGem Secondary LP <sup>(1)</sup>	124,629,895	24.4
Lombard Odier Asset Management (USA) Corp. <sup>(2)</sup>	87,709,167	17.2
Mr Richard Griffiths <sup>(3)</sup>	73,715,721	14.4
Aberforth Partners LLP <sup>(4)</sup>	63,635,313	12.4
FIL Investments International <sup>(5)</sup>	31,873,773	6.2

(1) Held through BlueGem Delta S.à.r.l.

(2) Acting in its capacity as discretionary manager of certain funds or accounts.

(3) Held through a combination of Mr Richard Griffiths, Blake Holdings Limited, Cream Capital Limited, Seren Investment Management Limited and Oak Trust Limited.

(4) Discretionary fund managers for funds including Aberforth UK Small Companies Fund, Aberforth Smaller Companies Trust plc and other segregated accounts.

(5) As agent for various funds.

As far as the Directors are aware, as at 28 June 2018 (being the last practicable date prior to the publication of this document) there are no arrangements the operation of which may at a later date result in a change of control of the Company.

## 7. INCENTIVE PLANS

### a. The MCG PLC 2008 Performance Share Plan

The Performance Share Plan was introduced during 2008. There are no outstanding awards under the Performance Share Plan and no new grants can be made under the Performance Share Plan from the end of May 2018. The Company currently intends to put forward a new performance share plan and a revised remuneration policy for shareholder approval at its 2019 AGM that will incentivise the two Executive Directors, Nick Stagg and Pamela Hackett. The Company will consult with major shareholders on these proposals ahead of the 2019 AGM.

### b. MCG PLC Restricted Share Plan

The Restricted Share Plan was introduced in 2010. Any employee (excluding an executive director) of the Company and its subsidiaries is eligible to participate in the Restricted Share Plan at the discretion of the Committee.

Awards under the Restricted Share Plan were last granted in January 2016 and these awards are set to vest in January 2019. The following awards remain outstanding as at the date of this document.

Award date	Number of shares under award	Exercise price (p)	Exercisable not earlier than
January 2016	1,700,000	0.00	January 2019

3,787 options previously granted under the Restricted Share Plan have vested, have not yet been exercised and remain outstanding.

#### (i) Grant of awards

The Committee may grant awards to acquire Ordinary Shares at any time up to and including 14 December 2020, subject to obtaining any approvals or consents required for the grant. The Committee has the absolute discretion to determine the size of awards. There is no individual limit.

The Committee may grant awards as conditional awards of shares or a nil cost option. The Committee may also decide to grant cash-based awards of an equivalent value to conditional share-based awards or to satisfy options and conditional awards in cash.

No payment is required for the grant of an award. Awards are not transferable, except on death. Awards are not pensionable.

#### (ii) Performance conditions and vesting

The vesting of awards is not subject to performance conditions. Vesting is subject to time-based conditions. Awards normally vest three years after grant.

#### (iii) Satisfying awards

Awards will be satisfied using existing shares (not treasury shares), except for newly issued shares authorised by the Company in a general meeting on 17 December 2015 and treasury shares authorised by the Company in a general meeting on 21 October 2016 (in both cases subject to applicable limits).

#### (iv) Ceasing employment

As a general rule, an award will lapse upon a participant ceasing to hold employment within the Company's group. However, if a participant ceases to be an employee because of injury, disability or any other reason decided by the Committee, then the award will be pro-rated and vest on the ordinary vesting date (unless the committee determines that it will vest upon the cessation of employment) and the participant will have 12 months from vesting within which to exercise the option. If a participant ceases to be an employee because of his or her death, then the award will vest upon the employee's death and can be exercised for a period of up to 12 months from death.

If a participant ceases employment on or after the normal vesting date, the participant will have 12 months from the date of cessation (of, if shorter, until the expiry of the exercise period) in which to exercise the option.

(v) Corporate events

In the event of a takeover, scheme of arrangement or demerger of the Company, awards will be automatically converted into awards over the acquirer's shares, unless they refuse. In this case, awards will be pro-rated and vest upon notification to the employees that awards will not be converted and participants will have one month in which to exercise options.

In the event of a winding up, the awards will vest pro-rated and participants have one month in which to exercise options.

(vi) Variation of share capital

In the event of any variation of the Company's share capital, demerger, special dividend or other similar event which materially affects the market price of the Ordinary Shares, the Committee may make such adjustment as it considers appropriate to the number of Ordinary Shares subject to an award and/or the exercise price payable (if any).

(vii) USA and California schedules

Awards to participants in the USA and California can be made under specific schedules designed to comply with local requirements.

(viii) Administration

The Committee may, at any time, alter the Restricted Share Plan or the terms of any of the awards.

## 8. SIGNIFICANT SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

The Company is the ultimate holding company of the Group. The principal trading subsidiaries of the Group that are considered by the Company to be likely to have a significant effect on the assessment of the assets and liabilities, the financial position and/or the profits and losses of the Group are as set out below. All subsidiaries are wholly owned unless otherwise indicated.

Name	Registered Address	Country of incorporation or registration	Principal activity
Management Consulting Group Overseas Ltd	St Paul's House, 10 Warwick Lane, London, EC4M 7BP	United Kingdom	
MCG Company No 4 Ltd	St Paul's House, 10 Warwick Lane, London, EC4M 7BP	United Kingdom	
Proudfoot Trustees Ltd*	St Paul's House, 10 Warwick Lane, London, EC4M 7BP	United Kingdom	
MCG Company No 1 Ltd	St Paul's House, 10 Warwick Lane, London, EC4M 7BP	United Kingdom	
Kurt Salmon Associates Ltd	St Paul's House, 10 Warwick Lane, London, EC4M 7BP	United Kingdom	
Management Consulting Group Holdings LLC	1355 Peachtree St NE, Suite 900, Atlanta, US GA 30309, USA	United States	
MCG TSA Holdco LLC	1355 Peachtree St NE, Suite 900, Atlanta, US GA 30309, USA	United States	
Alexander Proudfoot Company	1355 Peachtree St NE, Suite 900, Atlanta, US GA 30309, USA	United States	Professional Services
Alexander Proudfoot Inc	161 Bay Street, 27th Floor, Canada Trust Tower, BCE Place, Toronto, Ontario M5J 2S1, Canada	Canada	Management Consulting
Alexander Proudfoot GmbH	c/o Regus Business Centre, An der Welle 4, 60322 Frankfurt am Main Germany	Germany	Professional Services
Alexander Proudfoot Services GmbH	c/o Regus Business Centre, An der Welle 4, 60322 Frankfurt am Main Germany	Germany	
Alexander Proudfoot GmbH	LandstraBe HauptstraBe 71/72 1030 Wien, Austria	Austria	
Alexander Proudfoot France SAS	195 Avenue Charles de Gaulle, 92200 Neuilly sur Seine, France	France	
Alexander Proudfoot Europe SA	523 Avenue Louise, Brussels 1050, Belgium	Belgium	
Kurt Salmon Associates AG	c/o KPMG AG, Landis + Gyr-Strasse 1, CH-6300 Zug, Switzerland	Switzerland	
Alexander Proudfoot SA	Capitan Haya 60, 2nd Floor, 28020 Spain	Spain	

Name	Registered Address	Country of incorporation or registration	Principal activity
Kurt Salmon Associates SA	Madrid, Spain	Spain	
MCG Overseas Holdings BV	Homero, 31, Barcelona, Spain	Spain	
Proudfoot (Netherlands) BV	Van der Valk Boumanlaan 13 1, 3446 GE Woerden, The Netherlands	Netherlands	
Alexander Proudfoot Japan K.K	Van der Valk Boumanlaan 13 1, 3446 GE Woerden, The Netherlands	Netherlands	
Proudfoot (Malaysia) SDN BHD	Ark Mori Building, 1-12-32 Akasaka, Toyko, Japan	Japan	
Proudfoot (Singapore) Pte	1 Sentral, Level 16, Jalan Stesen Sentral 5, KL Sentral, Kuala Lumpur, 50470, Malaysia	Malaysia	
Alexander Proudfoot Consulting (Shanghai) Limited	8 Marina Boulevard #05-02, Marina Bay Financial Centre Tower 1, Singapore 018981	Singapore	
Ineum Consulting Pty Ltd (Australia)	Room 808, No.1325 Middle Huai Hai Road, Shanghai, 200031, R.P.C.	China	
Alexander Proudfoot SPA (Chile)	c/o KD Partners, Suite 3, Level 4, 12-14 Mount Street, North Sydney, NSW, 2060, Australia	Australia	
Ap Sucursal del Peru	Avenida Isidora Goyenechea 3000 #, Piso 24, Las Condes, Santiago CP 755-0098, Chile	Chile	
AP Participações Ltda	Av. Camino Real 456, Torre Real, Piso 12, San Isidro, Lima 27, Peru	Peru	
Proudfoot (de Mexico) SC	12551 Avenida das Nacoes Unidas, Chacara Itaim – 17 Andar, Sao Paulo (CEP 04578-000), Brazil	Brazil	
Alexander Proudfoot South Africa (Pty) Ltd	Rio Guadiana No. 11, Col. Cuauhtémoc, Mexico 06500 México, D.F.	Mexico	Management Consulting
Alexander Proudfoot Africa (Pty) Ltd**	1st Floor, Crawford House, 17 Muswell Road South, Bryanston 2021 Johannesburg, South Africa	South Africa	
Alexander Proudfoot (Botswana) Pty LTD	1st Floor, Crawford House, 17 Muswell Road South, Bryanston 2021 Johannesburg, South Africa	South Africa	
	1st Floor, Time Square, Plot 134 Independence Avenue, Gaborone, Botswana	Botswana	

\*\* 48% held by Alexander Proudfoot South Africa (Pty) Ltd.

