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

This document comprises: (i) a circular prepared in accordance with the Listing Rules made under section 73A of the FSMA for the purpose of the General Meeting convened pursuant to the Notice of General Meeting set out at the end of this document; and (ii) a prospectus relating to Kier Group plc ("**Kier**" or the "**Company**") prepared in accordance with the prospectus regulation rules of the UK Financial Conduct Authority (the "**FCA**") made under section 73(A) of the FSMA (the "**Prospectus Regulation Rules**").

The prospectus contained herein has been approved by the FCA, as competent authority under Regulation (EU) 2017/1129 (as it forms part of retained European Union ("**EU**") law as defined in the EU (Withdrawal) Act 2018) (the "**Prospectus Regulation**"). The FCA only approves the prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation; such approval should not be considered as an endorsement of the issuer that is, or the quality of the securities that are, the subject of this prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

This document together with the documents incorporated into it by reference (as set out in Part XI of this document) will be made available to the public in accordance with Prospectus Regulation Rule 3.2.1 by the same being made available, free of charge, at www.kier.co.uk and at the Company's registered office at 81 Fountain Street, Manchester, England M2 2EE.

If you sell or have sold or have otherwise transferred all of your Shares (other than ex-entitlement) held in certificated form before 8.00 a.m. (London time) on 14 May 2021 (the "**Ex-Entitlement Date**"), please send this document, together with the Application Form, if and when received, at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including but not limited to the United States or any of the Excluded Territories. If you sell or have sold or have otherwise transferred all or some of your Existing Shares (other than ex-entitlement) held in uncertificated form before the Ex-Entitlement Date, a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate number of Open Offer Entitlements and Excess Open Offer Entitlements to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of Existing Shares (other than ex-entitlement) held in certificated form before the Ex-Entitlement Date, you should refer to the instruction regarding split applications in Part III of this document and in the Application Form.

The directors of Kier Group plc (the "**Company**") (the "**Directors**"), whose names appear on page 35 of this Prospectus and the Company accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and the Company, the information contained in this Prospectus is in accordance with the facts and this Prospectus contains no omission likely to affect its import.

The distribution of this document, any other offering or publicity material relating to the Firm Placing and Placing and Open Offer and/or any Application Form and/or the transfer of New Shares into jurisdictions other than the United Kingdom, may be restricted by law and therefore persons into whose possession this document and/or accompanying documents comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. In particular, subject to certain exceptions, this document, the enclosures and the Application Form and any other such documents should not be distributed, forwarded to or transmitted in or into the United States or the Excluded Territories.

KIER

Kier Group plc

(incorporated and registered in England and Wales with registered number 02708030)

Firm Placing of 141,851,386 Firm Placing Shares at 85 pence each
Placing and Open Offer of 141,851,386 Open Offer Shares at 85 pence each
Notice of General Meeting

Financial Adviser and Sponsor	*Joint Bookrunner*	*Joint Bookrunner*
Rothschild & Co	**Numis Securities Limited**	**Peel Hunt LLP**

The Shares are listed on the premium listing segment of the Official List maintained by the FCA and traded on the London Stock Exchange's main market for listed securities. Applications will be made to the FCA and to the London Stock Exchange for the New Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities, respectively (together, "**Admission**"). It is expected that Admission will become effective and that dealings on the London Stock Exchange in the New Shares will commence at 8.00 a.m. (London time) on 18 June 2021.

Your attention is drawn to the letter of recommendation from the Chairman which is set out in Part I of this document. Your attention is also drawn to the section headed "Risk Factors" at the beginning of this document, which sets out certain risks and other factors that should be considered by Shareholders when deciding on what action to take in relation to the Firm Placing and Placing and Open Offer, and by others when deciding whether or not to subscribe for New Shares.

The New Shares and the Application Forms will not be registered or qualified for distribution to the public under the securities laws of the United States or any Excluded Territory and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within such jurisdictions. There will be no public offer in the United States or any of the Excluded Territories.

Rothschild & Co, Numis Securities Limited ("**Numis**") and Peel Hunt LLP ("**Peel Hunt**" and together with Numis, the "**Joint Bookrunners**") are each authorised and regulated in the United Kingdom by the FCA. Each of Rothschild & Co and the Joint Bookrunners is acting exclusively for the Company and no one else in connection with the Firm Placing and Placing and Open Offer and Admission, will not regard any other person (whether or not a recipient of this document) as its client in relation to the Firm Placing and Placing and Open Offer or Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, or for providing advice, in relation to the Firm Placing and Placing and Open Offer, Admission or any other transaction or arrangement referred to herein.

None of Rothschild & Co, the Joint Bookrunners or their respective affiliates accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification, or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the New Shares, the Application Form or the Firm Placing and Placing and Open Offer or any other transaction or arrangement referred to herein. Each of Rothschild & Co, the Joint Bookrunners and their respective affiliates accordingly disclaim, to the fullest extent permitted by applicable law, all and any duty, liability, or responsibility whatsoever whether arising in tort, contract or otherwise, which they might otherwise have in respect of this document or any such statement. No representation or warranty, express or implied, is made by any of Rothschild & Co, the Joint Bookrunners or any of their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this document, and nothing in this document will be relied upon as a promise or representation in this respect, whether or not to the past or future, provided that nothing in this paragraph shall seek to exclude or limit any responsibilities or liabilities which may arise under the FSMA or the regulatory regime established thereunder.

The contents of this document are not to be construed as legal, business, financial or tax advice. Each investor or prospective investor should consult their own legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice.

It is expected that Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, those with registered addresses in the United States or the Excluded Territories) will be sent an Application Form on 17 May 2021, and that Qualifying CREST Shareholders (other than, subject to certain exceptions, those with registered addresses in the United States or the Excluded Territories) will receive a credit to their appropriate stock accounts in CREST in respect of the New Shares to which they are entitled on 18 May 2021. The New Shares so credited are expected to be enabled for settlement by Euroclear as soon as practicable after Admission.

The Joint Bookrunners may, in accordance with applicable legal and regulatory provisions and subject to the Underwriting Agreement, engage in transactions in relation to the Shares (including New Shares) and/or related instruments for their own account for the purpose of hedging their underwriting exposure or otherwise. Accordingly, references in this document to Shares (including New Shares) being offered or sold should be read as including any offering or sale of Shares (including New Shares) to the Joint Bookrunners or any of their respective affiliates acting in such capacity. In addition, either Joint Bookrunner and its respective affiliates may enter into financing arrangements (including swaps, warrants or margin loans) with investors in connection with which such Joint Bookrunner or its respective affiliates may from time to time acquire, hold or dispose of Shares (including New Shares). Except as required by applicable law or regulation, the Joint Bookrunners and their respective affiliates do not propose to make any public disclosure in relation to such transactions.

Each of the Joint Bookrunners and their respective affiliates may have engaged in transactions with, and may provide various investment banking, financial advisory and other services for, the Company for which they would have received customary fees. Each of the Joint Bookrunners and their respective affiliates may provide such services to the Company and any of its affiliates in the future.

The latest time and date for acceptance and payment in full for the Open Offer Shares Qualifying Shareholders is expected to be 11.00 a.m. on 14 June 2021. The procedures for acceptance and payment are set out in Part III of this document and, for Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, those with registered addresses in the United States or the Excluded Territories) also in the Application Form. Overseas Shareholders with registered addresses in the United States or the Excluded Territories should refer to paragraph 8 of Part III of this document.

Notice to investors and Shareholders in the United States and Excluded Territories

The New Shares have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") or under any securities laws of any state or other jurisdiction of the United States and may not be offered or sold directly or indirectly in or into the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the New Shares in the United States.

The New Shares are being offered (i) outside the United States in "offshore transactions" as defined in, and in accordance with, Regulation S under the Securities Act; and (ii) in the United States to persons reasonably believed to be "qualified institutional buyers", as defined in Rule 144A under the Securities Act ("**QIBs**") who are subscribing for the New Shares in private placement transactions pursuant to Section 4(a)(2) of the Securities Act, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. Prospective purchasers are notified that sellers of the New Shares are relying upon an exemption from the registration requirements of Section 5 of the Securities Act.

In addition, until 40 days after the commencement of the offering of the New Shares, an offer, sale or transfer of the New Shares within the United States by any dealer (whether or not participating in the Capital Raise) may violate the registration requirements of the Securities Act.

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

Subject to certain exceptions, this document does not constitute an offer of the New Shares to any person with a registered address, or who is resident or located in the United States or any of the Excluded Territories. The New Shares have not been and will not be registered under the relevant laws of any state, province or territory of the United States or any of the Excluded Territories and may not be offered, sold, resold, taken up, transferred, delivered or distributed, directly or indirectly within the United States or any Excluded Territory except pursuant to an applicable exemption from registration requirements.

Notice to all Investors

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in this document for any purpose other than considering an investment in the New Shares is prohibited. By accepting delivery of this document, each offeree of the New Shares agrees to the foregoing.

The distribution of this document and/or the Application Form and/or the transfer of the New Shares into jurisdictions other than the United Kingdom may be restricted by law. Persons into whose possession these 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, subject to certain exceptions, such documents should not be distributed, forwarded to or transmitted in or into the United States or the Excluded Territories. The New Shares and the Application Forms are not transferable, except in accordance with, and the distribution of this document is subject to, the restrictions set out in paragraph 8 of Part III of this document. No action has been taken by the Company, or by Rothschild & Co or the Joint Bookrunners, that would permit an offer of the New Shares or rights thereto or possession or distribution of this document or any other offering or publicity material or the Application Forms in any jurisdiction where action for that purpose is required, other than in the United Kingdom.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company or by Rothschild & Co or the Joint Bookrunners. Neither the delivery of this document nor any subscription or sale made hereunder shall, under 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 this document is correct as at any time subsequent to its date.

Without limitation, the contents of the Group's websites do not form part of this document.

Capitalised terms have the meanings ascribed to them in Part XII of this document.

Information to Distributors

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the New Shares have been subject to a product approval process, which has determined that the New Shares are: (a) 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 Chapter 3 of the FCA Handbook Conduct of Business Sourcebook; and (b) eligible for distribution through all permitted distribution channels (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, "distributors" (for the purposes of the UK Product Governance Requirements) should note that: the price of the New Shares may decline and investors could lose all or part of their investment; the New Shares offer no guaranteed income and no capital protection; and an investment in the New 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 any contractual, legal or regulatory selling restrictions in relation to the offer of New Shares. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (i) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (ii) 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 Shares.

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

Solely for the purposes of the product governance requirements contained within: (i) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II (as it forms part of retained EU law as defined in the EU (Withdrawal) Act 2018); and (iii) 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 Shares have been subject to a product approval process, which has determined that they are: (a) 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 (b) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**MiFID II Target Market Assessment**"). Notwithstanding the MiFID II Target Market Assessment, Distributors should note that: the price of the New Shares may decline and investors could lose all or part of their investment; the New Shares offer no guaranteed income and no capital protection; and an investment in the New 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 MiFID II Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the offer of New Shares. Furthermore, it is noted that, notwithstanding the MiFID II Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the MiFID II Target Market Assessment does not constitute: (i) an assessment of suitability or appropriateness for the purposes of MiFID II; or (ii) 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 Shares.

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

WHERE TO FIND HELP

Part II of this document answers some of the questions most often asked by shareholders about placings and open offers. If you have further questions, please call Link Group 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 9.00 a.m.–5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

This document is dated 13 May 2021.

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SUMMARY

A. INTRODUCTION AND WARNINGS

A.1.1 **Name and international securities identifier number (ISIN) of the securities**

The name of the issuer is Kier Group plc and the ISIN code of the Shares is GB0004915632.

A.1.2 **Identity and contact details of the issuer, including their legal entity identifier (LEI)**

The Company is incorporated and registered in England and Wales as a public limited company, limited by shares. Its registered office is situated at 81 Fountain Street, Manchester M2 2EE, and its registered number is 02708030. The Company's telephone number is +44 (0) 1933 376 000 and its LEI is 2138002RKCU2OM4Y7O48.

A.1.3 **Identity and contact details of the competent authority approving the prospectus**

This document has been approved by the FCA, as competent authority in the United Kingdom, with its head office at 12 Endeavour Square, London E20 1JN, United Kingdom, and telephone number +44 (0) 2070 661 000, in accordance with the Prospectus Regulation.

A.1.4 **Date of approval of the document**

This document was approved as a prospectus by the FCA on 13 May 2021.

A.1.5 **Warning**

This summary has been prepared in accordance with Article 7 of the Prospectus Regulation and should be read as an introduction to the prospectus. Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor. Any investor could lose all or part of their invested capital. 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 prospectus or if it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in the securities.

B. KEY INFORMATION ON THE ISSUER

B.1 **Who is the issuer of the securities?**

B.1.1 ***Domicile, legal form, Legal Entity Identifier (LEI), jurisdiction of incorporation and country of operation***

The Company was incorporated and registered in England and Wales on 21 April 1992, with registered number 02708030, as a company limited by shares under the Companies Act 1948 to 1986, with the name De facto 265 Limited, which was subsequently changed to Kier Group Limited on 10 June 1992. The Company was re-registered as Kier Group plc on 6 July 1992.

The Company is domiciled in the United Kingdom and its registered office is at 81 Fountain Street, Manchester M2 2EE. The Company's main telephone number is +44 (0) 1933 376 000.

The Company's LEI is 2138002RKCU2OM4Y7O48.

The principal legislation under which the Company operates is the Companies Act.

B.1.2 ***Principal activities***

Kier is a leading infrastructure services and construction group, operating within a range of sectors, including health, education, defence, justice, transport, utilities and rail, and employs approximately 13,000 people.

As at 31 December 2020, the Group's orderbook was £8.0 billion, including £1.7 billion in Highways, £1.3 billion in Utilities, £1.5 billion in Infrastructure and £2.2 billion in Regional Building. Approximately 75 per cent. of the Group's core Infrastructure Services and Construction businesses' orderbook related to work for Government Departments or quasi-governmental entities and a further approximately 15 per cent. related to the provision of services to regulated entities.

Kier reports its results of operations in three segments, as follows:

- *Infrastructure Services*—this segment comprises the following businesses: Highways, Infrastructure and Utilities. Infrastructure Services designs, constructs and maintains strategic and local road networks; repairs and maintains essential services to the water, energy, telecoms and rail sectors; and manages high value construction and civil engineering projects across a number of sectors such as nuclear, roads and rail. For the financial year ended 30 June 2020, Infrastructure Services' revenue was £1.5 billion (six months ended 31 December 2020: £672.6 million);

- *Construction*—this segment comprises the following businesses: Regional Building, Strategic Projects, Kier Places (Housing Maintenance and Facilities Management), and International. Kier is a leading UK national builder, providing project delivery for the public and private sectors across a number of sectors including education, health, justice and defence. For the financial year ended 30 June 2020, Construction's revenue (including joint ventures) was £1.8 billion (six months ended 31 December 2020: £902.6 million); and
- *Property*—this segment comprises the Property business. The Property business invests and develops schemes and sites across the United Kingdom. For the financial year ended 30 June 2020, Property revenue (including share of joint ventures) was £120.3 million (six months ended 31 December 2020: £46.1 million).

B.1.3 ***Major shareholders***

Insofar as the Company had been notified under the Disclosure Guidance and Transparency Rules, the names of the persons who, directly or indirectly, have an interest in three per cent. or more of the Company's issued share capital, and their respective interests, as at 10 May 2021 (being the latest practicable date prior to the date of this document) (based solely on the latest notifications that have been made to the Company by the relevant shareholder) are as follows:

Name[1]	Number of Shares	Percentage of Share Capital
M&G Plc	16,104,591	9.93
Standard Life Aberdeen plc	14,542,322	8.97
BlackRock, Inc.	5,708,753	5.85
Aviva plc	8,576,839	5.29
Brewin Dolphin Limited	4,882,507	5.01
Charles Stanley Group plc	4,889,406	5.00
Rathbone Investment Management Limited	4,806,430	4.93
Schroders plc.	2,635,610	4.75
Norges Bank	2,947,767	3.03

So far as the Company is aware, the Company is not directly or indirectly owned or controlled by another corporation, any foreign government or any other natural or legal person, severally or jointly.

None of the major Shareholders referred to above has different voting rights from other Shareholders.

So far as the Company is aware, immediately following the Firm Placing and Placing and Open Offer, the interests of those persons set out above with an interest in three per cent. or more of the Company's issued share capital (assuming: (i) full take-up by such persons of: (a) their entitlements under the Placing and Open Offer; and (b) any Firm Placing Shares allocated to such persons under the Firm Placing; and (ii) that no Shares are issued in respect of options exercised under the Company's Sharesave Scheme are exercised between the date of this document and Admission becoming effective) will be as follows:

Name[2]	Number of Shares	Percentage of Share Capital
M&G Plc	40,892,848	9.13%
Standard Life Aberdeen plc	37,749,137	8.42%
BlackRock, Inc.	27,196,289	6.07%
1798 Volantis – Lombard Odier Asset Management (Europe) Limited	24,422,012	5.45%
Aviva plc	23,273,496	5.19%
Schroders plc	22,588,826	5.04%
Charles Stanley Group plc	–	<3.00%
Brewin Dolphin Limited	–	< 3.00%
Rathbones Investment Management Limited	–	< 3.00%
Norges Bank	–	< 3.00%

B.1.4 ***Key managing directors***

Andrew Davies is the Chief Executive and Simon Kesterton is the Chief Financial Officer of the Company.

B.1.5 ***Identity of statutory auditors***

PricewaterhouseCoopers LLP, a member firm of the Institute of Chartered Accountants in England and Wales with its address at 1 Embankment Place, London, United Kingdom, WC2N 6RH, is the statutory auditor to the Company.

[1] The most recent notification received by the Company from Woodford Investment Management Limited in July 2019 indicated a shareholding of 22,901,145 Shares, which would represent 14.12 per cent. of the Company's issued share capital as at 10 May 2021 (being the latest practicable date prior to the publication of this document). Although the Company believes that the number of Shares held by Woodford Investment Management Limited has decreased significantly since that time, it has not received an updated notification of change in shareholding pursuant to the Disclosure Guidance and Transparency Rules.

[2] In accordance with its obligations under Disclosure Guidance and Transparency Rule 5, the Company will release via a Regulatory Information Service any updates to the interests of major shareholders notifiable under Disclosure Guidance and Transparency Rule 5 in connection with the Capital Raise as soon as possible and in any event by the end of the trading day after it receives such a notification.

B.2 ***What is the key financial information regarding the issuer?***

The tables below set out the Group's summary financial information for the periods indicated, as reported in accordance with IFRS as adopted by the EU. The consolidated financial information for the Group for the three financial years ended 30 June 2020, 2019 and 2018 has been extracted without material adjustment from the consolidated financial statements included in the Group Annual Report and Accounts for 2020, 2019 and 2018 respectively, except as noted herein. The consolidated financial information for the Group for the six-month periods ended 31 December 2020 and 2019 has been extracted without material adjustment from the unaudited consolidated interim financial statements included in the Group's interim statement for the six months ended 31 December 2020, except as noted herein.

Summary Consolidated Income Statement Data

	Six months ended 31 December		Financial year ended 30 June		
	2020	**2019**	**2020**	**2019[(1)]**	**2018**
			(£ millions)		
	(unaudited)				
Group revenue	**1,617.1**	**1,819.2**	**3,422.5**	**3,951.1**	**4,239.6**
Cost of sales	(1,459.4)	(1,657.7)	(3,220.4)	(3,659.7)	(3,837.7)
Gross profit	**157.7**	**161.5**	**202.1**	**291.4**	**401.9**
Administrative expenses	(124.3)	(191.3)	(391.7)	(504.6)	(313.7)
Profit/(loss) from operations	**28.8**	**(24.4)**	**(195.6)**	**(203.5)**	**134.4**
Profit/(loss) before tax	**9.0**	**(41.2)**	**(225.3)**	**(229.5)**	**106.2**
Taxation	(1.9)	5.4	53.4	35.7	(17.7)
Profit/(loss) for the period from continuing operations	**7.1**	**(35.8)**	**(171.9)**	**(193.8)**	**88.5**
Profit/(loss) for the period	**5.3**	**(91.3)**	**(273.3)**	**(209.2)**	**87.5**

Note:
(1) As presented in the 2020 Financial Statements. Comparative information for the year ended 30 June 2019 has been re-presented to classify the Living division, which was held for sale at 30 June 2020, as a discontinued operation.

Summary Consolidated Balance Sheet Data

	As at 31 December	As at 30 June		
	2020	**2020**	**2019**	**2018[(1)]**
		(£ millions)		
	(unaudited)			
Assets				
Non-current assets	1,262.5	1,323.3	1,247.6	1,283.8
Current assets	931.2	972.5	1,379.6	1,524.3
Assets held for sale as part of a disposal group	234.8	196.7	14.6	1.3
Total assets	**2,428.5**	**2,492.5**	**2,641.8**	**2,809.4**
Liabilities				
Current liabilities	(1,228.7)	(1,181.7)	(1,501.4)	(1,558.2)
Liabilities held for sale as part of a disposal group	(124.8)	(81.7)	(1.5)	(3.4)
Non-current liabilities	(885.7)	(988.3)	(619.3)	(646.7)
Total liabilities	**(2,239.2)**	**(2,251.7)**	**(2,122.2)**	**(2,208.3)**
Net assets	**189.3**	**240.8**	**519.6**	**601.1**
Equity				
Equity attributable to equity holders of the parent	189.8	240.7	519.1	599.4
Non-controlling interests	(0.5)	0.1	0.5	1.7
Total equity	**189.3**	**240.8**	**519.6**	**601.1**

Note:
(1) As presented in the 2019 Financial Statements. Comparative information for the year ended 30 June 2018 has been re-presented to re-classify £15.2 million of Other financial assets from current assets to non-current assets.

Summary Consolidated Statement of Cash Flows Data

	Six months ended 31 December		Financial year ended 30 June		
	2020	**2019**	**2020**	**2019[(1)]**	**2018**
	(unaudited)		*(£ millions)*		
Net cash (outflow)/inflow from operating activities	(2.9)	(42.6)	(71.7)	(82.7)	130.3
Net cash (used in)/from investing activities	(7.0)	1.9	(7.2)	(96.8)	(106.3)
Net cash (used in)/from financing activities	(72.6)	122.0	176.7	159.4	(191.4)
(Decrease)/Increase in cash, cash equivalents and overdraft	(82.5)	81.3	97.8	(20.1)	(167.4)
Effect of change in foreign exchange rates	(2.8)	(2.2)	4.4	0.9	(1.5)
Opening cash, cash equivalents and overdraft	413.9	311.7	311.7	330.9	499.8
Closing cash, cash equivalents and overdraft	**328.6**	**390.8**	**413.9**	**311.7**	**330.9**

Note:

(1) As presented in the 2020 Financial Statements. Comparative information for the year ended 30 June 2019 has been re-presented to classify the Living division, which was held for sale at 30 June 2020, as a discontinued operation.

There are no qualifications in the audit opinions on the audited consolidated financial statements of the Company included in: (i) 2020 Annual Report and Accounts, as of and for the year ended 30 June 2020 (the "**2020 Financial Statements**"); (ii) the 2019 Annual Report and Accounts, as of and for the year ended 30 June 2019 (the "**2019 Financial Statements**"); and (iii) the 2018 Annual Report and Accounts, as of and for the year ended 30 June 2018 (the "**2018 Financial Statements**").

Pro Forma Financial Information

The unaudited pro forma financial information comprises:

(a) an unaudited pro forma statement of net assets, which has been prepared to illustrate the effect of the Firm Placing and Placing and Open Offer and the sale of Kier Living on the consolidated net assets of the Group at 31 December 2020 as if the foregoing had both occurred on 31 December 2020; and

(b) an unaudited pro forma income statement, which has been prepared to illustrate the effect of the Firm Placing and Placing and Open Offer and the Kier Living Disposal on the consolidated income statement of the Group for the year ended 30 June 2020 as if the foregoing had both occurred on 1 July 2019 (together the "**Unaudited Pro Forma Financial Information**").

The Unaudited Pro Forma Financial Information, which has been produced for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results. Such information may not, therefore, give a true picture of the Group's financial position or results of operations nor is it indicative of its future results.

The Unaudited Pro Forma Financial Information is presented on the basis of the accounting policies adopted by the Group in preparing the unaudited consolidated interim financial statements for the six months ended 31 December 2020 and the audited consolidated financial statements for the year ended 30 June 2020, as applicable, and in accordance with item 18.4.1 of Annex 1 to the Prospectus Delegated Regulation and section 3 of Annex 20 of the Prospectus Delegated Regulation (EU) 2019/980 (as it forms part of retained EU law as defined in the EU (Withdrawal) Act 2018) (the "**Prospectus Delegated Regulation**").

The unaudited consolidated pro forma net assets as at 31 December 2020 were £391.4 million.

The unaudited consolidated pro forma loss before tax for the year ended 30 June 2020 was £247.6 million.

B.3 **What are the key risks that are specific to the issuer?**

The COVID-19 pandemic has materially and adversely affected the Group's business and the ultimate impact on its business and financial results will depend on future developments.

Global economic conditions or other macroeconomic or political developments in the geographic regions and markets in which the Group operates may adversely affect its business, financial condition and results of operations.

The Group operates in highly competitive markets.

The Group depends on UK government customers and other UK public sector bodies and agencies for a substantial proportion of its revenues.

Changes in governments' budgets, policies and investment levels may adversely affect the Group's business, financial condition and results of operations.

The conditions and covenants contained in the Group's financing arrangements limit its financial and operating flexibility.

If the Principal Debt Facilities Stage 2 Amendments do not become effective, the Group could be required to source alternate financing arrangements, which could increase costs or restrict operating activities compared to Principal Debt Facilities.

The Group may not be successful in the implementation of its strategic actions or any additional or replacement strategy or strategic actions.

Contracts are subject to the risks associated with pricing, cost overruns and delays, contract management, as well as risks associated with delays in payment by customers.

Failure to successfully defend claims made by customers, suppliers or sub-contractors, or failure to recover adequately on claims made against customers, suppliers or sub-contractors, could materially adversely affect the Group's business, financial condition and results of operations.

Failure to meet customer expectations on project delivery could result in reputational damage and/or loss of repeat business and potentially lead to litigation.

Failure or security breaches of information technology ("**IT**") systems and/or data security may result in losses for the Group.

C. KEY INFORMATION ON THE SECURITIES

C.1 What are the main features of the securities?

C.1.1 *Type, class, ISIN*

Pursuant to the Capital Raise, the Company is proposing to offer 284,049,829 New Shares at an Issue Price of 85 pence per New Share, comprising 141,851,386 Firm Placing Shares, 141,851,386 Open Offer Shares and 347,057 Subscription Shares. Each New Share is expected to be issued at a premium of 8,400 per cent. to its nominal value of 1 pence. When admitted to trading, the New Shares will be registered with ISIN number GB0004915632 and SEDOL number 0491563.

C.1.2 *Currency, denomination, par value, number of securities issued and duration*

The New Shares are denominated in United Kingdom pounds sterling.

On 10 May 2021 (being the latest practicable date prior to the publication of this document), the Company had 162,115,870 Shares of 1 pence each and the nominal share capital of the Company amounted to £1,621,158.70.

C.1.3 *Rights attached to the securities*

The New Shares will, when issued and fully paid, rank equally in all respects with the Existing Shares, including the right to receive all dividends and other distributions made, paid or declared after the date of issue of the New Shares.

C.1.4 *Rank of securities in the issuers' capital structure in the event of insolvency*

The Shares do not carry any rights as respects to capital to participate in a distribution (including on a winding-up) other than those that exist as a matter of law.

C.1.5 *Restrictions on the free transferability of the securities*

There are no restrictions on the free transferability of the Shares.

C.1.6 *Dividend or pay-out policy*

Following completion of the Capital Raise, and recognising the importance of the Group maintaining a strong and growing capital base, Kier will target a sustainable dividend cover of around three times earnings through the cycle.

C.2 **Where will securities be traded?**

Applications will be made to the FCA and to the London Stock Exchange for the New Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities, respectively. It is expected that Admission will become effective on 18 June 2021 and that dealings on the London Stock Exchange in New Shares will commence as soon as practicable after 8.00 a.m. on that date.

C.3 **What are the key risks that are specific to the securities?**

Prospective investors and Shareholders should be aware that there may be possible volatility in the price of the Shares.

A trading market for the New Shares may not develop.

Shareholders will experience dilution in their ownership of Kier as a result of the Capital Raise.

D. KEY INFORMATION ON THE ADMISSION TO TRADING ON A REGULATED MARKET

D.1 **Under which conditions and timetable can I invest in this security?**

The Company is proposing to raise proceeds of approximately £228.7 million (net of fees, costs and expenses) by way of:

(i) a Firm Placing of 141,851,386 Firm Placing Shares;

(ii) a Placing and Open Offer of 141,851,386 Open Offer Shares; and

(iii) Director Subscriptions of 347,057 Subscription Shares,

in each case at an Issue Price of 85 pence per New Share. The New Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Shares, including for dividends.

The Issue Price of 85 pence per New Share represents a 17.0 per cent. discount to the Closing Price.

The Firm Placing

The Firm Placees have conditionally agreed to subscribe for 141,851,386 Firm Placing Shares at 85 pence per Firm Placing Share (representing gross proceeds of £120.6 million). The Firm Placing is fully underwritten by the Joint Bookrunners on the terms and subject to the conditions of the Underwriting Agreement.

The Placing and Open Offer

Under the Open Offer, Qualifying Shareholders are being given the opportunity to subscribe for Open Offer Shares at the Issue Price pro rata to their Existing Holdings on the basis of 7 Open Offer Shares for every 8 Existing Shares held by them and registered in their name at the Record Date (and so in proportion to any other number of Existing Shares then held) on the terms and subject to the conditions set out in this document (and, in the case of Qualifying Non-CREST Shareholders, the Application Form). Qualifying Shareholders are also being offered the opportunity to apply for additional Open Offer Shares in excess of their Open Offer Entitlement to the extent that other Qualifying Shareholders do not take up their own Open Offer Entitlements in full. The Placing and Open Offer is fully underwritten by the Joint Bookrunners on the terms and subject to the conditions of the Underwriting Agreement.

Conditions

The Firm Placing and Placing and Open Offer are conditional, *inter alia*, upon:

1. the Resolutions having been passed by Shareholders at the General Meeting;
2. the Underwriting Agreement having become unconditional in all respects, save for the condition relating to Admission, and not having been terminated in accordance with its terms before Admission occurs; and
3. completion under the sale and purchase agreement relating to the Kier Living Disposal having occurred (including the Company having received the proceeds due to it in respect of the Kier Living Disposal); and
4. Admission having become effective by not later than 8.00 a.m. on 18 June 2021 (or such later time and/or date as the Joint Bookrunners, the Sponsor and Kier may agree, not being later than 25 June 2021).

If any of the conditions are not satisfied or, if applicable, waived, then the Capital Raise will not take place.

Expected Timetable

It is expected that Admission of the New Shares will become effective and that unconditional dealings will commence at 8.00 a.m. on 18 June 2021.

Dilution

If a Qualifying Shareholder who is not a Placee does not (or is not permitted to) take up any of his Open Offer Entitlements, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 63.7 per cent. as a result of the Capital Raise.

If a Qualifying Shareholder who is not a Placee takes up his Open Offer Entitlement in full and does not apply for any Open Offer Shares under the Excess Application Facility, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 31.9 per cent. as a result of the Capital Raise.

If a Qualifying Shareholder who is not a Placee takes up (i) its Open Offer Entitlement in full, and (ii) the maximum additional amount available to it under the Excess Application Facility (equal to its Open Offer Entitlement), such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 0.1 per cent. as a result of the Capital Raise.

Fees, costs and expenses

The aggregate expenses of, or incidental to, the Firm Placing and Placing and Open Offer to be borne by the Company are estimated to be approximately £12.7 million, which the Company intends to pay out of the proceeds of the Firm Placing and Placing and Open Offer. Investors will not be charged expenses by the Company in respect of the Firm Placing and Placing and Open Offer.

D.2 **Why is this document being produced?**

The Company proposes to issue 284,049,829 New Shares in connection with the Capital Raise. The Firm Placing and Placing and Open Offer are fully underwritten by the Joint Bookrunners on the terms and subject to the conditions of the Underwriting Agreement.

The Group intends to use the net proceeds from the Capital Raise of £228.7 million as follows:

- £144.4 million will be used to prepay a portion of the balance outstanding under the 2017 RCF Facility and associated fees payable to the lenders pursuant to the RCF Stage 3 Amendment;
- £43.4 million will be used to repay balances outstanding under the Second *Schuldschein* Loan Agreement and the Fourth *Schuldschein* Loan Agreement and associated fees payable to the lenders pursuant to the 13 April 2021 amendments thereto;
- £16.5 million will be used to make payments to holders of the 2012 Notes and 2014 Notes in respect of certain principle amounts outstanding under the 2014 Notes and associated fees on the 2012 Notes and 2014 Notes payable to the lenders pursuant to the 2012 Stage 3 Amendment and the 2014 Stage 3 Amendment, respectively;
- £6.8 million will be used to pay other fees associated with the Principal Debt Facilities Amendments;
- £0.7 million will be used to pay an additional contribution to the trustee of the Group's pension schemes; and
- £16.9 million will be retained within the Group's cash reserves.

Material interests

There are no interests, including any conflicting interests, known to the Company that are material to the Company or the Capital Raise.

RISK FACTORS

The Capital Raise and any investment in the New Shares are subject to a number of risks. Accordingly, prospective investors and Shareholders should carefully consider the factors and risks associated with any investment in the New Shares, Kier and the industries, sector or markets in which it operates, together with all other information contained or incorporated by reference into this document, including, in particular, the risk factors described below, and their personal circumstances prior to making any investment decision. Some of the following factors relate principally to Kier's business; other factors relate principally to the Capital Raise. The business, operating results, performance, financial condition and prospects of Kier could be materially and adversely affected by any of the risks described below. In such case, the market price of the New Shares may decline and investors may lose all or part of their investment.

Prospective investors and Shareholders should note that the risks relating to Kier and the industries, sectors or markets in which it operates and the risks relating to the New Shares summarised in the section of this document headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor or Shareholder of whether to invest in the New Shares. However, prospective investors and Shareholders should consider not only the information on the key risks summarised in the section of this document headed "Summary" but also, among other things, the risks described below.

The following is not an exhaustive list or explanation of all risks which investors and Shareholders may face when making an investment in the New Shares and should be used as guidance only. Additional risks relating to Kier that are not currently known to the Directors or the Company, or that they currently deem or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, financial condition and results of operations and, if any such risk should occur, the price of the New Shares may decline and prospective investors and Shareholders could lose all or part of their investment. Prospective investors and Shareholders should consider carefully whether an investment in the New Shares is suitable for them in the light of the information in this document and their personal circumstances.

None of the statements made in the risk factors that follow in any way qualify the Company's working capital statement contained in paragraph 22 of Part X of this document.

Risks relating to the business and industries in which the Group operates

The COVID-19 pandemic has materially and adversely affected the Group's business and its ultimate impact on the Group's business and financial results will depend on future developments.

The ongoing outbreak of a novel strain of coronavirus, COVID-19, has spread rapidly and globally across multiple countries around the world, including the United Kingdom. COVID-19 and measures taken in response to it have caused significant social, economic and financial disruption and protracted volatility in international markets and have materially and adversely affected business operations across most public and private sectors.

The COVID-19 pandemic has had a significant impact on the Group's performance, including materially affecting the Group's turnover, profit and working capital in the final quarter of the financial year ended 30 June 2020. During this period, the Group developed revised site operating procedures, which follow Government guidance, and has subsequently continued to operate its sites through the recent national lockdowns in late 2020 and the first quarter of calendar year 2021.

In response, the Group has assessed and implemented, and expects to continue to assess and implement, various measures to offset the historic and potential future impact of COVID-19. These measures include (among others) undertaking the Capital Raise; agreeing waivers under the Principal Debt Facilities with respect to financial covenant compliance for the test periods ended 30 June 2020, and agreeing to certain changes in Principal Debt Facilities applicable to subsequent test periods; agreeing waivers under its First *Schuldschein* Loan Agreement, Second *Schuldschein* Loan Agreement and Fourth *Schuldschein* Loan Agreement for the test periods ended 30 June 2020 and 31 December 2020; asking approximately 6,500 employees to take a temporary pay reduction for the three-month period ended 30 June 2020; furloughing approximately 2,000 employees under the Government's Coronavirus Job Retention Scheme (with no employees now remaining on furlough and the Group having not benefited from such scheme since 30 June 2020); and accelerating the closure of the Group's head office at Tempsford Hall with effect from 30 April 2020. Nonetheless, the economic and operating environment remains more uncertain as a result of COVID-19, and this uncertainty could result in delays in new work being tendered and new projects starting across all of its divisions, delays in the completion of existing secured and in-progress projects, and incremental costs and reduced margins on projects. The Group has taken these assumptions into account when developing the reasonable worst-case scenario as part of evaluating its present working capital requirements, that is, for at least 12 months from the date of this document, reflecting the following sensitivities:

- Reductions in revenues, attributable to delays in tendering and/or completion of projects, leading to a reduction in adjusted operating profit of 21 per cent. in the financial year ending 30 June 2021, 34 per cent. in the financial year ending 30 June 2022 and 36 per cent. in the six months ending 31 December 2022, compared to the Group's internal adjusted operating profit projections; and
- Additional reductions in adjusted operating profits, as a result of incremental costs and reduced margins on projects, of 25 per cent. in the financial year ending 30 June 2021, 9 per cent. in the financial year ending 30 June 2022 and 17 per cent. in the six months ending 31 December 2022, compared to the Group's internal projections, the impact of which is mitigated by the release of applicable contingencies and other actions within management's control, including non-payment of bonus and payroll savings, to reduce the Group's cost base by 31 per cent. in the financial year ending 30 June 2021, 33 per cent. in the financial year ending 30 June 2022 and 40 per cent. in the six months ending 31 December 2022, compared to the Group's internal adjusted operating profit projections.

The Group may not be successful in identifying and implementing further measures in the future and, given the uncertainty around the potential future impact of COVID-19 generally, there can be no assurance that any or all of the measures and initiatives taken or planned by the Group will provide it with sufficient working capital and/or liquidity to meet the Group's obligations in the longer term, (i.e., outside the period covered by the working capital statement set out on page 158).

As a result of the pandemic and its impact, certain clients and customers have sought to suspend work on Kier's projects, delay the award of projects or contracts to Kier, reduce or change the scope of the Group's projects or the services the clients or customers receive from the Group or not to pay the Group the additional costs relating to such projects or services which have arisen following COVID-19, which has had a material and adverse effect on the Group's revenue and profitability since the beginning of the COVID-19 pandemic. If restrictions or measures that affect the Group's operating procedures remain in place for a significant period of time, or recovery from the pandemic (including the roll-out of vaccines in key markets) does not progress as anticipated, clients or customers may terminate or cancel or fail to renew contracts with the Group and/or tender or bid processes and/or contract award decisions may be delayed or withdrawn and/or the Group may not be able to recover through its contracts with clients or customers the increased costs caused by COVID-19. The Group also faces potential exposure to bad debts as a result of its clients or customers seeking to introduce longer payment terms on the Group which may, in turn, materially and adversely affect the Group's liquidity, its financial condition and results of operations.

In addition, the extent to which the funding of the Group's public sector customers will be affected by COVID-19 over the longer term cannot currently be determined with accuracy. For example, the level of government support for or investment in projects or public services may decline, thereby causing a reduction in demand for the Group's services or materially and adversely affecting the terms on which those services are sought. See "*Changes in governments' budgets, policies and investment levels may adversely affect the Group's business, financial condition and results of operations.*"

The Group's business operations may also be disrupted if significant sections of its workforce are unable to work effectively, including because of illness, quarantines, government actions or other restrictions in connection with the pandemic. For example, the implementation of stricter physical distancing measures, or the extension or introduction of a subsequent period of lockdown, could affect the Group's ability to perform or provide its services.

The extent to which the COVID-19 pandemic impacts the Group's business, results of operations and financial condition will depend on future developments, which are highly uncertain, including the scope and duration of the pandemic and actions taken by governmental authorities and other third parties in response to it. If the pandemic continues to materially and adversely affect Kier for a prolonged period of time, or it increases in severity, it could have a material adverse effect on the Group's business, financial condition and results of operations.

Global economic conditions or other macroeconomic or political developments in the geographic regions and markets in which the Group operates may adversely affect its business, financial condition and results of operations.

The Group derives the significant majority of its revenue from the UK and this is expected to continue to be the case in the immediate future. The Group will, therefore, continue to be exposed to the impact of global and local economic conditions affecting the UK and may be adversely affected if the UK's economy deteriorates.

A significant change in the UK political landscape may result in a less favourable climate for private sector companies providing services to the public sector. Such a change may see public sector bodies "in-source" or nationalise certain assets or contracts. The Group undertakes a significant volume of work for public sector bodies; it may therefore be materially and adversely affected by any significant movements in the UK political landscape.

The Group also faces risks arising from the June 2016 UK referendum in which British citizens voted in favour of an exit from the European Union, commonly referred to as "Brexit". In March 2017, the United Kingdom gave notice of its intention to leave the EU under Article 50 of the Treaty on European Union. In October 2019, a withdrawal agreement (the "**Withdrawal Agreement**") setting out the terms of the United Kingdom's exit from the European Union, and a political declaration on the framework for the future relationship between the United Kingdom and European Union was agreed between the UK and EU governments. Following its formal departure from the European Union on 31 January 2020, the United Kingdom ceased trading as part of the European Union on 31 December 2020 following entry by the United Kingdom and the European Union into the EU-UK Trade and Cooperation Agreement (the "**EU-UK TCA**").