## 9. PROPERTY, PLANT AND EQUIPMENT

The Group's principal establishments are as follows:

Property	Use	Tenure	Commencement Date	Expiry Date	Annual Rent
<u>St Paul's House</u> 10 Warwick Lane London EC4M 7BP United Kingdom	Office	Lease	14 August 2017	13 August 2022	£283,360
<u>1355 Peachtree Street NE</u> Suite 700 Atlanta Georgia 30309 USA	Office	Lease	1 March 2015	31 December 2018	US\$162,637
<u>1355 Peachtree Street NE</u> Suite 900 Atlanta Georgia 30309 USA	Office	Lease	31 December 2016	31 December 2018	US\$1,260,000
<u>345 California Street</u> San Francisco California USA	Office	Lease	29 December 2000	30 December 2015	US\$924,240
<u>1st Floor, Crawford House, 17 Muswell Road South, Bryanston, Johannesburg, 2021, South Africa</u>	Office	Lease	1 March 2016	28 February 2021	ZAR686,000

Other than the interests set out above the Company has no material tangible fixed assets.

To the best of the Company's knowledge as at 28 June 2018 (being the last practicable date prior to publication of this document), the Company is unaware of any environmental issues that may affect the Company's utilisation of its tangible fixed assets.

## 10. MATERIAL CONTRACTS

The following is a summary of each contract, not being contracts entered into in the ordinary course of business, that has been entered into by the Company or any member of the Group during the two years preceding the date of this document and which is or may be material or contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document:

### *Directors' Irrevocables and PH Placing Letter*

Each of Nick Stagg and Julian Waldron, being the Directors who will receive Open Offer Entitlements has entered into an undertaking in favour of the Company pursuant to which they each irrevocably undertake:

- (a) to vote in favour of all Resolutions at the General Meeting and to vote against any shareholder resolution in respect of any alternative transaction involving a subscription for Ordinary Shares or other equity securities in the Group; and
- (b) to exercise their Open Offer Entitlements in full (representing, in aggregate, commitments to subscribe for 3,172,885 Open Offer Shares for a total amount of £32,000).

Furthermore, Nick Stagg has irrevocably undertaken to apply for 2,670,597 Excess Shares pursuant to the Excess Application Facility.

Pursuant to a placing letter entered into on 28 June 2018, Pamela Hackett has undertaken to subscribe for 5,341,195 New Ordinary Shares for a total amount of approximately £50,000, subject to the passing of the Resolutions (including Resolution 6) and to Admission.

Finally, each of Nick Stagg, Julian Waldron and Pamela Hackett, as the Directors who hold (or will hold) Ordinary Shares has agreed, subject to certain exceptions, not to dispose of any interest in

Ordinary Shares or other equity securities in the Company, or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, or to publicly announce an intention to effect any such transaction, until the earlier of them ceasing to be a member of the Board and the date falling eighteen months from Admission.

#### ***BlueGem Subscription Agreement***

Pursuant to a letter agreement entered into on 28 June 2018 with BlueGem Delta S.a.r.l and BlueGem Capital Partners LLP (BlueGem's "Subscription Agreement"), BlueGem has, subject to certain conditions, irrevocably undertaken:

- (a) to exercise its Open Offer Entitlement of 243,841,099 Open Offer Shares in full (representing a subscription commitment of £2.4 million); and
- (b) to subscribe for up to 106,158,901 further of the Open Offer Shares not taken up by Qualifying Shareholders under either the Open Offer by making an application for Excess Shares pursuant to the Excess Application Facility (representing a further subscription commitment of up to £1.1 million).

In addition, BlueGem has irrevocably undertaken to vote in favour of all of the Resolutions to be proposed at the General Meeting (other than Resolution 4, which is the Whitewash Resolution and in relation to which BlueGem is ineligible to cast a vote) and to vote against any shareholder resolution in respect of any alternative transaction involving a subscription for Ordinary Shares or other equity securities in the Group. BlueGem and its associates will not be entitled to vote on Resolution 4 and any votes cast by BlueGem or its associates will be deemed void.

Furthermore, BlueGem has agreed, subject to certain exceptions, not to dispose of any interest in any Ordinary Shares or other equity securities in the Company, or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, or to publicly announce an intention to effect any such transaction, for a period beginning on the date of the Subscription Agreement and ending on the date which is 6 months after Admission.

BlueGem's obligations under the Subscription Agreement to subscribe for Open Offer Shares are subject to:

- (a) the passing of Resolutions 1 through to 5 at the General Meeting without amendment;
- (b) the Directors' Irrevocables, the Subscription Agreements and the Sponsor's Agreement (with Peel Hunt) each becoming unconditional in all respects; and
- (c) Admission becoming effective by not later than 8.00 a.m. on 18 July 2018 (or such later time and/or date as Peel Hunt and the Company may agree, being not later than 25 July 2018).

For the avoidance of doubt to the extent that BlueGem or any other major shareholders party to a Subscription Agreement apply for Excess Shares pursuant to the Excess Application Facility they will do so on the same terms and conditions as all other Qualifying Shareholders who choose to apply for Excess Application Shares.

#### ***Lombard Odier Subscription Agreement***

Pursuant to a letter agreement entered into on 28 June 2018 (Lombard Odier's "Subscription Agreement"), Lombard Odier has, subject to certain conditions, irrevocably undertaken:

- (a) to procure the exercise of the Lombard Odier Funds' Open Offer Entitlements of 140,320,109 Open Offer Shares in full (representing a subscription commitment of £1.4 million); and
- (b) to procure that the Lombard Odier Funds apply for a further 225,167,735 Open Offer Shares under the Excess Application Facility (representing a further subscription commitment of up to £2.6 million).

In addition, Lombard Odier has irrevocably undertaken to vote in favour of all of the Resolutions to be proposed at the General Meeting.

Lombard Odier's obligations under the Subscription Agreement to procure subscription for Open Offer Shares are subject to:

- (a) the passing of Resolutions 1 through to 5 at the General Meeting without amendment;
- (b) the Directors' Irrevocables, the Subscription Agreements and the Sponsor's Agreement each becoming unconditional in all respects; and

(c) Admission becoming effective by not later than 8.00 a.m. on 18 July 2018 (or such later time and/or date as Peel Hunt and the Company may agree, being not later than 25 July 2018).

To the extent that Lombard Odier or any other major shareholders party to a Subscription Agreement apply for Excess Shares pursuant to the Excess Application Facility they will do so on the same terms and conditions as all other Qualifying Shareholders who choose to apply for Excess Application Shares. For the avoidance of doubt, the total number of Open Offer Shares subscribed for by the Lombard Odier Funds pursuant to the Excess Application Facility must never exceed two times such Lombard Odier Funds' Open Offer Entitlement and Lombard Odier's interest in voting shares in the Company will not exceed 29.9%.

#### ***Richard Griffiths Subscription Agreement***

Pursuant to a letter agreement entered into on 28 June 2018 (Richard Griffiths' ("Subscription Agreement")), Richard Griffiths has, subject to certain conditions, irrevocably undertaken:

- (a) to exercise its Open Offer Entitlement of 144,226,411 Open Offer Shares in full (representing a subscription commitment of £1.4 million); and
- (b) to apply for a further 5,773,589 Open Offer Shares under the Excess Application Facility (representing a further subscription commitment of up to £0.05 million).

In addition, Richard Griffiths has irrevocably undertaken to vote in favour of all of the Resolutions to be proposed at the General Meeting.

Richard Griffiths' obligations to subscribe for Open Offer Shares are subject to:

- (a) the passing of Resolutions 1 through to 5 at the General Meeting without amendment;
- (b) the Directors' Irrevocables, the Subscription Agreements and the Sponsor's Agreement each becoming unconditional in all respects; and
- (c) Admission becoming effective by not later than 8.00 a.m. on 18 July 2018 (or such later time and/ or date as Peel Hunt and the Company may agree, being not later than 25 July 2018).

To the extent that Richard Griffiths or any other major shareholders party to a Subscription Agreement apply for Excess Shares pursuant to the Excess Application Facility they will do so on the same terms and conditions as all other Qualifying Shareholders who choose to apply for Excess Application Shares.

#### ***Fidelity Subscription Agreement***

Pursuant to a letter agreement entered into on 28 June 2018 (Fidelity's ("Subscription Agreement")), Fidelity has, subject to certain conditions, irrevocably undertaken:

- (a) to exercise its Open Offer Entitlement of 62,361,730 Open Offer Shares in full (representing a subscription commitment of £0.62 million) (Fidelity's "Base Commitment"); and
- (b) to vote in favour of all of the Resolutions to be proposed at the General Meeting.

Fidelity's obligations to subscribe for Open Offer Shares are subject to:

- (a) the passing of Resolutions 1 through to 5 at the General Meeting without amendment;
- (b) the Directors' Irrevocables, the Subscription Agreements and the Sponsor's Agreement each becoming unconditional in all respects; and
- (c) Admission becoming effective by not later than 8.00 a.m. on 18 July 2018 (or such later time and/ or date as Peel Hunt and the Company may agree, being not later than 25 July 2018).

#### ***Aberforth Subscription Agreement***

Pursuant to a letter of undertaking entered into on 29 June 2018 (Aberforth's ("Subscription Agreement")), Aberforth has, subject to certain conditions, undertaken to exercise its Open Offer Entitlement of 124,503,873 Open Offer Shares in full (representing a subscription commitment of £1.24 million).

Aberforth's obligations to subscribe for Open Offer Shares are subject to, amongst other things:

- (a) the passing of Resolutions 1 through to 5 at the General Meeting without amendment;
- (b) the Directors' Irrevocables, the Subscription Agreements and the Sponsor's Agreement each becoming unconditional in all respects; and

(c) Admission becoming effective by not later than 8.00 a.m. on 18 July 2018 (or such later time and/ or date as Peel Hunt and the Company may agree, being not later than 25 July 2018.

#### *Sponsor's Agreement*

The Company confirmed the appointment of Peel Hunt as sponsor in connection with the publication of this document. The Company has agreed to pay Peel Hunt a corporate finance fee to act as sponsor. On 28 June 2018 the Company and Peel Hunt entered into the Sponsor Agreement.

The Sponsor's Agreement is conditional upon certain events, and the Company has given certain warranties and undertakings to Peel Hunt. The liability of the Company in respect of any breach of warranties and undertakings is not limited as to time or amount. Peel Hunt has the right to terminate the Sponsor's Agreement, in certain circumstances, prior to the date of Admission. The circumstances include, among others, a breach of any of the warranties or undertakings in the Sponsor's Agreement, and the occurrence of certain material adverse changes in the condition (financial, operational, legal or otherwise) or in the earnings, business affairs, value, management, reputation of the Company and/or any other member of the Group. In the event of termination of the Sponsor's Agreement, or the Sponsor's Agreement not becoming unconditional in accordance with its terms, the Placing and Open Offer will not go ahead and Admission will not take place.

BlueGem has no contracts entered into outside of the ordinary course of business during the two years preceding the date of this document and which is or may be material or contain any provision under which BlueGem has any obligation or entitlement which is material to BlueGem as at the date of this document, other than the BlueGem Subscription Agreement.

## **11. INTELLECTUAL PROPERTY RIGHTS**

There are no patents or other intellectual property rights, licences, processes or particular contracts that are of fundamental importance to the Group's business or profitability. However, it is the Group's policy to protect its intellectual property by relying upon a combination of legislation, trade secret protection, confidentiality agreements and other contractual arrangements with its affiliates, clients, strategic partners and others in order to maintain the distinctiveness of the Company's brands that are vital to its long term success, goodwill and reputation.

## **12. RELATED PARTY TRANSACTIONS**

Save as disclosed below and in the financial information incorporated by reference as detailed in the "Information Incorporated by Reference" section of this document, there are no related party transactions entered into by the Group during the financial years ended 31 December 2015, 31 December 2016 and during the period between 1 January 2018 to the date of this document.

During the financial year ended 31 December 2017, the Group entered into the following transactions with related parties:

Nicholas Stagg, a director of the Company, is a non-executive director of Wedlake Bell LLP. During 2017, Wedlake Bell LLP provided services at fair market rates to Management Consulting Group PLC valued at £135,000.

Iglobal, a subsidiary of Wedlake Bell LLP provided services at fair market rates to Alexander Proudfoot (Europe) Limited valued at £16,106.

Fiona Czerniawska, a non-executive director of the Company is Founder and Director of Source Global Research. During 2017, Source Global Research provided services at fair market rates to Alexander Proudfoot (Europe) Limited valued at £24,000.

As Pamela Hackett is Proudfoot Chief Executive and is also proposed to join the Board of Directors of the Company, the PH Placing is subject to the approval of Shareholders as a related party transaction pursuant to Listing Rule 11. The rationale for the PH Placing is to align Pamela Hackett's interests with those of Shareholders.

It is noted that, although BlueGem, Aberforth, Lombard Odier and Richard Griffiths, by virtue of each controlling more than 10% of the Company's share capital, are related parties for the purposes of Chapter 11 of the Listing Rules, these related parties' participation in the Placing and Open Offer does not require the approval of a majority of the Shareholders independent of each such relevant shareholder. The reason for this is that the terms of the Subscription Agreements do not afford any of BlueGem, Aberforth, Lombard Odier and Richard Griffiths any rights to subscribe for additional

Ordinary Shares in preference to the other Qualifying Shareholders and that no underwriting or other commission is payable to such shareholders pursuant to the terms of the Subscription Agreements.

### **13. LEGAL AND ARBITRATION PROCEEDINGS**

Other than as set out below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), which during the 12 month period prior to the publication of this document may have, or have had in the recent past, significant effects on the Company's or the Group's financial position or profitability.

Whilst the Group is not currently facing any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened or which the Company is aware), following the disposal of several of the Group's businesses, including Kurt Salmon in Europe, in 2015 and 2016, the Group has continued to manage the residual activities and contingent liabilities related to this disposal programme. A material aspect of managing this process has been the negotiation of the release of the KS Funds, being the funds held under the escrow arrangements which guarantee certain contingent liabilities relating to the disposal of parts of the European Kurt Salmon business to Wavestone (previously named Solucom) in 2016. The KS Funds represented approximately £6 million of the Group's total cash resources of £16.1 million as at 31 March 2018. Under the terms of the agreement with Wavestone, the KS Funds were due to be released in two equal tranches on 7 January 2018, upon expiry of an initial guarantee period, and on 7 July 2018, being the final expiry date of the guarantees, in each case subject to the status of any active claims or potential future claims. However, securing the release of the first tranche of the KS Funds has taken longer than the Board had expected due to negotiations over the treatment of certain potential indemnification claims. As a result, agreement with Wavestone as to the release of part of the first tranche was only reached on 27 April 2018 with an amount of approximately €2 million (approximately £1.7 million) being released in two parts on 16 March 2018 and 1 May 2018 respectively, while the balance of approximately €2 million (approximately £1.7 million) remains in an escrow arrangement until certain identified potential indemnification claims have been settled or otherwise finally determined on a case by case basis. The agreement reached with respect to the first tranche of the KS Funds does not impact the continuing escrow arrangement with respect to the second tranche of the KS Funds, such that approximately €4 million (approximately £3.5 million) is due to be released on 7 July 2018, although again that release will be subject to the status of any new active claims or potential claims arising prior to that date. The deadline for making any indemnification claims is 30 months from November 2016 being July 2018 (excluding tax claims, which are subject to statutory limitations), and therefore additional claims may be made before that deadline, or in the case of any tax claims, in the future. On 26 June 2018, the Company received a further letter of claim from Wavestone which set out a number of disputes with a potential further estimated aggregate liability of approximately €1.8 million (approximately £1.6 million) against the second tranche of the KS Funds and, as at the date of this document, the Company is assessing the merits of these further claims.

### **14. WORKING CAPITAL**

The Company is of the opinion that, taking into account the Net Proceeds of the Placing and Open Offer, the Group has sufficient working capital for its present requirements, that is for, at least the next 12 months from the date of this document.

**If Resolutions 1 through to 5 are not passed at the General Meeting and the Placing and Open Offer does not proceed, there is a material risk that the Group will not have sufficient working capital for its present requirements, that is, for at least 12 months from the date of this document.**

More specifically, if the Placing and Open Offer does not proceed, then there is a risk that the Group may experience a liquidity shortfall of £0.2 million in February 2019, followed by further shortfalls of £0.2 million and £0.6 million in June and July 2019, respectively. There is then a projected major shortfall of £2.5 million in August 2019. Were the Board to become aware that a near-term liquidity shortfall was likely to occur, with no reasonable prospect of remedy, the Board would need to consider whether there was a reasonable prospect of avoiding insolvent liquidation, and the Board might at such time conclude that the Group should take immediate steps to enter into an insolvency process.

The Directors believe that the Placing and Open Offer is the only viable fundraising option to address the working capital shortfall which was announced by the Company on 23 April 2018. The Directors have considered the alternative fundraising options but as the Group does not have assets of which it can dispose, and, as access to debt financing is restricted due to the Group's perceived level of credit risk and the consequent prohibitively high cost of such debt financing, the Placing and

Open Offer is the only option available to the Company within the required timeframe. The Group has already taken steps to reduce its capital expenditure and the Directors do not believe there is scope to implement further capital expenditure reductions within the required timeframe.

## **15. EXPENSES**

The total costs and expenses payable by the Company in connection with the Placing and Open Offer are estimated to amount to approximately £1.5 million (excluding amounts in respect of VAT).

## **16. STATUTORY AUDITORS**

Deloitte LLP, whose address is 2 New Street Square, London, EC4A 3BZ, has been the auditors of the Company for the period of the historical financial information set out in this document.

Deloitte LLP is registered to carry out audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales.

## **17. NO SIGNIFICANT CHANGE**

There has been no significant change in the financial or trading position of the Group since 31 December 2017, the date to which the latest audited accounts of the Group were prepared.

## **18. ADVISERS' CONSENTS**

Deloitte LLP has given and has not withdrawn its written consent to the inclusion of its accountant's report set out in Section 2 of Part VIII "Unaudited Pro Forma Financial Information" and has authorised the contents of the part of this document which comprises its report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.

Peel Hunt, whose address is Moor House, 120 London Wall, London EC2Y 5ET has provided financial advice and acted as sponsor to the Company in relation to the Placing and Open Offer and has given and has not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.

## **19. DIVIDENDS**

The Board did not declare a final dividend for the 2017 financial year. The Board would resume dividend payments and/or consider a further share repurchase programme once the Group returns to sustainable profitability.

## **20. LONDON STOCK EXCHANGE HISTORIC MIDDLE MARKET QUOTATIONS**

The following table sets out the closing middle market quotations for shares as derived from the Daily Official List as published by the London Stock Exchange for the first dealing day of the six months immediately prior to the date of this document and for 28 June 2018 (being the latest practical date before the publication of this document).

<b>Date</b>	<b>Middle Market Quotation (p)</b>
01.12.17	3.5
02.01.18	6.6
01.02.18	6.3
01.03.18	6.2
03.04.18	6.1
01.05.18	3.2
01.06.18	3.1
28.06.18	3.1

## **21. GENERAL**

The Company's registrar and receiving agent is Link Asset Services, whose registered address is Northern House, Woodsome Park, Fenay Bridge, Huddersfield, HD8 0GA.

The financial information contained in this document which relates to the Company does not constitute full statutory accounts as referred to in section 435 of the Companies Act 2006.

The financial information contained in this document in respect of the financial years ended 31 December 2017, 31 December 2016 and 31 December 2015 is extract from the financial statements for those periods, and in the case of 31 December 2015, is also presented as restated (as described under “Certain conventions and financial information presentation” in Part III: “Further Information” of this document).

Statutory consolidated audited accounts of the Group, on which the auditors have given unqualified reports and which contained no statement under section 498(2) or (3) of the Companies Act 2006, have been delivered to the Registrar of Companies in respect of the financial years ended 31 December 2015, 31 December 2016 and 31 December 2017.

The New Ordinary Shares will be issued credited as fully paid, will rank equally with the Existing Ordinary Shares and will be entitled to all dividends and other distributions declared or paid by the Company by reference to a record date on or after 19 July 2018. The New Ordinary Shares will not carry any right to participate in any dividends and other distributions declared or paid by the Company by reference to a record date prior to 19 July 2018.

The New Ordinary Shares will be created under the Acts and will be issued in registered form and will be capable of being held in certificated and uncertificated form.

It is expected that the New Ordinary Shares will be issued, and that Admission of the New Ordinary Shares will become effective, on 19 July 2018. The New Ordinary Shares will be admitted, fully paid, with the ISIN GB0001979029.

Application for trading of the New Ordinary Shares is not being and will not be sought on any other stock exchange other than the main market for listed securities of the London Stock Exchange.

The Company remains subject to the continuing obligations of the Listing Rules with regard to the issue of securities for cash and the provisions of sections 561-562 of the Companies Act 2006 (which confers on Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) will apply to any future issue of shares in the Company (to the extent not disapplied).