The impact of the United Kingdom's departure from the European Union and EU-UK TCA is highly uncertain and may result in significant macroeconomic deterioration, including, but not limited to, decreases in global stock exchange indices, trade wars, increased foreign exchange volatility (in particular a further weakening of the pound sterling and the euro against other leading currencies), decreasing consumer confidence and further decreases to the GDP in the United Kingdom. Brexit is also expected to lead to greater restrictions on the free movement of goods, services, people and capital, and increased regulatory complexities, between the UK and the remaining EU countries. For instance, EU nationals comprise an important part of the Group's employee and sub-contractor workforce, so if the free movement of EU nationals or their willingness to work in the UK were to be affected by Brexit, this could have a material adverse effect on the Group. The effects of Brexit could therefore materially and adversely affect the Group's operations and supply chain and increase the costs of imported construction materials, thereby adversely affecting the Group's financial performance and results of operations.

A decline in global or regional economic growth rates may also have an impact on the level of demand for the Group's services. Adverse or volatile economic conditions may affect liquidity and the availability of credit which may, in turn, influence customer spending on capital investment and/or other projects. Customer demand could also be affected by additional macroeconomic factors, including central and local government budgetary constraints, unemployment rates and consumer confidence. These factors may, in turn, be influenced by the political environment in the countries in which the Group operates. These factors may affect customers' ability and confidence to award or renew contracts and may lead to an increase in the number of customers who delay or terminate projects or are not willing to pay for the services provided. If the Group is unable to anticipate successfully changing economic or political conditions affecting the markets in which it operates, it may be unable to plan effectively for or respond to those changes, which, in turn, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group operates in highly competitive markets.

The Group operates in highly competitive markets in which contractors, service providers and suppliers typically compete for new work through a process of competitive tendering or bilateral negotiation. An entity's reputation, financial performance, capital structure and prior experience with a customer, together with the pricing of work, amongst other factors, will all have a bearing on winning new work. A failure by the Group to compete effectively could have a material adverse effect on its business, financial condition and results of operations.

The Group competes with international, national and local construction, services, property and house-building groups. Some of these groups are larger than Kier and/or may have greater technical and operating resources or capabilities and/or a superior financial profile. The sectors in which the Group operates are highly competitive with respect to, for example, price and service. In order to tender successfully for contracts, the Group may need to agree to lower prices or less favourable contract terms than it would typically or ideally expect to. The Group may also need to invest further in innovative technology and working practices to remain competitive against its peers.

There can be no assurances as to the Group's competitiveness or that it will win any additional market share from any of its competitors or maintain its current market share (or as to the terms on which it is able to do so). As a result of this competition, the Group may fail to win new contracts or may be unable to renew current contracts or may fail to win contracts on appropriate terms which are sufficiently profitable, thereby materially adversely affecting its business, financial condition and results of operations.

The Group depends on UK government customers and other UK public sector bodies and agencies for a substantial proportion of its revenues.

The Group derives a substantial proportion of its revenues from contracts with the UK government, its agencies and other public sector bodies.

With respect to some of the Group's largest public sector clients, there may be limited opportunities for growth. For instance, a significant public sector client of the Group, Highways England, currently limits the number of highway area maintenance contracts that contractors may hold, which may limit the Group's opportunities for growth in its business with Highways England in respect of additional highways maintenance contracts.

The Group expects that the UK government, its agencies and other public sector bodies will continue to account for a significant proportion of the Group's revenue for the foreseeable future. In order to bid for, enter into and perform contracts with such customers, the Group will need to continue to meet their eligibility standards. Failure to remain eligible to bid for contracts, or to satisfy other performance and financial stability criteria used by UK government customers and other public sector bodies when evaluating bidders, or to compare favourably to other bidders from a financial profile perspective, may place Kier at a competitive disadvantage when bidding for tenders for new contracts. The loss, expiration, suspension, cancellation or termination of any potential, current or future contracts, the failure to meet the necessary eligibility standards to contract with any such customer or the loss of reputation by the Group (including as a result of loss of reputation by other outsourcing service providers or service providers generally) could have a material adverse effect on the Group's business, financial condition and results of operations.

The UK government, its agencies and other public sector bodies have significant purchasing and bargaining power with suppliers and may use that power to seek to amend or renegotiate existing contracts to include, or be willing only to enter into contracts on, terms less favourable to contractors, including Kier, than may previously have been the case. Any such amendment or renegotiation may have an adverse effect on the Group's business, financial condition and results of operations.

The UK government monitors suppliers of strategic significance to it and/or the UK. This includes formal and informal audits, discussions with and reviews by a variety of governmental bodies. The UK government may impose improvement plans and other rules or restrictions around the performance of suppliers, which could require Kier to alter its existing practices, policies and procedures in respect of current or future work, which could require additional expenditure or management time to implement.

If the UK government, any of its agencies or other public sector bodies were to decrease the amount of business they undertake with the Group for any reason, introduce improvement plans or other requirements on private sector companies undertaking public sector or similar work, or if the Group's reputation or relationship with any of them were to be impaired, the Group's business, financial condition and results of operations could be materially adversely affected.

Changes in governments' budgets, policies and investment levels may adversely affect the Group's business, financial condition and results of operations.

Certain of the Group's operations are dependent on national and local government policies relating to maintaining and improving public infrastructure and buildings and outsourcing services to the private sector. For example, the orderbooks for the Group's Construction, Infrastructure, Utilities and Highways businesses depend upon the level of expenditure in the public sector.

National and/or local government bodies may decide in the future to change their priorities and programmes, including by reducing, delaying or cancelling present or future investment in publicly funded infrastructure projects, reducing the level of services to be outsourced to private contractors or by decreasing or cancelling expenditure in other areas in which the Group would expect to operate. Additionally, a change in a national or local governing party could also result in changes in national and local government policies or priorities and/or a reduction, delay or cancellation of investment in the funding of public sector projects.

The UK government has undertaken significant action in response to the COVID-19 pandemic, including heightened public expenditure in a variety of areas from infrastructure investment to business and employment support. The impact of this expenditure on future public sector activity cannot be determined with accuracy. In addition, the broader macroeconomic impact of the pandemic over the longer term may lead to other changes to UK government policy or expenditure, which may lead to changes in demand for the Group's services.

Any such reduction, delay or cancellation could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks relating to the Group's debt

The conditions and covenants contained in the Group's financing arrangements may limit its financial and operating flexibility.

The Group's Principal Debt Facilities contain certain conditions and covenants, including with regard to interest coverage, leverage and the Group's consolidated net worth.

In light of the adverse impact on trading conditions resulting from the COVID-19 pandemic, Kier in the summer and early autumn of 2020 obtained waivers from Principal Debt Facility lenders in respect of the covenant test period ended 30 June 2020 and from the First *Schuldschein* Loan Agreement, Second *Schuldschein* Loan Agreement and Fourth *Schuldschein* Loan Agreement lenders in respect of the covenant test periods ended 30 June 2020 and 31 December 2020. In addition, during this time, Kier agreed with the lenders under its Principal Debt Facilities to make certain documentary changes to these borrowing arrangements, including (i) resetting the interest coverage for the periods ending on or before 31 December 2021, leverage for the periods ending on or before 31 March 2022 and consolidated net worth financial covenants for the periods ending on or before 31 December 2021 and (ii) implementing certain restrictions on the Group's activities for the duration of the relevant agreement, including increased reporting obligations, a minimum liquidity covenant and most favoured nation provisions.

Pursuant to the amendments to the Group's Principal Debt Facilities that became effective on 13 April 2021 (the "**Principal Debt Facilities Stage 1 Amendments**"), these interest coverage and leverage ratios were adjusted to reflect projected stabilisation of the Group's operating environment in the coming months and a continuation of its emergence from the volatile trading conditions that characterised the early stages of the COVID-19 pandemic. However, the additional amendments to the Principal Debt Facilities, including relaxation of operating restrictions and further adjustment of the interest coverage, leverage and consolidated net worth financial covenants, as well as extension of the maturity of the 2017 RCF Facility from 30 September 2022 to 31 January 2025, will only become effective upon completion of the Capital Raise (the "**Principal Debt Facilities Stage 2 Amendments**"). In addition, as completion of the Kier Living Disposal is a condition to the Capital Raise, any delay to completion of (or inability to complete) the Kier Living Disposal would affect the timing of the Group's receipt of proceeds from both that transaction and the Capital Raise and, as a result, the effectiveness of the Principal Debt Facilities Stage 2 Amendments. See "*The Kier Living Disposal may not proceed to completion*".

The existing covenants under the terms of the Principal Debt Facilities following the Principal Debt Facilities Stage 1 Amendments (and, to a lesser extent, the covenants as they would be further adjusted by the

Principal Debt Facilities Stage 2 Amendments, if they become effective) may, beyond the 12-month period from the date of this Prospectus, limit or restrict the Group's ability to raise additional debt finance for its future operations and capital needs and/or its ability to pursue certain business activities without the prior consent of its Principal Debt Facility lenders. No guarantee or assurance can be provided that any such Principal Debt Facility lender consent will be given or, if it is, as to its terms. Failure to obtain any such consent on terms which the Group considers to be appropriate may have a material and adverse effect on its business, financial condition and results operations.

If the Principal Debt Facilities Stage 2 Amendments do not become effective, the Group could be required to source alternate financing arrangements, which could increase costs or restrict operating activities compared to Principal Debt Facilities.

The Group's Principal Debt Facilities comprise certain debt arrangements that mature in the coming years, including the 2017 RCF Facility (30 September 2022), the Third Schuldschein Loan (May 2023), the 2012 Notes (20 December 2022) and the 2014 Notes (November 2021 and November 2024). Pursuant to the Principal Debt Facilities Stage 2 Amendments, upon completion of the Capital Raise, the maturity dates of the 2017 RCF Facility and the 2014 Notes (November 2024) will extend to 31 January 2025. As a result, failure to complete the Capital Raise would mean that these amendments would not become effective and the existing maturity dates would continue to apply. The Company is of the opinion that, taking into account the net proceeds of the Firm Placing and Placing and Open Offer and the bank and other facilities available to the Group, the Group has sufficient working capital for its present requirements, that is, for at least 12 months from the date of this document. This includes its ability to repay amounts outstanding under borrowings that mature during that period. However, if the Capital Raise does not complete, and the Principal Debt Facilities Stage 2 Amendments do not become effective, the Company will be required to renew, refinance or otherwise maintain access to these or similar facilities or arrangements upon their maturity in late 2022, which it may be unable to do on terms that the Group considers to be attractive or acceptable. Such alternative borrowing arrangements could include covenants that place significant restrictions on the Group's ability to make investments in its business or undertake attractive or strategic operating activities, or they could include pricing terms that significantly impact the Group's cash flows in future periods.

Factors that could impact the Group's ability to maintain, renew or refinance these facilities over the longer term, whether on terms considered by the Group to be attractive or acceptable or at all, include sector-specific issues, such as a decrease in lenders' or sureties' confidence about the Group or one or more of the sectors in which the Group operates or a change in what lenders or sureties generally consider to be an acceptable financial profile for companies operating with the Group's sectors. The Group could also experience an increase in its longer-term capital and/or liquidity requirements in excess of the amount it currently anticipates for a number of reasons, including due to unexpected capital expenditure commitments, higher than projected finance costs–for example, as a result of interest, refinancing, unexpected breakage or termination costs–and/or failure to meet working capital targets.

Any failure to maintain, renew or refinance or otherwise retain access to these or similar facilities or arrangements, whether on terms considered by the Group to be attractive or acceptable or at all, could materially and adversely affect the Group's operations or its ability to make investments, for example in the Group's Property business, and have a material adverse effect on the Group's business, financial condition and results of operations.

Risks relating to the Group's strategy

The Group may not be successful in the implementation of its strategic actions or any additional or replacement strategy or strategic actions.

In June 2019, the Group announced a number of strategic actions which it intended to deliver or undertake. These include focussing on core business, simplifying its portfolio, pursuing cost savings and embedding a culture of Performance Excellence. To support the delivery of the Group's strategic priorities, Kier has made a number of structural changes, including increasing the level of divisional accountability, removing a number of layers of management and significantly reducing the central overhead as a result of actions including outsourcing IT and fleet management functions, which resulted in headcount reductions of c.1,700. Although the Group has observed benefits from these actions, there can be no assurance that these actions will result in the further benefits or that the Group will be successful in delivering any additional or replacement strategy or strategic actions. Furthermore, the implementation of these strategic actions or any additional or replacement strategy or strategic actions may cost more than the Group budgets or has budgeted. If the Group does not successfully implement these strategic actions or any additional or replacement strategy or strategic actions or if it is required to spend more to do so, this could have a material adverse effect on its business, financial condition and results of operations.

The Group may not successfully complete divestments or identify or manage acquisitions.

The Group may also from time to time seek to divest certain businesses in order to streamline its operations or exit from underperforming businesses. The risks associated with such divestments include: (i) the failure to find a buyer at an acceptable price; (ii) the diversion of management's attention from other matters; and (iii) potential litigation and business claims in relation to divested businesses where warranties and/or indemnities have been provided to the purchaser and/or where continuing obligations are required in connection with such divestments.

The Group may from time to time seek to acquire other companies. The risks associated with any such acquisitions include the availability of suitable acquisition opportunities and integration issues. The process of integrating an acquired company or business is not certain and may create unforeseen operating difficulties and expenditures, including: (i) difficulties in integrating the operations, technologies, services and personnel of acquired businesses; (ii) unexpected costs or liabilities of acquired businesses; (iii) ineffectiveness or incompatibility of acquired technologies or services; (iv) failure to realise operating benefits or synergies from completed transactions; and (v) inability to maintain the key business relationships and the reputations of acquired businesses. In addition, liabilities associated with acquired businesses may be substantial and may exceed previously known or forecast liabilities.

If the Group is unsuccessful in effectively integrating an acquired company or divesting a business, its business, financial condition and results of operations may be materially adversely affected.

The Group is exposed to the risks associated with operating in emerging markets.

The Group has operations in the Middle East. Where the Group operates in an emerging market, it may be exposed to risks that may not be encountered in countries with more developed economic and political systems. Such risks include: (i) changes in international governmental regulations; (ii) trade restrictions and laws; (iii) tariffs and other barriers to trade; (iv) the potential for nationalisation of enterprises; (v) government policies favouring local production; (vi) renegotiation or termination of existing agreements; (vii) fluctuations in interest rates and currency exchange rates; (viii) the introduction of exchange controls and other restrictions by foreign governments; (ix) timeliness of client payments; and (x) the application of local law and regulations relating to safety, health and environmental ("**SHE**") matters. These risks may impact Kier's ability to operate successfully in the relevant market which may, in turn, have a material adverse effect on its business, financial condition and results of operations.

Risks relating to contract performance

Contracts are subject to the risks associated with pricing, cost overruns and delays, contract management, as well as risks associated with delays in payment by customers.

The Group carries out a significant number of contracts annually and the work for which it tenders is often complex and long-term, with significant associated risks. If the Group does not adequately price risks, accurately forecast a project's programme or accurately assess or estimate the revenues or costs on a particular contract or obtain recoveries from third parties (whether in a timely manner or at all) or a project is or becomes subject to delay, then profits may be lower than anticipated or a loss may be incurred on the contract or project. For example, the COVID-19 pandemic has caused delays to certain of the Group's contracts and projects which have, in turn, caused the Group to incur delays and/or additional costs which may not be recoverable from third parties and may result in the Group's profits and/or liquidity being lower than anticipated or a loss being incurred on the relevant contract or project. Any such loss may be material in the context of the Group, its business and its results of operations. Alternatively, if risks are over-priced, the Group may be unsuccessful in securing new contract awards, which may materially and adversely affect its future orderbooks, revenue and profit and, therefore, its business and results of operations. The Group's business, financial condition and results of operations depend on risks being accurately priced, contracts being managed appropriately, contract or project costs being controlled, changes to contracts or the scope of work of projects being agreed with clients and customers in a timely manner, projects being completed on time and claims for recoveries on projects being successfully pursued and in a timely manner.

Failure to successfully defend claims made by customers, suppliers or sub-contractors, or failure to recover adequately on claims made against customers, suppliers or sub-contractors, could materially adversely affect the Group's business, financial condition and results of operations.

As the Group undertakes increasingly large-scale and complex contracts in certain parts of its business, such as works at the Hinkley Point C nuclear power station, the HS2 rail project and the Highways England Smart Motorway programme, the potential level of risks assumed by the Group will also increase.

Claims or disputes involving customers, suppliers, sub-contractors and other counterparties (for example, joint venture partners) may be brought against or by the Group. In particular, the risk of significant claims arising between the Group and its clients and customers relating to breach of contract (or otherwise relating to or arising from the terms and conditions of a contract), programme delays or changes in scope of work is generally considered to be greater in the context of large, complex infrastructure projects as compared to lower-value building contracts. This is particularly the case when a project has been subject to significant delay or significant cost overrun.

Any such claims or disputes brought by the Group may take significant time and resource (whether internal or external to the Group) and incur significant cost (which may not be recoverable) and it is often difficult to predict or forecast accurately the value or outcome of any such claims or how long they will take to resolve. There can be no guarantee or assurance as to the number or value of any such claims that the Group may bring in the future.

Claims or disputes brought or raised by the Group against customers may include claims for additional costs incurred by the Group which arise out of project delays and changes to the previously agreed scope of work. Claims or disputes brought or raised by the Group against suppliers, sub-contractors and other counterparties (for example, joint venture partners) may include claims for non-performance or delayed or sub-standard performance or negligence. There can be no guarantee or assurance as to the outcome of any such claims or disputes, the costs associated with them or the time that they may take to pursue or resolve.

Whilst the Company includes a forecast position with respect to the outcome of any claims, disputes or proceedings brought by the Group in its financial statements, it is often difficult accurately to predict how long the resolution of these claims, disputes or proceedings will take, their outcome and their cost. As such, there can be no assurance that these forecasts will be correct under all circumstances, and the outcome of any particular claim, dispute or proceedings may be less than the position forecast by the Company for the purposes of its financial statements.

Customer or client claims brought against the Group or members thereof may include amounts relating to allegedly defective or incomplete work, breaches of warranty and/or the delayed completion of the project. The claims may involve actual damages, as well as contractually agreed-upon liquidated sums. There can be no guarantee or assurance as to the number or value of any such claims that the Group may face in the future. Large-value claims brought against the Group may have a material adverse effect on the Group's business, financial condition and results of operations.

Failure to meet customer expectations on project delivery could result in reputational damage and/or loss of repeat business and potentially lead to litigation.

The Group's ability to tender for new business and its relationships with its customers depend in large part on the reputation it has established. A number of factors, whether within the Group's control or not, could mean that projects are not delivered in line with expectations as to time, cost, quality or SHE performance and therefore do not meet customer expectations. Any failure to deliver in accordance with contractual service levels or customer expectations could subject the Group to damages and/or reduce the margins on these contracts. Failure to meet contractual service levels or customer expectations may also result in disputes or litigation, cancelled or delayed contracts, additional costs or payments for alleged breaches of warranty or other contractual commitments. The occurrence of any of these risks could adversely affect the

Group's reputation, expose the Group to financial liabilities and have a material adverse effect on its business, financial condition and results of operations.

The Group could be adversely affected by the availability and performance, and the continued viability or solvency, of sub-contractors, suppliers and other service providers that support its operations.

The Group relies on its supply chain to provide certain services to its clients and customers. In certain circumstances, Kier's choice of sub-contractors, suppliers or other service providers may be limited. If any of these sub-contractors, suppliers or other service providers fail to meet their obligations, the Group may not have readily available alternatives, which could result in a delay in a project, which, in turn, could lead to financial losses. Additionally, if a sub-contractor, supplier or other service provider is responsible for late or inadequate delivery or poor quality of work on a project, this could damage the Group's reputation and/or could have a material adverse effect on the Group's business, financial condition or results of operations.

Furthermore, the Group may appoint a sub-contractor, a supplier or other service provider that subsequently becomes insolvent, causing cost overruns or programme delays (which may lead to financial losses) and increasing the risk that the Group will be unable to recover costs in relation to any defective work performed by such sub-contractor, supplier or service provider. There may be an increase in the number of sub-contractors becoming insolvent or facing severe financial difficulties or financial distress following COVID-19. The insolvency, severe financial difficulties or other financial distress of a sub-contractor or supplier could have a material adverse effect on the Group's business, financial condition and results of operations.

The success of the Group's joint ventures depends on the satisfactory performance by its joint venture partners of their contractual and other obligations.

The Group may bid for and undertake projects with joint venture partners and has entered into several joint venture arrangements with third parties, including project-specific joint ventures, such as the joint venture at Hinkley Point C nuclear power station and the joint venture working on HS2 lots C2 and C3 (the "**HS2 joint venture**").

In joint ventures entered into by the Group, control of operations may be shared with unaffiliated third parties, some of which may be incorporated overseas or be subsidiaries of large groups of companies. Joint ventures are subject to inherent risks, such as the solvency of joint venture partners, joint venture partners adopting differing approaches to the conduct of business (including, without limitation, with respect to SHE matters, risk management, operational and commercial matters and financial performance), which may result in delayed decision-making, a failure to agree on material issues and the joint venture not performing in line with expectations. From time to time, the Group may instigate formal proceedings against joint venture partners to resolve disputes with joint venture partners; any such proceedings may, in turn, have a material adverse effect on the operation of the joint venture, its financial condition and results of operations and, ultimately, the Group's financial condition and results of operations.

The Group expects that it will continue to enter into joint ventures in the future. In addition, from time to time, in order to establish or preserve a joint venture relationship, the Group may be required to accept risks or responsibilities that exceed those which, typically, it would be prepared to accept. Although the Group may have decision-making and other rights in respect of its joint ventures, their operations, including in relation to internal controls and financial reporting, will not be exclusively within the Group's control.

The success of these joint ventures also depends, in large part, on the satisfactory performance by the Group's joint venture partners of their contractual, legal, regulatory and other obligations, including their obligation to commit working capital, equity or credit support, to support their indemnification and other contractual obligations and to comply with applicable law and regulation. If a joint venture partner fails satisfactorily to perform its obligations or the relationship between the joint venture partners deteriorates or, ultimately, breaks down, for whatever reason, the joint venture may be unable adequately to perform or deliver its contracted services. Under these circumstances, the Group may be required to make additional investment and provide additional resources to ensure the adequate performance and delivery of the contracted services and there can be no assurance that the Group will recover any such additional investment or additional resource in a timely manner or at all. This may, in turn, have a material adverse effect on the Group's financial condition or results of operations.

The Group may also be involved with a joint venture with a third party that becomes unwilling or unable to continue as a member of the joint venture, in which case the Group may need to replace the third party or assume, in part or full, the third party's rights and obligations in respect of the joint venture. In such circumstances, the Group could be required to contribute additional resources to, and assume greater liabilities in respect of, a project. For instance, when Carillion Plc went into liquidation, the Group assumed Carillion's 50 per cent. share of the Highways England Smart Motorways joint venture and was required to take on Carillion's workers and make additional working capital contributions to the project.

These additional obligations could result in reduced profits or, in some cases, increased liabilities or significant losses with respect to the joint venture (and, therefore, the Group's financial condition and results of operations). In addition, a failure by a joint venture partner to comply with applicable laws, rules or regulations could negatively affect the Group's reputation and business, financial condition and results of operations.

Risks relating to the Group's business operations

It may be difficult or expensive to obtain or renew commercial insurance and there can be no assurance that sufficient cover will be secured or maintained.

The Group maintains commercial insurance in amounts that it believes to be appropriate in relation to the risks commonly insured against by similar businesses and will seek to maintain such insurance. However, certain types of risks may be, or may become, either uninsurable or not economically viable to insure, as a result of a material change in the way that insurers view the risk profile of the Group or the sectors in which it operates. Significant macroeconomic events, and other events such as the COVID-19 pandemic, may also negatively impact the availability of insurance coverage or the terms on which the Group is able to obtain it. Accordingly, there can be no guarantee that the Group will be able to obtain appropriate or sufficient levels of cover on acceptable terms in the future.

In addition, even with such insurance in place, the risk remains that the Group may incur liabilities to clients or customers and other third parties which exceed the limits of such insurance cover or are not covered, in full or part, by it. If any of the Group's insurers becomes insolvent, refuses to renew or revoke coverage or otherwise cannot satisfy the insurance requirements of the Group, then its overall risk exposure and operational costs could materially increase and its business operations could be significantly disrupted. In such circumstances, there would be a material adverse effect on the Group's business, financial condition or results of operations.

Failure or security breaches of information technology ("IT") systems and/or data security may result in losses for the Group.

The efficient operation and management of the Group's business depends on the proper operation, performance and development of IT systems and processes. New IT systems and changes to management systems may not be successfully implemented and managed. These risks may lead to a loss of data, a failure of IT systems or an IT environment that is otherwise incapacitated or inadequate to support the Group's business and operations. Significant elements of the Group's IT service delivery, infrastructure and enterprise systems, such as server hosting, are serviced or provided by third parties. Kier is therefore reliant on the performance of third parties to ensure the Group's IT environment is safe, reliable and performed to an acceptable standard. A number of the contracts the Group has with third-party IT service providers, some of which are organisations significantly larger than the Group, provide that if the Group suffers a loss arising out of a supplier's default, the Group may not be able to recover the full amount of its loss. In the event of a serious IT-related incident (such as loss of personal data), an inability to recover the full loss to the Group caused by a third party may materially and adversely affect the Group, its business, financial condition and results of operations.

A significant proportion of the Group's IT services are delivered by a service provider based overseas and, notwithstanding any contractual arrangement between the Group and a service provider governing the performance of the service provider, the service provider may be subject to mandatory laws, policies or rules of overseas jurisdictions which may have a material and adverse effect on the delivery of the IT services. For example, a third-party provider's personnel may be required to work from home where they may not have access to of the necessary IT infrastructure, or equipment.

Furthermore, information and communication systems by their nature are susceptible to internal and external security breaches, including computer hacker and cyberterrorist attacks or wilful breaches by employees, and can fail or become unavailable for a period of time. A significant performance failure of the Group's IT systems could lead to loss of control over critical business information and/or systems (such as those relating to contract costs, invoicing, payroll management and/or internal reporting (whether financial, commercial or operational)), adversely affecting the business's ability to operate effectively or to fulfil its contractual obligations, which may in turn lead to a loss of customers, revenue and profitability and the incurrence of significant consequential and remedial costs.

The Group receives, and may be responsible for employee, customer and other sensitive data. The Group has incurred, and will continue to incur, expenses to comply with mandatory privacy and security standards and protocols imposed by law, regulation, industry standards or contractual obligations relating to the collection, use and security of personal information data. This includes compliance with the EU General Data Protection Regulation (EU) 2019/679 (as it forms part of retained EU law as defined in the EU (Withdrawal) Act 2018 and implemented through the Data Protection Act 2018) ("**GDPR**"). Failure to comply with GDPR and other data privacy laws and regulations may result in fines, penalties, claims and reputational damage. If data security controls fail while providing services to clients, there is a risk that the Group will unintentionally disclose protected, sensitive or personal data, which could lead to a breach of client confidentiality agreements, and, in turn, could lead to fines and/or claims. Under the new GDPR requirements, the Group is required to notify the UK Supervisory Authority and, in some cases, the individual concerned, of personal data breaches. There is no assurance that such policies and procedures in relation to GDPR prevent all breaches of data security, in particular if they were to occur as a result of employee error. If a personal data breach were to occur, the Group could suffer reputational damage, may be ordered to compensate the individual concerned and may be subject to two levels of fines, (i) the higher of 2 per cent. of the previous year's annual turnover and €10 million or (ii) the higher of 4 per cent. of the previous year's annual turnover and €20 million.

Any of the foregoing risks could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may fail to attract, develop and retain appropriately skilled management and personnel.

The success of the Group is dependent on recruiting, retaining, motivating and developing appropriately skilled and competent people at all levels of its organisation. The Group may face increased staff turnover and intense competition for personnel from other companies and organisations. As a result of this turnover and competition, there may at any time be shortages in the availability of appropriately skilled people to the Group, which could have a material adverse effect on its business, financial condition and results of operations.

The loss of senior management who have substantial knowledge of, and experience and expertise in, the industries in which the Group operates and long-standing client relationships, or the inability to replace them adequately, could also have a material adverse effect on the Group's business, financial condition and results of operations.

A number of the Group's employees are represented by trade unions.

The Group employs a large number of employees across multiple geographic locations. Some of those employees are represented by trade unions. The presence of these trade unions may limit the Group's flexibility in dealing with its employees and may lead to increased operating costs. Additionally, from time to time, there may be disputes with employees, trade unions or other employee bodies to which such employees are affiliated. Such disputes may have a material adverse effect on the reputation and the business, financial condition or results of operations of the Group.

An increase in labour costs may adversely affect the Group's business and results of operations.

The Group's business is labour intensive and any increase in labour costs, whether direct or indirect, in particular in the United Kingdom, where the majority of the Group's operations are located, could adversely affect its business, financial condition and results of operations.

A significant number of the Group's employees have been transferred to the Group under transfer of undertakings ("**TUPE**") regulations. The terms and conditions of employment of these workers were, typically, agreed by third parties and may affect the Group's ability to control the costs associated with its employees. In addition, collective bargaining agreements and/or non-unionised workers becoming unionised may have a material adverse effect on the Group's costs, operations and business.

In addition, legislation and regulations relating to labour, employment (for example, TUPE), social security, health and safety of employees and immigration also affect the Group's ability to control staff costs. In the event that the Group experiences a significant increase in labour costs and is not able to pass those increased costs on to its customers, this could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is exposed to certain risks in relation to its defined benefit pension schemes.

The Group operates a number of defined benefit pension schemes, which require careful judgement in determining the assumptions for future salary and pension increases, discount rates, inflation, investment return and participants' life expectancy. These defined benefit pension schemes include legacy pension schemes for companies that the Group has acquired. The Group expects to continue to operate these schemes, although the most significant defined benefit schemes are now closed to new entrants and future accrual in all material respects.

As at 30 June 2020, the Group's defined benefit schemes, on the valuation basis specified in IAS 19 "Employee Benefits", were valued at a surplus in aggregate, although some of the individual schemes remained in deficit. However, there can be no assurance that the schemes will remain at a surplus in aggregate. A prolonged period of poor asset returns, imbalances between bond and interest rates and/or unexpected increases in participants' life expectancy, amongst other factors, may result in the Group increasing the level of cash contributions to the schemes, which may, over the longer term (being more than 12 months from the date of this document), constrain the Group's ability to make investments or adversely affect the Group's cash flows. In addition, other circumstances including actions taken by the Pensions Regulator in the United Kingdom to use its powers (by, for example, imposing financial support directions or contribution notices) or the trustees of the Group's defined benefit schemes altering their approach to deficit recovery payments, could result in the Group being required to contribute significant additional amounts to its pension schemes, which could have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, legally required steps to equalise benefits for unequal Guaranteed Minimum Pensions between men and women are ongoing and are estimated to increase the Company's pension liabilities. The amounts charged to the income statement for the year to 30 June 2019 include an adjusting item of £6.1 million for Guaranteed Minimum Pensions charges.

The Group is required to comply with SHE laws, regulations and policies.

The Group is subject to a number of laws, regulations and policies concerning SHE matters. The impact of such laws, regulations and policies may vary from site to site, depending on, among other things, the site's environmental condition, its present and former uses and the nature of the work being undertaken at the site. Compliance with SHE laws, regulations and policies may result in the delay of projects or may give rise to substantial compliance, remediation and/or other costs.

The consequences of a breach of SHE laws, regulations or policies may be significant. The Group may be subject to regulatory investigations (for example by the Health and Safety Executive or the Environment Agency), for which the Group may face significant fines if convicted, may have its licences or permits to operate suspended, withdrawn or made subject to conditions or may be forced to undertake or pay for extensive remedial action, even in cases where such issues have been caused by third parties. Any such investigations, fines, suspensions, withdrawals, conditions or actions may have a material adverse effect on the reputation, business, financial condition and results of operations of the Group. Furthermore, even if the Group complies with SHE laws, it may experience reputational damage or adverse publicity arising from allegations of noncompliance which may have a material adverse effect on its business, financial condition and results of operations.

A major SHE incident or disaster could lead to injury, loss of life or property damage and could result in reputational damage and potential liabilities.

The Group's operations are inherently complex and potentially hazardous and have resulted and could result in injury or loss of life to employees, sub-contractors, clients' employees, members of the public or other third parties or damage to the environment. The Group is responsible for the health and safety of its employees and third-party personnel who are working at project sites under its supervision and, accordingly, must implement health and safety procedures. The failure to comply with such procedures may result in the Group being subject to liability and/or fines. Any convictions for SHE offences may need to be referred to when the Group tenders for work and may materially and adversely affect the Group's ability to secure further work. As a result, the Group's SHE performance is critical to its business, financial condition and results of operations.

If a material incident, disaster or disruption relating to SHE matters occurs and the Group's policies and procedures are found to be inadequate, this could result in liability or a fine being incurred by the Group, generate significant adverse publicity and have a negative impact on the Group's reputation or its ability to win new business, which, in turn, could materially and adversely affect its business, financial condition and results of operations.

The Group is subject to procurement rules, regulations and models and procurement delays.

When tendering for contracts with national and local governments and other public sector bodies, the Group must comply with specific procurement regulations and other requirements, as well as additional evaluation criteria, such as a bidder's historic performance and current or projected financial stability. These requirements and criteria increase the Group's bidding, performance and compliance costs. If procurement requirements or models change, the eligibility requirements for such contracts may also change and/or the costs of bidding for or complying with such contracts could increase. For instance, Highways England, which is a key customer for the Group, has announced that it may change the model in which it currently procures work, which could increase the cost and time involved with bidding and the risk profile attached to the relevant contracts and may materially and adversely affect future revenue and profit which the Group may obtain from Highways England work, any or all of which could have a material adverse effect on the Groups business, financial condition and results of operations.

Failure or inability to comply with procurement rules or regulations (which may be subject to change), or to meet other criteria evaluated during the bidding process, could result in: (i) a reduction in the number or value of contracts to be awarded to the Group; (ii) the Group not being able or permitted to participate in future tenders; or (iii) contract delays, modifications or terminations, any or all of which could have a material adverse effect on the Group's business, financial condition and results of operations. Failure or inability to comply with these rules and regulations could lead to the Group being unable to contract with the public sector body concerned either at all or for a period of time and could materially and adversely affect the Group's reputation and ability to secure future public sector work which, in turn, could have a material adverse effect on the Group's business, financial condition and results of operations.

Certain of the Group's public sector projects require approvals from government ministers or senior civil servants or national or local government departments. There is a risk that, due to difficulties obtaining such approvals, projects may be delayed or conditions imposed, whether before procurement has started, during the tender stage or during the period between the appointment of a preferred bidder and the exchange of contracts. Delays in awarding public contracts or conditions to such contracts may also arise from challenges to the award of the contracts by competitors. These matters may be beyond the Group's control, but any such delays or conditions could affect its future revenue and cash flows and, therefore, have a material adverse effect on its business, financial condition and results of operations.

The Group is required to comply with a significant number of laws, regulations and administrative requirements and policies which may change, resulting in potential exposure to liability and increased compliance costs.

The Group's operations require compliance with a significant number of laws, regulations and administrative requirements and policies which relate to, among other matters, planning, developments, building, land use, health and safety, environment, competition and employment matters. Some of these laws, regulations, requirements and policies provide broad discretion to the administering authorities. Furthermore, changes in relevant law, regulations or policies, or the interpretation thereof, or delays in making any such changes, may result in the cancellation, delay or increase in the cost of projects which may, in turn, have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may from time to time operate in jurisdictions which have complex and, at times, less developed legal and regulatory frameworks than the United Kingdom. The Group endeavours to conduct its business within the framework set by applicable legal and regulatory requirements in the markets and geographic regions in which it operates. However, if the Group is unable to or does not comply with applicable legal and regulatory requirements, this may lead to the loss of licences, reputational damage and/or potential civil and criminal liability for the Group and its management.

The Group may, from time to time, become aware of allegations of non-compliance with laws, regulations and administrative requirements and policies by its agents, sub-contractors and joint venture partners or any of their respective employees. Even if it is determined that there has been no breach of such laws or regulations, the Group may suffer reputational damage as a result of these allegations, which may, in turn, materially and adversely affect the Group's business, financial condition and results of operations.

The Group expects that its operations will be subject to increasing legal and regulatory requirements in the future, in particular since the industries in which the Group operates are subject to increased public focus and scrutiny and oversight, which may increase the risk of non-compliance by the Group and, therefore, result in additional liability for the Group and/or have a material adverse effect on its reputation which may, in turn, have a material adverse effect on its ability to win new work. Compliance with such increased legal and regulatory requirements may result in the delay in projects (or, ultimately, their cancellation) or increase their costs or the Group's overall costs, or a change in the working capital requirements of its projects, which could have a material adverse effect on its business, financial condition and results of operations.

Failure to comply with anti-corruption laws and regulations, economic sanction programmes or other laws and regulations may result in the Group becoming subject to fines or penalties and the disruption of its business activities.

The Group is subject to anti-corruption laws and regulations that restrict the offer or payments to government officials or other persons with the intent of gaining business or favourable government action, including the Bribery Act 2010, and the Group will continue to be subject to these laws and regulations in the future. Additionally, economic sanctions programmes, including those administered by the United Nations, the European Union and the U.S. Office of Foreign Asset Control, restrict the Group's business dealings with certain sanctioned countries.

The Group will continue to be exposed to the risk of violating anti-corruption laws and sanctions regulations applicable in any countries and regions where it, its partners or its agents operate, such as the Middle East. A substantive ethical breach and/or non-compliance with applicable laws or regulations by the Group or its employees, consultants, sub-contractors, agents or joint venture partners could damage its reputation and/or result in, fines, litigation, increased tax exposure or claims for compensation. Violations of anti-corruption laws and sanctions regulations are punishable by civil penalties, including fines, injunctions, asset seizures, debarment from government contracts, termination of existing contracts and revocations of or restrictions on licences, as well as criminal fines and imprisonment. In addition, any major violations could have a significant impact on the Group's reputation and consequently on its ability to win future business.

The Group requires its employees and third parties with which it conducts business to comply with anti-corruption laws and regulations and sanctions and has implemented procedures and controls designed to ensure compliance. The Group will continue to mandate compliance with such laws and regulations and will also implement procedures and controls designed to ensure compliance; however, there can be no assurance that its policies and procedures will be followed at all times or will effectively detect and/or prevent violations of applicable law, or regulations by its employees, consultants, sub-contractors, agents or partners. As a result, the Group could be subject to criminal, civil and/or administrative fines or penalties. The Group may also, from time to time, become aware of allegations of non-compliance with anti-corruption laws and regulations or fraudulent activity, whether by its employees or associated parties (including, for example, its agents, sub-contractors and joint venture partners or any of their respective employees), in response to which it may conduct investigations. Even if the Group determines that there has been no breach of applicable law or regulation, it may suffer reputational damage as a result of these allegations. Any of the foregoing could have a material adverse effect on its business, financial condition and results of operations.

The Group could be adversely affected by material changes in rules and regulations around payment terms in respect of construction work.

The terms applicable to payments made by the Group to its supply chain are or may be subject to various rules and regulations. For instance, the Group is subject to particular rules relating to the rights of suppliers to be paid in respect of construction activities as well as payment terms for suppliers working with Kier on certain public sector contracts. There is a risk over the longer term (being more than 12 months from the date of this document) that applicable supplier payment rules and regulations may change materially, such that Kier is required to pay its supply chain on significantly better terms than Kier can secure from its customers, in which case the Group could face tighter working capital and cash constraints which, in turn, could have a material adverse effect on the Group's business, financial condition or operations.

The Group is also subject to legislation which requires it to publish certain information about its payment practices and performance. If the Group's payment practices and/or performance are deemed to be unsatisfactory, whether for reasons within or outside its control, this could have a material adverse effect on the Group's reputation, business, financial condition and results of operations.

Other risks faced by the Group

Risks relating to the Firm Placing and Placing and Open Offer

Prospective investors and Shareholders should be aware that there may be possible volatility in the price of the Shares.

The market price of the Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Shares (or securities similar to them), including, in particular, in response to various facts and events, including any regulatory changes affecting the Group's operations, variations in the Group's operating results and/or business developments of the Group and/or its competitors. Stock markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for securities and which may be unrelated to the Company's operating performance or prospects. Furthermore, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the Shares.

The Kier Living Disposal may not proceed to completion.

Following the passing of the resolution to approve the Kier Living Disposal at the general meeting of the Company on 7 May 2021, the Kier Living Disposal sale and purchase agreement has become wholly unconditional and, as a result, the Group expects completion of the transaction to occur in the coming weeks. However, as completion of the Kier Living Disposal is a condition to the Capital Raise, any delay to completion of (or inability to complete) the Kier Living Disposal would affect the timing of the Group's receipt of proceeds from both that transaction and the Capital Raise and, as a result, the effectiveness of the Principal Debt Facilities Stage 2 Amendments. In addition, any failure to complete the Kier Living Disposal could give rise to a dispute between the parties to the sale and purchase agreement, which could result in additional costs to the Group or require significant management time to resolve, even if the reason for the delay (or inability to complete) is due to a breach of the sale and purchase agreement by the purchaser or is otherwise beyond the Group's control. As a result, of the above factors, if completion of the Kier Living Disposal does not occur as expected, it could have a material adverse effect on the Group's business, financial condition and results of operations.

A trading market for the New Shares may not develop.

Application has been made to admit the New Shares to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective at 8.00 a.m. on 18 June 2021. There can be no assurance, however, that Admission will become effective or that an active trading market in the New Shares will develop upon or following Admission. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares could be adversely affected.

Most Shareholders will experience dilution in their ownership of Kier as a result of the Capital Raise.