## **22. UK AND US TAXATION**

### ***UK Taxation***

The following paragraphs are intended as a general guide to current UK tax law and HMRC practice applying as at the date of this document (both of which are subject to change at any time, possibly with retrospective effect) in respect of the taxation of capital gains on the acquisition and disposal of New Ordinary Shares, the taxation of dividends paid by the Company and stamp duty and stamp duty reserve tax (“SDRT”) on the issue and transfer of the New Ordinary Shares. They relate only to persons who are beneficial owners of the New Ordinary Shares and any dividends paid on them. These paragraphs may not relate to certain classes of holders of the New Ordinary Shares, such as employees or directors of the Company or its affiliates, persons who are connected with the Company, insurance companies, charities, collective investment schemes, pension schemes or persons who hold New Ordinary Shares otherwise than as an investment, or individuals who are not domiciled in (and only in) the UK. Such persons may be subject to special rules. These paragraphs do not describe all of the circumstances in which Shareholders may benefit from an exemption or relief from taxation. It is recommended that all Shareholders obtain their own taxation advice regarding the potential UK tax consequences of holding New Ordinary Shares (including any inheritance tax consequences, which are not covered here). In particular, non-UK resident or domiciled Shareholders are advised to consider the potential impact of any relevant double tax agreements.

#### ***Taxation Of Capital Gains***

##### ***Open Offer and Excess Application Facility***

The issue of New Ordinary Shares to Shareholders pursuant to the Open Offer may not always be regarded as a reorganisation of the share capital of the Company for the purposes of UK taxation of chargeable gains. HMRC’s published practice is to treat a subscription for shares by a shareholder pursuant to an open offer which is equal to or less than their minimum entitlement based on their existing shareholding as a share reorganisation, but any shares subscribed for in excess of the minimum entitlement as a separate acquisition. However, it is possible that HMRC may not apply this treatment because the issue of New Ordinary Shares made pursuant to the Open Offer is not available to all of the Ordinary Shareholders of the Company. The issue of New Ordinary Shares to

Shareholders pursuant to the Excess Application Facility will not be treated as a reorganisation of the share capital of the Company for the purposes of UK taxation on chargeable gains.

If and to the extent that the issue of New Ordinary Shares to Shareholders made pursuant to the Open Offer is treated as a reorganisation, such Shareholders should not be treated as making a disposal of all or any of their Existing Ordinary Shares by reason of taking up all or part of their rights to New Ordinary Shares and no liability to UK tax on chargeable gains should arise for Shareholders to the extent that they take up their entitlement to New Ordinary Shares. The Ordinary Shares allotted to a Shareholder pursuant to the Open Offer should be treated as the same asset as, and having been acquired at the same time as, the Shareholder's Existing Ordinary Shares in these circumstances. The amount paid for the New Ordinary Shares will be added to the base cost of the Existing Ordinary Shares. If and to the extent that an issue of New Ordinary Shares to Shareholders pursuant to the Open Offer, and pursuant to the Excess Application Facility, is not treated as a reorganisation, the Shareholders will be treated as making a separate acquisition of such Ordinary Shares for the purposes of UK taxation of chargeable gains.

#### *Capital Gains Tax*

A disposal of New Ordinary Shares by an individual Shareholder who is tax resident in the UK may, depending on his or her individual circumstances, give rise to a chargeable gain or an allowable loss for the purposes of capital gains tax. An individual Shareholder who temporarily ceases to be tax resident in the UK (or is treated as not tax resident in the UK for the purposes of a double tax treaty) for a period of five tax years or fewer (or, for departures before 6 April 2013, ceases to be resident or ordinarily resident in the UK, or becomes treaty non-resident for a period of fewer than five tax years) and who disposes of his or her New Ordinary Shares during that period of temporary non-residence may be liable to capital gains tax on a chargeable gain accruing on the disposal on his or her return to the UK under certain anti-avoidance rules. An individual Shareholder who is not tax resident in the UK will not be chargeable to capital gains tax on capital gains arising on the disposal of their New Ordinary Shares unless the Shareholder carries on a trade, profession or vocation in the UK through a branch or agency in the UK and the New Ordinary Shares were acquired, used in or for the purposes of the branch or agency or used in or for the purposes of the trade, profession or vocation carried on by the Shareholder through the branch or agency. In these circumstances, the non-UK resident Shareholder may, depending on his or her individual circumstances, be chargeable to capital gains tax on chargeable gains arising from a disposal of their New Ordinary Shares.

The current headline rates of capital gains tax for the 2018/19 tax year are 10% and 20% for individuals for gains other than those made which relate to disposals of residential property and/or carried interest receipts relating to investment management services provided. Certain reliefs or allowances may be available depending on the individual circumstances of the Shareholder, including the availability of an Annual Exempt Amount which allows an individual to make a certain amount of gain each year before such gain become subject to tax in the UK.

#### *Corporation Tax*

A disposal of New Ordinary Shares by a corporate Shareholder which is resident in the UK may give rise to a chargeable gain or an allowable loss for the purposes of corporation tax. A corporate Shareholder that is not resident in the UK will not be liable for corporation tax on chargeable gains accruing on the disposal of its New Ordinary Shares unless it carries on a trade in the UK through a permanent establishment in the UK and the New Ordinary Shares were acquired, used in or for the purposes of the permanent establishment or used in or for the purposes of the trade carried on by the Shareholder through the permanent establishment. In these circumstances, the non-UK resident Shareholder may, depending on its individual circumstances, be chargeable to corporation tax on chargeable gains arising from a disposal of its New Ordinary Shares.

The current full rate of corporation tax for the 2018/19 financial year is 19%, decreasing to 17% from 1 April 2020. Corporate Shareholders will be entitled to an indexation allowance in computing the amount of a chargeable gain accruing on a disposal of the New Ordinary Shares, which will provide relief for the effects of inflation by reference to movements in the UK retail price index up to December 2017 (but not from January 2018 onwards). If the conditions for the substantial shareholding exemption (set out in s.192A and Schedule 7AC of the Taxation of Chargeable Gains Act 1992) are satisfied in relation to a chargeable gain accruing to a corporate Shareholder, the chargeable gain will be exempt from corporation tax (although a loss arising on a disposal of the New Ordinary Shares will not generally be deductible for tax purposes where the substantial

shareholding exemption applies). The conditions for the substantial shareholding exemption which must be satisfied will depend on the individual circumstances of the corporate Shareholder.

### ***Taxation Of Dividends***

#### *Withholding Tax*

Dividends paid by the Company in respect of the New Ordinary Shares will not be subject to any withholding or deduction for or on account of UK tax, irrespective of the residence or the individual circumstances of the Shareholders holding such shares.

#### *Income Tax*

Different rates of tax apply to different bands of a UK tax resident individual Shareholder's dividend income, which for these purposes includes UK and non-UK source dividends and certain other distributions in respect of shares.

With effect from 6 April 2018, a UK tax resident individual Shareholder will not be subject to income tax on a dividend received from the Company if the total amount of dividend income received by the individual in the tax year (including the dividend from the Company) does not exceed a dividend allowance of £2,000, which will be taxed at a nil rate (the "Dividend Allowance").

In determining the income tax rate or rates applicable to a UK tax resident individual Shareholder's taxable income, dividend income is treated as the highest part of such individual Shareholder's income. Dividend income that falls within the Dividend Allowance will count towards the basic or higher rate limits (as applicable) which may affect the rate of tax due on any dividend income in excess of the Dividend Allowance.

To the extent that a UK tax resident individual Shareholder's dividend income for the tax year exceeds the Dividend Allowance and, when treated as the top slice of such individual Shareholder's income, falls above such individual Shareholder's personal allowance but below the basic rate limit, such an individual Shareholder will be subject to tax on that dividend income at the dividend basic rate of 7.5 per cent. To the extent that such dividend income falls above the basic rate limit but below the higher rate limit, such an individual Shareholder will be subject to tax on that dividend income at the dividend upper rate of 32.5 per cent. To the extent that such dividend income falls above the higher rate limit, such an individual Shareholder will be subject to tax on that dividend income at the dividend additional rate of 38.1 per cent.

A Shareholder resident or otherwise subject to tax outside the United Kingdom (whether an individual or a corporate Shareholder) may be subject to foreign taxation on dividend income under local law. Shareholders to whom this may apply should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

#### *Corporation Tax*

Unless an exemption is available as discussed below, a corporate Shareholder that is resident in the UK will be subject to corporation tax on dividends received from the Company. A corporate Shareholder that is not resident in the UK will not be subject to corporation tax on dividends received from the Company in the UK, unless such Shareholder carries on a trade in the UK through a permanent establishment in the UK and the Shares are used by, for or held by or for, the permanent establishment. In these circumstances, the non-UK resident corporate Shareholder may, depending on its individual circumstances and if the exemption discussed below is not available, be chargeable to corporation tax on dividends received from the Company.

If dividends paid by the Company fall within an exemption from corporation tax set out in Part 9A of the Corporation Tax Act 2009, the receipt of the dividend by a corporate Shareholder will be exempt from corporation tax. Generally, the conditions for exemption from corporation tax on dividends paid by the Company should be satisfied, although the conditions which must be satisfied in any particular case will depend on the individual circumstances of the corporate Shareholders.

#### ***Stamp Duty And SDRT***

The discussion below relates to holders of New Ordinary Shares wherever resident, but not to holders such as market makers, brokers, dealers and intermediaries, to whom special rules apply.

No stamp duty or SDRT will generally be payable on the allotment and issue of the New Ordinary Shares.

An instrument of transfer on sale of New Ordinary Shares will be liable to *ad valorem* stamp duty, generally at the rate of 0.5% (rounded up to the nearest multiple of £5) of the consideration paid. An unconditional agreement to transfer such shares will be liable to SDRT, generally at the rate of 0.5% of the consideration paid, but such liability will be cancelled, or a right to a repayment in respect of the SDRT liability will arise, if the agreement is completed by a duly stamped transfer within six years of the agreement having become unconditional. Stamp duty or SDRT is normally the liability of the purchaser. Stamp duty is not payable on an instrument transferring the shares where the consideration for the transfer is £1,000 or less and it is certified on the instrument that the transaction that it effects does not form part of a larger transaction or series of transactions for which the aggregated consideration exceeds £1,000. The charge to SDRT will be vacated accordingly.

Under the CREST system for paperless share transfers, no stamp duty or SDRT will arise on a transfer of shares into the system provided, in the case of SDRT, the transfer is not for money or money's worth. Transfers of shares within CREST are liable to SDRT (at a rate of 0.5% of the amount or value of the consideration payable) rather than stamp duty, and SDRT on relevant transactions settled within the system or reported through it for regulatory purposes will be collected by CREST.

#### ***US Taxation***

**INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF US FEDERAL TAX ISSUES IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON INVESTORS UNDER THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"); (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE COMPANY IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT ADVISER.**

The following is a summary of certain material US federal income tax consequences that may be relevant to the acquisition, ownership and disposition New Ordinary Shares. This description addresses only the US federal income tax considerations of US Holders (as defined below) that are initial purchasers of New Ordinary Shares pursuant to the Offering and that will hold such New Ordinary Shares as capital assets within the meaning of Section 1221 of the Internal Revenue Code. This summary does not purport to address all material tax consequences of the ownership of New Ordinary Shares and does not address US federal income taxation that may be applicable to investors that are subject to special tax rules, including without limitation:

- banks, financial institutions or insurance companies;
- real estate investment trusts, regulated investment companies or grantor trusts;
- dealers or traders in securities, commodities or currencies;
- tax-exempt entities, including "Section 401" pension plans;
- individual retirement accounts and other tax deferred accounts;
- persons who receive New Ordinary Shares as compensation for the performance of services;
- persons that will hold New Ordinary Shares as part of a "hedging", "conversion" or constructive sale transaction or as a position in a "straddle" for US federal income tax purposes;
- certain US expatriates;
- "dual resident" corporations;
- persons that have a "functional currency" other than the US dollar; or
- holders that own (directly, indirectly or constructively) 10% or more, by voting power or value, of the equity interests of the Company.

Further, this description does not address state, local, non-US or other tax laws, nor does it address the 3.8% US Federal Medicare Tax on net investment income, the alternative minimum tax or the US federal gift and estate tax consequences of the acquisition, holding or disposition of New Ordinary Shares. This description, furthermore, does not address the tax consequences of owning options or warrants or similar instruments on New Ordinary Shares, or any tax consequences applicable to the holder of an equity interest in a holder of New Ordinary Shares.

This description is based on the Code, its legislative history, final, temporary and proposed regulations promulgated thereunder, published rulings and court decisions, as well as on the Income Tax Convention Between the Government of the US of America and the Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital Gains (the “Treaty”), in each case as in effect on the date of this Prospectus, all of which are subject to change (or to changes in interpretation), possibly with retroactive effect.

As used herein, the term “US Holder” means a beneficial owner of New Ordinary Shares that is, for US federal income tax purposes, (i) an individual citizen or resident of the US; (ii) a corporation created or realized under the laws of the US or any State thereof; (iii) an estate the income of which is subject to US federal income tax without regard to its source; or (iv) a trust if a court within the US is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has a valid election in effect to be treated as a US person for US federal income tax purposes. Individuals or entities who or that are not US Holders are “non-US Holders.”

The US federal income tax treatment of a partner in a partnership that holds New Ordinary Shares will depend on the status of the partner and the activities of the partnership. Prospective investors that are partners or partnerships should consult their tax advisers concerning the US federal income tax consequences of the acquisition, ownership and disposition of New Ordinary Shares by the partnership. **THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NEW ORDINARY SHARES, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY AND THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-US AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.**

#### *Taxation of US Holders*

##### *Distributions on New Ordinary Shares*

*General.* Subject to the discussion in “Passive Foreign Investment Company” below, a US Holder of New Ordinary Shares will include in gross income as foreign-source dividend income, when actually or constructively received by the US Holder, the gross amount of any cash or the fair market value of any property distributed by the Company in respect of the New Ordinary Shares to the extent such distribution is paid out of the Company’s current or accumulated earnings and profits, as calculated under US federal income tax principles. The Company does not intend to calculate (or provide US Holders with information necessary to compute) earnings and profits under US federal income tax principles. Therefore, US Holders generally should expect that a distribution will be treated as a dividend. Such amount must be included without reduction for any non-US taxes withheld. Dividends paid by the Company will not be eligible for the dividends-received deduction allowed to US corporate shareholders with respect to dividends received from certain US domestic corporations.

##### *Qualified Dividend Income.*

Subject to applicable holding period and other limitations, the US dollar amount of dividends received on the New Ordinary Shares by certain non-corporate US Holders will be subject to taxation at a maximum tax rate of 20 per cent if the dividends are “qualified dividends”. Dividends paid on the New Ordinary Shares would be treated as qualified dividends if (i) the Company is eligible for the benefits of a comprehensive income tax treaty with the US that the IRS has approved for the purposes of the qualified dividend rules, and (ii) the Company was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a PFIC. While the Treaty has been approved by the IRS for purposes of the qualified dividend rules, it is not certain that the Company would be eligible for treaty benefits under the Treaty. Although the stock of the Company would be publicly traded on the London Stock Exchange (which is a “recognized stock exchange” for purposes of the Treaty), it is not currently known whether the Company will satisfy the “regularly traded” requirement contained in the treaty.

In addition, for dividends to be treated as qualified dividends, the Company must not be a PFIC (as discussed below) for either the taxable year in which the dividend was paid or the preceding taxable year. As mentioned above, the Company does not believe that it will be a PFIC for the current taxable year. However, please see the discussion under “Passive Foreign Investment Company” below.

US Holders should consult their own tax advisers regarding the availability of the preferential tax rates for dividends paid on New Ordinary Shares.

#### *Foreign Currency Distributions*

The Company has the right to pay dividends in pounds sterling. A dividend paid in pounds sterling must be included in a US Holders' gross income in an amount equal to the US dollar value of the currency on the date of receipt, determined at the spot pound sterling/US dollar exchange rate on the date such dividend distribution is includible in the income of the US holder, regardless of whether the payment is in fact converted into US dollars at that time. If the dividend is converted to US dollars on the date of receipt, US Holders generally will not recognise a foreign currency gain or loss. However, if a US Holder converts the foreign currency into US dollars on a later date, such US Holder must include in income any gain or loss resulting from any exchange rate fluctuations. The gain or loss will be equal to the difference between (i) the US dollar value of the amount the US Holder included in income when the dividend was received and (ii) the amount that the US Holder receives on the conversion of the foreign currency into US dollars. Such gain or loss will generally be ordinary income or loss and US source for US foreign tax credit purposes.

#### *Foreign Tax Credits*

Dividend distributions with respect to New Ordinary Shares will be treated as "passive category" income from sources outside the US for purposes of a US Holder's US foreign tax credit limitation. Subject to conditions and limitations under the Code, applicable US Treasury Regulations, and the Treaty, a US Holder may be able to claim a foreign tax credit against its US federal income tax liability in respect of any United Kingdom income taxes withheld at the appropriate rate applicable to the US Holder from a dividend to such US Holder. Alternatively, the US Holder may deduct such United Kingdom income taxes from its US federal taxable income, provided that the US Holder elects to deduct rather than credit all foreign income taxes for the relevant taxable year.

Since the rules governing foreign tax credits are complex and involve the application of rules that depend on a US Holder's particular circumstances, US Holders should consult their own tax advisers regarding the availability of foreign tax credits in their particular circumstances.

#### *Sale or Other Disposition*

Subject to the discussion in "Passive Foreign Investment Company" below, US Holders generally will recognize gain or loss realized on the sale or other disposition of New Ordinary Shares in an amount equal to the difference between the US dollar value of (i) the amount realized on the disposition (i.e., the amount of cash plus the fair market value of any property received), and (ii) the US Holder's adjusted tax basis in the New Ordinary Shares determined in US dollars. A US Holder's initial tax basis in the New Ordinary Shares will be the US dollar value of the foreign currency-denominated purchase price established on the date of purchase. US Holders should consult their tax advisers regarding whether they will recognise any foreign currency gain or loss in acquiring the New Ordinary Shares.

Generally, gain or loss recognised upon the sale or other disposition of New Ordinary Shares will be capital gain or loss and will be long-term capital gain or loss if the US Holder's holding period for such New Ordinary Shares exceeds one year. For non-corporate US Holders, the US income tax rate applicable to net long-term capital gain currently will not exceed 20%. The deductibility of capital losses is subject to significant limitations. Gain, if any, realised by a US Holder on a sale or other disposition of the New Ordinary Shares generally will be treated as US source income for US foreign tax credit purposes. Consequently, if United Kingdom withholding tax is imposed on the sale or disposition of New Ordinary Shares, a US Holder that does not receive sufficient foreign source income from other sources may not be able to derive effective US foreign tax credit benefits in respect of such United Kingdom taxes. US Holders should consult with their own tax advisors regarding the application of the foreign tax credit rules to their investment in, and disposition of, the New Ordinary Shares.

A US Holder that receives foreign currency from a sale or disposition of New Ordinary Shares generally will realise an amount equal to the US dollar value of the foreign currency on the date of sale or disposition or, if such US Holder is a cash basis or electing accrual basis taxpayer and the New Ordinary Shares are treated as being traded on an "established securities market" for this purpose, the settlement date. If the New Ordinary Shares are so treated and the foreign currency received is converted into US dollars on the settlement date, a cash basis or electing accrual basis US Holder will not recognise foreign currency gain or loss on the conversion. If the foreign currency

received is not converted into US dollars on the settlement date, the US Holder will have a basis in the foreign currency equal to the US dollar value on the settlement date. Any gain or loss on a subsequent conversion or other disposition of the foreign currency generally will be treated as ordinary income or loss to such US Holder and generally will be income or loss from sources within the US for foreign tax credit limitation purposes. US Holders should consult their own tax advisers regarding the US tax consequences of receiving payments in a currency other than the US dollar.

#### *Passive Foreign Investment Company*

A company is a passive foreign investment company or PFIC in any taxable year in which, after taking account the income and assets of certain subsidiaries, either (a) at least 75 per cent. of its gross income for such taxable year is passive income (the “income test”) or (b) at least 50 per cent. of the average quarterly value attributable to its gross assets produce or are held for the production of passive income (the “asset test”). “Passive income” for this purpose generally includes dividends, interest, rents, royalties, and gains from securities and commodities transactions.