The economic and voting interests (as a percentage of the Enlarged Share Capital) of Shareholders who do not participate in the Firm Placing or apply for Open Offer Shares under the Excess Application Facility will be diluted as a result of the Capital Raise, even if they take up all of their Open Offer Entitlements. Even if a Shareholder participates in the Firm Placing or the Placing (in addition to taking up his Open Offer Entitlements), its interests in Kier will still be diluted as a result of the Capital Raise. Qualifying Shareholders have the opportunity to limit dilution by making an application under the Excess Application Facility, however participation in the Excess Application Facility does not guarantee an allocation of additional Open Offer Shares and may not prevent a Shareholder being diluted.

If a Qualifying Shareholder who is not a Placee does not (or is not permitted to) take up any of his Open Offer Entitlements, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 63.7 per cent. as a result of the Capital Raise.

If a Qualifying Shareholder who is not a Placee takes up his Open Offer Entitlement in full and does not apply for any Open Offer Shares under the Excess Application Facility, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 31.9 per cent. as a result of the Capital Raise.

If a Qualifying Shareholder who is not a Placee takes up (i) its Open Offer Entitlement in full, and (ii) the maximum additional amount available to it under the Excess Application Facility (equal to its Open Offer Entitlement), such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 0.1 per cent. as a result of the Capital Raise.

Investors may be subject to exchange rate risk.

The New Shares are priced in pounds sterling and any dividends paid in respect of them will be paid in pounds sterling. Accordingly, any investor outside the United Kingdom is subject to adverse movements in its local currency against pounds sterling.

Shareholders outside the United Kingdom may not be able to subscribe for New Shares in the Firm Placing and Placing and Open Offer or participate in future equity offerings.

In the case of an allotment of Shares, Shareholders have certain statutory pre-emption rights (unless those rights are disapplied by a special resolution of the Shareholders at a general meeting) and such a non-pre-emptive issue could dilute the interests of Shareholders. Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders in the Firm Placing and Placing and Open Offer. In particular, holders of Shares who are located in the United States may not be able to take up their rights under the Firm Placing and Placing and Open Offer 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 Firm Placing and Placing and Open Offer will not be registered under the Securities Act. Securities laws of certain other jurisdictions may restrict the Company's ability to allow participation by Shareholders in such jurisdictions in any future issue of shares carried out by the Company. Qualifying Shareholders who have a registered address in or who are resident in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their New Shares.

Any future issue of Shares will further dilute the holdings of Shareholders and could adversely affect the market price of Shares.

Other than pursuant to the Capital Raise, Kier has no current plans for an offering of Shares, apart from possible issues in relation to certain of the Share Schemes. However, it is possible that Kier may decide to offer additional Shares in the future either to raise capital or for other purposes. If Shareholders of Kier do not take up such offer of Shares or are not eligible to participate in such offering, their proportionate ownership and voting interests in Kier would be reduced and the percentage that their Shares would represent of the total share capital of Kier would be reduced accordingly. An additional offering, or significant sales of Shares by major Shareholders, could have a material adverse effect on the market price of Shares.

It may not be possible to effect service of process upon the Company or the Directors or enforce court judgments against the Company or the Directors.

The Company is incorporated in England and Wales. Most of the Company's assets are located in the United Kingdom. As a result, it may not be possible for investors outside of the United Kingdom to effect service of process against the Company or the Directors or to enforce the judgment of a court outside the United Kingdom against the Company or the Directors.

The Company has not declared or paid a dividend since May 2019 and dividend payments may not be made in the future.

The Company has not declared or paid a dividend since May 2019. Furthermore, pursuant to the amendments to the Principal Debt Facilities, the Company is prevented from paying dividends to Shareholders until it has delivered audited consolidated financial statements in respect of the financial year ended 30 June 2022.

Future dividends will take into account the free cash flow generated in the relevant period. As such, the Company's ability to pay dividends in the future will depend on, among other things, improved financial performance and successful implementation of its strategy. In addition, under UK company law, a company can only pay cash dividends to the extent that, among other things, it has distributable reserves and cash available for this purpose. As a parent company, the Company's ability to pay dividends in the future is affected by a number of factors, principally its ability to receive sufficient dividends from its subsidiaries. The payment of dividends to the Company by its subsidiaries is, in turn, subject to restrictions, including certain statutory and common law requirements and the existence of sufficient distributable reserves and cash in those subsidiaries. These restrictions could limit the Company's ability to fund other operations or to pay a dividend to Shareholders.

IMPORTANT INFORMATION

Market and Industry Information

Market data and certain industry forecasts used in this document were obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy or completeness of such information is not guaranteed. Similarly, internal surveys, reports and studies and market research, while believed by the Company to be reliable and accurately extracted by the Company for the purposes of this document, have not been independently verified and the Company makes no representation as to the accuracy of such information. The industry forecasts are forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements" below.

Cautionary Note Regarding Forward-Looking Statements

This document and the information incorporated by reference into this document include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and the information incorporated by reference into this document and include statements regarding the intentions, beliefs or current expectations of the Directors, the Company or the Group concerning, amongst other things, the operating results, financial condition, prospects, growth, strategies and dividend policy of the Group and the sectors and markets in which it operates.

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 and may be beyond the Directors' or the Company's ability to control or predict. Forward-looking statements are not guarantees of future performance. The Group's actual operating results, financial condition, dividend policy and the development of the sectors and markets in which it operates may differ materially from the impression created by the forward-looking statements contained in this document and/or the information incorporated by reference into this document. In addition, even if the operating results, financial condition and dividend policy of the Group, and the development of the sectors and markets in which it operates, are consistent with the forward-looking statements contained in this document and/or the information incorporated by reference into this document, those results or developments may not be indicative of results or the development of such sectors and markets in subsequent periods. Important factors that could cause these differences include, but are not limited to, general political, economic and business conditions, including resulting from the impact of the COVID-19 pandemic and responses by governments to it, sector and market trends, changes in government, changes in law or regulation, stakeholder perception of the Group and/or the sectors or markets in which it operates and those risks described in the section of this document headed "Risk Factors".

You are advised to read this document and the information incorporated by reference into this document in their entirety, and, in particular, the section of this document headed "Risk Factors", for a further discussion of the factors that could affect the Group's future performance and the sectors and markets in which it operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document and/or the information incorporated by reference into this document may not occur.

Other than in accordance with their legal or regulatory obligations (including under the Listing Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation Rules and MAR), neither the Company nor Rothschild & Co or the Joint Bookrunners undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

The statements above relating to forward-looking statements should not be construed as a qualification on the Company's working capital statement in paragraph 18 of Part X of this document.

Presentation of Financial Information

The audited consolidated financial statements of the Company included in: (i) the 2020 Annual Report and Accounts, as of and for the year ended 30 June 2020 (the "**2020 Financial Statements**"); (ii) the 2019 Annual Report and Accounts, as of and for the year ended 30 June 2019 (the "**2019 Financial Statements**"); and (iii) the 2018 Annual Report and Accounts, as of and for the year ended 30 June 2018 (the "**2018 Financial Statements**" and, together with the 2020 Financial Statements and the 2019 Financial Statements, the "**Historic Financial Information**"), together with the audit opinions thereon, and the unaudited consolidated interim financial statements of the Company for the six months ended 31 December 2020 (the "**2021 Interim Statement**") are incorporated by reference into this document, as further detailed in Part V and Part XI of this document.

Capitalisation information relating to the Group in this document is sourced from the Company's 2021 Interim Statement and indebtedness information is presented as at 28 February 2021 and has been extracted without material adjustment from the Group's consolidation schedules as at that date.

Where information has been extracted from the Group's audited consolidated financial statements, the information is audited unless otherwise stated. Unless otherwise indicated, financial information relating to the Group in this document or incorporated by reference into this document is presented in pounds sterling and has been prepared in accordance with IFRS.

In June 2019, Kier announced that it would seek to sell Kier Living, its house-building business. Accordingly, the Kier Living business has been classified as being held for sale and its results for the financial year ended 30 June 2020 were classified as discontinued. Historical financial information in respect of the financial year ended 30 June 2019 included in the 2020 Financial Statements for comparison purposes, and incorporated herein by reference, has been presented on a restated basis, reflecting the classification of the Living business as being held for sale. These restated amounts are unaudited.

Historical financial information in respect of the financial year ended 30 June 2018 included in the 2019 Financial Statements for comparison purposes, and incorporated herein by reference, has been re-presented to reclassify £15.2 million of "Other financial assets" from current assets to non-current assets. These restated amounts are unaudited.

Kier reports its results of operations in three segments: Construction, Infrastructure Services and Property. For the year ended 30 June 2020, Kier reported its results of operations in three segments: Construction, Infrastructure Services and Other. Between 1 July 2018 and 1 July 2019, Kier reported its operations according to the segments: Infrastructure Services, Buildings and Developments & Housing. Prior to 1 July 2018, Kier operated through four segments: Property, Residential, Construction and Services. Segmental information is based on the information provided to the Chief Executive, who is the chief operating decision maker, together with the Directors. See Note 2 to the 2020 Financial Statements.

Certain historical financial information included in Kier's 2018 Annual Report and Accounts for comparison purposes, and incorporated herein by reference, has been presented on a restated basis. In the 2018 Annual Report and Accounts, the Group's consolidated income statement and consolidated cash flow statement for the year ended 30 June 2017 were restated following the Financial Reporting Council's ("**FRC**") review of Kier's 2017 Annual Report and Accounts, as described in Note 1 to the audited consolidated financial statements for the year ended 30 June 2018, which are included in the 2018 Annual Report and Accounts. These restated amounts have not been audited by PwC.

The financial information included in this document or incorporated by reference into this document was not prepared in accordance with U.S. Generally Accepted Accounting Principles ("**U.S. GAAP**") or audited in accordance with U.S. Generally Accepted Audited Standards ("**U.S. GAAS**") or the auditing standards of the Public Company Accounting Oversight Board ("**PCAOB Standards**"). No opinion or any other assurance with regard to any financial information was expressed under U.S. GAAP, U.S. GAAS or PCAOB Standards and the financial information is not intended to comply with SEC reporting requirements. Compliance with such requirements would require modification, reformulation or exclusion of certain financial measures. In addition, changes would be required in the presentation of certain other information. In particular, no reconciliation to U.S. GAAP is provided.

The financial information presented in a number of tables in this document has been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Historical Engagement with the FRC

The FRC's Audit Quality Review team ("**AQRT**") selected PwC's audit of the Company's 2017 financial statements for review, as part of its annual programme of promoting improvement in the overall quality of auditing in the UK. For further detail on this review, see "FRC Audit Quality Review" on page 78 of the 2018 Annual Report and Accounts, which is incorporated by reference into this document.

Separately, on 30 July 2018, the Company received a letter from the FRC's Corporate Reporting Review team ("**CRRT**") raising a number of points on the Company's 2017 Annual Report and Accounts. Following constructive engagement, the points raised by the CRRT were resolved to the satisfaction of both parties. See page 68 of the 2019 Annual Report and Accounts, which is incorporated by reference into this document.

Calculation of Net Debt

For the purposes of calculating the Group's:

- (i) net debt as at 30 June or 31 December, (ii) its average month-end net debt in any financial year and (iii) its average daily net debt, the Company includes cash in transit, but excludes the debt associated with (a) joint ventures and (b) assets held for sale. "Cash" for these purposes includes non-treasury cash; and
- average month-end net debt in any financial year, the Company use a "13-month, period-end basis", beginning with June at the end of the immediately preceding financial year, with each quarter in the financial year being divided into three period ends of 4, 4 and 5 weeks. Accordingly, each period end may fall before or after the end of a calendar month; and
- current and non-current debt, and financial indebtedness, as at 31 December 2020 (as set in Part VII), the Company includes cash in transit and the debt associated with assets held for sale, but excludes the debt associated with joint ventures.

Underlying Financial Information

Kier analyses its results of operations on an adjusted profit basis. Adjusting items include one-off costs related to restructuring, acquisitions and business closures, amortisation of contract right costs held as intangibles on the balance sheet and the unwinding of the discount in respect of deferred consideration and fair value adjustments made on acquisition. For a reconciliation of these items, see Note 5 to the 2020 and 2019 Annual Report and Accounts, Note 4 to the 2018 Annual Report and Accounts, and Note 3 to the 2021 Interim Statement, which are incorporated by reference into this document.

The presentation of adjusted results is not in conformity with IFRS. The adjusted results of operations may also not be comparable to adjusted figures reported by other companies as those companies may compute their normalised figures differently from Kier.

Pro Forma Financial Information

In this document, any reference to "pro forma" financial information is to information which has been extracted without material adjustment from the unaudited pro forma financial statements contained in Part VIII of this document. The pro forma financial information comprises (i) an unaudited pro forma statement of net assets, which has been prepared to illustrate the effect of the Firm Placing and Placing and Open Offer and the Kier Living Disposal on the consolidated net assets of the Group at 31 December 2020 as if the foregoing had both occurred on 31 December 2020, and (ii) an unaudited pro forma income statement, which has been prepared to illustrate the effect of the Firm Placing and Placing and Open Offer and the Kier Living Disposal on the consolidated income statement of the Group for the year ended 30 June 2020 as if the foregoing had both occurred on 1 July 2019. The unaudited pro forma financial information based on the unaudited consolidated interim financial information as at 31 December 2020 and the audited consolidated financial information for the year ended 30 June 2020 are compiled on the basis set out in the notes thereto and in accordance with the accounting policies adopted by the Group for the period ended 31 December 2020 and the year ended 30 June 2020, respectively.

The unaudited pro forma financial information: (i) has been prepared for illustrative purposes only; (ii) includes the impact of the Kier Living Disposal on the basis that the Firm Placing and Placing and Open Offer are conditional upon the sale (as described in paragraph 6.5 "Conditionality" of Part I: "*Letter from the Chairman of Kier Group plc*"), (iii) has been prepared on the basis set out in the notes thereto and in accordance with item 18.4.1 of Annex 1 to the Prospectus Regulation and section 3 of Annex 20 to the Prospectus Delegated Regulation; (iv) does not constitute financial statements within the meaning of section 434 of the Companies Act; and (v) because of its nature, addresses a hypothetical situation and does not, therefore, represent either the Group's actual financial position or results. The hypothetical financial position or results included in the unaudited pro forma financial information may differ materially from the Group's actual financial position or results.

Non-IFRS Financial Information

Kier, like other companies in the industries in which it operates, uses net asset and net debt amounts to evaluate its operational performance and capacity. The Directors believe these measures provide an enhanced understanding of the Group's results, related trends and capacity, therefore increasing transparency and clarity into its operations. Net assets and net debt may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of Kier's operating results as reported under IFRS.

Kier defines these measures as follows:

- *Net assets*—the Group's total assets less total liabilities.
- *Net debt*—the Group's net borrowings, excluding finance leases, adjusted for the impact of cross currency hedging, where net borrowings comprise total borrowings less cash and cash equivalents.

Currencies

In this document and the information incorporated by reference into this document, references to "**£**", "**sterling**" or "**pounds sterling**" are to the lawful currency of the United Kingdom.

Notice to Investors in the United States of America

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 subscribe for New Shares to any Shareholder with a registered address in, or who is resident of, the United States.

The New Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the Securities Act), or under any securities laws of any state or other jurisdiction of the United States. The New Shares may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, into or within the United States, 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 any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the New Shares in the United States. The New Shares are being offered: (i) outside the United States in "offshore transactions" as defined in, and in accordance with, Regulation S under the Securities Act; and (ii) in the United States to persons reasonably believed to be "qualified institutional buyers", as defined in Rule 144A under the Securities Act (QIBs) who are subscribing for the New Shares in private placement transactions pursuant to Section 4(a)(2) of the Securities Act, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. Prospective purchasers are notified that sellers of the New Shares are relying upon an exemption from the registration requirements of Section 5 of the Securities Act.

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

Available Information

If, at any time, the Company is neither subject to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Company will furnish, upon request, to any holder or beneficial holder of the New Shares, or any prospective purchaser designated by any such holder or beneficial owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. In such cases, the Company will also furnish to each such owner all notices of general Shareholders' meetings and other reports and communications that the Group generally makes available to Shareholders.

Enforcement of Civil Liabilities

The ability of an Overseas Shareholder to bring an action against the Company may be limited under law. The Company is a public limited company incorporated in England and Wales. The rights of holders of Shares are governed by English law and by the Articles of Association. These rights differ from the rights of shareholders in typical U.S. corporations and some other non-UK corporations.

An Overseas Shareholder may not be able to enforce a judgment against some or all of the Directors and executive officers. The majority of the Directors and executive officers are residents of the United Kingdom. Consequently, it may not be possible for an Overseas Shareholder to effect service of process upon the Directors and executive officers within the Overseas Shareholder's country of residence or to enforce against the Directors and executive officers judgments of courts of the Overseas Shareholder's country of 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 United Kingdom against the Directors or executive officers who are residents of the United Kingdom or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors or executive officers in any original action based solely on the foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries.

Definitions

Certain terms used in this document, including capitalised terms and certain technical terms, are defined and explained in the section of this document headed "Definitions". Reference to any statute or statutory provision includes a reference to that statute or statutory provision as from time to time amended, extended or re enacted.

Website

The contents of the Company's website or of any website accessible via hyperlinks from the Company's website are not incorporated into, and do not form part of, this document and investors should not rely on them, without prejudice to the documents incorporated by reference into this document which will be made available on the Company's website (http://www.kier.co.uk).

CAPITAL RAISE STATISTICS

Number of Shares in issue on 10 May 2021[(1)]	162,115,870
Number of Firm Placing Shares to be issued by the Company pursuant to the Firm Placing	141,851,386
Number of Open Offer Shares to be issued by the Company pursuant to the Placing and Open Offer	141,851,386
Number of Subscription Shares to be issued by the Company pursuant to the Director Subscriptions	347,057
Aggregate number of New Shares to be issued by the Capital Raise	284,049,829
Enlarged Share Capital immediately following completion of the Capital Raise[(2)]	446,165,699
New Shares as a percentage of Enlarged Share Capital immediately following completion of the Capital Raise[(2)]	63.7 per cent.
Open Offer Entitlement	7 New Shares for every 8 Existing Shares
Issue Price	85 pence
Discount of the Issue Price to the Closing Price of 102.4 pence per Share on the Reference Date	17.0 per cent.
Estimated fees, costs and expenses in connection with the Capital Raise	£12.7 million
Estimated net proceeds of the Capital Raise receivable by the Company	£228.7 million

Notes:

(1) Being the latest practicable date prior to the date of this document.

(2) Assuming that no Shares are issued pursuant to options exercised under the Sharesave Scheme are exercised between the date of this document and Admission becoming effective.

EXPECTED TIMETABLE FOR THE FIRM PLACING AND PLACING AND OPEN OFFER[(1)(2)]

Record Date for entitlements under the Open Offer	5.00 p.m. on 12 May 2021
Publication of this document, the Notice of General Meeting and the Form of Proxy	**13 May 2021**
Ex-Entitlement Date for the Open Offer	8.00 a.m. on 14 May 2021
Posting of this document, Application Forms (to Qualifying Non-CREST Shareholders only) and Forms of Proxy	17 May 2021
Open Offer Entitlements and Excess Open Offer Entitlements credited to stock accounts in CREST (Qualifying CREST Shareholders only)	as soon as practicable after 8.00 a.m. on 18 May 2021
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess Open Entitlements from CREST	4.30 p.m. on 8 June 2021
Latest time for depositing Open Offer Entitlements and Excess Open Offer Entitlements into CREST	3.00 p.m. on 9 June 2021
Latest time and date for splitting Application Forms (to satisfy *bona fide* market claims only)	3.00 p.m. on 10 June 2021
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 14 June 2021
Latest time and date for receipt of completed Application Forms and payments in full and settlement of CREST instructions (as appropriate)	**11.00 a.m. on 14 June 2021**
Announcement of the results of the Open Offer	15 June 2021
General Meeting	**10.00 a.m. on 16 June 2021**
Announcement of the results of the General Meeting	16 June 2021
Admission and dealings in New Shares to commence on the London Stock Exchange	**8.00 a.m. on 18 June 2021**
New Shares credited to CREST stock accounts (uncertificated holders only)[(3)]	As soon as practicable after 8.00 a.m. on 18 June 2021
Despatch of definitive share certificates for the New Shares in certificated form (to Qualifying Non-CREST Shareholders only)[(3)]	by no later than 25 June 2021

Notes:

(1) The times and dates set out in the timetable above and referred to throughout this document and the Application Form may be adjusted by the Company by announcement through a Regulatory Information Service, in which event details of the new dates will also be notified to the Financial Conduct Authority, the London Stock Exchange and, where appropriate, Shareholders.

(2) References to times in this document are to London time, unless otherwise stated.

(3) Subject to certain restrictions relating to Overseas Shareholders. See paragraph 8 of Part III of this document.

DIRECTORS AND ADVISERS

Board of Directors

A list of the Directors is set forth in the table below.

Name	*Position*
Matthew Lester	*Chairman*
Andrew Davies	*Chief Executive*
Simon Kesterton	*Chief Financial Officer*
Justin Atkinson	*Senior Independent Non-Executive Director*
Alison Atkinson	*Non-Executive Director*
Dame Heather Rabbatts	*Non-Executive Director*
Clive Watson	*Non-Executive Director*

Each of the Director's business address is the Company's registered address at 81 Fountain Street, Manchester, England M2 2EE, and each of the Director's business telephone number is 01933 376 000 or, when dialling from outside the United Kingdom, +44 (0) 1933 376 000.

Registered Office:	81 Fountain Street Manchester, England M2 2EE
Company Secretary:	Phil Higgins
Financial Adviser and Sponsor:	Rothschild & Co New Court St Swithin's Lane London EC4N 8AL
Joint Bookrunner and Joint Broker:	Numis Securities Limited 10 Paternoster Square London EC4M 7LT
Joint Bookrunner and Joint Broker:	Peel Hunt LLP 100 Liverpool Street London EC2M 2AT
Reporting Accountants:	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Statutory Auditor to the Company:	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Legal advisers to the Company as to English and United States law:	Linklaters LLP One Silk Street London EC2Y 8HQ

Legal advisers to the Company as to Jersey law:	Mourant Ozannes (Jersey) LLP 22 Grenville Street St Helier Jersey JE4 8PX Channel Islands
Debt advisers to the Company:	Gleacher Shacklock LLP Cleveland House 33 King Street London SW1Y 6RJ
	Weil, Gotshal & Manges (London) LLP 110 Fetter Lane London EC4A 1AY
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Registrar:	Link Group 10th Floor, Central Square 29 Wellington Street Leeds LS1 4DL
Receiving Agent:	Link Group Corporate Actions 10th Floor, Central Square 29 Wellington Street Leeds LS1 4DL

PART I

LETTER FROM THE CHAIRMAN OF KIER GROUP PLC

Directors:	*Registered Office:*
Matthew Lester, *Chairman*	81 Fountain Street
Andrew Davies, *Chief Executive*	Manchester
Simon Kesterton, *Chief Financial Officer*	England
Justin Atkinson, *Senior Independent Non-Executive Director*	M2 2EE
Alison Atkinson, *Non-Executive Director*	
Dame Heather Rabbatts, *Non-Executive Director*	
Clive Watson, *Non-Executive Director*	

13 May 2021

Dear Shareholder

PROPOSED FIRM PLACING AND PLACING AND OPEN OFFER

1 Introduction

Kier has today announced a fully underwritten Firm Placing and Placing and Open Offer, which, together with the Director Subscriptions, will raise gross proceeds of £241.4 million (the "**Capital Raise**").

The Firm Placing and Placing and Open Offer has been fully underwritten by the Joint Bookrunners, subject to the conditions set out in the Underwriting Agreement.

I am writing to give you further details of the Capital Raise, including the background to and reasons for the Capital Raise and the use of proceeds, and to explain why:

- **The Board considers the Capital Raise to be in the best interests of Shareholders; and**
- **The Board unanimously and strongly recommends that Shareholders vote in favour of the Resolutions to approve the Capital Raise to be proposed at the General Meeting.**

Kier has made significant progress on the implementation of the conclusions of the strategic review undertaken by the Chief Executive, Andrew Davies, and announced in June 2019; to simplify and focus the Group, improve the Company's cash generation and strengthen its balance sheet. Kier is now focused on its strong, core, cash generating businesses in Infrastructure Services and Construction, where it has market leading positions. In addition, Property has recently been categorised as a core business due to the operational synergies it achieves with other Group businesses. Kier is a national strategic partner in sectors based around long term frameworks with the UK government and other regulated industry clients.

The Board believes that the Capital Raise, which together with the recent sale of Kier Living will raise £351.4 million of gross proceeds for the Group, and the conditional extension of the Group's 2017 RCF Facility to 31 January 2025 will provide the Group with the financial and operational flexibility to continue to pursue its strategic objectives within its chosen markets and will allow it to further enhance and capitalise on its position as a strategic partner to its customers.

Shareholders should note that the extension of certain of the Group's Principal Debt Facilities, including the Group's 2017 RCF Facility, which matures on 30 September 2022, is subject to receipt of the net proceeds from the Capital Raise. See "*Risk Factors—Risks relating to the Group's debt*".

The Capital Raise is conditional on, among other things, the passing of the Resolutions by Shareholders at a General Meeting. The General Meeting will take place at 10.00 a.m. on 16 June 2021 at the Tungsten Building, Central Boulevard, Blythe Valley Park, Solihull B90 8AU. You can find the Notice of General Meeting set out at the end of this document.

The Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting. Each of the Directors who is a Shareholder intends to vote in favour of the

Resolutions to be proposed at the General Meeting. In addition, certain Directors intend to participate in the Capital Raise and subscribe for the Subscription Shares, as further described in paragraph 6.2 "*Directors' participation in the Capital Raise*" of Part X "*Additional Information*" of this Prospectus.

2 Kier represents a compelling investment opportunity

The Board believes Kier and the Capital Raise represent a compelling investment opportunity:

- Kier is now focussed on nation-wide markets in both infrastructure and construction, which are defined by significant and committed UK government and regulated industry spend over the medium and long term;
- Kier's position as a clear leader in its core markets is underpinned by long-term contracts, and framework agreements, creating high visibility of revenues and contract profitability. As at 31 December 2020, Kier has an order book of £8.0 billion, which covers 62 per cent. of year to 30 June 2022 forecast revenues, and has been awarded places on long-term frameworks worth up to £80 billion, across a number of sectors including, health, education and justice, providing it with long-term revenue streams, an established operating platform and strengthened customer relationships;
- Kier's scale, leading delivery capability at both national and regional levels, operational delivery processes and expertise, and balance sheet strength resulting from the Capital Raise, should enable Kier to take maximum advantage of its leading market positions;
- Kier has successfully executed an ambitious self-help programme and now has the appropriate cost base and "Performance Excellence" culture embedded throughout the Group to ensure contracts are won and executed on terms and values appropriate to their risk. The Group expects to deliver at least £115 million of annualised cost savings by the end of the financial year ending 30 June 2021 (as compared to the financial year ended 30 June 2018), and continues to review its cost base to identify additional cost saving measures;
- Kier expects actions taken to right size the Group as part of the turnaround strategy will result in continued improved financial performance and expects that over the medium term the Group will be capable of the following medium-term targets:

❍ Organic annual revenue	c.£4.0 – 4.5 billion
❍ Adjusted operating margin	c.3.5 per cent.
❍ Cash conversion of operating profit	c.90 per cent.
❍ Balance sheet	Sustainable net cash position with capacity to invest
❍ Dividend	Sustainable dividend policy with dividend cover of around three times earnings through the cycle

- Kier has the senior leadership team with the expertise and track record to deliver this value creation plan.

3 Background to, and Reasons for, the Capital Raise

3.1 *Introduction to Kier – a leading UK infrastructure services and construction company*

Kier is a leading UK infrastructure services and construction company with approximately 100 years of experience. Kier is focused on areas which are aligned to the UK government's investment priorities and critical to the economic recovery of the UK.

Kier is a strategic partner to the UK government and regulated industry clients, providing a "one-stop-shop" to clients from design, project management, complex engineering solutions, logistical issues, management of supply-chain as well as after care.

Kier operates across the UK in attractive and growing sectors which are increasingly defined by long term, committed spend, including health, education, prisons, defence, transport, energy, power, telecoms and water.

Under Kier's previous management, the Company undertook an acquisition-led growth strategy, which included the acquisitions of May Gurney, Mouchel and McNicholas in the four years to 2017. Whilst these transactions built on and added to Kier's leading positions in a number of attractive markets, they also left the business with a lack of strategic and operational focus, a complex and large cost base, and an over-leveraged balance sheet.

During 2019, Kier's management team was significantly strengthened, with the appointment of Andrew Davies as Chief Executive and Simon Kesterton as Chief Financial Officer, bringing directly relevant strategic and operational expertise, combined with broad and demonstrated experience in cost reduction and balance sheet strengthening. Kier put in place an executive committee comprising the Chief Executive and Chief Financial Officer alongside the five Group Managing Directors, the Group Commercial Director and the Group HR Director to oversee more effectively strategic progress and operating activities.

In June 2019, Kier announced the results of a comprehensive strategic review led by Andrew Davies, which was focused on simplifying the Group, better allocating capital resources across the Group, improving cash generation and reducing balance sheet leverage.

This strategic review concluded that Kier would focus on its core businesses: Highways, Infrastructure, Utilities and Construction. These businesses are high-quality, have national, market-leading positions and are underpinned by long-term contracts, a total order book of £8.0 billion as at 31 December 2020, and positions on £80 billion of frameworks for the UK government and regulated clients. Kier's strong order book is underpinned by contract wins and de-risked contracts, and 51 per cent. of the order book is under target cost or cost reimbursable contracts. The increased order book, coupled with shift towards lower risk contracts, provides clear visibility over medium term targets. In addition, Kier has categorised its Property business as core due to the potential for operational synergies with Kier's other businesses.

Kier has made significant progress on its financial and operational turnaround strategy. In particular, Kier has:

- **Simplified the Group's portfolio:** reducing or exiting those activities identified in the strategic review as non-core:
  - **Living** – the sale of Kier Living for £110 million was announced on 16 April 2021;
  - **Facilities Management** – certain contracts have been successfully concluded and the remaining business appropriately rationalised;
  - **Environmental Services** – the business has been substantially exited.
- **Right-sized cost base:** fundamentally restructured the Group to deliver annualised cost savings of at least £115 million by June 2021 (as compared to the financial year ended 30 June 2018), and Kier continues to review its cost base to identify additional cost saving measures.
- **Operational improvement:** embedded a culture of "Performance Excellence" throughout the Group and introduced a new operating framework focused on people, processes, projects and costs, underpinned by a "Back to basics" approach, resulting in the delivery of high-quality projects on time and to budget consistently across the Group.

As a result, the Board believes Kier is now strongly positioned in its significant and growing markets, and the Capital Raise will allow Kier to take maximum advantage of these market opportunities.

3.2 *Kier's market opportunities*

In the National Infrastructure Strategy, published in November 2020 the UK government has committed to address the historical under-investment in critical infrastructure by investing over £600 billion over the next five years, focusing on roads, railways, communications, schools, hospitals and power networks.

The National Infrastructure Strategy contained the following commitments in Kier's focus markets:

- Over £27 billion to be invested in England's strategic roads between 2020 and 2025;

- Funding for the Shared Rural Network to improve mobile coverage in rural areas, and a £5 billion investment in gigabit broadband rollout;
- The School Rebuilding Programme, committing to a 10-year pipeline of 50 schools a year;
- A new £4 billion cross-departmental "Levelling Up" Fund that will invest in local infrastructure in England; and
- Setting up a new UK infrastructure bank to co-invest alongside the private sector in infrastructure projects.

In light of COVID-19, the UK government committed on 30 June 2020 to accelerate £5 billion of capital investment projects, including:

- £1.5 billion for building and maintaining hospitals;
- Over £1 billion for the first 50 projects of a new, ten-year school rebuilding programme, with construction on the first sites anticipated from September 2021, and £560 million and £200 million for repairs and upgrades to schools and further education colleges, respectively;
- £142 million for digital upgrades and maintenance to around 100 courts in 2020, £83 million for maintenance of prisons and youth offender facilities and £60 million for temporary prison places;
- £100 million for 29 projects to improve the United Kingdom's road network;
- £900 million for local areas to invest in priority infrastructure projects in England, ranging from development and regeneration of key local sites to investment to improve transport and digital connectivity; and
- £96 million to accelerate investment in town centres and high streets.

Infrastructure investment is fundamental to delivering net zero emissions by 2050, a target set out in the Prime Minister's Ten Point Plan for a Green Industrial Revolution, and which should create very significant, long term opportunities for Kier. Key measures set out in the National Infrastructure Strategy include:

- Significant investment in offshore wind and into modern ports and manufacturing infrastructure to expand the share of energy generation from renewables;
- Providing up to £525 million to bring forward large-scale nuclear and invest in the development of advanced nuclear technologies;
- £1 billion to support the establishment of carbon capture and storage in four industrial clusters; and
- Investing £1.3 billion in charging infrastructure to accelerate the mass adoption of electric vehicles ahead of ending the sale of new petrol and diesel cars by 2030.

Beyond the UK government's commitments, Kier is well placed to benefit from an estimated £125 billion spend on rail investment, approximately £7 billion investment to increase airport capacity, water companies pledging to spend more than £50 billion in AMP7 over the next five years and an estimated £138 billion in new UK energy infrastructure by 2028.

3.3 ***Kier's simplified and focused portfolio***

As a result of actions taken by the new management team, Kier is now a highly-focused Group with the following attractive business units within its Infrastructure Services and Construction segments:

Infrastructure Services (42 per cent. of Group revenue for the six months ended 31 December 2020 and 44 per cent. of Group revenue for the financial year ended 30 June 2020):

- **Highways**: Kier's Highways business delivers emergency response services and reactive maintenance, planned recurring maintenance and enhancements to critical UK infrastructure. Kier believes it has a leading position in strategic highways and top 3 in local highways, with over two-thirds of revenues undertaken on a low commercial risk cost-reimbursable basis. The Highways team includes designers, environmentalists, ecologists, traffic engineers and safety engineers. The business has the technical expertise, network knowledge and skills to develop, design and manage the delivery of highways maintenance and improvement schemes across the UK:

- ❍ The business is the largest highway services provider in the UK, working with Highways England and a wide range of local authorities who are collectively responsible for the UK's road network;
- ❍ Core capabilities of the Highways business include:
  - – Managing, maintaining and improving more than 30,000 kilometres of local authority and strategic roads (for example, maintaining the spaghetti junction in the West Midlands, which carries over 200,000 vehicles each day);
  - – Managing and maintaining tunnels;
  - – Analysing network needs, designing, developing and implementing road schemes (for example, the 50/50 joint venture between Kier and Tarmac recently secured a position on all three of Transport for London's frameworks to deliver and support the construction, renewal and enhancement of highways infrastructure across London);
  - – Preparing technical designs and undertaking supporting work for capital projects, through a team of 520 designers. Design support ranging from initial scheme feasibility to as-build phases.
- ❍ In addition, Kier is typically delivering over £1 billion of capital programmes at any one time. Current live major regional capital projects include, but are not limited to:
  - – M6 Smart Motorway in Staffordshire (£265 million contract value);
  - – A585 Windy Harbour Bypass in Lancashire (£140 million contract value); and
  - – Port of Liverpool in Merseyside (£195 million contract value).

● **Infrastructure**: Kier's Infrastructure business provides a range of services to the UK government and public sector including emergency response for flood relief victims across the nation, providing innovative solutions in the energy production and defence sectors or performing a critical role in the delivery of the UK's largest and most complex infrastructure schemes. Kier's Infrastructure business is characterised by repeat business relationships typically exceeding 10 years for customers in its chosen sectors, and 81 per cent. of contracts on a reimbursable-costs basis. Core capabilities of the Infrastructure business include:

- ❍ **Project management:** Kier has more than 150 qualified civil engineering project leads with extensive project management experience. Kier has significant experience as a "systems integrator", which is increasingly required on complex projects, such as Crossrail and HS2;
- ❍ **Design management:** Kier has 75 structural and civil engineering designers providing technical advice and support across offices in Manchester, Leeds, Liverpool, Birmingham, Norwich and Bristol;
- ❍ **Procurement and cost control:** Kier has more than 120 qualified commercial and procurement staff, providing control of projects and contracts from inception to completion, cost certainty and value add to customers;
- ❍ **Quality management:** Kier has a dedicated team of 17 people whose primary role is to ensure quality assurance;
- ❍ Major infrastructure schemes include:
  - – **Hinkley Point C** – Kier is delivering earthworks, site preparation and infrastructure for the new nuclear power station adjacent to the Somerset coast;
  - – **Crossrail** – Kier has worked on five major contracts as part of the overall £15 billion Crossrail project, including constructing two railway tunnels that run for 6.4 kilometres between the Royal Oak portal and the new Farringdon Crossrail station in London, and large scale building of station tunnel caverns at Bond Street, Tottenham Court Road and Farringdon;
  - – **HS2** – Kier is a key partner on the largest section of the scheme (80 kilometre central section) using its earthwork expertise. Kier provides the majority of the project management and engineering for the section.

- **Utilities**: Kier's Utilities business enables consumers, businesses and public bodies to remain connected to essential water, energy, telecoms and rail networks. Through its Utilities business, Kier believes it is a top 3 contractor in the water and energy sectors, deriving over 90 per cent. of revenues from long-term contracts and alliances, with the majority of contracts on a cost-reimbursable basis. Utilities is supported by a design team of 80 civil and electrical engineers and utility specialist designers (on a full-time equivalent basis) providing support across a wide range of water, energy, rail and telecom projects. The main design brand used by the Utilities business is Source Design Services. Core capabilities of the Utilities business include:
  - **Water**: Kier enables clean and waste water to flow to approximately 18 million properties in the UK. Customers include Thames Water, Scottish Water, Yorkshire Water, Affinity, South West Water and Anglian Water;
  - **Electricity**: Kier supports electricity connectivity for approximately 10 million properties in the United Kingdom whilst also carrying out emergency responses and building new connections network re-enforcements and renewables. Clients include UK Power Networks and Western Power Distribution;
  - **Gas**: Kier provides similar services for several UK gas companies. Kier is the only gas distribution contractor operating in Northern Ireland. Customers include Phoenix Natural Gas, firmus energy and SGN Natural Gas;
  - **Telecom**: Working for all three of the UK's largest digital infrastructure platforms, Kier keeps business and domestic broadband services functioning, including:
    - Installing of high-speed fibre optic networks to "fibre-up" the UK in both urban and rural environments for Openreach, Virgin Media, CityFibre and others;
    - Providing 24/7 emergency restoration services to keep broadband connections functioning throughout Scotland, South London, the South East, South Coast, Hampshire and Berkshire; and
    - Undertaking a task every 4 minutes, 24 hours a day, maintaining key parts of the UK's 4G and 5G access network.
  - **Rail**: Kier delivers essential high voltage power and signalling operations to sections of the rail network responsible for 1.7 billion rail passenger journeys (pre-COVID-19). Kier is currently providing design and value optimisation of enabling works for HS2. Other clients include Network Rail and Transport for London.

Construction (56 per cent. of Group revenue for the six months ended 31 December 2020 and 54 per cent. of Group revenue for the financial year ended 30 June 2020):

Management believes that Kier's construction business is the #1 UK national builder. The business primarily delivers projects for the public sector, typically delivering approximately 150 projects for UK government departments and local authorities nationally with a combined value in excess of £1 billion per annum. The projects range in value from £150,000 to over £200 million and are located across the UK, with 78 per cent. of projects for repeat customers.

The Construction business has a dedicated building services design and install organisation of 40 employees providing whole project lifecycle support. The team are based in Basingstoke but provide support across Construction. In addition, the Construction business has use of 150 architectural and structural engineers, building service designers, surveyors, project managers and installers to support its business objectives and maximise asset value.

Construction operates across a number of sectors including Education, Health, Justice and Defence:

- **Education:** Kier has delivered almost £5 billion of primary, secondary and tertiary facilities in the past 15 years:
  - Kier currently has 24 Department for Education Framework projects on site, with 5 schemes being developed in the preconstruction phase; and
  - Kier delivers value for the Department of Education by supporting design improvements, developing the wider social value strategy, supporting the carbon agenda, using optimum procurement arrangements and implementing effective risk management.

- **Health:** Kier has a long-standing collaborative relationship with the health authorities across England, Scotland and Wales. This expertise and ability to understand the demands and requirements of the NHS enables Kier to respond to the specific challenges of the UK health sector:
  - Kier has delivered over 100 healthcare projects in the past 10 years, working in partnership with over 80 NHS Trusts;
  - Kier currently has 16 health projects on site and 14 in development;
  - Kier undertook the Project Management Office role in support of NHS England and NHS Improvement in coordinating the national effort to provide additional bed spaces in response to COVID-19;
  - Additionally, Kier has responded to COVID-19 by providing health and safety equipment and the delivery of surge hospitals to Glasgow, Swansea and Bristol; and
  - Kier has a specialist healthcare team with the expertise to assist the Department of Health to deliver its significant future investment in the UK's health sector.
- **Justice:** Kier has a 14-year relationship with the Ministry of Justice ("**MoJ**") delivering over £600 million of new build and refurbishment projects across all categories of prison and courts, for example:
  - Her Majesty's Prison ("**HMP**") Five Wells in Wellingborough, which is due for completion in 2021, is a £253 million resettlement prison comprising 60,000 square metres of accommodation and ancillary buildings using Modern Methods of Construction ("**MMC**") to maximise efficiency and value for money for the taxpayer;
  - Kier's innovative approach builds on its experience of successfully delivering the 1,600 capacity for HMP Oakwood, near Wolverhampton;
  - The standardised design approach at HMP Wellingborough acts as the blueprint for the platform-based design due to be rolled out across the future prisons programme, as part of the providing 10,000 prison places;
  - Kier has hosted multiple design workshops and site tours to showcase best practice to modern rehabilitative prison design;
  - Kier is undertaking carbon footprint analysis in collaboration with the MoJ and Carbon Trust to determine science-based targets to reduce carbon across the prison programme; and
  - Kier is also leading the development of a MMC social value calculator following its use on custodial projects.
- **Defence:** Kier is a key partner on national and regional Defence Infrastructure Organisation ("**DIO**") frameworks and is delivering a number of defence projects. Examples include:
  - RAF Lakenheath – a £246 million development programme to deliver new base facilities and infrastructures for the US Air Force F-35 Fighter Jet;
  - RAF Lyneham – a £50 million contract to build a military technical training base; and
  - Other projects – over £100 million of projects involving physical training and flight simulator facilities, barracks and headquarter upgrades.