Under the income and asset tests, whether or not the Company is a PFIC will be determined annually based upon the composition of the Company’s income and the composition and valuation of the Company’s assets, all of which are subject to change. In determining that the Company is not a PFIC, the Company is relying on projected revenues and projected capital expenditures and market capitalisation. If the Company’s actual revenues and capital expenditures do not match the Company’s projections, the Company may become a PFIC. For example, if the Company does not spend enough of the cash (a passive asset) raised from any financing transactions undertaken, the relative percentage of the Company’s passive assets will increase. In addition, the Company’s determination is based on a current valuation of the Company’s assets, including goodwill (an active asset). Changes in the nature of the Company’s income or assets, the manner and rate at which the Company utilises the proceeds of the offering, or a decrease in the trading price of Ordinary Shares may cause us to be considered a PFIC in the current or any future taxable year.

The Company has made a number of assumptions regarding the amount of value allocable to goodwill. The Company believes its valuation approach is reasonable. However, it is possible that the US Internal Revenue Service (“IRS”) could challenge the valuation of the Company’s assets, including goodwill, which could result in the Company being a PFIC. If the Company were a PFIC in any year during a US Holder’s holding period, the Company would generally be treated as a PFIC for each subsequent year absent a “purging” election by the US Holder.

If the Company were treated as a PFIC, a direct (and in certain cases, indirect) US Holder would be subject to special rules with respect to (i) any gain realised on the sale or other disposition of the Shares and (ii) any “excess distribution” by the Company to the US Holder in respect of the Shares (generally, any distributions to the US Holder in respect of the Shares during a single taxable year that total more than 125 per cent. of the average annual distributions received by the US Holder in respect of the Shares during the three preceding taxable years or, if shorter, the US Holder’s holding period for the Shares). Under these rules, (a) the gain or excess distribution would be allocated rateably over the US Holder’s holding period for the Shares, (b) the amount allocated to the taxable year in which the gain or excess distribution was realised or to any year before the Company became a PFIC would be taxable as ordinary income, (c) the amount allocated to each other taxable year would be subject to tax at the highest tax rate in effect for ordinary income for that year and (d) an interest charge generally applicable to underpayments of tax would be imposed in respect of the tax attributable to each such prior year. These rules effectively prevent a US Holder from treating gain on the Shares as capital gain. For these purposes, gifts, exchanges pursuant to a corporate reorganisation and use of the Shares as security for a loan may be treated as a disposition. Any dividends paid by a PFIC will not be eligible for the lower tax rate applicable to “qualified dividend income”.

The above results may be eliminated if a US Holder in a PFIC is eligible for and timely makes a valid qualified electing fund, or QEF election. If a QEF election were made, such US Holder generally would be required to include in income on a current basis its *pro rata* share of the Company’s ordinary income and net capital gains. In order for a US Holder to be able to make a QEF election, the Company would be required to provide such US Holder with certain information. As the Company does not expect to provide US Holders with the required information, prospective investors should assume that a QEF election will not be available.

An alternative method of mitigating PFIC status is by means of a “mark-to-market” election. Such a mark-to-market election is available to a US Holder only if the Shares are considered “marketable

stock". Generally, stock will be considered marketable stock if it is "regularly traded" on a "qualified exchange" within the meaning of applicable US Treasury regulations. A class of stock is regularly traded during any calendar year during which such class of stock is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter. A qualified exchange includes a non-US securities exchange that is regulated or supervised by a governmental authority of the country in which the securities exchange is located and meets certain trading, listing, financial disclosure and other requirements set forth in US Treasury regulations. It is unclear whether the London Stock Exchange would be treated as a "qualified exchange" for these purposes. If the Company's stock qualifies as "marketable stock", a US Holder who wishes to elect mark-to-market treatment will be forced to recognise in such year gain on the difference between the fair market value of the Shares and the US Holder's adjusted basis in such Ordinary Shares. US Holders should consult their tax advisers regarding the availability of the mark to market election and whether making the election would be advisable in their particular circumstances.

As mentioned above, the Company does not believe that it is currently a PFIC. However, because the PFIC determination is highly fact intensive and made at the end of each taxable year, there can be no assurance that the Company will not be a PFIC for the current or any future taxable year or that the IRS will not challenge the Company's determination concerning its PFIC status.

US Holders should consult their tax advisers concerning the US federal income tax consequences of holding the Shares if the Company were considered to be a PFIC.

#### *Backup withholding and information reporting*

Payments of dividends and other proceeds with respect to New Ordinary Shares will generally be reported to the IRS and to the US Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its US federal income tax returns. Certain US Holders (including, among others, corporations) are not subject to backup withholding. US Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Any amounts withheld under the backup withholding rules from a payment to a holder will be allowed as a refund or a credit against such holder's US federal income tax, provided that the required information is furnished to the IRS in a timely manner.

US Holders who acquire New Ordinary Shares for cash may be required to file an IRS Form 926 (Return by a US Transferor of Property to a Foreign Corporation) with the IRS and to supply certain additional information to the IRS if (i) immediately after the transfer, the US Holders owns directly or indirectly (or by attribution) at least 10% of the Company's total voting power or value or (ii) the amount of cash transferred in exchange for the New Ordinary Shares when aggregated with all related transfers under applicable regulations, exceeds US \$100,000. Substantial penalties may be imposed on a US Holder who fails to comply with this reporting requirement. Each US Holder is urged to consult with its own US tax adviser regarding this reporting obligation.

**EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISERS WITH RESPECT TO THE LOCAL, NON-US AND OTHER TAX CONSEQUENCES TO SUCH INVESTOR OF THE PURCHASE AND OWNERSHIP OF NEW ORDINARY SHARES.**

### **23. THIRD PARTY INFORMATION**

The Company confirms that information which has been sourced from third parties and set out in Parts XI "Operating and Financial Review", XII "Historical and Financial Information of the Group" and XIII "Statement of Net Assets" of this document has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### **24. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected either (i) at the offices of Baker & McKenzie LLP at 100 New Bridge Street, London EC4V 6JA during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays) prior to the date of Admission or (ii) through the Company's website being [www.mcglc.com](http://www.mcglc.com):

- (i) the articles of association of the Company;
- (ii) the Director Irrevocables;
- (iii) the Subscription Agreements;
- (iv) the Sponsor Agreements;
- (v) the PH Placing Letter;
- (vi) the audited and consolidated accounts of the Company and its subsidiary undertakings for the three years ended 31 December 2015, (including the accounts as restated), 2016, 2017 including the auditors' reports thereon;
- (vii) the rules of the MCG Restricted Share Plan referred to in paragraph 7 of this Part XV: "Additional Information";
- (viii) the rules of the 2008 Performance Share Plan referred to in paragraph 7 of this Part XV: "Additional Information";
- (ix) the Directors' service contracts referred to in paragraph 5 of Part XIV: "Directors, Responsible Persons Corporate Governance and Employees" of this document;
- (x) the written consents referred to in paragraph 18 of this Part XV: "Additional Information";
- (xi) the report on the unaudited *Pro forma* financial information by Deloitte LLP set out in Part XIII "Unaudited Pro Forma Statement of Net Assets" of this document;
- (xii) this document; and
- (xiii) the Proxy Form.

Any Shareholder, person with information rights or other person to whom this document is sent may request a copy of each of the documents set out above, or a copy of this document, in hard copy form. Hard copies will be sent only where valid requests are received from such persons. Requests for hard copies are to be submitted to the Company Secretary, either by post to St Paul's House 4th Floor 10, Warwick Lane, London EC4M 7BP, or by calling Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes

## PART XVI

### DEFINITIONS

<b>“Aberforth”</b>	Aberforth Partners LLP as discretionary fund managers for Aberforth UK Small Companies Fund, Aberforth Smaller Companies Trust PLC and other segregated accounts;
<b>“Acts”</b>	the Companies Act 2006 and every statute (including any orders, regulations or other subordinate legislation made under it) from time to time in force concerning companies in so far as they apply to the Company;
<b>“Admission”</b>	the admission of the New Ordinary Shares to the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange, becoming effective, and references to “ <b>Admission becoming effective</b> ” means its becoming effective in accordance the Listing Rules and the Admission and Disclosure Standards published by the London Stock Exchange;
<b>“AI”</b>	an accredited investor within the meaning of Rule 501 of Regulation D under the Securities Act;
<b>“Application Form”</b>	the personalised application form on which Qualifying Non-CREST Shareholders who are registered on the register of MCG PLC at the Record Date may apply for Open Offer Shares under the Open Offer;
<b>“Articles”</b>	the articles of association of the Company in force at the date of this document;
<b>“Audit Committee”</b>	the duly authorised audit committee of the Board;
<b>“Australia”</b>	the Commonwealth of Australia, its territories and possessions;
<b>“BlueGem”</b>	BlueGem Secondary LP, a fund managed by BlueGem Capital Partners LLP, and its associated entities BlueGem Delta S.à r.l., BlueGem Beta Limited, BlueGem General Partner L.P. and BlueGem Capital Partners LLP;
<b>“Board”</b>	the board of directors of the Company;
<b>“Business Day”</b>	any day (excluding Saturdays and Sundays and any public holidays in England and Wales) on which banks generally are open in London for normal banking business;
<b>“Canada”</b>	Canada, its provinces and territories and all areas under its jurisdiction and political subsidiaries thereof;
<b>“CCSS”</b>	the CREST Courier and Sorting Office established by Euroclear to facilitate, amongst other things, the deposit and withdrawal of Securities;
<b>“certificated” or “in certificated form”</b>	not in uncertificated form;
<b>“City Code”</b>	the City Code on Takeovers and Mergers;
<b>“Closing Price”</b>	the closing middle market quotation of an Ordinary Share, as derived from the Daily Official List;
<b>“Companies Act 2006”</b>	the Companies Act 2006, as amended;
<b>“CREST”</b>	the relevant systems (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which Euroclear is the operator (as uncertificated form in respect of which Euroclear is the operator (as defined in the CREST Regulations);
<b>“CREST Manual”</b>	the rules governing the operation of CREST consisting of the CREST Reference Manual, the CREST International Manual, the CREST Central Counterpart Service Manual, the CREST Rules,

“CREST member”	the CCSS Operations Manual, the Daily Timetable, the CREST Application Procedures and the CREST Glossary of Terms (as updated in November 2001);
“CREST member account ID”	a person who has been admitted to CREST as a system-member (as defined in the CREST Manual);
“CREST participant”	the identification code or number attached to a member account in CREST;
“CREST participant ID”	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations);
“CREST payment”	shall have the meaning given in the CREST Manual issued by Euroclear;
“CREST Regulations”	shall have the meaning given in the CREST Manual issued by Euroclear;
“CREST sponsor”	the Uncertificated Securities Regulations 2001 (S.I. 2001/3755), as amended from time to time;
“CREST sponsored member”	a CREST participant admitted to CREST as a CREST sponsor;
“Daily Official List”	a CREST member admitted to CREST as a sponsored member;
“dealing day”	the daily record setting out the prices of all trades in shares and other securities conducted on the London Stock Exchange;
“Directors”	any day on which the London Stock Exchange is open for business in the trading of securities admitted to the Official List;
“Directors’ Irrevocables”	the directors of the Company at the date of this document, and “Director” means any one of them save that where the context requires in relation to taking up Open Offer Entitlements, “Director” shall mean a director who is a party to a Directors’ Irrevocable;
“Disclosure Guidance and Transparency Rules”	the irrevocable undertakings dated 28 June 2018 between the Company and each of Nick Stagg and Julian Waldron, further details of which are set out in paragraph 10 of Part XV: “Additional Information” of this document;
“EBITDA”	the Disclosure Guidance and Transparency Rules of the FCA;
“enabled for settlement”	earnings before interest, tax, depreciation and amortisation;
“Enlarged Issued Share Capital”	in relation to Open Offer Entitlements, enabled for the limited purpose of settlement of claim transactions and unmatched stock
“EU”	purpose of settlement of claim transactions and unmatched stock by Euroclear;
“EURIBOR”	the ordinary share capital of the Company following completion of the Placing and Open Offer and the PH Placing;
“Euroclear”	the European Union;
“European Economic Area”	European Interbank Offered Rate;
“Excess Application Facility”	Euroclear UK & Ireland Limited, the operator of CREST;
“Excess Open Offer Entitlement”	the European Union, Iceland, Norway and Liechtenstein;
	the arrangement pursuant to which a Qualifying Shareholder may apply for Open Offer Shares in excess of their Open Offer Entitlement (up to a maximum number of Open Offer Shares equal to two times such Qualifying Shareholder’s Open Offer Entitlement, provided they have agreed to take up their Open Offer Entitlement in full;
	in respect of each Qualifying Shareholder, the entitlement (in addition to his or her Open Offer Entitlement) to apply, subject to

“ <b>Excess Shares</b> ”	availability, for Open Offer Shares pursuant to the Excess Application Facility;
“ <b>Existing Ordinary Share Capital</b> ”	New Ordinary Shares for which Qualifying Shareholders may apply under the Excess Application Facility;
“ <b>Existing Ordinary Shares</b> ”	the ordinary share capital of the Company as at the date of this document;
“ <b>Fidelity</b> ”	the Ordinary Shares in issue as at the date of this document, or as the context requires, the Record Date;
“ <b>form of proxy</b> ”	FIL Investments International as agent for various funds;
“ <b>FCA</b> ”	the form of proxy relating to the General Meeting;
“ <b>FRC Code</b> ”	the Financial Conduct Authority;
“ <b>FSMA</b> ”	FRC Corporate Governance Code;
“ <b>General Meeting</b> ”	the Financial Services and Markets Act 2000, as amended;
“ <b>Group</b> ”	the general meeting of the Company convened for 11.00 a.m. on 18 July 2018, notice of which is set out at the end of this document (or any adjournment thereof);
“ <b>HMRC</b> ”	the Company and its subsidiary undertakings and, where the context permits, each of them;
“ <b>IFRS</b> ”	Her Majesty’s Revenue and Customs and, where relevant, any predecessor body which carried out part of its functions and references to any approval by HMRC shall, where appropriate, include approval by an officer of Her Majesty’s Revenue and Customs;
“ <b>Independent Directors</b> ”	International Financial Reporting Standards as adopted by the European Union;
“ <b>Independent Shareholders</b> ”	Nick Stagg, Julian Waldron and Fiona Czerniawska;
“ <b>Issue Price</b> ”	all Shareholders other than BlueGem, Marco Capello and Emilio Di Spiezo Sardo;
“ <b>Japan</b> ”	1 penny per New Ordinary Share;
“ <b>KS Funds</b> ”	Japan, its cities, prefectures, territories and possessions;
“ <b>Listing Rules</b> ”	the funds held under arrangements which guarantee certain contingent liabilities relating to the disposal of parts of the European Kurt Salmon business to Wavestone (previously named Solucom) in 2016;
“ <b>Lombard Odier</b> ”	the Listing Rules of the FCA;
“ <b>Lombard Odier Funds</b> ”	Lombard Odier Asset Management (USA) Corp acting in its capacity as discretionary investment manager of the Lombard Odier Funds and not in its personal capacity;
“ <b>London Stock Exchange</b> ”	means certain funds or accounts managed on a discretionary basis by Lombard Odier holding 71,719,167 Existing Ordinary Shares;
“ <b>Mandatory Offer</b> ”	London Stock Exchange plc;
“ <b>MCG PLC</b> ” or the “ <b>Company</b> ”	a general offer to all of the remaining shareholders to acquire their shares by a person who alone, or together with persons acting in concert with him are interested in shares carrying 30 per cent. or more of the voting rights of the Company;
“ <b>member account ID</b> ”	Management Consulting Group PLC;
“ <b>Money Laundering Regulations</b> ”	the identification code or number attached to any member account in CREST;
	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended from time to time;

<b>“Net Proceeds”</b>	the approximate £10 million of gross proceeds, less estimated expenses of £1.5 million;
<b>“New Ordinary Shares”</b>	the new Ordinary Shares to be issued by the Company in accordance with the Placing and Open Offer and the PH Placing;
<b>“Nominations Committee”</b>	the duly authorised nominations committee of the Board;
<b>“Non-AI”</b>	a person who does not qualify as an AI but a limited number of whom are permitted to participate in the Placing and Open Offer pursuant to Rule 506 of Regulation D under the Securities Act;
<b>“Non-Executive Directors”</b>	the non-executive Directors of the Company, and “Non-Executive Director” means any one of them;
<b>“Official List”</b>	the list maintained by the FCA;
<b>“Open Offer”</b>	the offer to Qualifying Shareholders to subscribe for New Ordinary Shares;
<b>“Open Offer Entitlement”</b>	an offer to a Qualifying Shareholder pursuant to the Open Offer to subscribe for 45 New Ordinary Shares for every 23 Existing Ordinary Share held by such Qualifying Shareholder on the Record Date, but excluding the offer under the Excess Application Facility;
<b>“Open Offer Shares”</b>	the 1,000,050,372 Ordinary Shares to be offered to Qualifying Shareholders under the Open Offer (which for the avoidance of doubt includes the Excess Shares);
<b>“Ordinary Shareholders”</b>	the holders of the Ordinary Shares, and “Ordinary Shareholder” means any one of them;
<b>“Ordinary Shares” or “shares”</b>	the Ordinary Shares of one pence each in the capital of the Company and “Ordinary Share” or “share” means one of them;
<b>“Overseas Shareholders”</b>	Shareholders who are resident in or a citizen or national of any country outside the United Kingdom;
<b>“Panel”</b>	UK Panel on Takeovers and Mergers;
<b>“Peel Hunt”</b>	Peel Hunt LLP;
<b>“PFIC”</b>	Passive Foreign Investment Company;
<b>“PH Placing”</b>	the firm placing of New Ordinary Shares to Pamela Hackett in accordance with the PH Placing Letter;
<b>“PH Placing Letter”</b>	the placing letter to be entered into on or around the date of this document between the Company and Pamela Hackett setting out the terms on which the PH Placing will be effected, a summary of which is set out in paragraph 10 of Part XV: “Additional Information”;
<b>“Placing”</b>	the placing of the Open Offer Shares by way of subscription by BlueGem, Lombard Odier and Richard Griffiths in accordance with the Subscription Agreements;
<b>“Placing and Open Offer Announcement”</b>	the announcement made by the Company on 29 June 2018 in connection with the proposed Placing and Open Offer;
<b>“Proposals”</b>	the Placing, Open Offer, PH Placing and Rule 9 Waiver;
<b>“Proposed Director”</b>	Pamela Hackett, current Chief Executive Officer of Proudfoot;
<b>“Prospectus Rules”</b>	the rules made for the purposes of Part VI of FSMA in relation to offers of securities to the public and admission of securities to trading on a regulated market;
<b>“QIBs”</b>	qualified institutional buyers as defined in Rule 144A under the Securities Act;