Property:

The Property business invests and develops schemes and sites across the UK. This business was established in 2002 through the acquisition of Laing Property Developments. It invests in and develops schemes and sites across the United Kingdom and is principally focussed on mixed-use urban regeneration schemes.

3.4 ***Kier's restructured and right-sized cost base***

To support the delivery of the Group's strategic priorities Kier has made a number of structural changes, including increasing the level of divisional accountability, removing a number of layers of management and significantly reducing the central overhead through actions including outsourcing IT and fleet management functions.

These changes have resulted in the Group's headcount reducing by approximately 1,700 overall and Kier expects that this reduction in headcount, along with the delivery of our other strategic actions, will enable the Group to realise at least £115 million of annualised cost savings by the end of the financial year ending 30 June 2021 (as compared to the financial year ended 30 June 2018), while maintaining capacity to support additional growth. Kier continues to review its cost base to identify additional cost saving measures.

3.5 ***Kier's embedded culture of "Performance Excellence"***

Kier now operates with a strong operational and financial risk management framework, which is fundamental to and embedded in Kier's contract selection and delivery processes.

Kier's Performance Excellence culture introduced a consistent approach in how Kier develops and manages people, as well as processes, projects, costs and its way of working:

- Deliver projects on time and to budget, thereby meeting clients' and customers' expectations;
- Do not enter into contracts with unacceptable risk profiles;
- Introduce increased levels of resilience, and a consistency of approach, across the Group; and
- Win new business with attractive margins.

Kier launched a new Operating Framework in January 2020, which sets out the governance structure within which the Group now operates, including a new framework for the assessment of contract risk and new project reviews to ensure that the group only enters into contracts with an acceptable and appropriate risk and financial reward profile.

Performance Excellence is also fundamental to Kier's approach to safety, with the aim of continuing to improve the overall safety performance as Kier has done year-on-year over the past five years.

3.6 ***Kier – laying down a sustainable path***

In July 2020, Kier launched a new sustainability policy "Building for a Sustainable World", which reframed sustainability away from being an environmental specialism to being a strategic and business critical mindset, balancing the need for environmental resilience, community resilience and profitability in day to day decision making. Across environmental and social sustainability, the framework focuses on the following critical areas for improvement and builds on the Group's historical successes:

Environmental sustainability

The framework is governed through Sustainability Leadership Forums established at Group level and for each core business. Under this framework, Kier has committed to achieving net zero carbon across its own operations and supply chain by 2045, eliminating single use plastics by 2030, and to tackling inequality by providing support, opportunities and training to local communities.

Kier's environmental sustainability approach is based on five pillars:

- **Pollution prevention**: Kier's annual target for avoidable compliance is zero. Kier will restore and replenish environmental areas affected by unavoidable compliance issues;
- **Responsible sourcing and supply chain**: Kier will cause no harm to the environment from the resources it uses;
- **Carbon impact:** Kier will achieve net zero carbon across its own operations and supply chain by 2045;
- **Zero waste:** Kier will design out waste and produce no avoidable waste by 2035. Kier's operations will be single-use-plastic-free by 2030; and
- **Protection of habits and resources:** Kier will promote a healthy environment for future generations.

In the current financial year, the Group's businesses have concentrated on achieving their environmental framework reduction targets, which they are well on the way towards, and also on developing the

Group's pathway to Net Zero, with interim targets, annual carbon budgets and limits on carbon off-setting. The Group is launching carbon, water, waste and biodiversity, and seeking to employ innovation, new technology and best practices in pollution prevention. The pathway and budgets will be published in the Group's annual report for the year ending 30 June 2021, along with the refined social value targets for the year ending 30 June 2022.

Kier has won a number of "Green Apple" awards for biodiversity and protected species enhancement. In partnership with Network Rail, it won a "Sustainability & Environmental Excellence" award at the 2020 Rail Business Awards, for its work in the community. Kier was shortlisted for "Most Innovative Use of Existing Tech" at the 2020 Water Industry Awards, as a result of its collaboration with Huber and South West Water to reduce chemical consumption and operating costs in the South West of the UK.

Social sustainability

Kier is also focused on social sustainability: Kier's work and actions directly and positively impact the communities it serves, and this in turn generates wider value for society. The Group has achieved progress on these objectives, including its graduate intake comprising 27 per cent. women in 2018, and in 2020 achieving 99 per cent. of expenditure on a number of public sector frameworks with SMEs and training 700 mental health first aiders. In 2021, the Group introduced a new severity-based metric to focus on wider health and safety performance in its operations. This follows an established track record on social sustainability matters. For example, Kier was the first construction company to support 16 to 25 year olds to have spent time as cared for children through the Department of Education's Care Leaver Covenant. Kier's Highways business and its HS2 joint venture are both Disability Confident employers. The Highways business has also been a Disability Confident Leader since 2019, enabling people of all abilities to come into the workplace.

The independent organisation, the Social Value Business, awarded Kier's Construction business the "Social Value Quality Mark" (Mark 1& 2), the standard it created to measure an organisation's commitment to, and delivery of, social value. Kier is the first construction company in the UK to be awarded the mark.

In October 2019, Kier was awarded "Innovation of the Year" at the UK Social Mobility Awards for the development and implementation of its Shaping Our Communities calculator which Kier uses as a tool to record its social value.

The Group's social framework commitments include developing and launching a new employee health and well-being strategy, as well as a Group Equality, Diversity and Inclusion strategy to be driven by appointment of a Group Head of Equality, Diversity and Inclusion. These efforts will be supported by a focus on social purpose that aims to tackle inequality by giving individuals and communities the tools and opportunities to create brighter futures. The Group had 618 apprentices participating on a Kier apprenticeship programme during the financial year ended 30 June 2020 (including 161 graduate apprentices) and expects to have developed 965 apprentices by the end of the current financial year.

Governance and the Group's sustainability framework

Governance will remain a core component of the Group's approach to operations. The Group monitors governance matters through Annual BSI audits on ISO14001, 45001 & 9001 compliance, Integrated Operational Assurance Statement & processes and operating assurance statements. The Group's internal policy centre supports the Group's efforts in governance focus areas such as modern slavery, anti-bribery and corruption, data protection and whistleblowing matters. Framework commitments on governance matters include continued participation in sustainability leadership forums, ensuring board oversight and cross-functional input, as well as implementation of project lifecycle management systems and processes, and continuous improvement of the Operational Assurance Statement processes and increased training requirements.

3.7 ***Reasons for the Capital Raise***

The Board believes that Kier has established a strong platform, based on robust and focused operating performance and cash generation, and that Kier has significant opportunities as a result of the sector-leading positions of each of its businesses in its chosen markets.

The Board believes that the Capital Raise will provide the Group with the financial and operational flexibility to continue to pursue its strategic objectives. In particular, the Capital Raise will:

- Create a strong, resilient and flexible balance sheet, providing the Group with the capacity to invest, and its clients, customers, suppliers and other stakeholders, with greater confidence in Kier as a counterparty;
- Increase the financial headroom available to the Group, allowing for more effective working capital management in the current environment; and
- Facilitate the re-financing of the Group's existing borrowing facilities (the terms of which are summarised in paragraph 3.9 below).

The Board has therefore concluded that the Capital Raise is in the best interests of the Group.

3.8 ***Cash flow track record and use of proceeds***

As at 31 December 2020, Kier had net debt of £354 million and, in the six-month period to 31 December 2020, Kier had average month-end net debt of £436 million (compared to £395 million in the equivalent period to 31 December 2019). This net cash outflow was the combination of strong operating cash flow in the period offset by the cash impact of COVID-19, contributions to the Group's Pension Schemes, and certain one-off items.

In addition, Kier announced on 16 April 2021 the sale Kier Living for gross proceeds of £110 million. The net proceeds from this sale will be used to reduce the Group's indebtedness and the current funding deficit under its Pension Schemes through a £10 million contribution.

The Group intends to use the net proceeds from the Capital Raise of £228.7 million as follows:

- £144.4 million will be used to prepay a portion of the balance outstanding under the 2017 RCF Facility and associated fees payable to the lenders pursuant to the RCF Stage 3 Amendment;
- £43.4 million will be used to repay balances outstanding under the Second *Schuldschein* Loan Agreement and the Fourth *Schuldschein* Loan Agreement and associated fees payable to the lenders pursuant to the 13 April 2021 amendments thereto;
- £16.5 million will be used to make payments to holders of the 2012 Notes and 2014 Notes in respect of certain principle amounts outstanding under the 2014 Notes and associated fees on the 2012 Notes and 2014 Notes payable to the lenders pursuant to the 2012 Stage 3 Amendment and the 2014 Stage 3 Amendment, respectively;
- £6.8 million will be used to pay other fees associated with the Principal Debt Facilities Stage Amendments;
- £0.7 million will be used to pay an additional contribution to the trustee of the Group's Pension Schemes; and
- £16.9 million will be retained within the Group's cash reserves.

The targeted result of these actions will be to:

- Immediately further reduce the Group's net debt; and
- Facilitate prudent investment in the business, so as to drive sustainable, profitable organic growth and generate a sustainable net cash position within 2-3 years.

3.9 ***Financing and liquidity***

On 13 April 2021, the Group agreed with the Principal Debt Facility lenders and noteholders to a series of amendments permitting the extension of certain maturity dates and amendment of certain terms of the Group's borrowings under these arrangements. These Principal Debt Facilities Amendments comprise:

(i) the Principal Debt Facilities Stage 1 Amendments, which became effective on 13 April 2021, and

(ii) the Principal Debt Facilities Stage 2 Amendments, which become effective upon completion of certain conditions, namely completion of the Capital Raise.

These Principal Debt Facilities Stage 1 Amendments provided for, *inter alia*, the following:

- pursuant to the RCF Stage 3 Amendments, extension of the RCF Facility Termination Date to 30 September 2022, changes to the interest coverage ratio, leverage ratio and consolidated net worth covenants;
- pursuant to the SSD3 Stage 3 Amendment, amendment to the financial covenants in the *Third* Schuldschein Loan Agreement to substantially align with the 2017 RCF Agreement (save certain differences reflecting the longer remaining term in respect of the Third *Schuldschein* Loan Agreement); and
- pursuant to 2012 Stage 3 Amendment and the 2014 Stage 3 Amendment, respectively, amendment to the negative covenants in the 2012 Note Purchase Agreement and the 2014 Note Purchase Agreement to substantially align with the 2017 RCF Agreement, and changes to the interest coverage ratio, leverage ratio and consolidated net worth covenants under each agreement.

The Group's agreements with the Principal Debt Facility lenders and noteholders also provided for further amendments to and/or extensions of the Group's borrowings under certain of the Principal Debt Facilities. These Principal Debt Facilities Stage 2 Amendments provide for, *inter alia*, the following:

- **2017 RCF**: extension of the RCF Facility Termination Date to 31 January 2025, prepayment and cancellation of £135 million of available commitments, amendment of the applicable margin (and leverage linked ratchet), revisions to remove quarterly covenant testing and to amend covenant testing levels (as set out below), and relaxation of operational restrictions;
- **Third *Schuldschein* Loan Agreement**: an increase in the applicable rate by 0.25 per cent. per annum, revisions to remove quarterly covenant testing and the consolidated net worth and liquidity covenants, amendment to the leverage ratio and interest coverage ratio test levels (as set out below), and relaxation of operational restrictions to align with the 2017 RCF;
- **2012 Notes**: an increase in the applicable rate by 0.25 per cent. per annum, revisions to remove quarterly covenant testing and the consolidated net worth and liquidity covenants, amendment to the leverage ratio and interest coverage ratio test levels (as set out below), and relaxation of operational restrictions to align with the 2017 RCF;
- **2014 Notes**: extension of the 2014 Note (November 2024) maturity date to 31 January 2025, an increase in the applicable rate by 0.75 per cent. per annum (subject to further increases dependent on the Group's leverage ratio), revisions to remove quarterly covenant testing and the consolidated net worth and liquidity covenants, amendment to the leverage ratio and interest coverage ratio test levels (as set out below), relaxation of operational restrictions to align with the 2017 RCF, and a requirement to make an offer to redeem a portion of the 2014 Notes at par (such offer to be made without make-whole) in an amount equal to £15 million.

The changes to the Group's leverage ratio and interest cover ratio covenants under the Principal Debt Facilities Stage 2 Amendments are set out in the following table:

	Testing Date							
	2021		**2022**		**2023**		**2024**	
	June	**Dec.**	**June**	**Dec.**	**June**	**Dec.**	**June**	**Dec.**
Leverage Ratio								
2017 RCF	4.00:1	3.50:1	3.00:1	3.00:1	3.00:1	3.00:1	2.50:1	2.50:1
Third *Schuldschein* Loan Agreement	4.00:1	3.50:1	3.00:1	3.00:1				
2012 Notes	4.00:1	3.50:1	3.00:1					
2014 Notes	4.00:1	3.50:1	3.00:1	3.00:1	3.00:1	3.00:1	2.50:1	2.50:1
Interest Cover Ratio								
2017 RCF	3.00:1	3.50:1	4.00:1	4.00:1	4.00:1	4.00:1	4.00:1	4.00:1
Third *Schuldschein* Loan Agreement	3.00:1	3.50:1	4.00:1	4.00:1				
2012 Notes	3.00:1	3.50:1	4.00:1					
2014 Notes	3.00:1	3.50:1	4.00:1	4.00:1	4.00:1	4.00:1	4.00:1	4.00:1

In addition, under the Principal Debt Facilities Stage 2 Amendments, the Group has also agreed to pay certain fees to the Principal Debt Facility lenders and noteholders following the Principal Debt Facilities Stage 2 Amendments Effective Date.

These borrowing arrangements, and the Principal Debt Facilities Amendments, are further described in Paragraph 15 of Part X.

3.10 ***Pensions***

Kier operates a number of defined benefit pension schemes (the "**Pension Schemes**"). As at 31 December 2020, the net reported accounting deficit, which is the difference between the aggregate value of the schemes' assets and the present value of their future liabilities, was £1.4 million, before accounting for deferred tax.

The last triennial valuation of the following pension schemes was carried out as at 31 March 2019.

	As at 31 March 2019						
	Kier Group Pension Scheme	**Mouchel Business Services Ltd – FS**	**Mouchel Superannuation Fund**	**Mouchel Staff Pension Scheme**	**Mouchel Business Services Ltd – MP**	**May Gurney Pension Scheme**	**Total**
	(£ millions, unless otherwise indicated)						
Value of Assets	1,166.2	130.5	222.0	116.4	17.2	79.9	1,732.2
Liabilities	(1,254.5)	(141.3)	(282.4)	(153.6)	(19.8)	(98.7)	(1,950.3)
Surplus/(Deficit)	**(88.3)**	**(10.8)**	**(60.4)**	**(37.2)**	**(2.6)**	**(18.8)**	**(218.1)**
Funding level	93%	92%	79%	76%	87%	81%	89%

Triennial valuations are a requirement of the Pensions Act 2004 and are conducted by an actuary for the trustees of a pension scheme. The accounting method used to calculate an actuarial deficit or surplus differs from IAS19 and so the figures shown above do not equate to the reported accounting surplus.

In agreeing the triennial valuation as at 31 March 2019 of the Group's main schemes, and due to the impact on COVID-19, the Group has agreed a revised deficit recovery programme whereby £27 million was paid in the six month period to 31 December 2020, and deficit repayments of £9 million per calendar year will begin from July 2021. It has been agreed that, on completion of the Kier Living Disposal, a contribution of £10 million shall be made towards the funding of the pension schemes set out in the table above. For clarity, the McNicholas Construction (Holdings) Ltd Pension Scheme will not receive any contribution as a result of the Kier Living Disposal.

The next triennial valuation for the above schemes is due to be agreed as at 31 March 2022.

The last triennial valuation of the McNicholas Construction (Holdings) Ltd Pension Scheme was carried out as at 31 March 2017.

	As at 31 March 2017 McNicholas Construction (Holdings) Ltd Pension Scheme
	(£ millions, unless otherwise indicated)
Value of Assets	21.1
Liabilities	(26.8)
Surplus/(Deficit)	**(5.7)**
Funding level	79%

Work is ongoing on the latest triennial valuation of the McNicholas Construction (Holdings) Ltd Pension Scheme (as at 31 March 2020), though this has not yet been finalised and so figures are currently unavailable.

3.11 ***Capital allocation***

The Board recognises the importance of capital discipline across the Group and, following completion of the Capital Raise, Kier expects to adopt the following principles when allocating capital:

- Organic growth and cash generation: Kier will prioritise investment in opportunities to optimise organic growth and generate cash, where contract risk is considered to be appropriate relative to the potential returns of the opportunity.
- Balance sheet: Kier will operate with a strong, resilient and flexible balance sheet, targeting a sustainable net cash position in the medium term and a funding profile which is appropriate for the medium and long-term needs of the Group.
- Pensions: Kier will continue to support each of its pension schemes in line with the deficit recovery funding schedule which has been agreed with the trustees of each of the schemes from time to time.
- Dividends and dividend policy: Following completion of the Capital Raise, and recognising the importance to the Group of maintaining a strong and growing capital base, Kier will target a dividend cover of around three times earnings through the cycle. The Board will consider regularly the appropriateness of re-instating a dividend in light of the capital needs of the business and the progress made against its medium-term targets.

4 Current Trading and Prospects

Kier published its results for the six months ended 31 December 2020 on 21 April 2021 and made the following statement regarding its current trading and prospects:

"The results for the period reflect the realisation of the strategic imperatives outlined nearly two years ago. Kier is now profitable and generating underlying operating cash. These improvements result from the actions taken by the new management team in the last 24 months which include, the appointment of a new Executive team, the launch of Performance Excellence, the removal of management layers throughout the organisation, the exit of various contracts and business streams, and the implementation of a significant reduction in our cost base. The conclusion of the divestment of Living after the period end allows the Group to further strengthen the balance sheet and focus on our core businesses.

The Directors believe that the proposed Capital Raise is required to reduce average net debt and strengthen the balance sheet enabling the Group to drive sustainable, profitable organic growth.

The streamlined Group with its attractive customer proposition and history of complex project delivery has continued to win work throughout the period and remains well placed to benefit from any increased investment in UK infrastructure. The second half of the year has started well seeing a continuation of the positive trends of the first half and we are confident of achieving further progress this year in line with our expectations."

Kier has continued to trade in line with the Board's expectations since this statement was made.

5 Kier's Medium-Term Value Creation Plan

Kier intends to use the net proceeds from the Capital Raise to further strengthen the Group's balance sheet, building on the Kier Living Disposal, and to underpin Kier's medium-term value creation plan to deliver:

- Organic annual revenues of approximately £4.0 to £4.5 billion;
- A resilient and well-balanced portfolio, focused on:
  - Infrastructure Services (approximately 55 per cent. of Group revenue), comprising its Highways (20 per cent.), Infrastructure (15 per cent.), and Utilities (20 per cent.) businesses; and
  - Construction (approximately 40 per cent. of Group revenue), comprising its Regional Building, Strategic Projects, International and Kier Places businesses; plus
  - An attractive UK Property business generating high return on capital employed in the business.

- A sustainable Group adjusted operating margin of around 3.5 per cent.;
- A well-invested asset base, consistently generating returns which are in excess of Kier's cost of capital;
- Strong, consistent and sustainable operating cash flows, with operating cash flow conversion of around 90 per cent. of operating profit; and
- A strong, resilient and flexible balance sheet, with a sustainable net cash position within 2-3 years, and the capacity to invest in the future growth of the business and support a sustainable dividend policy with dividend cover of around three times earnings through the cycle.

The Group aims to drive these medium-term targets through a reversal of the increased project costs and volumes impact associated with COVID-19, and management discipline already established throughout the Group is expected to continue to drive additional margin growth. In addition, the Group expects to continue to benefit from its revised policies around contract volume/price mix, which are expected to drive organic revenue growth and margin expansion.

6 The Capital Raise

Kier is proposing to raise gross proceeds of £241.4 million (approximately £228.7 million after deduction of estimated fees, costs and expenses of £12.7) under the Capital Raise by way of:

(i) a Firm Placing of 141,851,386 Firm Placing Shares, to raise gross proceeds of £120.6 million;

(ii) a Placing and Open Offer of 141,851,386 Open Offer Shares, to raise gross proceeds of £120.6 million; and

(iii) Director Subscriptions of 347,057 Subscription Shares, to raise gross proceeds of £295,000,

in each case at a price of 85 pence per New Share. The New Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Shares, including for dividends. The Firm Placing and Placing and Open Offer are fully underwritten by the Joint Bookrunners on the terms and subject to the conditions of the Underwriting Agreement, details of which are set out in paragraph 14.1 of Part X of this document.

A cash box structure will be used for the issue of the Firm Placing Shares and the Open Offer Shares pursuant to the Firm Placing and Placing and Open Offer.

The Board has considered the best way to structure the proposed Capital Raise. The decision to structure the Capital Raise by way of a combination of a Firm Placing and a Placing and Open Offer takes into account a number of factors, including the total net proceeds to be raised. The Board believes that the Firm Placing will enable Kier to satisfy demand from potential new investors. The Board has sought to balance the dilution to Shareholders not participating in the Firm Placing with the benefits of attracting new investors with guaranteed commitments to ensure the success of the Firm Placing and Placing and Open Offer. As a result, 49.9 per cent. of the New Shares being issued will be available to existing Shareholders through the Open Offer on a *pro rata* basis. The Board is seeking the approval of Shareholders, by way of the Resolutions at the General Meeting, to undertake the proposed Capital Raise.

Further details of the terms and conditions of the Open Offer, including the procedure for acceptance and payment and the procedure in respect of Open Offer Entitlements not taken up, are set out in Part III of this document and, where relevant, the Application Form. Overseas Shareholders should refer to paragraph 8 of Part III of this document for further information regarding their ability to participate in the Firm Placing and Placing and Open Offer.

6.1 *Price*

The Firm Placing and Placing and Open Offer and the Director Subscriptions will each be made at a price of 85 pence per New Share (the "**Issue Price**"). The Issue Price represents a 17.0 per cent. discount to the Closing Price of 102.4 pence on the Reference Date. The Issue Price (and the discount) has been set by the Board following their assessment of the prevailing market conditions and anticipated demand for the New Shares. The Board believes that the Issue Price (including the discount) is appropriate in the circumstances.

6.2 ***Firm Placing***

Kier proposes to issue 141,851,386 Firm Placing Shares to Firm Placees at the Issue Price on a non-pre-emptive basis. The Firm Placing will not be subject to clawback to satisfy valid applications for Open Offer Shares by Qualifying Shareholders under the Open Offer.

Pursuant to the Underwriting Agreement, the Joint Bookrunners have severally agreed to use reasonable endeavours to procure subscribers for the Firm Placing Shares at the Issue Price. If the Joint Bookrunners are unable to procure subscribers for any of the Firm Placing Shares (or if a prospective Firm Placee fails to take up any or all of the Firm Placing Shares which have been allocated to it or which it has agreed to take up at the Issue Price), then each of the Joint Bookrunners has agreed, on the terms and subject to the conditions set out in the Underwriting Agreement, severally (and not jointly or jointly and severally) to subscribe for such Firm Placing Shares at the Issue Price in its agreed proportion.

6.3 ***Placing and Open Offer***

Under the Open Offer, Qualifying Shareholders are being given the opportunity to subscribe for Open Offer Shares *pro rata* to their Existing Holdings on the basis of 7 Open Offer Shares for every 8 Existing Shares held by them and registered in their name at the Record Date (and so in proportion to any other number of Existing Shares then held) on the terms and subject to the conditions set out in this document (and, in the case of Qualifying Non-CREST Shareholders, the Application Form).

Qualifying Shareholders may apply for any whole number of Open Offer Shares in excess of their Open Offer Entitlement up to a maximum additional amount equal to such Qualifying Shareholder's Open Offer Entitlement, subject always to the Individual Shareholder Limit. The Excess Application Facility enables Qualifying Shareholders who have taken up their Open Offer Entitlement in full to apply for any whole number of additional Open Offer Shares equal to or less than their Open Offer Entitlement which, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown on 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 Shareholders with holdings of Existing Shares in both certificated and uncertificated form are treated as having separate holdings for the purpose of calculating their Open Offer Entitlements under the Open Offer. Applications under the Excess Application Facility will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Open Offer Entitlements. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications for additional Open Offer Shares under the Excess Application Facility by Qualifying Shareholders will be met in full or in part or at all. Fractions of Open Offer Shares will not be allotted and each Qualifying Shareholder's Open Offer Entitlement under the Open Offer will be rounded down to the nearest whole number. Holdings of Existing Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating Open Offer Entitlements.

Any Open Offer Shares which are not applied for under the Open Offer or the Excess Application Facility may be allocated to Conditional Placees at the Issue Price, with the proceeds retained for the benefit of Kier. Pursuant to the Underwriting Agreement, the Joint Bookrunners have severally agreed to use reasonable endeavours to procure Conditional Placees (subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders under the Open Offer and the Excess Application Facility) for the Open Offer Shares at the Issue Price. If the Joint Bookrunners are unable to procure Conditional Placees for any Open Offer Shares that are not taken up by Qualifying Shareholders pursuant to the Open Offer or the Excess Application Facility (or if a prospective Conditional Placee fails to take up any or all of the Firm Placing Shares which have been allocated to it or which it has agreed to take up at the Issue Price), then each of the Joint Bookrunners has agreed, on the terms and subject to the conditions set out in the Underwriting Agreement, severally (and not jointly or jointly and severally) to subscribe for such Open Offer Shares at the Issue Price in its agreed proportion.

Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should 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, and be enabled for settlement, the Open Offer Entitlements and Excess Open Offer Entitlements will not be tradeable or listed and applications in respect of 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 by Euroclear UK's Claims Processing Unit. The Excess Open Offer Entitlements will not transfer with the Open Offer Entitlements claim, but will be transferred as a separate claim. Euroclear UK's Claims Processing Unit will not generate market claims for the Excess CREST Open Offer Entitlements. Qualifying CREST Shareholders claiming Excess CREST Open Offer Entitlements by virtue of a *bona fide* market claim are advised to contact the Receiving Agent to request a credit of the appropriate number of Excess CREST Open Offer Entitlements to their CREST account.

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 entitlements will have no rights, and will not receive any benefit, under the Open Offer. Any Open Offer Shares which are not applied for under the Open Offer may be allocated to Conditional Placees, subject to the terms and conditions of the Underwriting Agreement, with the proceeds retained for the benefit of Kier.

6.4 ***Dilution***

If a Qualifying Shareholder who is not a Placee does not take up any of his Open Offer Entitlements, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 63.7 per cent. as a result of the Capital Raise.

If a Qualifying Shareholder who is not a Placee takes up his Open Offer Entitlement in full and does not apply for any Open Offer Shares under the Excess Application Facility, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 31.9 per cent. as a result of the Capital Raise.

If a Qualifying Shareholder who is not a Placee takes up (i) its Open Offer Entitlement in full, and (ii) the maximum additional amount available to it under the Excess Application Facility (equal to its Open Offer Entitlement), such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 0.1 per cent. as a result of the Capital Raise.

6.5 ***Conditionality***

The Firm Placing and Placing and Open Offer are conditional, *inter alia*, upon:

(i) the Resolutions having been passed by Shareholders at the General Meeting;

(ii) the Underwriting Agreement having become unconditional in all respects, save for the condition relating to Admission, and not having been terminated in accordance with its terms before Admission occurs;

(iii) completion under the sale and purchase agreement relating to the Kier Living Disposal having occurred (including the Company having received the proceeds due to it in respect of the Kier Living Disposal); and

(iv) Admission having become effective by not later than 8.00 a.m. on 18 June 2021 (or such later time and/or date as the Joint Bookrunners, the Sponsor and Kier may agree, not being later than 25 June 2021).

If any of the conditions are not satisfied or, if applicable, waived, then the Firm Placing and Placing and Open Offer will not take place.

7 General Meeting

This document includes a Notice convening a General Meeting to be held at 10.00 a.m. on 16 June 2021 at the Tungsten Building, Central Boulevard, Blythe Valley Park, Solihull B90 8AU. The purpose of the General Meeting is to consider and, if thought fit, to pass the Resolutions. In light of the guidance related to physical meetings due to the COVID-19 pandemic (detailed in Note 1 of the Notice of General Meeting), the Chairman and the Chief Executive will be in attendance at the General Meeting to ensure a quorum and to conduct the business of the meeting and no other Directors will be physically present. Social distancing measures may need to be in place in order to comply with current guidance. Please be aware that in accordance with current UK government advice, Shareholders are strongly encouraged not to attend the General Meeting in person. Accordingly, Shareholders are encouraged to vote as outlined below and to submit questions in advance of the meeting by emailing cosec@kier.co.uk. Questions will also be permitted during the General Meeting via the same email address cosec@kier.co.uk or by telephone.

Shareholders are able to complete and return a form of proxy in accordance with the procedures set out below in order to vote in advance of the General Meeting. Arrangements have also been made to allow Shareholders to submit questions to the Board during the General Meeting via email at cosec@kier.co.uk or by telephone (see Notes 3 and 4 of the Notice of General Meeting). Shareholders are strongly encouraged to appoint the Chairman of the General Meeting as their proxy, which will ensure their votes are cast in accordance with their wishes. Depending on continued restrictions on public gatherings or other government measures at the time of the General Meeting, it may not be possible for other named proxies to physically attend.

The Company will hold a live webcast of the General Meeting for shareholders at www.kier.co.uk/investors. To be able to attend the webcast, shareholders will need to have registered by no later than 5.00 p.m. on 15 June 2021. Details of how to do so are on the Company's website.

Shareholders may also dial in to the General Meeting and will be able to ask questions to the Chairman during the meeting over the phone. If you are calling from within the UK, please dial 0203 936 2999; the call will be charged at your standard geographic rate. If you are calling from outside the UK, please dial +44 203 936 2999; you will be charged at the applicable international rate. The access code for the telephone call is 799437. There is no need to register if you wish to join the telephone call.

The methods available to appoint a proxy are set out below:

(a) appointing a proxy electronically via the shareholder portal (www.signalshares.com). To vote via the shareholder portal enter "Kier Group plc" into the searchbox, click "Search" and click on the Company's name to be taken to the login page. From there, shareholders can log into their Link share portal account or register for the Link share portal by following the on-screen instructions. Shareholders will need their Investor Code (IVC) which can be found on their share certificate;

(b) if you are an institutional investor, appointing a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Company's Registrar. Before appointing a proxy through Proxymity, a Shareholder will need to have agreed to Proxymity's associated terms and conditions. It is important that Shareholders read these carefully as they will be bound by them and they will govern the electronic appointment of their proxy. Further information in relation to Proxymity is available at www.proxymity.io;

(c) returning the completed form of proxy to Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL; or

(d) in the case of CREST members, using the CREST electronic proxy appointment service in accordance with the procedures set out in the Notice of General Meeting set out at the end of this document,

and in each case with instructions to be received by Link Group as soon as possible, but in any event by no later than 10.00 a.m. on 14 June 2021 (or, in the case of an adjournment, not later than two business days before the time fixed for the holding of the adjourned meeting).

Further details relating to voting by proxy are set out in the Notes to the Notice of General Meeting at the end of this document.

The Board will keep the situation under review and may need to make further changes to the arrangements relating to the General Meeting, including how it is conducted. Shareholders should continue to monitor the Company's website and announcements for any updates in relation to the General Meeting. Shareholders should also continue to monitor any guidance and/or directions issued by the UK government and relevant health authorities and act accordingly.

In summary, the Resolutions (which comprise two ordinary resolutions) seek the approval of Shareholders:

(i) to the terms (including as to the discount) of the Capital Raise as set out in this document, and to direct the Board to exercise all powers to cause Kier to implement the Capital Raise; and

(ii) to grant the Board authority to allot the New Shares for the purposes of the Capital Raise pursuant to section 551 of the Companies Act.

Please note that this is not the full text of the Resolutions and you should read this section in conjunction with the Notice of General Meeting set out at the end of this document.

8 Working Capital

The Company is of the opinion that, taking into account the net proceeds of the Firm Placing and Placing and Open Offer and the bank and other facilities available to the Group, the Group has sufficient working capital for its present requirements, that is, for at least 12 months from the date of this document.

The working capital statement in this document has been prepared in accordance with the ESMA Recommendations relating to working capital statements, and the technical supplement to the FCA Statement of Policy published 8 April 2020 relating to the COVID-19 crisis. In preparing the working capital statements above, the Company is required to identify, define and consider a reasonable worst-case scenario, which has involved making certain assumptions regarding the evolution of the COVID-19 pandemic and its potential impact on the Group, which are described in paragraph 18 of Part X: "*Additional Information*".

9 Further Information

Your attention is drawn to the further information set out in Parts II to X (inclusive) of this document. Shareholders should read the whole of this document and not rely solely on the information set out in this letter. In addition, you should consider the risk factors set out on pages 11 to 27 (inclusive) of this document.

10 Overseas Shareholders

The attention of Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of or located in countries other than the United Kingdom, is drawn to the information in paragraph 8 of Part III of this document.

11 Taxation

Certain information about taxation in relation to the Firm Placing and Placing and Open Offer is set out in Part IX of this document. If you are in any doubt as to your tax position or are subject to tax in a jurisdiction other than described therein, you should consult your own independent tax adviser without delay.

12 Directors' Participation in the Capital Raise

Pursuant to the Director Subscriptions, separate to the Firm Placing and Placing and Open Offer, certain Directors have agreed with the Company to subscribe for Subscription Shares at the Issue Price, conditional upon Admission occurring, as follows.

(i) Each of Matthew Lester, Andrew Davies and Simon Kesterton (or their closely associated persons) proposes to subscribe for 88,235 Subscription Shares for an investment amount of £75,000; and

(ii) Each of Justin Atkinson and Clive Watson (or their closely associated persons) proposes to subscribe for 41,176 Subscription Shares for an investment amount of £35,000,

which in each case represents an investment in excess of their *pro rata* entitlements under the Open Offer.

Such Director Subscriptions are not related party transactions requiring Shareholder approval in accordance with Chapter 11 of the Listing Rules due to their size. Such Director Subscriptions are not underwritten by the Joint Bookrunners pursuant to the Underwriting Agreement. However, due to the small quantum of such subscriptions in the overall context of the Capital Raise, the fact that they are not underwritten does not materially impact the Capital Raise. For further information on the Director Subscriptions, see paragraph 6.2 "*Directors' participation in the Capital Raise*" of Part X "*Additional Information*" of this Prospectus.

13 Directors' Intentions and Recommendation

The Board is fully supportive of the Capital Raise and believes that the Capital Raise is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of each of the Resolutions to be put to the General Meeting.

Each of the Directors who is a Shareholder intends to vote in favour of the Resolutions to be proposed at the General Meeting.

Yours faithfully

Matthew Lester
Chairman
Kier Group plc

PART II

QUESTIONS AND ANSWERS ABOUT THE PLACING AND OPEN OFFER

The questions and answers set out in this Part II are intended to be in general terms only and, as such, you should read Part III of this document for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser, duly authorised under the FSMA if you are resident in the UK or, if not, from another appropriately authorised independent financial adviser.

This Part II deals with general questions relating to the Placing and Open Offer and more specific questions relating to Shares held by persons resident in the UK who hold their Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 8 of Part III 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 right to buy New Shares. If you hold your Shares in uncertificated form (that is, through CREST) you should read Part III 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. If you do not know whether your Shares are in certificated or uncertificated form, please call Link Group 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 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Times and dates referred to in this Part II have been included on the basis of the expected timetable for the Placing and Open Offer set out on page 34.

1 What is a Placing and Open Offer?

A placing and open offer is a way for companies to raise money. They usually do this by giving their existing shareholders a right to subscribe for further shares at a fixed price in proportion to their existing shareholdings (an open offer) and providing for new investors to subscribe for new shares in the company (a placing) to the extent that they are not taken up under the open offer. The fixed price is normally at a discount to the closing mid-market price of the existing ordinary shares prior to the announcement of the open offer.

2 What is the Open Offer?

This Open Offer is an invitation by Kier to Qualifying Shareholders to apply to subscribe for an aggregate of 141,851,386 Open Offer Shares at a price of 85 pence per Open Offer Share. If you held Shares at the Record Date or have a *bona fide* market claim, have not sold all of your Shares prior to the Ex-Entitlement Date and are not a Shareholder located in the United States or any Excluded Territory (for further information, see paragraph 8 of Part III of this document), you will be entitled to subscribe for Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 7 Open Offer Shares for every 8 Existing Shares held by Qualifying Shareholders (other than, subject to certain exceptions, Shareholders located in the United States or any Excluded Territory) at the Record Date. The Issue Price of 85 pence per Open Offer Share represents a 17.0 per cent. discount to the Closing Price of 102.4 pence on the Reference Date. The Open Offer also includes an Excess Application Facility allowing application for more than a *pro rata* entitlement under the Open Offer up to a maximum additional amount equal to such Qualifying Shareholder's Open Offer Entitlement.

Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should 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, and be enabled for settlement, the Open Offer Entitlements and Excess Open Offer Entitlements will be not be tradeable or listed and applications in respect of 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. The Excess Open Offer Entitlements will not transfer with the Open Offer

Entitlements claim, but will be transferred as a separate claim. Euroclear UK's Claims Processing Unit will not generate market claims for the Excess CREST Open Offer Entitlements. Qualifying CREST Shareholders claiming Excess CREST Open Offer Entitlements by virtue of a *bona fide* market claim are advised to contact the Receiving Agent to request a credit of the appropriate number of Excess CREST Open Offer Entitlements to their CREST account.

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 entitlements will have no rights, and will not receive any benefit under, the Open Offer. Any Open Offer Shares which are not applied for under the Open Offer or the Excess Application Facility may be issued to the Conditional Placees, with the proceeds retained for the benefit of Kier.

Shareholders should note that the Open Offer is conditional upon: (i) the Resolutions having been passed by Shareholders at the General Meeting; (ii) the Underwriting Agreement becoming unconditional in all respects, save for the condition relating to Admission, and not having been terminated in accordance with its terms before Admission occurs; (iii) completion under the sale and purchase agreement relating to the Kier Living Disposal having occurred (including the Company having received the proceeds due to it in respect of the Kier Living Disposal); and (iv) Admission having become effective by not later than 8.00 a.m. on 18 June 2021 (or such later time and/or date as the Joint Bookrunners, the Sponsor and Kier may agree, not being later than 25 June 2021).

3 Am I eligible to participate in the Placing?

New Shares will only be placed to Conditional Placees in the Placing to the extent that they are not taken up or subscribed for pursuant to the Open Offer or the Excess Application Facility, and so do not form part of the Open Offer. Unless you are a Conditional Placee, you will not be able to participate in the Placing.

4 What happens next?

The Application Forms are due to be despatched on or about 17 May 2021 to Qualifying Non-CREST Shareholders with registered addresses outside the United States and the Excluded Territories (subject to certain exceptions) and the Open Offer Entitlements and Excess Open Offer Entitlements are due to be credited to the CREST stock accounts of Qualifying CREST Shareholders with registered addresses outside the United States and the Excluded Territories (subject to certain exceptions) as soon as practicable after 8.00 a.m. on 18 May 2021.

The Company has called a General Meeting to be held at 10.00 a.m. on 16 June 2021 at the Tungsten Building, Central Boulevard, Blythe Valley Park, Solihull B90 8AU. Please see the Notice of General Meeting set out at the end of this document. As you will see from the contents of the Notice of General Meeting, the Directors are seeking shareholder approval of the terms of the proposed Capital Raise and the allotment of the New Shares.

If the Resolutions are approved at the General Meeting, the Capital Raise will proceed (subject to certain conditions).

The Capital Raise is subject to Admission of the Open Offer Shares becoming effective by not later than 8.00 a.m. on 18 June 2021 (or such later time and/or date as the Joint Bookrunners may agree, not being later than 25 June 2021).

5 What is an Application Form?

It is a form sent to those Qualifying Shareholders who hold their Shares in certificated form. It sets out your entitlement to subscribe for the Open Offer Shares and is a form which you should complete if you want to participate in the Open Offer.

6 I subscribed for my Existing 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 but hold your Existing Shares in certificated form or have lost your Application Form, this probably means that you are not able to subscribe for New Shares under the Open Offer. Some Non-CREST Shareholders, however, will not receive an Application Form but may still be eligible to subscribe for New Shares under the Open Offer, namely:

- Qualifying CREST Shareholders who held their Existing Shares in uncertificated form on 14 May 2021 and who have converted them to certificated form;
- Shareholders who bought Existing Shares before 14 May 2021 and who hold such Shares in certificated form but were not registered as the holders of those Shares at the close of business on 14 May 2021; and
- certain Overseas Shareholders.

If you do not receive an Application Form but think that you should have received one, please call Link Group 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 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

7 If I buy Shares after the Record Date, will I be eligible to participate in the Open Offer?

If you bought Shares after the Record Date but prior to 8.00 a.m. on the Ex-Entitlement Date, you may be eligible to participate in the Open Offer.

If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement.