<b>“Qualifying CREST Shareholders”</b>	Qualifying Shareholders whose Ordinary Shares on the register of members of the Company at the close of business on the Record Date are in uncertificated form;
<b>“Qualifying Non-CREST Shareholders”</b>	Qualifying Shareholders whose Ordinary Shares on the register of members of the Company at the close of business on the Record Date are in certificated form;
<b>“Qualifying Shareholders”</b>	holders of Ordinary Shares on the register of members of the Company at the close of business on the Record Date;
<b>“Receiving Agent”</b>	Link Asset Services;
<b>“Record Date”</b>	6 p.m. 25 June 2018;
<b>“Registrar”</b>	Link Asset Services;
<b>“Regulation S”</b>	Regulation S under the Securities Act;
<b>“Regulatory Information Service”</b>	a regulatory information service that is approved by the FCA and that is on the list of regulatory information service providers maintained by the FCA;
<b>“Remuneration Committee”</b>	the duly authorised remuneration committee of the Board;
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting;
<b>“Restricted Jurisdiction”</b>	US, Australia, Canada, Japan, New Zealand and the Republic of South Africa;
<b>“Richard Griffiths”</b>	Mr Richard Griffiths holding shares in his personal capacity and also through Blake Holdings Limited, Cream Capital Limited, Seren Investment Management Limited and Oak Trust Limited;
<b>“Rule 9 Waiver”</b>	the conditional waiver by the Panel of the obligation that, following the issue of the New Ordinary Shares, would otherwise arise on BlueGem to make a general offer to all Shareholders pursuant to Rule 9 of the City Code as a result of BlueGem’s participation in the Placing and Open Offer;
<b>“Securities Act”</b>	the US Securities Act of 1933, as amended;
<b>“SEC”</b>	the Securities Exchange Commission;
<b>“Shareholders”</b>	the holders of any shares issued in the share capital of the Company from time to time and “Shareholder” means any one of them;
<b>“Share Incentive Plans”</b>	the 2008 Performance Share Plan and the Restricted Share Plan;
<b>“Sponsor’s Agreement”</b>	the agreement entered into between Peel Hunt and the Company dated 28 June 2018, a summary of which is set out in paragraph 10 of Part XV: “Additional Information” of this document;
<b>“Subscription Agreements”</b>	the subscription agreements to be entered into on or around the date of this document between the Company and certain of the Shareholders in terms of which the Placing will be effected, summaries of which are set out in paragraph 10 of Part XV: “Additional Information” of this document;
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“US” or “US”</b>	the US of America, its territories and possessions, any state of the US of America and the District of Columbia;
<b>“USE instruction”</b>	unmatched stock event, defined further in the CREST Manual;
<b>“Whitewash Resolution”</b>	the ordinary resolution of the Shareholders other than BlueGem, Marco Capello, and Emilio Di Spiezo Sardo, concerning the waiver of obligations under Rule 9 of the City Code to be proposed at the General Meeting in connection with BlueGem’s participation in the Placing and Open Offer and set out in the Notice of General Meeting as the resolution numbered 4.

All references to “pounds”, “pounds sterling”, “sterling”, “£”, “pence” and “p” are to the lawful currency of the United Kingdom.

All references to “Euros” and “c” are to the lawful currency of the member states of the European Union that adopt a single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union.

All references to “US dollars” and “\$” are to the lawful currency of the US.

All references in this document to times are, unless the context otherwise appears, references to the time in London, United Kingdom.

## **PART XVII**

### **DOCUMENTATION INCORPORATED BY REFERENCE**

The following documents are incorporated by reference in this document (and where a document below itself incorporates information by reference (“**further information**”) such further information is not intended to form part of this document). Where only part of a document is incorporated by reference, the other parts of that document are either not relevant for Shareholders or are covered elsewhere within this document and where a document listed below itself incorporates information by reference, such further information is not incorporated by reference into this document:

- The consolidated financial statements of the Company and its subsidiaries included in the Annual Report and Financial Statements of the Company for the year ended 31 December 2017.
- The consolidated financial statements of the Company and its subsidiaries included on pages 55 to 100 in the Annual Report and Financial Statements of the Company for the year ended 31 December 2016.
- The consolidated financial statements of the Company and its subsidiaries included on pages 67 to 118 in the Annual Report and Financial Statements of the Company for the year ended 31 December 2015.
- The audit opinion for the 12 month period ended 31 December 2017 is set out on pages 36 to 42 of the Annual Report and Financial Statements of the Company for the year ended 31 December 2017. That audit opinion contained an emphasis of matter in respect of going concern, and did not contain statements under section 498(2) or (3) of the Companies Act 2006.
- The audit opinion for the 12 month period ended 31 December 2016 is set out on pages 48 to 54 of the Annual Report and Financial Statements of the Company for the year ended 31 December 2016.
- The audit opinion for the 12 month period ended 31 December 2015 is set out on pages 63 to 66 of the Annual Report and Financial Statements of the Company for the year ended 31 December 2015.
- The publicly available financial information relating to BlueGem referred to in paragraph 2.4 of Part IX “The WhiteWash” which, for the avoidance of doubt is incorporated by reference into this document for the purposes of compliance with the City Code only (and is not required to be incorporated by reference into this document by the Prospectus Rules).

## NOTICE OF GENERAL MEETING

### MANAGEMENT CONSULTING GROUP PLC

(Registered in England and Wales under number 01000608)

**NOTICE IS HEREBY GIVEN** that a general meeting of Management Consulting Group PLC (the “Company”) will be held at the offices of Baker & McKenzie LLP, 100 New Bridge Street, London EC4V 6JA at 11.00 a.m. on 18 July 2018 for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed as ordinary resolutions (as regards Resolutions 1, 2, 4, 5 and 6) and as a special resolution (as regards Resolution 3):

#### *Ordinary Resolutions*

##### **Resolution 1:**

**THAT**, subject to and conditional upon Resolutions 2, 3, 4, and 5 set out in this notice of General Meeting being passed, the issue of ordinary shares of 1 penny each in the capital of the Company (ranking *pari passu* in all respects with the existing ordinary shares of 1 penny each in the capital of the Company) at a price of 1 penny per share, which represents a discount of greater than 10 per cent. to the Closing Price of 3.14 pence per Ordinary Share on 28 June 2018 (being the latest practicable date before the announcement of the terms of the Placing and Open Offer and PH Placing) (as such terms are defined in the prospectus of the Company dated 29 June 2018 of which this Notice forms part (the “Prospectus”)), and otherwise on the terms set out in the Prospectus, be and is hereby approved.

##### **Resolution 2:**

**THAT**, subject to and conditional upon Resolutions 1, 3, 4, and 5 set out in this notice of General Meeting being passed, the directors of the Company be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006, in substitution for any existing authority under that section, to exercise all the powers of the Company to allot shares in the Company up to an aggregate nominal amount of £15,109,010.42, including, but not limited to, the issue of shares under the Placing and Open Offer and the PH Placing (each as defined in the Prospectus), provided that this authority shall (unless previously renewed, varied or revoked) expire at 11.59 p.m. on 1 July 2019, save that the Company may before such expiry make any offers or agreements which would or might require shares to be allotted after such expiry and the directors of the Company may allot shares in pursuance of any such offers or agreements as if this authority had not expired.

#### *Special Resolution*

##### **Resolution 3:**

**THAT**, subject to and conditional upon Resolutions 1, 2, 4, and 5 set out in this notice of General Meeting being passed, the directors of the Company be generally and unconditionally authorised pursuant to section 571 of the Companies Act 2006, in substitution for any existing authority under that section, to allot equity securities (within the meaning of section s560(1) the Companies Act 2006) wholly for cash under the authority given by Resolution 2 as if section 561 of the Companies Act 2006 did not apply to the allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £10,812,179.88, provided that the power conferred by this Resolution shall include, but not be limited to, the issue of equity securities pursuant to the Placing and Open Offer and PH Placing and provided that this power shall expire (unless previously renewed, varied or revoked) at 11.59 p.m. on 1 July 2019, save that the Company may before such expiry make any offers or agreements which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such offers or agreements as if the power conferred had not expired.

#### *Ordinary Resolutions*

##### **Resolution 4:**

**THAT**, subject to and conditional upon Resolutions 1, 2, 3, and 5 set out in this notice of General Meeting being passed, the grant of the waiver by the Panel on Takeovers and Mergers described in the Prospectus of any requirement under Rule 9 of the City Code on Takeovers and Mergers on BlueGem Delta S.à.r.l. to make a general offer to the shareholders of the Company as a result of the participation of BlueGem Delta S.à.r.l. in the Placing and Open Offer (as defined in the Prospectus) be and is hereby approved.

**Resolution 5:**

THAT, subject to and conditional upon Resolutions 1, 2, 3, and 4 set out in this notice of General Meeting being passed, the terms of the Placing and Open Offer and PH Placing (each as defined in the Prospectus) be approved and the directors of the Company be directed to implement the Placing Open Offer, and PH Placing and are generally and unconditionally authorised to exercise all the powers of the Company as necessary in connection with the implementation of the Placing and Open Offer.

**Resolution 6**

THAT the PH Placing (as defined in the Prospectus and on the basis set out therein) be and is hereby approved as a related party transaction for the purposes of Chapter 11 of the Listing Rules of the UK Listing Authority.

By order of the Board

Prism CoSec Limited  
Company Secretary

**Registered Office:**  
St Paul's House 4th Floor 10, Warwick Lane, London, EC4M 7BP

29 June 2018

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**Notes**

- (1) A member is entitled to appoint a proxy to exercise all or any of his rights to attend and to speak and vote on his behalf at the General Meeting convened by this notice. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A proxy need not be a member of the Company. A form of proxy which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a form of proxy and believe that you should have one, or if you require additional forms of proxy, please contact Link Asset Services on 0871 664 0300 (from inside the UK) or +44 (0) 371 664 0300 (from outside the UK), calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales
- (2) To be valid, forms of proxy, if used, must be lodged at Link Asset Services , PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF , by no later than 48 hours before the time appointed for the holding of the General Meeting. Completion and return of the proxy form will not preclude a member from attending and voting at the General Meeting in person if he/she so wishes. Alternatively, you may record your proxy vote electronically, either by utilising the web-based voting facility or the CREST electronic appointment service. If you would like to submit your form of proxy using the web-based voting facility go to [www.signalshares.com](http://www.signalshares.com). You will be asked to enter your unique investor code from the proxy card sent to you before you can lodge your vote.
- (3) A person who has been nominated under s146 Companies Act 2006 to enjoy information rights (a "Nominated Person") may have a right under an agreement between him/her and the member by whom he/she was nominated to be appointed, or to have someone else appointed, as a proxy for the General Meeting. If a Nominated Person has no such proxy appoint right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. The statement of the rights of members to appoint proxies in note 1 above does not apply to Nominated Persons. The rights described in note 1 can only be exercised by members
- (4) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting (and any adjournment thereof) by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to an instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by the Registrar ID No. RA10 by the latest time(s) for receipt of proxy appointments specified in the notice of General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by CREST Applications Host) from which the agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- (5) To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company at 11.00 a.m. on 16 July 2018 (or, in the event of any adjournment, at such time as is 48 hours before the adjourned meeting). Changes to entries on the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.
- (6) As at 28 June 2018 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 511,136,857 Ordinary Shares with each share carrying the right to one vote. The Company holds no Ordinary Shares in treasury. The total number of voting rights in the Company, as at 28 June 2018, was therefore 511,136,857.
- (7) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
- (8) Any member attending the meeting has the right to ask questions. The company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.

A copy of this notice, and other information required by s311A of the Companies Act 2006, can be found at [www.mcglc.com](http://www.mcglc.com).