If you buy Shares at or after 8.00 a.m. on 14 May 2021, you will not be eligible to participate in the Open Offer in respect of those Shares.

8 I hold my Existing Shares in uncertificated form through CREST. What do I need to do in relation to the Open Offer?

CREST members should follow the instructions set out in Part III of this document. Persons who hold Shares through a CREST member should be informed by the CREST member through which they hold their Shares of the number of Open Offer Shares which they are entitled to take up under the Open Offer and should contact them if they do not receive this information.

9 I hold my Existing Shares in certificated form. How do I know if I am able to subscribe for Open Offer Shares under the Open Offer?

If you receive an Application Form and are a Qualifying Non-CREST Shareholder with a registered address outside the United States and the Excluded Territories (subject to certain exceptions), then you should be eligible to subscribe for Open Offer Shares under the Open Offer (as long as you have not sold all of your Existing Shares before 8.00 a.m. on the Ex-Entitlement Date, in which case you will need to follow the instructions on the front page of this document).

10 I hold my Existing Shares in certificated form. How will I be informed of how many Open Offer Shares I am entitled to buy?

If you hold your Existing Shares in certificated form and are a Qualifying Non-CREST Shareholder with a registered address outside the United States and the Excluded Territories (subject to certain exceptions), you will be sent an Application Form that shows:

- how many Existing Shares you held at the close of business on 12 May 2021 (the Record Date);
- how many Open Offer Shares you are entitled to buy; and

- how much you need to pay if you want to take up your right to buy all of the Open Offer Shares comprised in your Open Offer Entitlement.

Subject to certain exceptions, if you have a registered address in the United States or the Excluded Territories, you will not receive an Application Form.

11 I am a Qualifying Shareholder with a registered address in the United Kingdom and I hold my Existing Shares in certificated form. What are my choices and what should I do with the Application Form?

(a) ***If you want to take up all of your Open Offer Entitlement and more than your Open Offer Entitlement under the Excess Application Facility***

If you want to take up all of the Open Offer Shares under your Open Offer Entitlement, all you need to do is send the completed and signed Application Form, together with your cheque or banker's draft for the full amount, payable to "Link Market Services Limited Re Kier Group plc Open Offer A/C" and crossed "A/C Payee Only", by post or by hand (during normal business hours only) to Link Group at Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, to arrive by no later than 11.00 a.m. on 14 June 2021. Within the United Kingdom only, you can use the reply-paid envelope which will be enclosed with the Application Form. Full instructions are set out in Part III of this document and will be set out in the Application Form.

The Excess Application Facility

The Excess Application Facility enables Qualifying Shareholders to apply for Open Offer Shares in excess of their Open Offer Entitlements, up to a maximum additional amount equal to their respective Open Offer Entitlement, subject always to the Individual Shareholder Limit. The total number of Open Offer Shares is fixed and will not be increased in response to any applications for Open Offer Shares under the Excess Application Facility. Such applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full and where an application is not in excess of the relevant Qualifying Non-CREST Shareholder's Individual Shareholder Limit. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications for additional Open Offer Shares under the Excess Application Facility by Qualifying Shareholders will be met in full or in part or at all.

Excess monies in respect of applications under the Excess Application Facility which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter.

Qualifying Non-CREST Shareholders who wish to apply for Open Offer Shares in excess of their Open Offer Entitlements must complete the Application Form in accordance with the instructions in Part III of this document and the Application Form.

Please note third-party cheques may not be accepted other than building society cheques or banker's drafts.

If payment is made by building society cheque (not being drawn on an account of the applicant) or a banker's draft, the building society or bank must endorse on the back of the cheque or draft the applicant's name and the number of an account held in the applicant's name at the building society or bank, such endorsement being validated by a stamp and an authorised signature.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 25 June 2021.

If you take up your Open Offer Entitlement in full and do not apply for any Open Offer Shares under the Excess Application Facility then, assuming that the Capital Raise proceeds, your interest in Kier will be diluted by 31.9 per cent.

Full instructions are set out in Part III of this document and will be set out in the Application Form.

(b) ***If you do not want to take up your Open Offer Entitlement at all***

If you do not want to take up your Open Offer Entitlement, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You will not receive any money if the Open Offer Shares you could have taken up are sold; this differs from a rights issue where you receive money for any shares that you could have taken up, provided that the price at which such shares are sold exceeds the costs and expenses of effecting the sale of such shares. You cannot sell your Open Offer Entitlement to anyone else. If you do not return your Application Form subscribing for the Open Offer Shares to which you are entitled by 11.00 a.m. on 14 June 2021, we have made arrangements under which we may issue the Open Offer Shares comprising your Open Offer Entitlement to the Conditional Placees. Shareholders are, however, encouraged to vote at the General Meeting by completing and returning the Form of Proxy enclosed with this document. You may also submit your proxy electronically at www.signalshares.com.

If you do not take up any of your Open Offer Entitlement then, assuming that the Capital Raise proceeds, your interest in Kier will be diluted by 63.7 per cent.

(c) ***If you want to take up some but not all of the Open Offer Shares under your Open Offer Entitlement***

If you want to take up some but not all of the Open Offer Shares under your Open Offer Entitlement, you should write the number of Open Offer Shares you want to take up in your Application Form. For example, if you have an Open Offer Entitlement for 500 Open Offer Shares but you only want to apply for 250 Open Offer Shares, then you should write '250' in your Application Form. 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, '250') by the Issue Price of 85 pence giving you an amount of £212.50 in this example. You should write this total sum in the Application Form, and this should be the amount your cheque or banker's draft is made out for. You should send the Application Form, together with your cheque or banker's draft for the full amount, payable to "Link Market Services Limited Re Kier Group plc Open Offer A/C" and crossed "A/C Payee Only", by post or by hand (during normal business hours only) to Link Group at Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, to arrive by no later than 11.00 a.m. on 14 June 2021. Within the United Kingdom only, you can use the reply paid envelope which will be enclosed with the Application Form. Full instructions are set out in Part III of this document and will be set out in the Application Form.

Please note third party cheques may not be accepted other than building society cheques or banker's drafts.

If payment is made by building society cheque (not being drawn on an account of the applicant) or a banker's draft, the building society or bank must endorse on the back of the cheque or draft the applicant's name and the number of an account held in the applicant's name at the building society or bank, such endorsement being validated by a stamp and an authorised signature.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 25 June 2021.

12 What if I change my mind?

If you are a Qualifying Non-CREST Shareholder, once you have sent your Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of New Shares for which you have applied, except in the very limited circumstances which are set out in paragraph 7 ("Withdrawal Rights") of Part III ("Terms and Conditions of the Firm Placing, Placing and Open Offer") of this document

13 I am a Qualifying Shareholder, do I have to apply for all of the Open Offer Shares that I am entitled to apply for?

You can take up any whole number of the Open Offer Shares allocated to you under your Open Offer Entitlement. You can also apply for any whole number of Open Offer Shares in excess of your Open Offer Entitlement up to a maximum additional amount equal to your Open Offer Entitlement, subject always to the Individual Shareholder Limit. 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 the Open Offer becoming unconditional.

Please refer to question 11 for further information.

14 I hold my Existing Shares in certificated form. If I apply for Open Offer Shares, when will I receive the certificate representing my Open Offer Shares?

If you take up your entitlement to Open Offer Shares, share certificates for the Open Offer Shares are expected to be posted by no later than 25 June 2021.

15 What if the number of Open Offer Shares to which I am entitled is not a whole number? Am I entitled to fractions of Open Offer Shares?

Your entitlement to Open Offer Shares will be calculated at the Record Date (other than in the case of those who bought shares after the Record Date but prior to 8.00 a.m. on the Ex-Entitlement Date who are eligible to participate in the Open Offer). If the result is not a whole number, you will not be allotted an Open Offer Share in respect of the fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number.

16 Will I be taxed if I take up my entitlements?

If you are resident in the United Kingdom for tax purposes, you should not have to pay UK tax when you take up your right to receive Open Offer Shares, although the Placing and Open Offer will affect the amount of UK tax you may pay when you subsequently sell your Shares.

Further information for Qualifying Shareholders who are resident in the United Kingdom for tax purposes is contained in Part IX of this document. This information is intended as a general guide to the current tax position in the United Kingdom and Qualifying Shareholders should consult their own tax advisers regarding the tax treatment of the Firm Placing and Placing and Open Offer in light of their own circumstances. Qualifying Shareholders who are in any doubt as to their tax position, or who are subject to tax in any other jurisdiction, should consult an appropriate professional adviser as soon as possible. Please note that the shareholder helpline will not be able to assist you with taxation issues.

17 What should I do if I live outside the United Kingdom?

Whilst you have an entitlement to participate in the Open Offer, your ability to subscribe for 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 in the United States or the Excluded Territories are, subject to certain exceptions, not able to participate in the Open Offer. Your attention is drawn to the information in paragraph 8 of Part III of this document.

18 I hold my Existing Shares through a nominee and want to participate in the Open Offer. What should I do?

You should contact your nominee for further assistance on how to take up your Open Offer Entitlements and Excess Open Offer Entitlements.

19 Will the Firm Placing and Placing and Open Offer affect the future dividends the Company pays?

Following completion of the Firm Placing and Placing and Open Offer, future dividend payments will be adjusted for the Firm Placing and Placing and Open Offer. The adjustment will take account of the discount in the Issue Price to the share price at close of business on 12 May 2021, being the day prior to the announcement of the terms of the Firm Placing and Placing and Open Offer.

20 What if I hold options and awards under the Share Schemes?

Participants in the Share Schemes will be contacted separately with further information on how their options and awards granted under such plans may be affected by the Firm Placing and Placing and Open Offer.

21 How do I transfer my rights into the CREST system?

If you are a Qualifying Non-CREST Shareholder, but are a CREST member and want your Open Offer Shares to be in uncertificated form, you should complete Box 15 (on the Application Form) and ensure they are delivered to CCSS to be received by 3.00 p.m. on 9 June 2021 at the latest. CREST sponsored members should arrange for their CREST sponsors to do this.

If you have transferred your rights into the CREST system, you should refer to paragraph 6 of Part III of this document for details on how to pay for the Open Offer Shares.

22 What should I do if I think my holding of Shares is incorrect?

If you have recently bought or sold Shares, your transaction may not be entered on the register of members in time to appear on the register at the Record Date. If you are concerned about the figure in the Application Form or otherwise concerned that your holding of Shares is incorrect, please call Link Group 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 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

PART III

TERMS AND CONDITIONS OF THE FIRM PLACING AND PLACING AND OPEN OFFER

1 Introduction

The Company is proposing to raise proceeds of approximately £228.7 million (net of fees, costs and expenses) by way of:

(i) a Firm Placing of 141,851,386 Firm Placing Shares, to raise gross proceeds of £120.6 million;

(ii) a Placing and Open Offer of 141,851,386 Open Offer Shares, to raise gross proceeds of £120.6 million; and

(iii) Director Subscriptions of 347,057 Subscription Shares, to raise gross proceeds of £295,000,

in each case at the Issue Price of 85 pence per New Share. The New Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Shares, including for dividends.

Under the Open Offer, Qualifying Shareholders are being given the opportunity to subscribe for Open Offer Shares *pro rata* to their Existing Holdings on the basis of 7 Open Offer Shares for every 8 Existing Shares held by them and registered in their name at the Record Date (and so in proportion to any other number of Existing Shares then held) on the terms and subject to the conditions set out in this document (and, in the case of Qualifying Non-CREST Shareholders, the Application Form). Qualifying Shareholders are also being offered the opportunity to apply for additional Open Offer Shares in excess of their Open Offer Entitlement to the extent that other Qualifying Shareholders do not take up their own Open Offer Entitlements in full.

Times and dates referred to in this Part III have been included on the basis of the expected timetable for the Firm Placing and Placing and Open Offer set out on page 34 of this document.

The Issue Price of 85 pence per New Share represents a 17.0 per cent. discount to the Closing price of 102.4 pence per Existing Share on the Reference Date.

A cash box structure will be used for the issue of the Firm Placing Shares and the Open Offer Shares. The Company will allot and issue the Firm Placing Shares and the Open Offer Shares to the Firm Placees, the Conditional Placees and those Qualifying Shareholders who take up their Open Offer Entitlements and/or Excess Open Offer Entitlements, in consideration for Numis transferring its holding of shares in JerseyCo to the Company. Accordingly, instead of receiving cash as consideration for the issue of Firm Placing Shares and the Open Offer Shares, at the conclusion of the Firm Placing and Placing and Open Offer, the Company will own the entire issued share capital of JerseyCo whose only assets will be its cash reserves and an intercompany balance due to it from the Company as a result of JerseyCo agreeing (pursuant to the Subscription and Transfer Agreement and the Underwriting Agreement) to pay certain costs and expenses on behalf of the Company, which together will represent an amount approximately equal to the proceeds of the Firm Placing and Placing and Open Offer.

2 The Open Offer

Subject to the terms and conditions set out in this Part III (and, in the case of Qualifying Non-CREST Shareholders, the Application Form), each Qualifying Shareholder is being invited to subscribe for Open Offer Shares *pro rata* to their Existing Holdings at the Issue Price (payable in full and free of all fees, costs and expenses) on the following *pro rata* basis:

7 Open Offer Shares for every 8 Existing Shares

held and registered in their name on the Record Date (and so in proportion to any other number of Existing Shares then held) (the "**Open Offer Entitlement**"). Holdings of Existing Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating Open Offer Entitlements. Valid applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlement.

Qualifying Shareholders who have taken up their Open Offer Entitlement in full are also being invited to apply for additional Open Offer Shares in excess of their Open Offer Entitlement to the extent that other Qualifying

Shareholders do not take up their own Open Offer Entitlements in full. Subject to availability, the Excess Application Facility will enable Qualifying Shareholders, provided they have taken up their Open Offer Entitlement in full, to apply for further Open Offer Shares in excess of their Open Offer Entitlement up to a maximum amount equal to such Qualifying Shareholder's Open Offer Entitlement, subject always to the Individual Shareholder Limit. Excess Applications may be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all.

Please refer to paragraphs 5.3 and 6.3 below for further details of the Excess Application Facility.

Qualifying Shareholders may apply for any whole number of Open Offer Shares in excess of their Open Offer Entitlement up to a maximum additional amount equal to such Qualifying Shareholder's Open Offer Entitlement, subject always to the Individual Shareholder Limit. Fractions of Open Offer Shares will not be allotted and each Qualifying Shareholder's Open Offer Entitlement under the Open Offer will be rounded down to the nearest whole number.

The aggregate number of Open Offer Shares available for subscription pursuant to the Open Offer (including under the Excess Application Facility) is 141,851,386 Open Offer Shares.

Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should 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, and be enabled for settlement, the Open Offer Entitlements and Excess Open Offer Entitlements will not be tradeable or listed and applications in respect of 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 by Euroclear UK's Claims Processing Unit. The Excess Open Offer Entitlements will not transfer with the Open Offer Entitlements claim, but will be transferred as a separate claim. Euroclear UK's Claims Processing Unit will not generate market claims for the Excess CREST Open Offer Entitlements. Qualifying CREST Shareholders claiming Excess CREST Open Offer Entitlements by virtue of a *bona fide* market claim are advised to contact the Receiving Agent to request a credit of the appropriate number of Excess CREST Open Offer Entitlements to their CREST account.

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 entitlements will have no rights, and will not receive any benefit, under the Open Offer. Any Open Offer Shares which are not applied for under the Open Offer may be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility and/or may be allocated to Conditional Placees, subject to the terms and conditions of the Underwriting Agreement, with the proceeds retained for the benefit of Kier.

Overseas Shareholders or any persons (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom should consider paragraph 8 below. The offer of Open Offer Shares under the Open Offer will not be made into certain territories. Subject to the provisions of paragraph 8 below, Shareholders with a registered address in the United States or the Excluded Territories are not being sent this document and will not be sent Application Forms.

The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders is as at 5.00 p.m. on 12 May 2021. Application Forms for Qualifying Non-CREST Shareholders accompany this document and Open Offer Entitlements and Excess Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST on 18 May 2021. 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 11.00 a.m. on 14 June 2021.

Applications will be made to the FCA and to the London Stock Exchange for the New Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities, respectively. It is expected that Admission will become effective on 18 June 2021 and that dealings on the London Stock Exchange in the New Shares will commence by 8.00 a.m. on that date. The New Shares and the Existing Shares are in registered form and can be held in certificated form or uncertificated form via CREST.

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

3 Conditionality

The Firm Placing and Placing and Open Offer are conditional, *inter alia*, upon:

(i) the Resolutions having been passed by Shareholders at the General Meeting;

(ii) the Underwriting Agreement having become unconditional in all respects, save for the condition relating to Admission, and not having been terminated in accordance with its terms before Admission occurs;

(iii) completion under the sale and purchase agreement relating to the Kier Living Disposal having occurred (including the Company having received the proceeds due to it in respect of the Kier Living Disposal); and

(iv) Admission having become effective by not later than 8.00 a.m. on 18 June 2021 (or such later time and/or date as the Joint Bookrunners, the Sponsor and Kier may agree, not being later than 25 June 2021).

If any of the conditions are not satisfied or, if applicable, waived, then the Firm Placing and Placing and Open Offer will not take place. In such circumstances, application monies will be returned without payment of interest, as soon as practicable thereafter.

Following Admission, the Underwriting Agreement will not be subject to any condition or right of termination (including in respect of statutory withdrawal rights). For further details of the Underwriting Agreement, please see paragraph 14.1 of Part X of this document.

4 Action to be taken in connection with the Open Offer

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser authorised under the FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

The action to be taken in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Shareholder has received an Application Form in respect of their entitlement under the Open Offer or has had their Open Offer Entitlements and Excess Open Offer Entitlements credited to his CREST stock account:

(i) If you are a Qualifying Non-CREST Shareholder with a registered address outside the United States and the Excluded Territories, please refer to paragraphs 5 and paragraphs 7 to 14 (inclusive) below.

(ii) If you are a Qualifying CREST Shareholder with a registered address outside the United States and the Excluded Territories, please refer to paragraphs 6 to 14 (inclusive) below and to the CREST Manual for further information on the CREST procedures referred to below.

(iii) If you are Qualifying Shareholder either: (i) subject to certain exceptions, with a registered address in the United States or the Excluded Territories; or (ii) holding Shares on behalf of, or for the account or benefit of any person on a non-discretionary basis who, subject to certain exceptions, has a registered address in the United States or the Excluded Territories, please refer to paragraph 8 below.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors, as only their CREST sponsors will be able to take the necessary actions specified below to apply under the Open Offer Entitlements and Excess Open Offer Entitlements in respect of the Open Offer Entitlements and Excess Open Offer Entitlements of such members held in CREST.

All enquiries in relation to the Application Forms should be addressed to Link Group 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 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

5 Action to be taken by Qualifying Non-CREST Shareholders in connection with the Open Offer

5.1 *General*

Save as provided in paragraph 8 below, Qualifying Non-CREST Shareholders will have received an Application Form with this document. The Application Form sets out:

(i) the number of Existing Shares registered in such person's or persons' name on the Record Date (on which a Qualifying Non-CREST Shareholder's Open Offer Entitlement is based);

(ii) the Open Offer Entitlement of such person(s);

(iii) how much such person(s) would need to pay in pounds sterling if they wish to take up their Open Offer Entitlement in full;

(iv) the procedures to be followed if such person(s) wishes to dispose of all or part of his Open Offer Entitlement or to convert all or part of their entitlement into uncertificated form; and

(v) instructions regarding acceptance and payment, consolidation, splitting and registration of renunciation.

Subject to availability, and assuming that Qualifying Shareholders have accepted their Open Offer Entitlement in full, Qualifying Non-CREST Shareholders may also apply for any whole number of Open Offer Shares in excess of their Open Offer Entitlement up to a maximum additional amount equal to such Qualifying Shareholder's Open Offer Entitlement, subject always to the Individual Shareholder Limit, by completing Boxes 2, 3, 4 and 5 of the Application Form (see paragraph 5.3 below). Qualifying Non-CREST Shareholders may also hold an Application Form by virtue of a *bona fide* market claim.

The instructions and other terms set out in the Application Form constitute part of the terms and conditions of the Open Offer to Qualifying Non-CREST Shareholders.

On the basis that Application Forms are posted on or about 17 May 2021, the latest time and date for **acceptance of the Application Forms and payment in full will be 11.00 a.m. on 14 June 2021.** The Open Offer Shares are expected to be issued on 18 June 2021. After such date the Open Offer Shares will be in registered form, freely transferable by written instrument of transfer in the usual common form or, if they have been issued in or converted into uncertificated form, in electronic form under the CREST system.

If the Firm Placing and Placing and Open Offer is delayed so that Application Forms cannot be despatched on 17 May 2021 or if the timetable for the Firm Placing and Placing and Open Offer is otherwise amended, the expected timetable, as set out at the front of this document, may be adjusted accordingly, in which case the revised dates will be set out in the Application Forms and announced through a Regulatory Information Service. All references to times and/or dates in this Part III should be read as being subject to such adjustment.

Qualifying Shareholders who do not want to take up or apply for Open Offer Shares should take no action and should not complete or return the Application Form. Qualifying Shareholders are, however, encouraged to vote at the General Meeting by completing and returning the enclosed Form of Proxy, registering their proxy appointment electronically or by completing and transmitting a CREST Proxy Instruction.

5.2 *Bona fide market claims*

Applications to subscribe for 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 Shares through the market prior to 8.00 a.m.

on 14 May 2021 (the "**Ex-Entitlement Date**"). Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims. The Excess Open Offer Entitlements will not transfer with the Open Offer Entitlements claim, but will be transferred as a separate claim. Euroclear UK's Claims Processing Unit will not generate market claims for the Excess CREST Open Offer Entitlements. Qualifying CREST Shareholders claiming Excess CREST Open Offer Entitlements by virtue of a *bona fide* market claim are advised to contact the Receiving Agent to request a credit of the appropriate number of Excess CREST Open Offer Entitlements to their CREST account.

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 Shares prior to the Ex-Entitlement Date, being 8.00 a.m. on 14 May 2021, should consult his broker or other professional adviser as soon as possible, as the invitation to subscribe for 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 13 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 the United States or any of the Excluded Territories. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 6 below.

Qualifying Non-CREST Shareholders who have sold all of their registered holdings prior to 8.00 a.m. on 14 May 2021 should, if the market claim is to be settled outside CREST, complete Box 13 on the Application Form and immediately send it to the broker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee, or directly to the purchaser or transferee, if known. The Application Form should not, however, be forwarded to or transmitted in or into the United States or any Excluded Territory. 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 procedures set out in paragraph 6 below.

Qualifying Non-CREST Shareholders who have sold or otherwise transferred part only of their Existing Shares shown in Box 6 of their Application Form prior to 8.00 a.m. on 14 May 2021 should, if the market claim is to be settled outside CREST, complete Box 13 of the Application Form and immediately deliver the Application Form, together with a letter stating the number of Application Forms required (being one for the Qualifying Non-CREST Shareholder in question and one for each of the purchasers or transferees), the total number of Existing Shares to be included in each Application Form (the aggregate of which must equal the number shown in Box 6 of the Application Form) and the total number of Open Offer Entitlements to be included in each Application Form (the aggregate of which must equal the number shown in Box 7), to the broker, bank or other agent through whom the sale or transfer was effected or return it by post to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL so as to be received by no later than 3.00 p.m. on 10 June 2021. The Receiving Agent will then create new Application Forms, mark the Application Forms 'Declaration of sale or transfer duly made' and send them by post to the person submitting the original Application Form. The Application Form should not, however, be forwarded to or transmitted in or into the United States or any Excluded Territory.

5.3 ***Excess Application Facility***

Subject to availability, and assuming that the Qualifying Non-CREST Shareholder has accepted his Open Offer Entitlement in full, a Qualifying Non-CREST Shareholder may apply to subscribe for additional Open Offer Shares using the Excess Application Facility, should he wish. A Qualifying Non-CREST Shareholder wishing to apply for Open Offer Shares under the Excess Application Facility, up to a maximum additional amount equal to such Qualifying Non-CREST Shareholder's Open Offer Entitlement, subject always to the Individual Shareholder Limit, may do so by completing Boxes 2, 3, 4 and 5 of the Application Form. The total number of Open Offer Shares is fixed and will not be increased in response to any applications for Open Offer Shares under the Excess Application Facility. Such applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full and where an application is not in excess of the relevant Qualifying Non-CREST Shareholder's Individual Shareholder Limit. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications for additional Open Offer Shares under the Excess Application Facility by Qualifying Non-CREST Shareholders will be met in full or in part or at all.

Excess monies in respect of applications under the Excess Application Facility which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter.

Fractions of Open Offer Shares will not be issued under the Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number.

5.4 ***Application procedures***

Qualifying Non-CREST Shareholders who wish to apply to subscribe for all or any of the Open Offer Shares to which they are entitled must complete, sign and return the Application Form in accordance with the instructions thereon. Completed Application Forms should be posted in the accompanying pre-paid envelope (in the UK only) or returned by post or by hand (during normal office hours only) to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL so as to be received by the Receiving Agent as soon as possible and, in any event, not later than 11.00 a.m. on 14 June 2021, after which time (subject to the limited exceptions set out below) Application Forms will not be valid. Applications delivered by hand will not be checked upon delivery and no receipt will be provided. Qualifying Non-CREST Shareholders should note that applications, once made, will, subject to the very limited withdrawal rights set out in paragraph 7 below, 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. Multiple applications will not be accepted.

Completed Application Forms should be returned together with payment in accordance with paragraph 5.5 below.

5.5 ***Payment***

All payments must be made by cheque or banker's draft in pounds sterling payable to "Link Market Services Limited Re Kier Group plc Open Offer A/C" and crossed "A/C payee only". Cheques must be for the full amount payable on acceptance, and sent by post to Link Group at Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL so as to be received as soon as possible and, in any event, not later than 11.00 a.m. on 14 June 2021. A pre-paid envelope for use within the UK only is enclosed with the Application Form.

Third party cheques may not be accepted except 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 building society cheque or banker's draft to such effect. The account name should be the same as that shown on the application. Cheques or banker's drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which must be in the UK or the Channel Islands and which is either a settlement member of Cheque & Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has otherwise arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner. Post-dated cheques will not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Kier reserves the right to have cheques and banker's drafts presented for payment on receipt. It is a term of the Open Offer that cheques must be honoured on first presentation and Kier may elect to treat as invalid any acceptances in respect of which cheques are not honoured. Return of the Application Form with a cheque will constitute a warranty that the cheque will be honoured on first presentation.

If cheques or banker's drafts are presented for payment before the conditions of the Open Offer are fulfilled, the application monies may be kept in an interest-bearing account retained for Kier until all conditions are met. If the 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 Open Offer.

If Open Offer Shares are allotted to a Qualifying Shareholder and a cheque for that allotment is subsequently not honoured, Kier may (in its absolute discretion as to manner, timing and terms) make arrangements for the sale of such shares on behalf of such Qualifying Shareholder and hold the proceeds of sale (net of Kier's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale including, without limitation, any stamp duty or SDRT payable on the transfer of such shares, and of all amounts payable by such Qualifying Shareholder pursuant to the provisions of this Part III in respect of the acquisition of such shares) on behalf of such Qualifying Shareholder. Neither Kier nor any other person shall be responsible for, or have any liability for, any loss, expenses or damage suffered by any Qualifying Shareholder as a result.

All documents and cheques or banker's drafts posted to or by Qualifying Shareholders and/or their transferees or renounces (or their agents, as appropriate) will be posted at their own risk.

5.6 ***Discretion as to the validity of acceptances***

If payment is not received in full by 11.00 a.m. on 14 June 2021, the offer to subscribe for Open Offer Shares will be deemed to have been declined and will lapse. However, Kier may (but shall not be obliged to) and the Joint Bookrunners (acting in good faith) may require Kier to treat as valid:

(vi) Application Forms and accompanying remittances that are received through the post not later than 4.30 p.m. on 14 June 2021 (the cover bearing a legible postmark not later than 11.00 a.m. on 12 June 2021); and

(vii) acceptances in respect of which a remittance is received prior to 11.00 a.m. on 14 June 2021 from an authorised person (as defined in section 31(2) of the FSMA) specifying the number of Open Offer Shares to be subscribed for and undertaking to lodge the relevant Application Form, duly completed, by 4.30 p.m. on 14 June 2021 and such Application Form is lodged by that time.

Kier may also (in its absolute discretion) and the Joint Bookrunners (acting in good faith) may require Kier to treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney where required.

Kier (acting in consultation with the Joint Bookrunners) reserves the right to treat as invalid any application or purported application for the Open Offer Shares pursuant to the Open Offer that appears to Kier to have been executed in, despatched from, or that provides an address for delivery of definitive share certificates for Open Offer Shares in, the United States or an Excluded Territory.

5.7 ***Effect of application***

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. By completing and delivering an Application Form the applicant:

(i) represents and warrants to Kier and each of the Joint Bookrunners that he/she 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/she 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 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 the Receiving Agent's 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) requested that the New Shares to which he/she or it will become entitled be issued to him or it on the terms set out in this document and subject to the Articles;

(iv) agrees with Kier and each of the Joint Bookrunners that all applications under the Open Offer and contracts resulting therefrom, and any non-contractual obligations related thereto, shall be governed by, and construed in accordance with, the laws of England and Wales;

(v) confirms to Kier and each of the Joint Bookrunners that in making the application he is not relying on any information or representation other than that contained in this document (or incorporated into this document by reference), 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 information or representation not so contained and further agrees that, having had the opportunity to read this document including any documentation incorporated by reference, he will be deemed to have had notice of all information contained in this document (including information incorporated by reference);

(vi) confirms that in making the application he is not relying and has not relied on the Joint Bookrunners or any other person affiliated with the Joint Bookrunners in connection with any investigation of the accuracy of any information contained in this document or his investment decision;

(vii) represents and warrants to Kier and the Joint Bookrunners that if he has received some or all of his Open Offer Entitlements and Excess Open Offer Entitlements from a person other than Kier, 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;

(viii) confirms to the Company and the Joint Bookrunners that he/she or it acknowledges and agrees that no person has been authorised to give any information or to make any representation concerning the Company or the New Shares (other than as contained in this document or incorporated into this document by reference) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Joint Bookrunners;

(ix) confirms to each of the Company and the Joint Bookrunners that in making the application he/she or it is not relying and has not relied on Rothschild & Co or the Joint Bookrunners or any person affiliated with the Joint Bookrunners in connection with any investigation on the accuracy of any information contained in this document or incorporated by reference into this document or his, her or its investment decision;

(x) acknowledges that his/her or its application for New Shares is legally binding and irrevocable and cannot be withdrawn, amended or qualified without the consent of the Company in its sole and absolute discretion (after consultation with the Joint Bookrunners) other than in circumstances in which the withdrawal rights summarised in paragraph 7 ("Withdrawal Rights") of this Part III apply; and

(xi) represents and warrants to Kier and each of the Joint Bookrunners that he/she is the Qualifying Shareholder originally entitled to the Open Offer Entitlements and Excess Open Offer Entitlements or that he/she received such Open Offer Entitlements and Excess Open Offer Entitlements by virtue of a *bona fide* market claim;

(xii) represents and warrants to Kier and the Joint Bookrunners that:

(a) he is not, nor is he applying on behalf of any person who is, located, a citizen or resident, or a corporation, partnership or other entity created or organised in or under any laws, in or of the United States or any Excluded Territory or any jurisdiction in which the application for Open Offer Shares is prevented by law; and

(b) he is not applying with a view to re-offering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of his application to, or for the benefit of, a person who is located, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws of the United States or any Excluded Territory or any jurisdiction in which the application for Open Offer Shares is prevented by law, 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;

(xiii) represents and warrants to Kier and each of the Joint Bookrunners that he/she 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 Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the Articles of Association.

5.8 ***Money Laundering Regulations***

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the beneficial owner 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 an application is made by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, such agent should carry out the verification of identity requirements and the agent's stamp should be inserted on the Application Form.

Submission of an Application Form shall constitute a warranty to Kier and the Joint Bookrunners that the Money Laundering Regulations will not be breached by the acceptance of the remittance and an undertaking by the person lodging the Application Form (the "applicant"), including any person who appears to the Receiving Agent to be acting on behalf of some other person, to provide promptly to the Receiving Agent such information and other evidence as may be specified by the Receiving Agent and/or the Company as being required for the purpose of the Money Laundering Regulations and agree for Link Group to make a search using a credit reference agency for the purposes of confirming such identity; where deemed necessary a record of the search will be retained.

If the Receiving Agent determines that the verification of identity requirements apply to any applicant or application, the relevant Open Offer Shares (notwithstanding any other term of the Firm Placing and Placing and Open Offer) will not be issued to the relevant applicant unless and until the verification of identity requirements have been satisfied in respect of that applicant or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied, and none of the Receiving Agent, Kier or the Joint Bookrunners 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 and potential rejection of an application. If, within a reasonable period of time following a request for verification of identity (and in any event by 11.00 a.m. on 14 June 2021), the Receiving Agent has not received evidence satisfactory to it as aforesaid, Kier may, in its absolute discretion, treat the relevant application as invalid, in which event the application monies will be returned (at the applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

Where the verification of identity requirements apply, please note the following as this will assist in satisfying such requirements. Satisfaction of these requirements may be facilitated in the following ways:

(i) If payment is made by cheque or banker's draft in pounds sterling drawn on a branch of a bank or building society in the United Kingdom and bears a UK bank sort code number in the top right-hand corner, the following applies. Cheques, which must be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to "Link Market Services Limited Re Kier Group plc Open Offer A/C" and crossed "A/C payee only". Third party cheques may not be accepted except for 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 building society cheque/banker's draft to such effect. The account name should be the same as that shown on the application.

(ii) If the Application Form is lodged with payment by an agent which is an organisation required to comply with the EU Money Laundering Directive ((EU) 2018/843) as amended, or which is subject to anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, China, Hong Kong, Iceland, India, Israel, Japan, Malaysia, Mexico, New Zealand, Norway, Republic of Korea, the Russian Federation, Singapore, South Africa, Switzerland, Turkey, the United Kingdom, the United

States of America and, by virtue of their membership of the Gulf Co-operation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide written confirmation that it has that status with the Application Form(s) and that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent and/or any relevant regulatory or investigatory authority.

(iii) If an Application Form is lodged by hand by the applicant in person, he should ensure that he/she has with him evidence of identity bearing his photograph (for example, his passport) and evidence of his address (for example, a recent bank statement).

To confirm the acceptability of any written confirmation referred to in paragraph (ii) above, or in any other case, the applicant should contact Link Group 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 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

5.9 ***Issue of Open Offer Shares in certificated form***

Definitive share certificates in respect of the Open Offer Shares to be held in certificated form are expected to be despatched by post on or around 25 June 2021, at the risk of the person(s) entitled to them, to accepting Qualifying Non-CREST Shareholders or their agents or, in the case of joint holdings, to the first-named Shareholder, in each case at their registered address (unless lodging agent details have been completed on the Application Form).

6 Action to be taken by Qualifying CREST Shareholders in connection with the Open Offer

6.1 ***General***

Save as provided in paragraph 8 below in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder is expected to receive a credit to his CREST stock account of his Open Offer Entitlement and Excess Open Offer Entitlement in respect of his entitlement under the Open Offer.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Shares held at 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 it is impracticable to credit the stock accounts of Qualifying CREST Shareholders by 8.00 a.m. on 18 May 2021 or such later time as Kier shall decide, Application Forms shall, unless Kier and the Joint Bookrunners determine otherwise, be sent out in substitution for the Open Offer Entitlements and Excess Open Offer Entitlements which have not been so credited and the expected timetable as set out in this document may, with the consent of the Joint Bookrunners, be adjusted as appropriate. **References to dates and times in this document should be read as subject to any such adjustment.** Kier 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**.

Qualifying CREST Shareholders who wish to take up all or part of their entitlements in respect of Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST sponsored member, you should consult your CREST sponsor if you wish to take up your entitlement, as only your CREST sponsor will be able to take the necessary action to take up your entitlements in respect of Open Offer Shares.

6.2 ***Bona fide market claims***

Each of the Open Offer Entitlements and Excess Open Offer Entitlements will constitute a separate security for the purposes of CREST and will have a separate ISIN. Although Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of 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.

6.3 ***Excess Application Facility***

Subject to availability, and assuming that the Qualifying CREST Shareholder has accepted his Open Offer Entitlement in full, a Qualifying CREST Shareholder may apply to subscribe for additional Open Offer Shares using the Excess Application Facility, should he wish. The Excess Application Facility enables a Qualifying CREST Shareholder to apply for Open Offer Shares in excess of his Open Offer Entitlement up to a maximum additional amount equal to such Qualifying CREST Shareholder's Open Offer Entitlement, subject always to the Individual Shareholder Limit.

An Excess Open Offer Entitlement may not be sold or otherwise transferred.

Subject as provided in paragraph 8 below in relation to Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess Open Offer Entitlement in order for any applications for Open Shares applied for under the Excess Application Facility to be settled through CREST.

Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and the Excess Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only). Neither the Open Offer Entitlements nor the Excess Open Offer Entitlements will 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.

To apply for Open Offer Shares under the Excess Application Facility pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions in paragraph 6.6 below and must not return a paper form and cheque.

Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess Open Offer Entitlement credited to CREST and allocated to the relevant Qualifying Shareholder will be transferred to the purchaser. Please note that a separate USE instruction must be sent to Euroclear in respect of any application under the Excess Open Offer Entitlement.

Fractions of Open Offer Shares will not be issued under the Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number.

The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Applications under the Excess Application Facility will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full, subject always to the Individual Shareholder Limit. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications for additional Open Offer Shares under the Excess Application Facility by Qualifying CREST Shareholders will be met in full or in part or at all.

Excess monies in respect of applications under the Excess Application Facility which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter.

6.4 ***Unmatched Stock Event (USE) Instructions***

Qualifying CREST Shareholders who are CREST members and who wish to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlement and Excess Open Offer Entitlement in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE Instruction to CREST which, on its settlement, will have the following effect:

(i) the crediting of a stock account of the Receiving Agent 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 the Receiving Agent 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.

6.5 ***Content of USE Instructions in respect of Open Offer Entitlements***

The USE Instruction must be properly authenticated in accordance with Euroclear UK'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 the Receiving Agent);

(ii) the ISIN of the Open Offer Entitlement. This is GB00BKY5JX69;

(iii) the CREST participant ID of the CREST member;

(iv) the CREST member account ID of the CREST member from which the Open Offer Entitlements are to be debited;

(v) the participant ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 7RA33;

(vi) the member account ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 21182KIE;

(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 Open Offer Shares referred to in (i) above;

(viii) the intended settlement date. This must be on or before 11.00 a.m. on 18 June 2021;

(ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST;

(x) a contact name and telephone number (in the free format shared note field); and

(xi) a priority of at least 80.

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 14 June 2021. 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 14 June 2021 in order to be valid is 11.00 a.m. on that day.

If the conditions to the Open Offer are not fulfilled at or before 11.00 a.m. on 14 June 2021, or such other time and/or date as may be agreed between Kier and the Joint Bookrunners, the Open Offer will lapse, the Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest as soon as practicable thereafter.

6.6 ***Content of USE Instructions in respect of Excess Open Offer Entitlements***

The USE Instruction must be properly authenticated in accordance with Euroclear UK'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 Excess Open Offer Entitlement(s) being delivered to the Receiving Agent);

(ii) the ISIN of the Excess Open Offer Entitlement. This is GB00BKY5JY76;

(iii) the CREST participant ID of the CREST member;

(iv) the CREST member account ID of the CREST member from which the Excess Open Offer Entitlements are to be debited;

(v) the participant ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 7RA33;

(vi) the member account ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 21182KIE;

(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 Open Offer Shares referred to in (i) above;

(viii) the intended settlement date. This must be on or before 11.00 a.m. on 18 June 2020;

(ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST;

(x) a contact name and telephone number (in the free format shared note field); and

(xi) a priority of at least 80.

In order for an application in respect of Excess Open Offer Entitlements 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 14 June 2021. 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 14 June 2021 in order to be valid is 11.00 a.m. on that day.

If the conditions to the Open Offer are not fulfilled at or before 11.00 a.m. on 14 June 2021, or such other time and/or date as may be agreed between Kier and the Joint Bookrunners, the Open Offer will lapse, the Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest as soon as practicable thereafter.

6.7 ***CREST procedures and timings***

Qualifying CREST Shareholders who are CREST members and CREST sponsors (on behalf of CREST sponsored members) should note that Euroclear UK 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 Qualifying CREST Shareholder concerned to take (or, if the Qualifying CREST Shareholder is a CREST sponsored member, to procure that his CREST sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 11.00 a.m. on 14 June 2021. Qualifying CREST Shareholders and (where applicable) CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

6.8 ***Validity of application***

A USE Instruction complying with the requirements as to authentication and contents set out above which settles by not later than 11.00 a.m. on 14 June 2021 will constitute a valid application under the Open Offer.

6.9 ***Incorrect or incomplete applications***

If a USE Instruction includes a CREST payment for an incorrect sum, Kier (acting in consultation with the Joint Bookrunners), through the Receiving Agent, 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); or

(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).

6.10 ***Effect of valid application***

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

(i) represents and warrants to Kier and each of the Joint Bookrunners that he/she 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/she 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 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 the Receiving Agent's 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) requested that the New Shares to which he/she or it will become entitled be issued to him or it on the terms set out in this document and subject to the Articles;

(iv) agrees with Kier and each of the Joint Bookrunners that all applications under the Open Offer and contracts resulting therefrom, and any non-contractual obligations related thereto, shall be governed by, and construed in accordance with, the laws of England and Wales;

(v) confirms to Kier and each of the Joint Bookrunners that in making the application he is not relying on any information or representation other than that contained in this document (or incorporated into this document by reference), 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 information or representation not so contained and further agrees that, having had the opportunity to read this document including any documentation incorporated by reference, he will be deemed to have had notice of all information contained in this document (including information incorporated by reference);

(vi) confirms that in making the application he is not relying and has not relied on the Joint Bookrunners or any other person affiliated with the Joint Bookrunners in connection with any investigation of the accuracy of any information contained in this document or his investment decision;

(vii) represents and warrants to Kier and the Joint Bookrunners that if he has received some or all of his Open Offer Entitlements and Excess Open Offer Entitlements from a person other than Kier, 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;

(viii) confirms to the Company and the Joint Bookrunners that he/she or it acknowledges and agrees that no person has been authorised to give any information or to make any representation concerning the Company or the New Shares (other than as contained in this document or incorporated into this document by reference) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Joint Bookrunners;

(ix) confirms to each of the Company and the Joint Bookrunners that in making the application he/she or it is not relying and has not relied on Rothschild & Co or the Joint Bookrunners or any person affiliated with the Joint Bookrunners in connection with any investigation on the accuracy of any information contained in this document or incorporated by reference into this document or his, her or its investment decision;

(x) acknowledges that his/her or its application for New Shares is legally binding and irrevocable and cannot be withdrawn, amended or qualified without the consent of the Company in its sole and absolute discretion (after consultation with the Joint Bookrunners) other than in circumstances in which the withdrawal rights summarised in paragraph 7 ("Withdrawal Rights") of this Part III apply; and

(xi) represents and warrants to Kier and each of the Joint Bookrunners that he/she is the Qualifying Shareholder originally entitled to the Open Offer Entitlements and Excess Open Offer Entitlements or that he/she received such Open Offer Entitlements and Excess Open Offer Entitlements by virtue of a *bona fide* market claim;

(xii) represents and warrants to Kier and the Joint Bookrunners that:

(a) he is not, nor is he applying on behalf of any person who is, located, a citizen or resident, or a corporation, partnership or other entity created or organised in or under any laws, in or of the United States or any Excluded Territory or any jurisdiction in which the application for Open Offer Shares is prevented by law; and

(b) he is not applying with a view to re-offering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of his application to, or for the benefit of, a person who is located, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws of the United States or any Excluded Territory or any jurisdiction in which the application for Open Offer Shares is prevented by law, 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;

(xiii) represents and warrants to Kier and each of the Joint Bookrunners that he/she 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;

(xiv) requests that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the Articles of Association; and

(xv) agrees with Kier and each of the Joint Bookrunners 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 the Receiving Agent's 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 the amount payable on application).

6.11 *Discretion as to rejection and validity of acceptances*

Kier (acting in consultation with the Joint Bookrunners) may:

(i) reject any acceptance constituted by a USE Instruction, which is otherwise valid, in the event of breach of any of the representations, warranties and undertakings set out or referred to in paragraph 6.10 above. Where an acceptance is made as described in this paragraph 6 which is otherwise valid, and the USE Instruction concerned fails to settle by 11.00 a.m. on 14 June 2021 (or by such later time and date as Kier and the Joint Bookrunners may determine), Kier shall be entitled to assume, for the purposes of their right to reject an acceptance as described in this paragraph 6, that there has been a breach of the representations, warranties and undertakings set out or referred to in paragraph 6.10 above unless Kier is aware of any reason outside the control of the Qualifying CREST Shareholder or CREST sponsor (as appropriate) concerned for the failure of the USE Instruction to settle;

(ii) treat as valid (and binding on the Qualifying CREST Shareholder concerned) an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this paragraph 6;

(iii) accept an alternative properly authenticated dematerialised instruction from a Qualifying CREST Shareholder or (where applicable) a CREST sponsor as constituting a valid acceptance in substitution for, or in addition to, a USE Instruction and subject to such further terms and conditions as Kier may determine;

(iv) treat a properly authenticated dematerialised instruction (in this paragraph 6, the "**first instruction**") as not constituting a valid acceptance if, at the time at which the Registrar receives a properly authenticated dematerialised instruction giving details of the first instruction, either Kier or the Registrar has received actual notice from Euroclear UK 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

(v) accept an alternative instruction or notification from a Qualifying CREST Shareholder or (where applicable) a CREST sponsor, or extend the time for acceptance and/or settlement of a USE Instruction or any alternative instruction or notification if, for reasons or due to circumstances outside the control of any Qualifying CREST Shareholder or (where applicable) CREST sponsor a Qualifying CREST Shareholder is unable to validly 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 of any part of CREST) or on the part of facilities and/or systems operated by the Registrar in connection with CREST.

6.12 ***Money Laundering Regulations***

If you hold your Existing Shares in CREST and apply to take up all or part of your entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (for example, a bank, a broker or another UK financial institution), then, irrespective of the value of the application, Link Group is required to take reasonable measures to establish the identity of the person or persons (or the ultimate controller of such person or persons) on whose behalf you are making the application and any submission of a USE Instruction constitutes agreement for the Receiving Agent to make a search via a credit reference agency where deemed necessary. A record of search results will be retained. You must therefore contact Link Group before sending any USE Instruction or other instruction so that appropriate measures may be taken.

Submission of a USE Instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above constitutes a warranty and undertaking by the applicant to Kier and the Joint Bookrunners to provide promptly to the Registrar any information Link Group and/or the Company may specify as being required for the purposes of the verification of identity requirements in the Money Laundering Regulations or the FSMA. Pending the provision of evidence satisfactory to the Registrar as to identity, the Registrar, having consulted with Kier and the Joint Bookrunners, may take, or omit to take, such action as it may determine to prevent or delay settlement of the USE Instruction. If such information and other satisfactory evidence of identity has not been provided within a reasonable time, the Registrar will not permit the USE Instruction concerned to proceed to settlement (without prejudice to the right of Kier and the Joint Bookrunners to take proceedings to recover any loss suffered by any of them as a result of failure by the applicant to provide satisfactory evidence).

6.13 ***Deposit of 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 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, (in the case of a deposit into CREST) as set out in the Application Form.

A Qualifying Non-CREST Shareholder who wishes to make such a deposit should sign and complete Box 15 of their Application Form, entitled 'CREST Deposit Form' and then deposit their Application Form with the CREST courier and sorting service. In addition, the normal CREST stock deposit procedures will need to be carried out, except that: (i) it will not be necessary to complete and lodge a separate CREST transfer form (as prescribed under the Stock Transfer Act 1963) with the CREST courier and sorting service; and (ii) only the Open Offer Entitlement shown in Box 7 of the Application Form and the Excess Open Offer Entitlement may be deposited into CREST.

If you have received your Application Form by virtue of a *bona fide* market claim, the declaration in Box 12 must be completed or (in the case of an Application Form which has been split) marked 'Declaration of sale or transfer duly made'. If you wish to take up your Open Offer Entitlement, the CREST Deposit Form in Box 15 of your Application Form must be completed and deposited with the

CREST courier and sorting service in accordance with the instructions above. If you wish to take up your Excess Open Offer Entitlement, the CREST Deposit Form in Box 15 of your Application Form must be completed and deposited with the CREST courier and sorting service in accordance with the instructions above. A holder of more than one Application Form who wishes to deposit Open Offer Entitlements and Excess Open Offer Entitlements shown on those Application Forms into CREST must complete Box 15 of each Application Form.

In particular, having regard to normal processing times in CREST and on the part of the Registrar, 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 an Open Offer in CREST, is 3.00 p.m. on 9 June 2021. CREST holders inputting the withdrawal of their Open Offer Entitlement and Excess Open Offer Entitlement from their CREST account must ensure that they withdraw their Open Offer Entitlement and the Excess Open Offer Entitlement.

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 Application Form or into the name of another person, shall constitute a representation and warranty to Kier, the Joint Bookrunners and the Receiving Agent by the relevant CREST member(s) that it is/they are not in breach of the provisions of the notes under the paragraph headed ‘Application Letter’ in the Application Form, and a declaration to Kier and the Receiving Agent from the relevant CREST member(s) that it is/they are not located in, or citizen(s) or resident(s) of, the United States or any Excluded Territory or any jurisdiction in which the application for Open Offer Shares is prevented by law and, where such deposit is made by a beneficiary or 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.

6.14 ***Right to allot and issue Open Offer Shares in certificated form***

Despite any other provision of this document, Kier reserves the right to allot and to issue any Open Offer Shares under the Open Offer in certificated form. In normal circumstances, this right is only likely to be exercised in the event of an interruption, failure or breakdown of CREST (or of any part of CREST) or of a part of the facilities and/or systems operated by the Registrar in connection with CREST.

7 Withdrawal Rights

Qualifying Shareholders who have the right to withdraw their acceptances under Article 23(2) of the Prospectus Regulation after a supplementary prospectus (if any) has been published and who wish to exercise such right of withdrawal must send a written notice of withdrawal, which must include the full name and address of the person wishing to exercise such right of withdrawal and, if such person is a CREST member, the participant ID and the member account ID of such CREST member to Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, or by email to withdraw@Linkgroup.co.uk, no later than two Business Days after the date on which a supplementary prospectus is published. Notice of withdrawal given by any other means or which is sent after expiry of such period will not constitute a valid withdrawal. Kier will not permit the exercise of withdrawal rights after payment by the relevant person for Open Offer Shares in full and the allotment of such Open Offer Shares to such person becoming unconditional, save as required by statute. In such circumstances, Shareholders are advised to consult their professional advisers.

8 Overseas Shareholders

8.1 ***General***

This document has been approved by the FCA, being the competent authority in the United Kingdom. The making or acceptance of the proposed offer of New Shares to persons who have registered addresses outside the United Kingdom, or who are resident in, or citizens of, countries other than the United Kingdom may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights.

It is also the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside the United Kingdom wishing to subscribe for New Shares to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The comments set out in this paragraph 8 are intended as a general guide only and any Overseas Shareholder who is in doubt as to his position should consult his professional adviser without delay.

Having considered the circumstances, the Board has formed the view that it is necessary or expedient to restrict the ability of persons in the United States or the Excluded Territories to subscribe for New Shares or otherwise participate in the Firm Placing and Placing and Open Offer due to the time and costs involved in the registration of this document and/or compliance with the relevant local legal or regulatory requirements in those jurisdictions.

Receipt of this document and/or an Application Form and/or any other document issued by Kier in connection with the Firm Placing and Placing and Open Offer and/or Admission and/or receiving a credit of Open Offer Entitlements or Excess Open Offer Entitlements to a stock account in CREST will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this document and/or the Application Form and/or any other documents issued by Kier in connection with the Firm Placing and Placing and Open Offer and/or Admission must be treated as sent for information only and should not be copied or redistributed.

Open Offer Entitlements and Excess Open Offer Entitlements will be credited to all Shareholders on the register at the close of business on the Record Date, including Overseas Shareholders. However, Application Forms will not be sent to, and Open Offer Entitlements and Excess Open Offer Entitlements will not be credited to, CREST accounts of, Shareholders with registered addresses in the United States or the Excluded Territories 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.

The crediting of Open Offer Entitlements and Excess Open Offer Entitlements does not constitute an offer to Shareholders and, specifically, no offer is being made to Shareholders: (i) with a registered address in the United States or the Excluded Territories; or (ii) in any jurisdiction in which it is unlawful to make or accept an offer to subscribe for the Shares. CREST Shareholders will be entitled to participate in the Firm Placing and Placing and Open Offer only if 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 any other document issued by Kier in connection with the Firm Placing and Placing and Open Offer and/or Admission and/or receiving a credit of Open Offer Entitlements or 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 such person, nor should such person in any event use any such Application Form and/or any other documents issued by Kier in connection with the Firm Placing and Placing and Open Offer and/or Admission and/or credit of Open Offer Entitlements or 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 such person and such Application Form and/or credit of Open Offer Entitlements or Excess Open Offer Entitlements to a stock account in CREST (as the case may be) could lawfully be used or dealt with, and any transaction resulting from such use or dealing could be effected, without contravention of any registration or other legal or regulatory requirements. In such circumstances, where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form and/or any other documents issued by Kier in connection with the Firm Placing and Placing and Open Offer and/or Admission are to be treated as sent for information only and should not be copied or redistributed.

Persons (including, without limitation, custodians, nominees and trustees) receiving a copy of this document and/or an Application Form or whose stock account is credited with Open Offer Entitlements or Excess Open Offer Entitlements should not, in connection with the Firm Placing and Placing and Open Offer, distribute or send the same in or into any jurisdiction where to do so would or might contravene local security laws or regulations. If an Application Form or a credit of Open Offer Entitlements or Excess Open Offer Entitlements is received by any person in any such territory, or by his agent or nominee, he must not seek to take up the rights referred to in the Application Form or in this document unless the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, nominees and trustees) who does forward this document or an Application Form into any such territories (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph 8.

Subject to paragraphs 8.2 to 8.5 below, any person (including, without limitation, agents, nominees and trustees) outside the United Kingdom wishing to subscribe for New Shares in connection with the Firm Placing and Placing and Open Offer must satisfy himself as to 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 comments set out in this paragraph 8 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.

The Company reserves the right to treat as invalid and will not be bound to allot or issue any New Shares in respect of any acceptance or purported acceptance of the offer of New Shares which:

(i) appears to the Company or its agents to have been executed, effected or despatched from the United States or an Excluded Territory unless the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement; or

(ii) in the case of an Application Form, provides an address for delivery of the share certificates or other statements of entitlement or advice in the United States or an Excluded Territory or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such certificates, statements or advice or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or

(iii) in the case of a credit of New Shares in CREST, is to a CREST member or CREST sponsored member whose registered address would be in the United States or an Excluded Territory or any other jurisdiction outside the United Kingdom in which it would be unlawful to make such a credit or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements.

The attention of Overseas Shareholders with registered addresses in the United States and the Excluded Territories is drawn to paragraphs 8.2 to 8.5 below.

Notwithstanding any other provision of this document or the Application Form, the Company reserves the right to permit any Shareholder to participate in the Firm Placing and Placing and Open Offer on the terms and conditions set out in this document as if it were a Qualifying Shareholder 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. If the Company is so satisfied, the Company will arrange for the relevant Shareholder to be sent an Application Form if he is a Qualifying Non-CREST Shareholder or, if he is a Qualifying CREST Shareholder, arrange for Open Offer Entitlements and Excess Open Offer Entitlements to be credited to the relevant CREST stock account.

Those Shareholders who wish, and are permitted, to take up their entitlement should note that payments must be made as described in paragraphs 5 and 6 of this Part III above.

Overseas Shareholders should note that all subscription monies must be paid in pounds sterling by cheque or banker's draft and should be drawn on a bank in the United Kingdom, made payable to "Link Market Services Limited Re Kier Group plc Open Offer A/C" and crossed "A/C payee only".

8.2 ***United States of America***

The New Shares and the Application Forms have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Firm Placing and Placing and Open Offer into the United States unless an exemption from the registration requirements of the Securities Act is available and, subject to certain exceptions, none of this document or the Application Form constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to subscribe for any New Shares in the United States. Subject to certain exceptions, neither this document nor an Application Form will be sent to any Shareholder with a registered address in the United States. Subject to certain exceptions, Application Forms or renunciations thereof sent from or post marked in the United States will be deemed to be invalid and all persons subscribing for New Shares and wishing to hold such Shares in registered form must provide an address for registration of the New Shares issued upon exercise thereof outside the United States.

Subject to certain exceptions, any person who subscribes for New Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document or the Application Form, taking up their entitlement or accepting delivery of the New Shares that they are not, and that, at the time of subscribing for the New Shares they will not be, in the United States or acting on behalf of, or for the account or benefit of a person on a non-discretionary basis in the United States or any state of the United States.

The Company reserves the right to treat as invalid any Application Form (or renunciation thereof) that appears to the Company or its agents to have been executed in or despatched from the United States, or that provides an address in the United States for the acceptance or renunciation of the Open Offer, or which does not make the warranty set out in the Application Form to the effect that the person accepting the Application Form does not have a registered address and is not otherwise located in the United States and is not subscribing for the New Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Shares in the United States or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements. The Company will not be bound to allot or issue any New Shares to any person with an address in, or who is otherwise located in, the United States in whose favour an Application Form or any New Shares may be transferred.

In addition, until 40 days after the commencement of the Firm Placing and Placing and Open Offer, an offer, sale or transfer of the New Shares within the United States by a dealer (whether or not participating in the Firm Placing and Placing and Open Offer) may violate the registration requirements of the Securities Act.

8.3 ***Australia, Canada, Japan and South Africa***

Due to restrictions under the securities laws of Australia, Canada, Japan and South Africa, this document and Application Forms in relation to the New Shares will not be sent to Shareholders, and no Open Offer Entitlements or Excess Open Offer Entitlements will be credited to a stock account in CREST of, persons with registered addresses in the Excluded Territories. Qualifying CREST Shareholders with registered addresses outside the Excluded Territories will not be entitled to take participate in the Firm Placing and Placing and Open Offer unless such action would not result in the contravention of any registration or other legal requirement in any jurisdiction. The New Shares may not be transferred or sold to, or renounced or delivered in, the Excluded Territories. No offer of New Shares is being made by virtue of this document or the Application Forms into the Excluded Territories.

8.4 ***Overseas territories other than the United States and the Excluded Territories***

Application Forms will be posted to Qualifying Non-CREST Shareholders with registered addresses outside of the United States and the Excluded Territories (subject to certain exceptions) and Open Offer Entitlements and Excess Open Offer Entitlements will be credited to the CREST stock accounts of Qualifying CREST Shareholders with registered addresses outside the United States and the Excluded Territories (subject to certain exceptions) and Placees. Such Qualifying Shareholders and Placees may, subject to the laws of the relevant jurisdictions, accept their rights under the Open Offer in accordance with the instructions set out in this document and, if relevant, the Application Form.

Qualifying Shareholders who have registered addresses in or who are resident in, or who are citizens of, all countries other than the United Kingdom should consult their professional

advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to accept their rights.

Member States of the EEA

In relation to each member state of the EEA (each a "**Relevant Member State**"), no New Shares have been offered or will be offered pursuant to the to the public in that Relevant Member State prior to the publication of this document in relation to the New Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the EU Prospectus Regulation, except that offers of New Shares may be made to the public in that Relevant Member State at any time under the following exemptions under the EU Prospectus Regulation:

(i) to any legal entity which is a qualified investor as defined under the EU Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under the EU Prospectus Regulation); or

(iii) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of New Shares shall require the Company to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation and each person who initially subscribes for any New Shares or to whom any offer is made under the Firm Placing and Placing and Open Offer will be deemed to have represented, acknowledged, and agreed that it is a "**qualified investor**" within the meaning of Article 2(e) of the EU Prospectus Regulation.

For the purposes of this provision, the expression "**offer to the public**" in relation to any New Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Firm Placing and Placing and Open Offer and the New Shares to be offered so as to enable an investor to decide to purchase or subscribe for the New Shares, and the expression "**EU Prospectus Regulatio**n" means Regulation (EU) 2017/1129.

In the case of the New Shares being offered to a financial intermediary, as that term is used in the EU Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the New Shares subscribed for by it have not been subscribed for on a non-discretionary basis on behalf of, nor have they been subscribed for with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any New Shares to the public other than their offer or resale in a Relevant Member State to "**qualified investors**" within the meaning of Article 2(e) of the EU Prospectus Regulation. The Company, the Joint Bookrunners and their respective affiliates will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

8.5 ***Waiver***

The provisions of this paragraph 8.5 and of any other terms of the Firm Placing and Placing and 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 the Joint Bookrunners in their absolute discretion. Subject to this, the provisions of this paragraph 8.5 supersede any terms of the Firm Placing and Placing and Open Offer inconsistent herewith. References in this paragraph 8.5 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 8.5 shall apply to them jointly and to each of them.

9 Representations and warranties relating to Shareholders

9.1 ***Qualifying Non-CREST Shareholders***

Any person accepting an Application Form or requesting registration of the New Shares comprised therein represents and warrants to the Company and the Joint Bookrunners 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 regulatory or legal requirement in any jurisdiction: (i) such person is not accepting the Application Form, or requesting registration of the relevant New Shares, from within the United States or the Excluded Territories; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for New Shares 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 on behalf of, or for the account or benefit of, a person located within the United States or any Excluded Territory or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not subscribing for New Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Shares into the United States or any Excluded Territory or any territory referred to in (ii) above. The Company may treat as invalid any acceptance or purported acceptance of the allotment of New Shares comprised in, or renunciation or purported renunciation of, an Application Form if it: (a) appears to the Company to have been executed in or despatched from the United States or any Excluded Territory or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it believes the same may violate any applicable legal or regulatory requirement; (b) provides an address in the United States or any Excluded Territory (or any jurisdiction outside the United Kingdom in which it would be unlawful to deliver share certificates or sales advice); or (c) purports to exclude the warranty required by this paragraph 9.1.

9.2 ***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 III represents and warrants to the Company and the Joint Bookrunners 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 regulatory or legal requirement in any jurisdiction: (i) he is not within the United States or any of the Excluded Territories; (ii) he is not in any territory in which it is unlawful to make or accept an offer to subscribe for New Shares; (iii) he is not accepting on a non-discretionary basis for, on behalf of, or for the account or benefit of, a person located within the United States or any Excluded Territory or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) he is not subscribing for New Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Shares into the United States or any Excluded Territory or any territory referred to in (ii) above.

10 Taxation

Information on taxation in the United Kingdom with regard to the Firm Placing and Placing and Open Offer is set out in Part IX of this document. The information contained in Part IX of this document is intended only as a general guide to the current tax position in the United Kingdom, and Placees and Qualifying Shareholders should consult their own tax advisers regarding the tax treatment of the Firm Placing and Placing and Open Offer in light of their own circumstances. Placees and Qualifying Shareholders who are in any doubt as to their tax position or who are subject to tax in any other jurisdiction should consult an appropriate professional adviser immediately.

11 Time and dates

The Company shall, in its discretion and after consultation with its financial and legal advisers, be entitled to amend the dates that Application Forms are despatched and amend or extend the latest time and date for acceptance under the Open Offer and all related times and dates set out in this document and in such circumstances shall notify the FCA, and make an announcement via a Regulatory Information Service approved by the FCA. **In the event such an announcement is made, Qualifying Shareholders may not receive any further written communication in respect of such amendment or extension of the dates included in this document.**

If a supplementary prospectus 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 (or such later date as may be agreed between the Company and the Joint Bookrunners), 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 prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

12 Employee Shareholders

To the extent that employees are also Shareholders, their Shares will be treated in the same way in the Open Offer as Shares held by any other Shareholder. Such treatment is detailed in this document but any further queries should be directed to the Link Group 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 Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

If the employee Shareholder holds his Shares through a nominee arrangement, the employee may need to instruct the nominee, for example, as to how to vote at the General Meeting and whether or not to accept the rights attaching to the employee's Shares. Employee Shareholders will be should contact their nominee in this regard.

13 Governing Law

The terms and conditions of the Firm Placing and Placing and Open Offer as set out in this document and the Application Form shall be governed by, and construed in accordance with, English law.

14 Jurisdiction

The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Application Form and any non-contractual obligations arising out of or in connection with them. By accepting rights under the Open Offer in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders, 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 IV

BUSINESS OVERVIEW

1 Group Overview

Kier is a leading infrastructure services and construction group, operating within a range of sectors, including health, education, defence, transport, energy, power, telecoms and water, and employs approximately 13,000 people.

As at 31 December 2020, the Group's orderbook was £8.0 billion, including £1.7 billion in Highways, £1.3 billion in Utilities, £1.5 billion in Infrastructure and £2.2 billion in Regional Building. Approximately 75 per cent. of the Group's core Infrastructure Services and Construction businesses' orderbook related to work for Government Departments or quasi-governmental entities and a further approximately 15 per cent. related to the provision of services to regulated entities.

Kier reports its results of operations in three segments, as follows:

- *Infrastructure Services*—this segment comprises the following businesses: Highways, Infrastructure and Utilities. Infrastructure Services designs, constructs and maintains strategic and local road networks; repairs and maintains essential services to the water, energy, telecoms and rail sectors; and manages high value construction and civil engineering projects across a number of sectors such as nuclear, roads and rail. For the financial year ended 30 June 2020, Infrastructure Services' revenue was £1.5 billion (six months ended 31 December 2020: £672.6 million); and
- *Construction*—this segment comprises the following businesses: Regional Building, Strategic Projects, Kier Places (Housing Maintenance and Facilities Management) and International. Kier is a leading UK national builder, providing project delivery for the public and private sectors across a number of sectors including education, health, justice and defence. For the financial year ended 30 June 2020, Construction's revenue (including share of joint ventures) was £1.8 billion (six months ended 31 December 2020: £902.6 million);
- *Property*—this segment comprises the Property business. The Property business invests and develops schemes and sites across the United Kingdom. For the financial year ended 30 June 2020, Property revenue (including share of joint ventures) was £120.3 million (six months ended 31 December 2020: £46.1 million).

Further information about each of these businesses is set out in paragraph 5 of this Part IV.

2 Group History and New Management

Kier has its origins in the early 1920s, with the group of today being established following a management-led employee buyout from the Hanson Group in 1992.

Following its flotation on the London Stock Exchange in 1996, Kier has grown organically and through acquisitions. In particular:

- In July 2013, Kier acquired May Gurney, which significantly increased its range of services;
- In June 2015, Kier acquired Mouchel, expanding its highways maintenance offering; and
- In July 2017, Kier acquired McNicholas, supporting Kier's position as one of the largest providers of services in utilities, with specialisms in the energy, power, telecoms and water sectors.

In December 2018, Kier completed a rights issue that raised £250 million (after fees, costs and expenses).

Following the 2018 rights issue, there have been a number of changes to the Board and to the Group's senior management, including:

- April 2019: Andrew Davies was appointed as Chief Executive;
- September 2019: Simon Kesterton was appointed as Chief Financial Officer;
- January 2020: Matthew Lester was appointed as Chairman;

- March 2020: Clive Watson and Heather Rabbatts were appointed as Non-Executive Directors and, respectively, Chair of the Risk Management and Audit Committee and the Chair of the Remuneration Committee; and
- December 2020: Alison Atkinson was appointed as a Non-Executive Director and Chair Safety, Health and Environment Committee.

A new Executive Committee was established with effect from 1 July 2019, comprising:

- The Chief Executive and the Chief Financial Officer;
- The Group Managing Directors;
- The Group Commercial Director; and
- The Group HR Director.

With effect from 1 May 2021, the Executive Committee also includes the Corporate Development Director – Group and the Corporate Affairs Director – Group.

Further details of the Directors and the members of the Executive Committee, and their respective skills and experience, are set out in paragraph 5 of Part X of this document.

On 16 April 2021, the Company announced that it had entered into an agreement to sell Kier Living to Foster BidCo Limited, a newly formed company, ultimately owned by Guy Hands, the Founder, Chairman and Chief Investment Officer of Terra Firma. The consideration payable by the Buyer is £110 million, payable in cash on completion of the transaction, which is expected to be before mid-June 2021.

3 Purpose, Vision and Values

In January 2020, the Group launched its Operating Framework which, amongst other matters, set out the Group's purpose, vision and values:

- Purpose: to sustainably deliver infrastructure which is vital to the UK.
- Vision: to be the UK's leading infrastructure services and construction company.
- Values: collaborative, trusted and focused.

Alongside the Operating Framework, the Group also launched a refreshed Code of Conduct, which sets out the standards of behaviour expected of those who work for Kier.

4 Strategy

4.1 *Strategy and Performance Excellence*

In June 2019, and following a review of the Group, the Company announced a new strategy for the Group that aimed to:

- Focus on the core businesses of Construction, Infrastructure, Utilities and Highways. These businesses operate under long-term frameworks, which require strong client relationships and sector expertise, with a focus on core sectors including health, education, transport and power;
- Simplify the Group's portfolio by selling or substantially exiting non-core activities;
- Fundamentally restructure the Group to reduce its headcount significantly and deliver material annual cost savings; and
- Embed a culture of Performance Excellence, with a particular focus on cash generation.
- In addition, it was announced that no dividends would be paid until further notice.

In July 2018, the Group announced a cost saving programme. Under the Group's new leadership, the original targets for the programme have been materially exceeded. The Group now expects to deliver at least £115 million of annualised cost savings by the end of the financial year ending 30 June 2021 (as compared to the financial year ended 30 June 2018) and has reduced its headcount by approximately 1,700 in approximately 24 months.

The Group has made significant progress on implementing the additional strategic objectives announced in 2019, as set out in its 2021 Interim Statement:

- Simplification of the Group is now substantially complete;
- Self-help actions identified now substantially delivered; and
- Launched sustainability framework in July 2020.

In addition, as part of the strategy, the Group's Performance Excellence approach aims to embed a culture that (i) is based on the Group's values, (ii) builds on the strengths of the Group and (iii) provides a platform to:

- Deliver projects on time and to budget, thereby meeting clients' and customers' expectations;
- Avoid entering into contracts with unacceptable risk profiles;
- Introduce increased levels of resilience, and a consistency of approach, across the Group; and
- Substantially reduce the Group's overheads,

thereby enhancing the Group's ability to win new business with attractive margins.

Performance Excellence is expected to help to maintain and grow the Group's relationships with its key stakeholders, including, for example, the Group's supply-chain. During the six months ended 31 December 2020, the Group reported that 91 per cent. of invoices were paid within 60 days and the average time to pay reduced to 34 days, an improvement over the previous six months.

4.2 ***Kier's Medium-Term Value Creation Plan***

Kier intends to use the net proceeds from the Capital Raise to further strengthen the Group's balance sheet, building on the Kier Living Disposal, and to underpin Kier's medium-term value creation plan to deliver:

- Organic annual revenues of approximately £4.0 to £4.5 billion;
- A resilient and well-balanced portfolio, focused on:
  - Infrastructure Services (approximately 55 per cent. of Group revenue), comprising its Highways (20 per cent.), Infrastructure (15 per cent.), and Utilities (20 per cent.) businesses; and
  - Construction (approximately 40 per cent. of Group revenue), comprising its Regional Building, Strategic Projects, International and Kier Places businesses; plus
  - An attractive UK Property business generating high return on capital employed in the business.
- A sustainable Group adjusted operating margin of around 3.5 per cent.;
- A well-invested asset base, consistently generating returns which are in excess of Kier's cost of capital;
- Strong, consistent and sustainable operating cash flows, with operating cash flow conversion of around 90 per cent. of operating profit; and
- A strong, resilient and flexible balance sheet, with a sustainable net cash position within 2-3 years, and the capacity to invest in the future growth of the business and support a sustainable dividend policy with dividend cover of around three times earnings through the cycle.

4.3 ***COVID-19***

So as to mitigate against the effects of COVID-19, management implemented a number of measures, including:

- The Chief Executive and the Chief Financial Officer took a 25 per cent. pay reduction in their base salaries for a period of three (3) months from 1 April to 30 June 2020;
- The Non-Executive Directors took a 20 per cent. reduction in their fees for the same period;

- Approximately 6,500 employees were asked to take pay reductions of between 7.5 per cent. and 25 per cent. in their base salaries for the same period;
- Approximately 2,000 employees were furloughed under the Coronavirus Job Retention Scheme (with no employees now remaining on furlough and the Group not having benefitted from such scheme since 30 June 2020); and
- Bringing forward the date for closing the Group's head office, Tempsford Hall, to 30 April 2020, from the previously planned date of 30 June 2020.

During the six-month period ended 31 December 2020, the Group repaid £27 million of tax deferred due to COVID-19.

5 Overview of Kier's Businesses

A summary of the activities of the Group's three reporting segments—Construction, Infrastructure Services and Property—and its Living business is set out below:

5.1 *Infrastructure Services*

5.1.1 *Overview*

Infrastructure Services provides specialist services to the public and private sectors, including the delivery of civil engineering and infrastructure projects in the United Kingdom, targeting long-term contracts to provide good orderbook visibility. The principal activities of the Infrastructure Services business include:

- **Highways**: Kier is one of the United Kingdom's leading providers of highways maintenance, including to key clients such as Highways England and Transport for London, and to a number of local authorities (including Surrey and Shropshire) across over 30,000 kilometres of the UK's roads network;
- **Infrastructure**: Kier undertakes a range of major and complex infrastructure and civil engineering projects in a number of sectors in the United Kingdom, including the Hinkley Point C nuclear power station and the Luton DART (Direct Air-Rail Transport System) at Luton Airport (in joint venture), together with smaller, regional civils projects. On 15 April 2020, the Government issued the "notice to proceed" for the next stage of the High Speed 2 (HS2) rail project, following which the Group (in joint venture) has been undertaking pre-contract mobilisation activities and has commenced detailed design and construction of 80 kilometres of Phase 1 – London to Birmingham; and
- **Utilities**: Kier provides a range of services, including repair, maintenance and emergency response services in the water, electricity, gas and telecoms sectors in the United Kingdom, as well as design and construction services for the United Kingdom's waterways network and in the rail sector. Over 80 per cent. of work is secured via long-term strategic frameworks typically ranging from 5 to 15 years in duration, with more than half having been extended, renewed or re-secured for one or more term. Clients in the water sector include Thames Water, Scottish Water, Yorkshire Water, South West Water and Anglian Water; key electricity sector clients include UK Power Networks and Western Power Distribution; and gas clients include Phoenix Natural Gas, firmus energy and SGN Natural Gas. In the telecoms sector, the Group provides fibre installation services for Openreach, Virgin Media and CityFibre. In the rail sector, Kier provides electrical, mechanical and signalling services to Network Rail, amongst other clients.

The Group significantly expanded its range of infrastructure and related services with the acquisition of May Gurney in July 2013, adding utilities and highways expertise to Kier's existing offering. Since that time, Kier has grown these capabilities through organic development and further acquisitions, including the acquisitions of Mouchel in June 2015, which further expanded its highway maintenance offering, and McNicholas in July 2017, making the Group one of the largest providers of services in utilities in the United Kingdom.

5.1.2 *Recent Projects and Activities*

The Group's recent highways projects include its work as one of the lead suppliers to Highways England, including on the M6 (junctions 16-19), the M20, and the M23 Smart Motorway schemes and work on the Windy Harbour scheme awarded under the Highways England Regional Delivery Partnerships Framework. In the financial year ended 30 June 2020, a number of new contracts and frameworks were awarded including:

- a 15-month award from Birmingham Highways for highways maintenance services;
- a 16-month contract award from Northamptonshire County Council;
- a five-year contract with Openreach to carry out network delivery works; and
- Lots 1 and 2 of the Thames Water AMP7 Capital Programmes Framework (Runway 2).

In the six months ended 31 December 2020:

- a joint venture involving the Highways business was awarded the Lot 2 contract of the Transport for London (TfL) Highways Maintenance and Project Framework to maintain and improve highways and related assets covering a 189km network in north London;
- the Infrastructure business was appointed to deliver a £59 million major infrastructure project at Sellafield; and
- the Utilities business was appointed as a partner in the Openreach Network Services Agreement to carry out network delivery works and by CityFibre to deliver full-fibre rollouts across five towns and cities in central and south-west England.

5.1.3 *Current Environment*

Management believes that Kier is in a strong position to grow its Infrastructure Services operations. Demographic changes and technological developments create opportunities for providers of infrastructure services, with long-term investment expected from the UK government so as to support the UK's economic growth.

A series of investment programmes provide good visibility of public expenditure levels. Examples include the Roads Investment Strategy 2 ("**RIS**"), covering the UK's strategic road network, the rail sector Control Periods ("**CP**") and the water sector Asset Management Periods ("**AMPs**"). Significant investment is also expected in other areas, including in broadband infrastructure across the United Kingdom.

In roads, the second investment period of RIS, known as "RIS2", is forecast to amount to approximately £27 billion during the investment period from 2020 to 2025. In the water sector, management expects that expenditure during the 2020–2025 AMP7 water regulatory period will be at a similar level to the previous AMP6 period. In the rail sector, anticipated increases in the 2019–2024 CP6 round of investment, and significant new projects such as HS2, are expected to provide further opportunities for Kier.

The UK government expects the public sector to invest £640 billion in infrastructure over five years and is bringing forward £5 billion of capital investment projects as part of its "New Deal for Britain". As a result, the Group's long-term infrastructure contracts, whether for maintenance or capital services, are expected to provide a sustainable income, the opportunity to build long-term client and supply chain relationships and opportunities for growth.

5.2 ***Construction***

5.2.1 *Overview*

The Construction business comprises a network of strategically-positioned and locally-established regional contracting businesses in the United Kingdom, together with the Group's complementary Kier Places (Housing Maintenance and Facilities Management operations) and its Middle East operations.

In the United Kingdom, Kier's principal operations include, in particular, construction and construction management services. Kier works with a number of consultants, designers and sub-contractors to deliver construction projects for clients in the public and private sectors and also undertakes major, strategic building projects.

A summary of the work undertaken by the Construction business is as follows:

- **Regional Building**: typical projects include the construction or extension of educational and healthcare facilities. For example:
  - *Education:* Kier is a Strategic Supplier to the Department for Education and one of the largest providers of education facilities in the United Kingdom and, on average, hands over more than one school project each week; and
  - *Health:* Kier has longstanding collaborative relationships with the health authorities across England, Scotland and Wales, has delivered over £1 billion of healthcare facilities since 2013 and currently has 16 healthcare projects on site and 14 in development.
- **Strategic Projects**: Kier has a long-standing relationship with the Ministry of Justice, building and refurbishing a number of prisons and courts and is a key partner on national and regional Defence Infrastructure Organisation frameworks. For example:
  - *Justice:* Kier is currently building the Five Wells prison in Wellingborough, which is due for completion in 2021, building on its experience of delivering HMP Oakwood, near Wolverhampton, and implementing modern methods of construction during the project; and
  - *Defence:* Kier is currently delivering the development programme to provide a new home for the US Air Force F-35 Fighter Jet at RAF Lakenheath and a contract to build a military technical training base at RAF Lyneham.
- **Kier Places (Housing Maintenance and Facilities Management)**: Kier provides both reactive and planned maintenance to houses owned and let by local authorities (for example, Gosport Borough Council and Powys County Council) and registered providers of social housing (including One Housing and Gentoo). In addition, Kier provides management and maintenance solutions for its clients. The Facilities Management business provided emergency and essential repairs, fire safety works and other facilities management services to hospitals, police stations, fire stations and care homes, including during COVID-19.
- **International**: In the Middle East, operations continue to focus on the United Arab Emirates market. A selective approach to bidding continues to be adopted.

As part of the Group's continued focus on restructuring and streamlining operations, and in line with the Group's strategy to simplify the Group's portfolio, a review of Facilities Management and Housing Maintenance was conducted in the period to 31 December 2020. The business now operates under a new simplified operating structure as Kier Places and this, combined with significant changes to contract delivery, gives clear visibility of future work. Following internal restructuring driven by the potential synergy benefits available, Kier Places now reports into the Construction leadership team.

5.2.2 *Recent projects and activities*

A significant proportion of Kier's business within the Construction business comes from Government Departments under frameworks. In the financial year ended 30 June 2020, the Construction business was awarded places on 16 frameworks worth up to £38 billion, with the Group receiving approximately:

- £120 million of awards under the Procure22 framework;
- £170 million of awards under frameworks with the Department for Education; and
- £101 million of awards under the Scape frameworks.

In the financial year ended 30 June 2020, a number of new contracts and frameworks were secured, providing access to significant opportunities for the Group. These include:

- both lots of the new YORbuild Major Works Framework;
- the Heartlands Hospital project for University Hospitals Birmingham NHS Foundation Trust;
- the Construction Works and Associated Services Framework for the Crown Commercial Service; and
- a three-year agreement with housing association Gentoo Group for planned maintenance work.

In the six months ended 31 December 2020, the Construction business was awarded:

- places on frameworks worth up to £11.5 billion, lasting typically four years.
- an £87 million project by Somerset NHS Foundation Trust to provide a new surgical centre for Musgrove Park Hospital and the £64 million Fitzalan High School for Cardiff City Council.

5.2.3 *Current Environment*

Demand in the Group's core building markets is driven in large part by demographics and technology–for example, the forecast increase in the number of school children.

Management expects a variety of economic and other factors to generate growth in the UK market for the construction, maintenance and refurbishment of buildings–in particular, the growing and ageing population in the United Kingdom. These factors are, in turn, expected to create opportunities for the Group, as, for example, more public facilities, including hospitals and schools, are required.

In particular:

- the UK government is making increasing funding available to the NHS following COVID-19 and in order to meet the increasing demand from changing demographics, including the UK's ageing population, and advances in medical services and technologies. This investment is expected to increase the opportunities for the Group;
- as a Strategic Supplier to the UK government, the Group is well-placed to identify opportunities under the new, 10-year capital investment programme announced by Government on 29 June 2020, which provides for approximately £1.7 billion of investment in building, repairing and upgrading the UK's schools; approximately £285 million for courts, prisons, youth offender facilities and additional new prisons; approximately £100 million for highways investment; and approximately £900 million for local shovel-ready projects; as well as recent Government announcements such as the £2 billion Green Homes Grant and £1 billion Building Safety Fund; and
- across the sectors in which the Group operates, support continues to grow for the use of modern methods of construction, which offer faster more reliable production with increased efficiency. The Construction Sector Deal, which forms part of the UK government's Industrial Strategy, highlights the need for off-site manufacturing. Kier has delivered a number of projects that involve modern methods of construction and continues to invest in these capabilities.

5.3 ***Property***

5.3.1 *Overview*

The Property segment comprises Kier's Property business. This business was established in 2002 through the acquisition of Laing Property Developments. It invests in and develops schemes and sites across the United Kingdom and is principally focussed on mixed-use urban regeneration schemes. In addition, as part of its strategic review, the Group has aimed to ensure that the capital allocated to the Property business remains at an appropriate level and is effectively deployed. This business is now categorised as a core business due to the operational synergies it achieves with other Group businesses.

5.3.2 *Recent Projects and Activities*

During the financial year ended 30 June 2020, the Property business continued to develop schemes and sites across the United Kingdom, including the first phase of the Pall Mall development in Liverpool which achieved planning consent, but the capital invested in the business has been reduced. In addition, in the six months ended 31 December 2020, the Property business

- handed-over building 3 at Arena Central in Birmingham to HMRC, and continues to develop the three further development plots, totalling 550,000 square feet; and
- reached practical completion at its Logistics City scheme in Whiteley, Hampshire having delivered three-units totalling 58,664 square feet.

5.4 ***Living***

In June 2019, Kier announced that it would seek to sell Kier Living, its house-building business. Accordingly, the Kier Living business has been classified as being held for sale and its results for the financial year ended 30 June 2020 were classified as discontinued.

On 16 April 2021, the Company announced that it had entered into an agreement to sell Kier Living. The consideration payable by the Buyer is £110 million, payable in cash on completion of the transaction, which is expected to be before mid-June 2021.

6 Contracts and Contract Management

6.1 ***Overview***

At any one time, the Group operates a significant number of live contracts, providing diversification by contract, customer and type of work.

The Group's contracts range in duration; for example, its contracts in the Construction segment are often up to approximately two years in length, but may run for up to five years (or longer), and contracts in the Infrastructure Services segment may be of between three and five years in length, with some running for up to 15 years. In terms of size, contracts across the Group can range from approximately £250,000 in Regional Building to significantly larger contracts in the Infrastructure business (for example, the Hinkley Point C, Luton DART (Direct Air-Rail Transport System) at Luton Airport and HS2 contracts). This range of size of contracts assists to reduce the risk of contracts materially affecting the Group.

6.2 ***Contract Tendering Process***

Tenders for contracts to be entered into by any of the Group's businesses are subject to an extensive internal approval gateway process. Tenders are subject to approval by management and, depending upon the value and/or type of the contract and risk profile, independent reviews are conducted by the Group Tender Risk Committee and the Board. The Group's delegated authorities prescribe the level of management approval required, which depends on a number of factors, including: the value of the project, the nature of the work to be undertaken, the complexity of the proposed work and/or the level of risk (whether commercial, financial, technical or contractual) to be assumed by the relevant business.

6.3 ***Contract Selection***

The risks to which the Group is exposed depend upon the nature of the work, the duration of the contract and the legal form of the contract.

The Group believes that a higher level of risk is typically attached to competitively tendered contracts as compared to opportunities which arise under frameworks. Wherever possible, the Group will seek selection on national and regional frameworks which, the Group believes, provides it with the best opportunities for securing future work. Examples of frameworks awarded to Kier during the financial year ended 30 June 2020 and the current financial year are set out in this Part IV.

In Kier's Property business, the cost and quality of property and land is fundamental to profitability. Site evaluation is a key process and detailed site appraisals are carried out, including using external advice where appropriate. Land and development acquisitions are subject to rigorous internal approval. Developments in progress are controlled and managed through a regular review of the forecast financial performance and sales activity.

6.4 ***Contract Performance***

The Group has implemented a new Operating Framework (see paragraph 7 "Governance Structure") and Project Lifecycle Management Framework which is a set of ten mandated gateways which must be completed and approved at every stage of a project's evolution before moving through to the next gateway. Below the Project Lifecycle Management Framework is a set of commercial standards, in accordance with which the business is required to manage its projects. These standards prescribe, for example, (i) the manner in which the business reports on the performance of live projects, (ii) how sub-contractors are to be appointed and (iii) how changes to projects are to be managed.

7 Governance Structure

The Operating Framework sets out the structure within which the Group operates, provides clarity on key roles and responsibilities within the Group, alongside the Code of Conduct, and guides the behaviours expected from those who work for Kier.

The Operating Framework is a key element of the Kier Group's systems of internal control. So as to promote a consistent way of operating across the Group, the Group's management is responsible for ensuring its application and implementation through operational and financial controls within their respective businesses.

Key elements of the Operating Framework include:

- Roles and responsibilities: summarising the role of the Board, the responsibilities of individual Directors and the terms of reference of the Executive Committee;
- Corporate policies: listing out the Group's core, mandatory corporate policies, full copies of which are available to the Group's employees via its website; and
- Delegated authorities: the Group's delegated authorities, which mandate that certain matters must be approved by, or notified to, certain members of the Group's management. Business management is required to establish delegated authorities for their respective businesses which are aligned to the Group's delegated authorities.

Assurance with respect to compliance with the Operating Framework and the Project Lifecycle Management Framework is provided via the Operating Assurance Statement process, which is conducted twice yearly, in connection with the production of the interim and year-end financial statements.

8 Employees

The monthly average people employed during the year (including the Executive Directors) during the financial years ended 30 June 2020, 30 June 2019 and 30 June 2018 were as follows:

	Financial year ended 30 June		
By geographical location	**2020**	**2019**	**2018**
UK	13,584	17,092	18,064
Other	1,585	1,686	2,000
Total	**15,169**	**18,778**	**20,064**

9 Property

Kier operates from a number of freehold and leasehold properties in the United Kingdom. Kier's principal properties are as follows:

Property location	Approximate area (sq. ft)	Property use	Tenure and approximate unexpired term (if applicable)	Lease rate (£) per annum
81 Fountain Street, Manchester M2 2EE	38,652	Office	Leasehold(1)	1,014,261
Centenary House, 10 Winchester Road, Basingstoke, Hampshire RG21 8UQ	36,092	Office	Leasehold(2)	676,725
Building 3000, Cambridge Research Park, Beach Dr, Waterbeach, Cambridge CB25 9PD	30,366	Office	Leasehold(3)	750,533
1st Floor, Tungsten Building, Blythe Valley Park, Solihull B90 8AF	23,325	Office	Leasehold(4)	503,302

Notes:

(1) 15 years remaining.
(2) 16 years remaining.
(3) 10 years remaining.
(4) 7 years remaining.

The Group also holds the freehold for Tempsford Hall, Sandy, Bedfordshire SG19 2BD and a leasehold for premises at 33 Foley Street, London W1W 7TL. As announced in March 2020, it has ceased operations at both locations. The Group intends to cease operations at 81 Fountain Street and will seek to sub-let the premises in the coming months.

10 Safety, Health and Environment

The safety, health and wellbeing of its employees and suppliers is Kier's number one priority, and it remains of paramount importance as the Group continues to work in line with Government guidance in respect of COVID-19.

In 2020, Kier launched a new sustainability policy and its 'Building for a Sustainable World' framework, which is designed to create a long-lasting, positive legacy for the communities Kier serves.

The Group's 12-month rolling Accident Incident Rate (AIR) as at end December 2020 (68) and 12-month rolling Average Accident Incident Rate (AAIR) as at end December 2020 (238), decreased by approximately 46 per cent. and approximately 38 per cent., respectively, as compared to the equivalent figures at December 2019. In addition, the Group has commenced measurement of a Severity Weighted Incidence

Rate, a more rounded metric which focuses on measuring the impact of high potential and severe risks across the Group.

10.1 ***Safety***

Kier seeks to manage the inherent safety risks which apply to its sites and places of work via the implementation of a number of standards and policies - for example by requiring compliance with the Group's operating standards, mandating a focus on the basics of managing sites safely and sharing the learning from incidents when they occur. During the COVID-19 pandemic, Kier has engaged across industry in developing the Construction Leadership Council Site Operating Procedures and led regulator engagement. Kier also requires its senior management to conduct visible leadership tours to the Group's sites to demonstrate its commitment to health and safety to the Group's workforce.

Kier's AIR and AAIR during the financial year ended 30 June 2020 were, respectively, 87 and 304 improved from 104 and 356 respectively during the financial year ended 30 June 2019.

10.2 ***Health***

Kier's occupational health (OH) team provides support to the Group's on health and wellbeing issues. Examples of the services provided by the OH team, and the Group's areas of focus, include:

- Pre-employment and fitness-for-work assessments: these are conducted to assess an individual's fitness-for-work before (s)he commences work with the Group;
- Sickness absence management: the OH team supports individuals in their return to work after periods of absence; and
- Mental health support: the OH teams provides support for individuals with mental health issues and arranges for training in mental health issues to be made available to the Group's employees.

Kier conducts random and for-cause drugs and alcohol testing on its sites, using the services of an external supplier.

10.3 ***Environment***

Kier aims to manage its projects (and their impact) so as to prevent pollution and protect the environment. Accordingly, Kier is committed to working with its customers and supply chain to, wherever possible, reduce the impact of its operations on climate change, effectively manage the waste produced by its business and source materials from sustainable sources.

This has been an established focus area for the Group. In 2015, the Group was named in the FTSE 350 Climate Disclosure Leadership index, scoring in the top 10 per cent., and in 2018 the Group launched its 30 by 30 strategy, aiming to reduce energy consumption by 30 per cent. by 2030. Since 2014, Kier has reduced its carbon intensity footprint by 54 per cent., and since 2015 it has reduced its construction waste footprint by 35 per cent.

The "Building for a Sustainable World" framework builds on Kier's good work to date and sets out five aims:

- **Pollution prevention**: Kier's annual target for avoidable compliance issues is zero. Kier aims to restore and replenish environmental areas affected by its operations;
- **Responsible sourcing and supply-chain**: Kier aims to restrict the harm to the environment caused by the resources it uses;
- **Carbon impact**: Kier aims to achieve net zero carbon across its own operations and supply chain by 2045;
- **Zero waste**: Kier aims to design out waste and produce no avoidable waste by 2035 and for its operations to be single-use-plastic-free by 2030; and
- **Protection of habitats and resources**: Kier aims to promote a healthy environment for future generations.

In the current financial year, the Group's businesses have concentrated on achieving their framework reduction targets and also on developing the Group's pathway to Net Zero, with interim targets, annual carbon budgets and limits on carbon off-setting. The pathway and budgets will be published in the Group's annual report for the year ending 30 June 2021, along with the refined social value targets for the year ending 30 June 2022.

11 Regulation

Kier operates in a number of sectors, and its clients include a variety of public sector customers, including UK government, its agencies and other public sector bodies that provide public services or operate in publicly regulated business environments. Kier may be subject to and seeks to comply with local, national and international regulations and regulations (and equivalent local laws and regulations applicable to overseas operations) related to providing services in the infrastructure, construction and related sectors. In particular, Kier must comply with a variety of public procurement rules and regulations in relation to bidding for and undertaking work with public sector entities.

Kier's operations also subject it to generally applicable regulatory requirements, including data protection and GDPR, regulations related to the health and safety conditions, and regulations related to pensions, employment and tax matters.

See "*Risk factors–Risks relating to the Group's business operations–The Group is required to comply with SHE laws, regulations and policies*", "*Risk factors– The Group is subject to procurement rules, regulations and models and procurement delays*" and "*Risk factors–Risks relating to the Group's business operations–The Group is required to comply with a significant number of laws, regulations and administrative requirements and policies which may change, resulting in potential exposure to liability and increased compliance costs*".

PART V

OPERATING AND FINANCIAL REVIEW

Investors should read the discussion below in conjunction with the Group's audited consolidated financial statements for the financial years ended 30 June 2020, 2019 and 2018, the auditor's reports contained in the 2020, 2019 and 2018 Annual Report and Accounts, the Group's unaudited consolidated interim financial statements for the six months ended 31 December 2020, the accountant's report contained therein, the detailed information included in Part VI of this document and the other information incorporated by reference into this document and should not rely solely on key and summarised information.

Some of the information referred to below or included elsewhere in this document or in the information incorporated by reference into this document includes forward-looking statements that involve risks and uncertainties. The Group's actual results may differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this document, including under "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements".

1 Information Incorporated by Reference

The discussion of Kier's operating and financial performance, or operating and financial reviews, included in the sections of the 2020 Annual Report and Accounts, the 2019 Annual Report and Accounts and the 2021 Interim Statement referred to in paragraph 2 below are incorporated by reference into this document.

The discussion of the Group's operating and financial performance during the financial years ended 30 June 2020, 2019 and 2018 and the six-month periods ended 31 December 2020 and 2019 is provided on the basis of the Group's divisions during these financial years. Kier reports its results of operations in three segments: Construction, Infrastructure Services and Property. For the year ended 30 June 2020, Kier reported its results of operations in three segments: Construction, Infrastructure Services and Other. In June 2019, Kier announced that it would seek to sell Kier Living, its house-building business. Accordingly, the Kier Living business has been classified as being held for sale and its results for the financial year ended 30 June 2020 and the six-month period ended 31 December 2020 were classified as discontinued. Between 1 July 2018 and 1 July 2019, Kier reported its operations according to the segments: Infrastructure Services, Buildings and Developments & Housing. Prior to 1 July 2018, Kier operated through four segments: Property, Residential, Construction and Services.

2 Cross-Reference List

The following list is intended to enable Shareholders and Placees to identify easily the items of information which have been incorporated by reference into this document, for purposes of providing a review of the Group's operating and financial performance for the financial years ended 30 June 2020, 2019 and 2018.

(a) ***2020 Annual Report and Accounts***

The following pages of the 2020 Annual Report and Accounts have been incorporated by reference:

- Strategic Report, Our business – pages 2 and 3;
- Strategic Report, Chief Executive's Review – pages 6 to 11 (inclusive);
- Strategic Report, Our business model – pages 24 and 25;
- Strategic Report, Key Performance Indicators – pages 30 and 31;
- Strategic Report, Financial Review – pages 64 to 71 (inclusive);
- Notes to the Consolidated Financial Statements – pages 142 to 204 (inclusive) & pages 212 to 213 (inclusive).

(b) ***2019 Annual Report and Accounts***

The following pages of the 2019 Annual Report and Accounts have been incorporated by reference:

- Strategic Report, Chief Executive's Review – pages 6 to 10 (inclusive);

- Strategic Report, Key Performance Indicators – pages 18 and 19;
- Strategic Report, Business Review – pages 38 to 40 (inclusive);
- Strategic Report, Financial Review – pages 41 to 47 (inclusive); and
- Notes to the Consolidated Financial Statements – pages 117 to 179 (inclusive) & 187 to 193 (inclusive).

(c) ***2021 Interim Statement***

The following pages of the 2021 Interim Statement have been incorporated by reference:

- Operational Review – pages 7 to 9 (inclusive);
- Financial Review – pages 10 to 15 (inclusive); and
- Notes to the Interim Financial Statements – pages 24 to 40 (inclusive)

3 Financing Arrangements

For a summary of Kier's material financing arrangements, see paragraph 15 of Part X of this document.

PART VI

FINANCIAL STATEMENTS

The Group's financial statements as at and for the financial years ended 30 June 2020, 2019 and 2018 are incorporated into this document by reference to the 2020, 2019 and 2018 Annual Report and Accounts. The Group's interim financial statements as at and for the six-month periods ended 31 December 2020 and 2019 are incorporated into this document by reference to the 2021 Interim Statement.

PART VII

CAPITALISATION AND INDEBTEDNESS

Capitalisation

The following table, which is extracted from the Company's unaudited consolidated interim financial statements for the six months ended 31 December 2020 (incorporated by reference in this document), sets out the capitalisation of Kier as at 31 December 2020:

Capitalisation

	As at 31 December 2020
	(unaudited) *(£ millions)*
Share capital	1.6
Share premium	684.3
Other reserves[1]	141.4
Total capitalisation[2][3]	**827.3**

Notes:

(1) Other reserves comprise capital redemption reserve, cash flow hedge reserve, translation reserve and merger reserve.

(2) Total capitalisation excludes accumulated losses.

(3) There has been no material change to the capitalisation of Kier since 31 December 2020.

Indebtedness

The Group's net debt position varies during any financial period, sometimes materially, and reflects the Group's working capital requirements which are, in turn, determined by a wide range of factors. Accordingly, the Group's net debt position at the end of a particular month, or at a particular date, may not necessarily be representative of the Group's average month-end net debt within a financial period and/or the average month end net debt or period-end figures which are reported at 31 December or 30 June. The Company reported net debt as at 31 December 2020 of £353.5 million. The Group also reported average month-end net debt for the six-month period ended 31 December 2020 of £436.3 million. The Group's unaudited net debt as at 28 February 2021 was £561.2 million.

The following table, which is extracted from the Company's internal management records, sets out the Group's current and non-current debt as at 28 February 2021:

	As at 28 February 2021
	(unaudited) *(£ millions)*
Total current debt	
Guaranteed[(1)]	(99.6)
Secured	—
Unguaranteed/unsecured	—
Total current indebtedness	**(99.6)**
Total non-current debt	
Guaranteed[(1)]	(671.3)
Secured	—
Unguaranteed/unsecured	—
Total non-current indebtedness	(671.3)
Total gross indebtedness[(2)]	**(770.9)**

Note:

(1) The Group holds various committed facilities which are guaranteed by material subsidiaries within the Kier Group. The facilities held by the Group as at 28 February 2021 are the RCF Facility of £670.0 million (£549.0 million drawn down as at 28 February 2021), four loan notes with principal amounts of £45.0 million, $20.0 million, £47.0 million and $116.0 million, two loan notes with principal amounts of €10.0 million and €10.0 million, and two loan notes with principal amounts of £43.5 million and £10.0 million.

(2) Total gross indebtedness excludes finance leases and capitalised interest costs.

The following table, which is extracted from the Company's internal management records, sets out the Group's net financial indebtedness as at 28 February 2021:

	As at 28 February 2021
	(unaudited) *(£ millions)*
Cash	178.8
Cash equivalent (cash in transit)	32.4
Trading securities	—
Liquidity	**211.2**
Current financial receivable	—
Current bank debt	—
Current portion of non-current debt(1)	(99.6)
Other current financial debt	—
Current financial debt	**(99.6)**
Non-current bank loans	(549.0)
Bonds issued(1)	(122.3)
Other(2)	(1.5)
Non-current financial indebtedness	**(672.8)**
Net financial indebtedness(1)(3)(4)(5)	**(561.2)**

Notes:

(1) Included in the table above are derivative financial instruments relating to cross currency swaps, which benefit from hedge accounting, resulting in the sterling value of the Group's liability remaining fixed until maturity.

(2) Includes capitalised borrowing fees and net impact of cross currency swaps.

(3) Net financial indebtedness excludes finance leases and capitalised interest costs but includes capitalised borrowing fees.

(4) The Group has no indirect or contingent indebtedness as at 28 February 2021, except guarantees relating to joint venture borrowing, which are excluded from the net financial indebtedness table above. The Group seeks to operate joint ventures with non-recourse debt secured on an asset-by-asset basis. Initially, prior to the joint venture financing model becoming proven with the asset finance market, the Group provided guarantees to debt providers. As at 28 February 2021, joint venture borrowing guaranteed by the Group amounted to £18.0 million.

(5) The Group offers its supply chain the opportunity to participate in the Kier Early Payment Scheme (KEPS), which is an uncommitted financing facility. The balance owed on this facility as at 28 February 2021 was £87.0 million and is included on the Group's balance sheet in trade creditors.

PART VIII

UNAUDITED PRO FORMA FINANCIAL INFORMATION

SECTION A—UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma financial information in this Section A of Part VIII has been prepared in accordance with item 18.4.1 of Annex 1 to the Prospectus Regulation and section 3 of Annex 20 to the Prospectus Delegated Regulation. The unaudited pro forma financial information comprises:

a) an unaudited pro forma statement of net assets, which has been prepared to illustrate the effect of the Firm Placing and Placing and Open Offer and the Kier Living Disposal on the consolidated net assets of the Group at 31 December 2020 as if the foregoing had both occurred on 31 December 2020, and

b) an unaudited pro forma income statement, which has been prepared to illustrate the effect of the Firm Placing and Placing and Open Offer and the Kier Living Disposal on the consolidated income statement of the Group for the year ended 30 June 2020 as if the foregoing had both occurred on 1 July 2019.

The unaudited pro forma financial information: (i) is based on the unaudited consolidated interim financial information as at 31 December 2020 and the audited consolidated financial information for the year ended 30 June 2020; (ii) is compiled on the basis set out in the notes below and in accordance with the accounting policies adopted by the Group for the period ended 31 December 2020 and for the year ended 30 June 2020; (iii) does not constitute financial statements within the meaning of section 434 of the Companies Act; (iv) has been produced for illustrative purposes only; (v) includes the impact of Kier Living Disposal on the basis that the Firm Placing and Placing and Open Offer are conditional upon the sale (as described in paragraph 6.5 “Conditionality” of Part I: “*Letter from the Chairman of Kier Group plc*”); and (vi) because of its nature addresses a hypothetical situation and, therefore, does not represent the Group’s actual financial position or results. The hypothetical financial position or results included in the unaudited pro forma financial information may differ materially from the Group’s actual financial position or results.

Investors should read the whole of this document and not rely solely on the unaudited financial information in this Part VIII.

The Reporting Accountant’s report on the unaudited pro forma financial information is set out in Section B of this Part VIII.

UNAUDITED PRO FORMA NET ASSETS STATEMENT AT 31 DECEMBER 2020

	As at 31 December 2020[(1)]	Adjustments: Kier Living Disposal[(2)]	Adjustments: Firm Placing and Placing and Open Offer[(3)]	Adjustments: Principal Debt Facilities Stage 2 Amendments[(4)]	Pro Forma as at 31 December 2020[(5)]
			(unaudited) *(£ millions)*		
Assets					
Non-current assets					
Intangible assets	705.7	—	—	—	705.7
Property, plant and equipment	45.4	—	—	—	45.4
Right-of-use assets	92.6	—	—	—	92.6
Investment properties	49.8	—	—	—	49.8
Investments in and loans to joint ventures	102.0	—	—	—	102.0
Capitalised mobilisation costs	2.0	—	—	—	2.0
Deferred tax assets	124.1	—	—	—	124.1
Contract assets	28.8	—	—	—	28.8
Trade and other receivables	30.7	—	—	—	30.7
Retirement benefit assets	67.1	—	—	—	67.1
Other financial assets	14.3	—	—	—	14.3
Non-current assets	**1,262.5**	**—**	**—**	**—**	**1,262.5**
Current assets					
Inventories	54.3	—	—	—	54.3
Contract assets	250.4	—	—	—	250.4
Trade and other receivables	287.5	—	—	—	287.5
Corporation tax receivable	8.1	—	—	—	8.1
Other financial assets	2.3	—	—	—	2.3
Cash and cash equivalents	328.6	90.0	228.0	(211.1)	435.5
Current assets	**931.2**	**90.0**	**228.0**	**(211.1)**	**1,038.1**
Assets held for sale as part of a disposal group	234.8	(234.8)	—	—	—
Total assets	**2,428.5**	**(144.8)**	**228.0**	**(211.1)**	**2,300.6**
Liabilities					
Current liabilities					
Borrowings	(99.6)	—	—	42.9	(56.7)
Lease liabilities	(28.1)	—	—	—	(28.1)
Trade and other payables	(1,000.6)	—	—	—	(1,000.6)
Contract liabilities	(86.7)	—	—	—	(86.7)
Provisions	(13.7)	—	—	—	(13.7)
Current liabilities	**(1,228.7)**	**—**	**—**	**42.9**	**(1,185.8)**
Liabilities held for sale as part of a disposal group	(124.8)	124.8	—	—	—
Non-current liabilities					
Borrowings	(599.4)	—	—	151.6	(447.8)
Lease liabilities	(133.5)	—	—	—	(133.5)
Trade and other payables	(40.4)	—	—	—	(40.4)
Retirement benefit obligations	(68.5)	10.0	0.7	—	(57.8)
Provisions	(43.9)	—	—	—	(43.9)
Non-current liabilities	**(885.7)**	**10.0**	**0.7**	**151.6**	**(723.4)**
Total liabilities	**(2,239.2)**	**134.8**	**0.7**	**194.5**	**(1,909.2)**
Net assets	**189.3**	**(10.0)**	**228.7**	**(16.6)**	**391.4**

Notes:

(1) The information in this column has been extracted without adjustment from the Group's unaudited consolidated interim financial statements as at and for the six-month period ended 31 December 2020, which have been incorporated by reference into this document.

(2) As at 30 June 2020, the Kier Group held the Kier Living Group classified as an asset available for sale. The net assets were impaired as at 31 December 2020 to the fair value less costs to sell of £110.0 million, which included a fair value impairment of £51.6 million. The financial information has been extracted, without material adjustment, from the financial information presented in the Group's unaudited consolidated interim financial statements as at and for the six-month period ended 31 December 2020.

The Kier Living Disposal adjustment reflects:

(i) removal of the fair value of assets and liabilities relating to the Kier Living Group reflecting the fact that, following the disposal, the Group will no longer consolidate the results of this business;

(ii) net proceeds from the Kier Living Disposal of £100.0 million (being the gross cash consideration of £110.0 million less costs relating to the transaction of £10.0 million); and

(iii) £10.0 million, which will be used to reduce the Group's funding deficit under its Pension Schemes, taken out of the Kier Living Disposal proceeds.

This pro forma adjustment does not take into account any future working capital adjustments which may need to be made to the cash consideration on completion of the Kier Living Disposal according to the terms of the sale and purchase agreement in connection therewith.

(3) Adjustment reflects:

(i) the net proceeds of the Firm Placing and Placing and Open Offer of £228.7 million (being gross proceeds of £241.4 million less estimated costs relating to the Firm Placing and Placing and Open Offer of £12.7 million. The estimated costs will be capitalised against equity save for estimated £0.3 million of fees, which will be charged to the income statement; and

(ii) payment of an additional contribution of £0.7 million to the trustee of the Group' Pension Schemes.

(4) Reflects the impact of the Principal Debt Facilities Stage 2 Amendments:

(i) repayment of £192.9 million of the Group's external borrowings, split between current and non-current borrowings as £42.9 million and £150.0 million, respectively (as described in paragraph 3.8 "Cash flow track record and use of proceeds" of Part I: "*Letter from the Chairman of Kier Group plc*");

(ii) write-off of the previously capitalised borrowing cost of £1.1 million from the non-current borrowings balance; and

(iii) payment of total estimated costs related to the Principal Debt Facilities Stage 2 Amendments of £18.2 million, of which £2.7 million related to the extension of certain of the Principal Debt Facilities will be capitalised as part of the external non-current borrowings balance and £15.5 million will be charged to the Income Statement.

(5) No adjustment has been made to reflect the trading results of the Group since 31 December 2020.

UNAUDITED PRO FORMA INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

	For the year ended 30 June 2020[(1)]	Adjustments: Kier Living Disposal[(2)]	Adjustments: Firm Placing and Open Offer[(3)]	Adjustments: Principal Debt Facilities Stage 2 Amendments[(4)]	Pro Forma for the year ended 30 June 2020[(5)]
			(unaudited) *(£ millions)*		
Continuing operations					
Group revenue	**3,422.5**	**—**	**—**	**—**	**3,422.5**
Cost of sales	(3,220.4)	—	—	—	(3,220.4)
Gross profit	**202.1**	**—**	**—**	**—**	**202.1**
Administrative expenses	(391.7)	—	(0.3)	—	(392.0)
Share of post-tax results of joint ventures	(6.6)	—	—	—	(6.6)
Profit on disposal of joint ventures and subsidiaries	0.6	—	—	—	0.6
Loss from operations	**(195.6)**	**—**	**(0.3)**	**—**	**(195.9)**
Finance income	6.7	(5.6)	—	—	1.1
Finance costs	(36.4)	—	—	(16.4)	(52.8)
Loss before tax	**(225.3)**	**(5.6)**	**(0.3)**	**(16.4)**	**(247.6)**
Taxation	53.4	—	0.1	4.0	57.4
Loss for the period from continuing operations	**(171.9)**	**(5.6)**	**(0.2)**	**(12.4)**	**(190.2)**
Discontinuing operations					
Loss for the year from discontinued operations (attributable to equity holders of the parent)	(101.4)	91.4	—	—	(10.0)
Loss for the period	**(273.3)**	**85.8**	**(0.2)**	**(12.4)**	**(200.2)**

Notes:

(1) The information in this column has been extracted without adjustment from the Group's 2020 Financial Statements, which have been incorporated by reference into this document.

(2) Reflects the following adjustments in respect of the Kier Living Disposal:

(i) elimination of the loss of Kier Living of £101.4 million in the year ended 30 June 2020, which has been extracted without adjustment from the Group's 2020 Financial Statements;

(ii) elimination of the Group's interest income of £5.6 million on intercompany debt provided by the Group to Kier Living; and

(iii) £10.0 million loss on disposal of Kier Living resulting from proceeds from the disposal of £110.0 million less elimination of the carrying value of the net assets of Kier Living as at 30 June 2020 of £110.0 million and disposal related transaction costs of £10.0 million. This pro forma adjustment does not take into account any future working capital adjustments which may need to be made to the cash consideration on completion of the Kier Living Disposal according to the terms of the sale and purchase agreement in connection therewith.

(3) Reflects estimated fees, costs and expenses relating to the Firm Placing and Placing and Open Offer of £0.3 million charged to the income statement. The additional tax credit of £0.1 million was determined based on the effective tax rate of 24.2 per cent. disclosed in the Group's 2020 Financial Statements.

(4) Adjustment reflects:

(i) estimated fees, costs and expenses relating to the Principal Debt Facilities Stage 2 Amendments of £15.5 million charged to the income statement (including £8.9 million of the debt facilities amendment fixed fee);

(ii) write-off and recognition of the previously capitalised borrowing cost of £1.1 million as part of Finance costs;

(iii) a reduction in finance costs of £5.1 million based on the net proceeds of the Firm Placing and Placing and Open Offer applied as repayment of borrowings at an average interest rate of 2.93 per cent. per annum on the 2017 RCF, an average interest rate of 4.5 per cent. per annum on the 2012 Notes and the 2014 Notes and an average interest rate of 2.9 per cent. per annum on the *Schuldschein* debt; and

(iv) an increase in finance costs of £4.9 million reflecting the increase in the interest cost as a result of the Principal Debt Facilities Stage 2 Amendments.

The additional tax credit of £4.0 million was determined based on the effective tax rate of 24.2 per cent. disclosed in the Group's 2020 Financial Statements.

(5) No adjustment has been made to reflect the trading results of the Group since 30 June 2020. None of the adjustments described in Notes 2, 3 and 4 will have a continuing impact, with the exception of adjustments (iii) and (iv) described in Note 4.

SECTION B—ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

pwc

The Directors
Kier Group plc
81 Fountain Street
Manchester
M2 2EE

N.M. Rothschild & Sons Limited
New Court
St Swithin's Lane
London
EC4N 8AL

13 May 2020

Dear Sirs

Kier Group plc (the "Company")

We report on the unaudited pro forma financial information (the "Pro Forma Financial Information") set out in Section A of Part VIII of the Company's prospectus dated 13 May 2021 (the "Prospectus").

This report is required by section 3 of Annex 20 to the PR Regulation and item 18.4.1 of Annex 1 to the PR Regulation and is given for the purpose of complying with these items and for no other purpose.

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.

Responsibilities

It is the responsibility of the Directors to prepare the Pro Forma Financial Information in accordance with item 18.4.1 of Annex 1 to the PR Regulation.

It is our responsibility to form an opinion, as required by item 18.4.1 of Annex 1 to the PR Regulation and section 3 of Annex 20 of the PR Regulation, as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

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 at the date of their issue.

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Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.3.2R(2)(f) of the Prospectus Regulation Rules of the Financial Conduct Authority (the "Prospectus Regulation Rules") 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 item 1.3 of Annex 1 to the PR Regulation, consenting to its inclusion in the Prospectus.

Basis of Preparation

The Pro Forma Financial Information has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed Firm Placing, Placing and Open Offer and the Kier Living Disposal might have affected the financial information for the year ended 30 June 2020 presented on the basis of the accounting policies adopted by the Company in preparing the audited consolidated financial statements for the year ended 30 June 2020 and the financial information as at 31 December 2020 presented on the basis of the accounting policies adopted by the Company in preparing the unaudited consolidated interim financial statements for the period ended 31 December 2020.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council ("FRC") in the United Kingdom. We are independent in accordance with the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

Declaration

For the purposes of item 5.3.2 R (2)(f) of the Prospectus Regulation Rules we are responsible for this report as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report make no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 1 of the PR Regulation.

Yours faithfully

PricewaterhouseCoopers LLP

Chartered Accountants

PART IX

TAXATION

1 UK Taxation

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of subscribing for, holding or disposing of New Shares. Prospective subscribers of New Shares are advised to consult their own professional advisers concerning the tax consequences of the acquisition, ownership and disposition of such shares or rights. The following statements are based on current UK tax legislation as applied in England and Wales and the current published practice of HMRC (which may not be binding on HMRC) in each case as at the latest practicable date before the date of this document, both of which are subject to change at any time, possibly with retroactive effect. They apply only to Shareholders and Placees who are resident, and in the case of individuals domiciled or deemed domiciled, for tax purposes in (and only in) the United Kingdom and to whom "split year" treatment does not apply (except insofar as express reference is made to the treatment of non-UK residents), who hold their Shares as an investment (other than in an individual savings account or a self-invested personal pension) and who are, or are treated as, the absolute beneficial owners of both their Shares and any dividends paid on them. The tax position of certain categories of Shareholders or Placees who are subject to special rules (such as persons subscribing for their New Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes) is not considered.

Prospective subscribers of New Shares who are in any doubt about their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom are strongly recommended to consult their own professional advisers.

1.1 ***Taxation of Chargeable Gains***

1.1.1 *UK tax resident Shareholders*

(a) New Shares subscribed for pursuant to the Firm Placing

The issue of Firm Placing Shares to Firm Placees pursuant to the Firm Placing will not constitute a reorganisation of Kier's share capital for the purposes of the UK taxation of chargeable gains ("**CGT**"). Accordingly, any acquisition of Firm Placing Shares by a Firm Placee pursuant to the Firm Placing will be treated as a separate acquisition of Shares.

(b) New Shares subscribed for pursuant to the Placing

The issue of Open Offer Shares to Conditional Placees pursuant to the Placing will not constitute a reorganisation of Kier's share capital for the purposes of CGT and, accordingly, any acquisition of Open Offer Shares by a Conditional Placee pursuant to the Placing will be treated as a separate acquisition of Shares.

(c) New Shares subscribed for pursuant to the Open Offer

As a matter of UK tax law, the acquisition of Open Offer Shares pursuant to the Open Offer may not strictly speaking constitute a reorganisation of share capital for the purposes of CGT. The published practice of HMRC to date has been to treat any subscription of shares by an existing shareholder which is equal to or less than the shareholder's minimum entitlement pursuant to the terms of an open offer as a reorganisation, but it is not certain that HMRC will apply this practice in circumstances where an open offer is not made to all shareholders. HMRC's treatment of the Open Offer cannot therefore be guaranteed and specific confirmation has not been requested in relation to the Open Offer.

To the extent that the acquisition of the Open Offer Shares is regarded as a reorganisation of Kier's share capital for the purposes of CGT, a Qualifying Shareholder should not be treated as making a disposal of any part of that Qualifying Shareholder's Existing Holding by reason of taking up all or part of his or her Open Offer Entitlement. The Open Offer Shares issued to a Qualifying Shareholder will be treated as the same asset as, and having been subscribed for at the same time as, the Qualifying Shareholder's Existing Holding. The amount of subscription monies paid for the Open Offer Shares will be added to the base cost of the Qualifying Shareholder's Existing Holding.

If, or to the extent that, the acquisition of Open Offer Shares under the Open Offer is not regarded as a reorganisation of Kier's share capital, the Open Offer Shares subscribed for by each Qualifying Shareholder under the Open Offer will, for the purposes of CGT, be treated as a separate acquisition of Shares and the price paid for those Open Offer Shares will constitute their base cost. For both corporate and individual Qualifying Shareholders, the Open Offer Shares should be pooled with the Qualifying Shareholder's Existing Holding and the share identification rules will apply on a future disposal. To the extent that the Open Offer Shares under the Open Offer are issued for less than their market value, there is a technical risk that Qualifying Shareholders may be regarded as having made a part disposal of their Existing Holding when they take up their Open Offer Shares under the Open Offer. However, to date, we are not aware that HMRC have sought to tax a part disposal under such circumstances.

(d) Disposals

(i) **Individual Shareholders**

A disposal or deemed disposal of New Shares may, depending on the circumstances and subject to any available exemption or relief, give rise to a chargeable gain (or an allowable loss) for the purposes of CGT.

An individual Shareholder who is resident in the UK for UK tax purposes and whose total taxable gains and income in a given tax year, including any gains made on the disposal or deemed disposal of his New Shares, are more than the upper limit of the income tax basic rate band applicable in respect of that tax year (the "**Band Limit**") will generally be subject to capital gains tax at the flat rate of 20 per cent. (for the tax year 2020-2021) in respect of any gain arising on a disposal or deemed disposal of his New Shares.

An individual Shareholder who is resident in the UK for UK tax purposes and whose total taxable gains and income in a given tax year, including any gains made on the disposal or deemed disposal of his New Shares, are less than or equal to the Band Limit will generally be subject to capital gains tax at the flat rate of 10 per cent. (for the tax year 2020-2021) in respect of any gain arising on a disposal or deemed disposal of his New Shares (to the extent that, when added to the Shareholder's other taxable gains and income in that tax year, the gain is less than or equal to the Band Limit) and at the flat rate of 20 per cent. (for the tax year 2020-2021) in respect of the remainder.

No indexation allowance will be available to an individual Shareholder in respect of any disposal or deemed disposal of New Shares. However, each individual has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £12,300 for the tax year 2020-2021.

(ii) **Corporate Shareholders**

Where a Shareholder falls within the charge to UK corporation tax, a disposal or deemed disposal of New Shares may, depending on the circumstances and subject to any available exemption or relief, give rise to a chargeable gain (or an allowable loss) for the purposes of corporation tax. Corporation tax is charged on chargeable gains at a rate of 19 per cent. with effect from 1 April 2020. It should be noted for the purposes of calculating an indexation allowance available on a disposal of New Shares that generally the expenditure incurred in subscribing for the New Shares will be treated as incurred only when the Shareholder made, or became liable to make, payment, and not at the time those shares are otherwise deemed to have been subscribed for. For disposals on or after 1 January 2018, the government has frozen indexation allowance such that it will be calculated only up to and including December 2017, irrespective of the date of disposal of New Shares.

1.1.2 *Non-UK tax resident Shareholders*

A Shareholder who is not resident for tax purposes in the United Kingdom will not generally be subject to CGT on the disposal or deemed disposal of New Shares unless the Shareholder is carrying on a trade, profession or vocation in the United Kingdom through a branch or agency (or, in the case of a corporate Shareholder, a permanent establishment) in connection with which the New Shares are used, held or subscribed for. Non-UK tax resident Shareholders may be subject to non-UK taxation on any gain under local law.

An individual Shareholder who is temporarily not resident in the UK may, in certain circumstances, be subject to tax in respect of gains realised while they are not resident in the UK.

1.2 ***Taxation of Dividends***

Kier is not required to withhold tax at source from dividend payments that it makes in respect of New Shares.

A UK resident Shareholder's liability to tax on dividends received will depend on the individual circumstances of that Shareholder:

1.2.1 *UK resident individual Shareholders*

With effect from the tax year beginning 6 April 2018, a UK resident individual shareholder will not be subject to income tax on a dividend such individual shareholder receives 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 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 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.

1.2.2 *UK resident corporate Shareholders*

A Shareholder within the charge to UK corporation tax which is a "small company" for the purposes of the UK taxation of dividends legislation will not generally be subject to UK corporation tax on dividends from the Company, provided certain conditions are met, including consideration of anti-avoidance legislation. In general, where the following conditions are met, receipts of dividends by a "small" company should not be subject to corporation tax: (i) at the time of the receipt the payer is resident in (and only in) the UK or a qualifying territory; (ii) no deduction for the payment of the dividend is allowed to a resident of a territory outside the UK under the law of that territory; (iii) the dividend is not in respect of any non-commercial or special securities; and (iv) the dividend is not made as part of a tax advantage scheme (such terms, in each case, having the meaning given to them for the purposes of the UK taxation on dividends legislation).

A Shareholder who is within the charge to UK corporation tax and who is not a "small company" for the purposes of the UK taxation of dividends legislation will be subject to corporation tax on dividends paid by the Company, unless the dividends fall within an exempt class and certain other conditions are met. In general, where the following other conditions are met (and the dividends fall within an exempt class), receipts of dividends by a company which is not a "small company" should not be subject to corporation tax: (a) no deduction for the payment of the dividend is allowed to a resident of a territory outside the UK under the law of that territory; and (b) the dividend is not in respect of any non-commercial or special securities (such terms, in each case, having the meaning given to them for the purposes of the UK taxation on dividends legislation). As an example, (1) dividends paid on shares that are not redeemable and do not carry any present or future preferential rights to dividends or to the Company's assets on its winding up, and (2) dividends paid to a person holding less than a 10 per cent. interest in the Company, should, in each case, generally fall within an exempt class. However, it should be noted that the exemptions are not comprehensive, their applicability will depend on a Shareholder's own circumstances and they are also subject to anti-avoidance rules. Shareholders within the charge to corporation tax should consult their own professional advisers.

1.2.3 *Non-UK resident Shareholders*

A shareholder resident or otherwise subject to tax outside the United Kingdom (whether an individual or a body corporate) 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.

Each Shareholder should obtain professional advice on its own position as it will depend on its own individual circumstances.

1.3 ***UK Stamp Duty and Stamp Duty Reserve Tax ("SDRT")***

The following statements are intended as a general and non-exhaustive guide to the current UK stamp duty and SDRT position and apply regardless of whether or not a Shareholder is resident in the UK for UK tax purposes.

1.3.1 *Issue of New Shares*

No stamp duty or SDRT will generally be payable on the issue of New Shares pursuant to the Capital Raise. Similarly, where New Shares are credited in uncertificated form to an account in CREST, no liability to stamp duty or SDRT will generally arise.

Following the decision of the European Court of Justice in *HSBC Holdings and Vidacos Nominees* (Case 569/07) and the First-tier Tax Tribunal decision in *HSBC Holdings* and *The Bank of New York Mellon*, HMRC has confirmed that it will no longer seek to impose the 1.5 per cent. SDRT when new shares are issued into a clearance service or depositary receipt service. Notwithstanding Brexit, HMRC's published practice is that the 1.5 per cent. SDRT charge will remain disapplied in the case of new issues of shares or transfers that are an integral part of a capital raising under the terms of the European Union (Withdrawal) Act 2018. However the charging legislation is still in force and specific advice should be sought on this point where it applies.

1.3.2 *Subsequent dealings in New Shares*

Except in relation to depositary receipt systems and clearance services (to which the special rules outlined below apply), any subsequent dealings in New Shares will be subject to stamp duty or SDRT in the normal way. Subject to an exemption for certain low value transactions, the transfer on sale of New Shares effected outside CREST will generally be liable to stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration payable (rounded up to the nearest multiple of £5) or, if an unconditional agreement to transfer the New Shares is not completed by a duly stamped transfer within 6 years of the date of the agreement becoming unconditional, or where the transfer is effected in CREST, SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable. Stamp duty and SDRT are normally payable by the purchaser.

Transfers to connected parties may be subject to SDRT at the market value of the shares if this is higher than the amount of value of consideration payable.

Where New Shares are transferred: (i) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services; or (ii) to, or to a nominee or an agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will generally be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration given or, in certain circumstances, the value of the New Shares. There is an exception from the 1.5 per cent. charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under section 97A(1) of the Finance Act 1986, which has been approved by HMRC. In these circumstances, SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer will arise on any transfer of shares in Kier into such an account and on subsequent agreements to transfer such shares within such account. Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer within such a service, which does arise will strictly be accountable by the clearance service or depositary receipt system operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depositary receipt system.

The statements in this paragraph 1.3 apply to any holders of Shares irrespective of their residence, summarise the current position according to HMRC's published practice (which may not be binding on HMRC) and are intended as a general guide only. Special rules apply to agreements made by, amongst others, intermediaries, and such rules are not covered by this summary.

PART X

ADDITIONAL INFORMATION

1 Responsibility

The Company and the Directors, whose names appear in paragraph 5 below, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors, the information contained in this document is in accordance with the facts and makes no omission likely to affect its import.

2 Incorporation and Registered Office

The Company was incorporated and registered in England and Wales on 21 April 1992, with registered number 02708030, as a company limited by shares under the Companies Act 1948 to 1986, with the name De facto 265 Limited, which was subsequently changed to Kier Group Limited on 10 June 1992. The Company was re-registered as Kier Group plc on 6 July 1992.

The Company is domiciled in the United Kingdom and its registered office is at 81 Fountain Street, Manchester, England M2 2EE. The Company's main telephone number is +44 (0) 1933 376 000 and its LEI is 2138002RKCU2OM4Y7O48.

The Company's website is at www.kier.co.uk. The information on the Company's website does not form part of this document unless that information is specifically incorporated by reference into this document.

The principal legislation under which the Company operates is the Companies Act.

3 Share Capital

3.1 As at 10 May 2021 (being the latest practicable date prior to the date of this document), the issued share capital of the Company was £1,621,158.70, comprising 162,115,870 Shares, all of which were fully paid or credited as fully paid. The Shares have a nominal value of 1 pence each and are admitted to the premium listing segment of the Official List and admitted to trading on the London Stock Exchange's main market for listed securities, respectively.

3.2 As at 1 July 2017 (being the first day covered by the historical financial statements incorporated by reference into this document), 97,443,035 Shares were in issue fully paid or credited as fully paid. There have been the following changes in the share capital of the Company between 1 July 2017 and 10 May 2021 (being the latest practicable date prior to the date of this document):

	Financial year ended 30 June			1 July 2020 to
	2018	**2019**	**2020**	**10 May 2021**
Shares issued as a result of the exercise of options granted under the Sharesave Scheme	17,128	—	—	—
Shares issued pursuant to the LTIPs	—	200,000	—	—
Shares issued pursuant to the rights issue	—	64,455,707	—	—

3.3 The table set out below shows the issued share capital of the Company as at 10 May 2021 (being the latest practicable date prior to the date of this document) and as it is expected to be immediately following the Firm Placing and Placing and Open Offer:

	Shares in issue as at 10 May 2021		Shares in issue immediately following the Firm Placing and Placing and Open Offer[(1)]	
	Number	£	*Number*	£
Issued	162,115,870	1,621,158.70	446,165,699	4,461,656.99

Note:

(1) Assuming that no Shares are issued pursuant to options exercised under the Sharesave Scheme are exercised between the date of this document and Admission becoming effective.

3.4 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 section 561 of the Companies Act (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) apply to the issued share capital of the Company which is not the subject of the disapplication approved by the Shareholders in a general meeting of the Company.

3.5 Save as disclosed above, since 1 July 2017 (being the first day covered by the historical financial statements incorporated by reference into this document), there has been no issue of share capital of the Company, fully or partly paid, either in cash or for other consideration, and (other than in connection with the Firm Placing and Placing and Open Offer, and the exercise of options under the Sharesave Scheme) no such issues are proposed.

3.6 As at 10 May 2021 (being the latest practicable date prior to the date of this document) the Company did not hold any Shares in treasury.

3.7 Subject to Admission, pursuant to the Capital Raise, 284,049,829 New Shares will be issued at a price of 85 pence per New Share. This will result in the issued ordinary share capital of the Company increasing by approximately 175.2 per cent. If a Qualifying Shareholder who is not a Placee does not take up any of its Open Offer Entitlement, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 63.7 per cent. as a result of the Capital Raise. If a Qualifying Shareholder who is not a Placee takes up its Open Offer Entitlement in full and does not apply for any Open Offer Shares under the Excess Application Facility, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 31.9 per cent. as a result of the Capital Raise. If a Qualifying Shareholder who is not a Placee takes up (i) its Open Offer Entitlement in full, and (ii) the maximum additional amount available to it under the Excess Application Facility (equal to its Open Offer Entitlement), such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 0.1 per cent. as a result of the Capital Raise (assuming, in each case, that no Shares are issued pursuant to options exercised under the Sharesave Scheme are exercised between 10 May 2021 (being the latest practicable date prior to the date of this document) and Admission becoming effective).

3.8 At the General Meeting, resolutions are proposed: (i) to approve the terms (including as to the discount) of the Capital Raise as set out in this document, and to direct the Directors to exercise all powers to cause Kier to implement the Capital Raise; and (ii) to authorise the Directors, pursuant to section 551 of the Companies Act, to allot Shares and to grant rights to subscribe for or convert any security into Shares up to a nominal amount of £2,840,498.30 pursuant to or in connection with the Capital Raise.

3.9 The New Shares will be allotted to all Qualifying Shareholders by a resolution of a committee of the Board and created in accordance with the laws of England.

3.10 The New Shares will have the same rights in all respects as the Existing Shares (including the right to receive all dividends or other distributions declared by the Company after the date of issue of the New Shares).

3.11 The ISIN for the New Shares will be the same as that of the Existing Shares, being GB0004915632.

4 Articles of Association, Mandatory Takeover Bids, Squeeze-Out and Sell-Out Rules

The Articles of Association are available for inspection at the registered office of the Company and include, *inter alia*, provisions to the following effect:

4.1 *Share Rights*

Subject to any rights attached to existing shares, Kier may issue shares by ordinary resolution with such rights and restrictions as Kier may determine or, if Kier has not so determined, as the Directors determine. Kier may also issue shares that are redeemable at the option of Kier or a member on such terms and in such manner as may be provided by the Directors.

4.2 ***Voting Rights***

Subject to any (i) terms attached to any shares issued or (ii) terms in the Articles:

4.2.1 *On a show of hands:*

(i) every member present will have one vote;

(ii) every duly authorised representative of a member present will have one vote. In the case of a member who is present by more than one duly authorised representative, each representative will have one vote; and

(iii) a duly appointed proxy will have one vote unless the proxy has been appointed by more than one member entitled to vote and:

(a) the proxy has been instructed to vote for the resolution by one or more members and wishes to vote against the resolution pursuant to an instruction or discretionary authority given by another member; or

(b) the proxy has been instructed to vote against the resolution by one or more members and wishes to vote for the resolution pursuant to an instruction or discretionary authority given by another member,

in which case the proxy will have one vote for and one vote against the resolution.

4.2.2 *On a poll:*

(i) every member present will have one vote for each share held by him;

(ii) every member present by a duly authorised representative, not being himself a member entitled to vote, will have one vote for each share of which the member is the holder. In the case of a member who is represented by more than one duly authorised representative, if more than one representative purports to vote in respect of the same shares, then:

(c) if the purported votes are cast in the same way, the member will be treated as voting in that way; or

(d) if the purported votes are not cast in the same way, the votes will be treated as abstained;

(iii) a member entitled to more than one vote need not, if he votes, use all votes or cast all votes in the same way; and

(iv) all or any of the voting rights of a member may be exercised by one or more duly appointed proxies.

In the case of joint holders, only the senior who tenders a vote will be accepted, where seniority is determined by the order in which the names stand on the register in respect of the holding.

4.3 ***Restrictions***

No member will be entitled to vote, unless the Board determines otherwise, at any general meeting in respect of any share held by him if: (i) any call or other sum then payable by him in respect of that share remains unpaid; or (ii) a member has been served with a restriction notice after that member failed to provide Kier with information concerning interests in those shares required to be provided under applicable law.

4.4 ***Dividends and Other Distributions***

Subject to applicable law, Kier may by ordinary resolution declare dividends not exceeding the amount recommended by the Board.

All dividends will be declared and paid according to the amounts paid on the shares and paid proportionately to the amounts paid over the period in respect of which the dividend is paid.

Any general meeting declaring a dividend may, upon recommendation of the Board, direct payment or satisfaction of such dividend by the distribution of specific assets.

Subject to applicable law, the Board may pay an interim dividend or fixed dividend whenever the profits and position of Kier, in the opinion of the Board, justifies its payment. If the Board acts in good faith, it is not liable for any losses Shareholders may suffer because of the lawful payment of an interim dividend on any shares having deferred or non-preferential rights.

The Board may deduct from any dividend all sums of money (if any) payable to Kier on account of calls or otherwise in respect of that share.

Unless otherwise expressly provided by the rights attached to the share, no dividend or other monies payable on or in respect of a share will bear interest against Kier. Any dividend unclaimed from the date when it was declared may be invested or otherwise made use of by the Board for the benefit of the Company until it is claimed. All dividends unclaimed after a period of 12 years from the date when it was declared will be forfeited and revert to Kier.

The Directors may, if authorised by ordinary resolution, offer the holders of ordinary shares the right to elect to receive additional ordinary shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.

4.5 ***Variation of Rights***

Subject to applicable law, Kier can vary or abrogate the rights attached to any class of shares with either the written consent of the holders of at least three quarters of the issued shares of that class (excluding any shares of that class held as treasury shares) or by a special resolution passed at a separate meeting of the holders of that class. This applies whether or not Kier is being wound up.

Subject to the terms on which any shares may be issued, the rights and privileges attached to any class of shares will be deemed not to be varied or abrogated by the creation or issue of any new shares ranking *pari passu* with those already issued.

4.6 ***General Meetings***

No business other than appointment of a chairman will be transacted at any general meeting unless a quorum is present.

At any general meeting, a resolution put to the vote of the meeting will be decided on a show of hands unless a poll is duly demanded.

4.7 ***Transfer of shares***

The Board may, in its absolute discretion, and without assigning any reason therefor, refuse to register any transfer of shares all or any of which are not fully paid provided that, where any such shares are admitted to the Official List, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The Board may also decline to register any transfer of a share (not being a fully paid share) on which the Company has a lien.

The Board may also refuse to register any transfer of shares, unless:

(i) the instrument of transfer is lodged (duly stamped if applicable law so requires) at the office or at such other place as the Board may appoint, accompanied by the certificate for the shares to which it relates and such other evidence (if any) as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person to do so), and

(ii) the instrument of transfer is in respect of only one class of share,

(iii) in the case of a transfer to joint holders, they do not exceed four in number, and

(iv) in the case of a CREST share, the uncertificated securities rules prohibit it.

4.8 ***Directors***

4.8.1 *Number of Directors*

Unless and until otherwise determined by ordinary resolution, the Directors will be not less than three and not more than 12 in number.

4.8.2 *Directors' Shareholding Qualification*

A Director is not required to hold any shares in Kier.

4.8.3 *Appointment of Directors*

Directors may be appointed by ordinary resolution or by the Board if the total number of Directors will not exceed the maximum number. A Director appointed by the Board may only hold office until the next annual general meeting of Kier and is then eligible for re-election by Shareholders.

4.8.4 *Retirement and Rotation of Directors*

At each annual general meeting, one-third of the Directors who are subject to retirement by rotation will retire from office. The Directors subject to retirement by rotation will be those who have been longest in office since their last election.

A retiring Director will be eligible for re-election.

4.8.5 *Resignation and Removal of Directors*

A Director may resign his office by written notice.

Kier may remove any Director before the expiration of his period of office by ordinary resolution where special notice is given in accordance with section 312 of the Companies Act.

4.8.6 *Disqualification of Directors*

The office of a Director will be vacated if:

(i) the Director becomes bankrupt or the subject of an interim receiving order or makes any arrangement or composition with his creditors or applies to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement;

(ii) a registered medical practitioner gives a written opinion stating that the Director has become physically or mentally incapable of acting as a Director and may remain so for more than three months;

(iii) the Director ceases to be a director by virtue of any applicable law or becomes prohibited by law from being a director;

(iv) the Director receives written notice signed by not less than three quarters of the other Directors removing him from office;

(v) in the case of a Director who holds any executive office, the Director ceases to hold such office and the majority of the other Directors resolve that his office be vacated; and

(vi) a resolution of the Board declaring a Director to have vacated office under the terms of the Articles will be conclusive as to the fact and grounds of vacation stated in the resolution.

4.8.7 *Proceedings of the Board*

The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. The Board may fix the quorum necessary for the transaction of the business of the Board which, unless so fixed at any other number, will be two. Any Director can call a meeting of the Board.

The Board may appoint any Director as chairman or as deputy chairman and determine the period for which they hold office. If no chairman or deputy chairman has been appointed, or is present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to act as chairman of the meeting.

A majority of votes will determine questions arising at any meeting of the Board. In the case of an equality of votes, the chairman of the meeting will have a second or casting vote.

Any Director may validly participate in a meeting of the Board or committee by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to hear and speak to each other. A person so participating will be deemed present at the meeting and will be entitled to vote and to be counted in the quorum.

A resolution in writing signed by all Directors entitled to receive notice of a meeting of the Board will be valid and effectual as a resolution passed at a meeting.

4.8.8 *Delegation of the Powers of the Board*

The Board may make arrangements for the management and transaction of Kier's affairs and may for that purpose appoint local boards, managers, inspectors and agents and delegate to them any of the powers, authorities and discretions vested in the Board (other than the power to borrow and make calls) with power to sub-delegate. Any such appointment or delegation may be made on such terms and conditions as the Board thinks fit.

The Board may appoint a power of attorney.

The Board may delegate any of its powers to any committee consisting of one or more Directors. The Articles regulating the proceedings of the Board shall govern the proceedings of a committee with two or more members. If the Board determines to co-opt persons other than Directors on to a committee, the number of such persons shall be less than one half of the total number of members and no resolution of the committee shall be effective unless a majority of the members of the committee present at the meeting concerned are Directors.

4.8.9 *Remuneration of Directors*

The aggregate amount of fees payable by Kier to the Directors in any financial year will not exceed £550,000, unless determined otherwise by ordinary resolution.

The Directors will be entitled to be repaid all expenses travelling to and from Board meetings, committee meetings, general meetings or otherwise incurred while engaged in the business of the Company. Any Director, who by request of the Board performs special services, may be paid extra remuneration as the Board may decide.

4.8.10 *Interests of Directors*

The Board may authorise any matter which would involve a Director breaching his duty under the Companies Act to avoid conflicts of interests. The Director seeking authorisation will declare the nature and extent of his interest as soon as is reasonably practicable, and provide details of the relevant matter.

Any Director (including the relevant Director) may propose the relevant Director be authorised, but the relevant Director's vote will not count on any resolution giving authority and they will be excluded from any Board meeting while the conflict is under consideration. Where the Board gives authority:

(i) the Board may impose terms on the authority;

(ii) the relevant Director will be obliged to conduct himself in accordance with any terms imposed by the Board in relation to the conflict;

(iii) the Board may provide that where the relevant Director obtains (otherwise than through his position) information that is confidential to a third party, the relevant Director will not be obliged to disclose that information to Kier, or to use or apply the information to Kier's affairs, where to do so would amount to a breach of confidence;

(iv) the terms of the authority will be recorded in writing; and

(v) the Board may revoke or vary such authority, but this will not affect anything done by the relevant Director prior to such revocation.

Provided the Director has disclosed the nature and extent of any interest, the Director:

(i) may be a party to or otherwise directly or indirectly interested in any transaction or arrangement with Kier or in which Kier is interested;

(ii) may be or become a member or director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by Kier or in which Kier is otherwise interested;

(iii) may hold any other office or place of profit with Kier (except that of auditor) in conjunction with his office of Director;

(iv) may be or become a director of any other company in which Kier does not have an interest which cannot be reasonably regarded as giving rise to a conflict of interest at the time of this appointment as director of that other company;

(v) will not be accountable to Kier for any benefit which he derives from any such office or employment or from any such transaction or arrangement authorised or permitted, and no such transaction or arrangement authorised or permitted will be liable to be avoided on the ground of any such interest or benefit; and

(vi) may act by himself or his firm in a professional capacity for Kier and, if acting for Kier, the Director will be entitled to remuneration for professional services as if he were not a Director.

4.8.11 *Restrictions on Voting*

A Director will not vote on or be counted in the quorum in relation to any Board resolution concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment as the holder of any office or place of profit with Kier.

A Director will not vote on or be counted in the quorum in relation to any Board resolution concerning any contract in which the Director has an interest. This prohibition will not apply to any resolution where that interest is not likely to give rise to a conflict or where that interest arises only from one or more of the following matters:

(i) the giving to him of a guarantee, security or indemnity in respect of money lent to, or an obligation incurred by, the Director at the request of, or for the benefit of, Kier or its subsidiaries;

(ii) the giving to a third party of a guarantee, security or indemnity in respect of an obligation of Kier or any of its subsidiaries for which the Director has assumed responsibility under a guarantee or indemnity or by the giving of security;

(iii) the giving of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;

(iv) the interest arises by virtue of being, or intending to become, a participant in the underwriting or sub-underwriting of any offer of any shares, debentures or any other securities by Kier or any of its subsidiaries;

(v) any contract concerning any other company in which the Director is interested, provided that he/she does not hold or is not beneficially interested in 1 per cent. or more of any class of the equity share capital of that company or the voting rights available to members of that company;

(vi) any contract for the benefit of the employees of Kier which does not award him any privilege or benefit not generally awarded to the employees to whom such contract relates;

(vii) any contract concerning insurance which Kier is empowered to purchase for the benefit of any Directors;

(viii) the funding by Kier of the expenditure of any Director defending proceedings where all Directors are being offered substantially the same arrangements;

(ix) any contract in which the Director is interested by virtue of his interest in shares, debentures or other securities of Kier; and

(x) any contract concerning a pension fund, superannuation or similar scheme, or retirement, death or disability benefits scheme, or employees' share scheme which relates to both the Directors and Kier employees and does not provide any extra advantage to the Directors.

4.9 ***Borrowing Powers***

The Board may exercise all the powers of Kier to borrow money and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital. The Board may issue debentures and other securities, whether outright or as collateral security of any debt, liability or obligation of Kier or any other third party. The aggregate amount of the net borrowings of Kier or its subsidiaries will not, without the previous sanction of an ordinary resolution, exceed an amount being the greater of (i) three times adjusted capital and reserves and (ii) £1 billion.

4.10 ***Untraced Shareholders***

Kier can sell any certificated shares at the best price reasonably obtainable at the time of the sale if:

(i) three dividends have been payable and are unclaimed during the 12 years before the notice mentioned in paragraph (ii) below;

(ii) on or after the 12-year period, Kier has published a notice stating that it intends to sell the shares, and it is published both in a national newspaper and in a newspaper circulating in the area of the last known address of the member;

(iii) the notices, if not published on the same day, are published within 30 days of each other;

(iv) the Company has not received any indication of the whereabouts or existence of such member; and

(v) if the shares are listed on the London Stock Exchange, Kier has given notice to the London Stock Exchange of its intention to make such sale.

The net proceeds of the sale will belong to Kier which will be obliged to account to the former member for an amount equal to such proceeds. In respect of the debt, no trust is created, no interest is payable and there is no duty to account for any money earned on it.

4.11 ***Mandatory Takeover Bids***

The UK Takeover Code applies to the Company. Under the UK Takeover Code, if an acquisition of interests in shares were to increase the aggregate holding of an acquirer and persons acting in concert with it to an interest in shares carrying 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 UK Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares at a price not less than the highest price paid for any interest in shares by the acquirer or his or her concert parties during the previous 12 months. A similar obligation to make such a mandatory offer would also arise on the acquisition of an interest in shares by a person holding (together with any persons acting in concert) an interest in shares carrying between 30 per cent. 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.

4.12 ***Squeeze-Out Rules***

Under the Companies Act, if a "takeover offer" (as defined in section 974 of the Companies Act) is made for the Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the shares to which the offer relates (the "**Offer Shares**") and not less than 90 per cent. of the voting rights attached to the Offer Shares, within three months of the last day on which its offer can be accepted, it could acquire compulsorily the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding shareholders telling them that it will acquire compulsorily 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 acquired compulsorily under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

4.13 ***Sell-Out Rules***

The Companies Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the 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 Shares to which the offer relates, any holder of Shares to which the offer related who had not accepted the offer could, by a written communication to the offeror, require it to acquire those Shares. The offeror is required to give any shareholder notice of his or her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the 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 his or her rights, the offeror is bound to acquire those Shares on the terms of the offer or on such other terms as may be agreed.

4.14 ***Takeover Bids***

No public takeover bid has been made in relation to the Company during the last financial year or the current financial year.

5 Directors and Senior Managers

5.1 ***Directors***

The Directors are listed below:

Name	Age	Position
Matthew Lester	57	Chairman
Andrew Davies	57	Chief Executive
Simon Kesterton	47	Chief Financial Officer
Justin Atkinson	60	Senior Independent Non-Executive Director
Alison Atkinson	51	Non-Executive Director
Dame Heather Rabbatts	65	Non-Executive Director
Clive Watson	63	Non-Executive Director

The business address of each of the Directors is 81 Fountain Street, Manchester, England, M2 2EE.

Summary biographical details of each of the Directors are set out below. There is no family relationship between any of the Directors.

Matthew Lester

Appointed to the Board as Non-executive Chairman with effect from 1 January 2020. Mr. Lester is a non-executive director of Capita plc and Intermediate Capital Group plc and was previously a non-executive director of Man Group Limited and Barclays plc. During his executive career, Mr. Lester held senior finance roles at Diageo, including Group Financial Controller and Group Treasurer, and was Group Finance Director of ICAP and Chief Financial Officer of Royal Mail Group. He is a chartered accountant, having trained and qualified at Arthur Andersen before spending the early part of his career with Kleinwort Benson.

Mr. Lester is the Chair of the Nomination Committee and a member of the Remuneration Committee.

Andrew Davies

Appointed as Chief Executive in April 2019. Mr. Davies was Chief Executive Officer of Wates Group and previously held senior roles with BAE Systems, undertaking a range of senior operational and corporate roles, including Group Strategy Director and Managing Director of the Maritime Division.

Mr. Davies is a non-executive director and Senior Independent Director of Chemring Group PLC, and he previously served as chairman of the remuneration committee.

Simon Kesterton

Appointed to the Board as Chief Financial Officer Designate in August 2019 and as Chief Financial Officer in September 2019. Mr. Kesterton was previously Group Finance Director of RPC Group and Chief Financial Officer, Europe and Chief Strategic Officer of IAC Group. During the early part of his career, Mr. Kesterton undertook a number of finance roles at Collins & Aikman and British Federal.

Justin Atkinson

Appointed to the Board as a Non-Executive Director in October 2015 and as Senior Independent Non-Executive Director in March 2016. Mr. Atkinson was the Chief Executive of Keller having previously been Group Finance Director and Chief Operating Officer. He trained and qualified as an accountant with Deloitte Haskins & Sells, now part of PwC, and spent the early part of his career with Thomson Reuters. Mr. Atkinson is the Chairman of Forterra plc, a non-executive director of James Fisher & Sons plc and a member of the audit committee of The National Trust.

Mr. Atkinson is a member of all four Board committees.

Alison Atkinson

Appointed to the Board as a Non-Executive Director on 15 December 2020. Ms. Atkinson is the chief executive officer of AWE, which she joined in 2005 having previously worked for Halcrow Group as an engineer and a project manager. She has held a number of senior operational roles at AWE, including executive director, infrastructure projects delivery.

Ms. Atkinson is the Chair of the Safety, Health and Environment Committee and a member of the other three Board Committees.

Dame Heather Rabbatts

Appointed to the Board as a Non-Executive Director on 30 March 2020. Dame Heather has held a number of executive and non-executive positions in local government, entertainment and sports sectors, in particular.

Dame Heather is the chair of Soho Theatre Company and a non-executive director of Associated British Foods plc. Her recent non-executive directorships include Crossrail and the Football Association, where she was a member of the remuneration committee, and Grosvenor Britain & Ireland, where she was chair of the audit committee.

Dame Heather is the Chair of the Remuneration Committee and a member of the other three Board committees.

Clive Watson

Appointed to the Board as a Non-Executive Director on 30 March 2020. Mr. Watson is the senior independent director and chairman of the audit committee of Breedon Group plc, chair of the audit and risk committee of discoverIE Group plc and Senior Independent Director, chair of the audit committee and a member of the remuneration and nominations committees of Trifast plc.

During his executive career, Mr Watson was the Group Finance Director of Spectris and held a number of senior finance positions at Borealis, Thorn Lighting Group and The Black & Decker Corporation.

Mr Watson is the Chair of the Risk Management and Audit Committee and a member of the other three Board committees.

Set out below are the directorships and partnerships held by the Directors (other than, where applicable, directorships held in subsidiaries of the Company) in the five years prior to the date of this document:

Name	Current directorships/ partnerships	Past directorships/ partnerships
Matthew Lester	Capita plc Intermediate Capital Group plc John Lester & Son Limited	Barclays Bank PLC Barclays PLC Foyle Developments Limited Man Group Limited Royal Mail Group Limited Royal Mail plc
Andrew Davies	Chemring Group PLC Kite (Jersey) Limited	G.Purchase Construction Limited GW 217 Limited Purchase Group Limited Purchase Homes Ltd. Purchase Home Improvements Limited Purchase Support Limited QED Education Environments Limited SES (Engineering Services) Limited Wates Construction Limited Wates Construction Services Limited Wates Group Limited Wates Group Services Limited Wates Interiors Limited Wates Maintenance Services Limited Wates PFI Investments (Projects) Limited Wates PFI Investments (QED) Limited Wates PFI Investments Limited Wates Property Services Limited Wates Staff Trustees Limited
Simon Kesterton	Kite (Jersey) Limited	Barplas Limited BPSW19 Limited Brownoak (Final) Assured Tenancies Limited Drumrace Limited Emir Consulting Limited (dissolved) Guala Closures UCP Limited Lustroid Limited Manuplastics Limited Manuplastics Products Limited Maynard & Harris (EBT Trustees) Limited Maynard & Harris Group Limited Maynard & Harris Holdings Limited Maynard & Harris Plastics Maynard & Harris Plastics (UK) Limited Promens Holding UK Limited Promens Packaging Limited Rigid Plastic Containers Finance Limited Rigid Plastic Containers Holdings Limited Rigid Plastic Containers Packaging Limited RPC Asia Pacific Holdings Limited RPC Containers Limited RPC Europe Limited RPC Finance Limited RPC Group Limited RPC Group Share Trustee Limited RPC Packaging Holdings Limited RPC Packaging Limited

Name	Current directorships/ partnerships	Past directorships/ partnerships
		RPC Pisces Holdings Limited RPC Tedeco-Gizeh (UK) Limited Seroptic-Lustroid Limited Stag Plastics Limited Superfos Runcorn Limited Superfos Tamworth Limited Wiko (UK) Limited
Justin Atkinson	James Fisher and Sons plc Forterra plc	Sirius Real Estate Limited
Alison Atkinson	Awe Plc Awe Management Limited	—
Heather Rabbatts	42 M&P Ltd 48 Films Limited Associated British Foods plc Cove Pictures Limited FCG Worldwide Limited Met Film Limited Met Film School Limited Met Media Limited Soho Theatre Company Limited The Pact Drama Ltd The Women's Sports Group Limited Vero Communications Limited Soho Theatre East Limited Soho Theatre Productions Limited The Bad Ass Librarians Ltd UK Time's Up	Creative England Limited Film Nation UK Football Association Limited Grosvenor Limited Grosvenor UK Finance Plc Heather Rabbatts Limited (dissolved) Insurgency Media Limited (dissolved) Royal Opera House Covent Garden Foundation Royal Opera House Enterprises Limited
Clive Watson	DiscoverIE Group plc Breedon Group plc Trifast plc	Agemont Limited (dissolved) Bruel & Kjaer Sound & Vibration Measurement A/S Bruel & Kjaer Vibro A/S Burnfield Limited Engineering Seismology Group Canada Inc. ESG USA Inc. Microscan Systems, Inc. Microscan Tooling, Inc. Omega Engineering Limited Particle Measuring Systems Limited (dissolved) Spectris US Holdings Limited Servomex Group Limited Servomex Limited (dissolved) Soundwave Holdings PTY Ltd Spectris Canada Inc. Spectris Denmark ApS Spectris Finance Ireland DAC Spectris Finance Limited (dissolved) Spectris Group Holdings Limited Spectris Holdings Inc. Spectris Inc. Spectris plc Spectris UK (dissolved) Spectris UK Holdings Limited Spectris US Holdings Limited Spirax-Sarco Engineering plc

5.2 ***Senior Managers***

The Senior Managers, and their respective positions within the Company, are listed below.

Name	Age	Position
Alpna Amar	41	Corporate Development Director – Group
Liam Cummins	50	Group Managing Director – Construction
Joe Incutti	50	Group Managing Director – Highways
Barry McNicholas	58	Group Managing Director – Utilities & Rail
Mark Pengelly	56	Group Managing Director – Infrastructure
Helen Redfern	41	Group HR Director
Leigh Thomas	50	Group Managing Director – Property
Sophie Timms	50	Corporate Affairs Director – Group
Stuart Togwell	52	Group Commercial Director

The business address of each of the Senior Managers is 81 Fountain Street, Manchester, England, M2 2EE. Summary biographical details of each of the Senior Managers are set out below.

Alpna Amar

Ms. Amar was appointed to the Executive Committee of Kier on 1 May 2021 as Corporate Development Director, with responsibility for Group Strategy, M&A and Investor Relations. Ms. Amar joined Kier in February 2020 as Finance Director of Transformation. Prior to joining Kier, she had held senior positions in TI Fluid Systems and IAC Group. Ms. Amar began her career as an accountant in practice and has 20 years of experience in advisory and corporate roles.

Liam Cummins

Mr. Cummins joined Kier in 2020 as Group Managing Director of Construction, having previously held a number of senior positions at Laing O'Rourke most recently leading its UK building division. Mr. Cummins started his career at Serco before being appointed managing director of the asset services business at John Mowlem.

Joe Incutti

Mr. Incutti was appointed to the role of Group Managing Director of Highways in 2019, having previously been Finance Director of the business since 2008. Prior to joining Kier, he had held senior positions in Mouchel, Enterprise, Barclays Bank and BAE Systems. Mr. Incutti began his career as an accountant in practice and became a qualified accountant while working for the NHS. He has since gained over 25 years of post qualification experience in a wide variety of management roles.

Barry McNicholas

Mr. McNicholas is Group Managing Director of Kier's Utilities & Rail business, having previously been chief executive of McNicholas for over 10 years prior to it being acquired by Kier in 2017. Mr. McNicholas has over 30 years' experience in the infrastructure sector and is a Companion of the Institute of Gas Engineers and Managers and a member of the Energy & Utilities Skills Council.

Mark Pengelly

Mr. Pengelly joined Kier as a civil engineering graduate 36 years ago. He has been Managing Director of Kier Construction's London, Eastern & Central Business units and was responsible on a national level for all building operations in the North. In 2018, he took the role of Group Managing Director of Infrastructure.

Helen Redfern

Ms. Redfern was appointed Group HR Director in May 2019, following seven years at Kier covering both operational and corporate roles at a senior level. Ms. Redfern has 20 years' experience in human resources including roles at Ferguson Group and J Sainsbury plc, and has a strong track record of delivering for businesses going through extensive transformation.

Leigh Thomas

Mr. Thomas joined Kier in 2005, working in a variety of roles to deliver property development and investment schemes across all asset classes in both the public and private sectors. Mr. Thomas has over 25 years' experience in property development and urban regeneration with particular sector expertise within industrial, office and mixed-use asset classes. Mr. Thomas has previously held acquisitions, development and agency roles in the UK, Hong Kong and South Korea working for Courage Brewery, Bass, KFC and GVA Vigers.

Sophie Timms

Ms. Timms joined Kier in 2020 as Group Public Affairs Director, having previously held a number of senior positions at Zurich Insurance plc, most recently as Head of UK Corporate Affairs.

Ms. Timms was appointed to the Executive Committee of Kier on 1 May 2021 as Corporate Affairs Director with responsibility for Government Relations and Communications.

Stuart Togwell

Mr. Togwell joined Kier in 2019 as Group Commercial Director, having previously worked for the Wates Group for over 30 years in a number of senior roles. Mr. Togwell has a significant amount of experience within the construction and development sector.

Set out below are the directorships and partnerships held by the Senior Managers (other than, where applicable, directorships held in subsidiaries of the Company), in the five years prior to the date of this document:

Name	Current directorships/ partnerships	Past directorships/ partnerships
Alpna Amar	—	—
Liam Cummins	—	Laing O'Rourke Construction Limited
Giuseppe Incutti	—	—
Barry McNicholas	—	—
Mark Pengelly	—	—
Helen Redfern	—	—
Leigh Thomas	—	—
Sophie Timms	—	Moosehead Corporate Affairs Ltd
Stuart Togwell		Butlers Crescent (Dudley) Estate Management Company Limited Drakes Place (Aylesbury) Management Company Limited G.Purchase Construction Limited GW 217 Limited Liberty Park Management Limited Purchase Group Limited Purchase Home Improvements Limited Purchase Homes Ltd. Purchase Support Limited QED Education Environments Limited SES (Engineering Services) Limited Togwell Consulting Limited (dissolved) Wates Construction Limited Wates Construction Services Limited Wates Group Services Limited Wates Interiors Limited Wates PFI Investments Limited Wates PFI Investments (Projects) Limited Wates PFI Investments (QED) Limited Wates Maintenance Services Limited Wates Property Services Limited Wates Regeneration (Coventry) Limited Wates Regeneration (South Acton) Limited Wates Regeneration (Tavy Bridge) Limited Wates Smartspace Limited

There is no family relationship between any of the Senior Managers.

5.3 Save as disclosed herein, as at the date of this document, none of the Directors or the Senior Managers has at any time within the past five years:

(i) save as disclosed in paragraphs 5.1 and 5.2 above, been a director or partner of any companies or partnerships;

(ii) had any convictions in relation to fraudulent offences (whether spent or unspent);

(iii) been adjudged bankrupt or entered into any individual voluntary arrangements;

(iv) been a director of any company at the time of or within a 12-month period preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with such company's creditors generally or with any class of creditors of such company;

(v) been partner of any partnership at the time of or within a 12-month period preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership;

(vi) had his assets the subject of any receivership;

(vii) been partner of any partnership at the time of or within a 12-month period preceding any assets thereof being the subject of a receivership;

(viii) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including any designated professional body); or

(ix) ever been disqualified by a court from acting as a director or other officer of any company or from acting in the management or conduct of the affairs of any company.

5.4 Save for their capacities as persons legally and beneficially interested in Shares, there are:

(i) no potential conflicts of interest between any duties to the Company of the Directors or the Senior Managers and their private interests and/or other duties; and

(ii) no arrangements or understandings with major Shareholders, members, suppliers or others, pursuant to which any Director or the Senior Managers was selected.

5.5 ***The Corporate Governance Code***

The Company recognises the importance of, and is committed to, high standards of corporate governance. The following paragraphs explain how the Company has applied the principles set out in the Corporate Governance Code.

Kier's compliance with the Corporate Governance Code is described on pages 74 and 75 of the 2020 Annual Report and Accounts.

Since the date of the 2020 Annual Report and Accounts, the Company has continued to comply with the Corporate Governance Code to the extent described in the 2020 Annual Report and Accounts.

5.6 ***Board Structure***

The Company is led by the Board, comprising the Chairman, four other Non-Executive Directors, all of whom are determined by the Board to be independent, and two Executive Directors.

The offices of Chairman and Chief Executive are held separately, and both officers have clearly defined roles and responsibilities. A summary of the key responsibilities of the Chairman and Chief Executive is contained on page 80 of the 2020 Annual Report and Accounts. The Senior Independent Director is Justin Atkinson.

The Board is responsible to the Shareholders for the overall management of the Group. The Chairman and Senior Independent Director are available to meet major Shareholders, as required.

All Directors have access to the advice and services of the Company Secretary. Any Director wishing to do so in furtherance of his or her duties may take independent advice at the Company's expense.

The Company maintains directors' and officers' insurance in respect of legal actions against the Directors.

The interests of certain of the Directors in Shares are shown on page 117 of the 2020 Annual Report and Accounts. Details of such interests are also set out in paragraph 6 below.

The Group's governance structure is designed to ensure that all decisions are made by the most appropriate people in a timely manner. The Board has delegated specific responsibilities to the Nomination, Remuneration, Risk Management and Audit and Safety, Health and Environment Committees, as described below. Each committee has terms of reference which have been approved by the Board. Board and committee papers are circulated in advance of each meeting so that Directors are fully briefed. On occasion, members of senior management are invited to attend Board meetings to ensure that the Board is provided with the information it needs.

5.7 ***Nomination Committee***

The Nomination Committee leads the process for Board appointments by making recommendations to the Board about the appointment of directors and senior managers of the Company.

The Nomination Committee's members are Matthew Lester (Chair), Alison Atkinson, Justin Atkinson, Dame Heather Rabbatts and Clive Watson. Further details of the Nomination Committee's activities are contained in the committee report on pages 87 to 89 of the 2020 Annual Report and Accounts.

5.8 ***Remuneration Committee***

The Remuneration Committee is responsible for reviewing the Company's remuneration policy, recommending any changes to it and approving individual remuneration packages for the executive directors of the Company.

The Remuneration Committee's members are Dame Heather Rabbatts (Chair), Alison Atkinson, Justin Atkinson, Matthew Lester and Clive Watson. Further details of the Remuneration Committee's activities are contained in the committee report on page 121 of the 2020 Annual Report and Accounts.

5.9 ***Risk Management and Audit Committee***

The Risk Management and Audit Committee reviews the Company's accounting and financial reporting practices, the work of the internal and external auditors and compliance with the Group's risk management policies and procedures. The Risk Management and Audit Committee also reviews the half-year and annual financial statements before their submission to the Board and periodically reviews the effectiveness of the Group's internal control systems.

The Risk Management and Audit Committee's members are Clive Watson (Chair), Alison Atkinson, Justin Atkinson and Dame Heather Rabbatts. Further details of the Risk Management and Audit Committee's activities are contained in the committee report on pages 92 to 98 (inclusive) of the 2020 Annual Report and Accounts.

5.10 ***Safety, Health and Environment Committee***

The Safety, Health and Environment Committee monitors the implementation of the Group's strategy in relation to SHE matters, reviews material Group-wide initiatives, policies and procedures relating to SHE matters and reviews the Group's exposure to SHE risks.

The Safety, Health and Environment Committee's members are Alison Atkinson (Chair), Justin Atkinson, Dame Heather Rabbatts and Clive Watson. Further details of the Safety, Health and Environment Committee's activities are contained in the committee report on pages 99 and 100 of the 2020 Annual Report and Accounts.

6 Directors' and Senior Managers' Interests

6.1 The interests of the Directors and Senior Managers, and their respective closely associated persons (within the meaning of MAR), in the share capital of the Company on 10 May 2021 (being the latest practicable date prior to the date of this document) and as they are expected to be immediately following the Capital Raise (assuming: (i) participation by Matthew Lester, Andrew Davies, Simon Kesterton, Justin Atkinson and Clive Watson (or their closely associated persons) in the Director Subscriptions; and (ii) that no Shares are issued pursuant to options exercised under the Sharesave Scheme are exercised between the date of this document and Admission becoming effective), are as follows:

	Interests in Shares at 10 May 2021(1)		Interests in Shares immediately following the Capital Raise(1)	
Name	**No.**	**%(2)**	**No.**	**%(2)**
Directors				
Matthew Lester	29,296	0.02	143,165	0.03
Andrew Davies	29,294	0.02	143,161	0.03
Simon Kesterton	29,195	0.02	142,975	0.03
Justin Atkinson	4,920	0.00	50,401	0.01
Alison Atkinson	—	—	—	—
Dame Heather Rabbatts	—	—	—	—
Clive Watson	—	—	41,176	0.01
Senior Managers				
Alpna Amar	—	—	—	—
Liam Cummins	—	—	—	—
Joe Incutti	3,409	0.00	6,391	0.00
Barry McNicholas	102,020	0.06	191,287	0.04
Mark Pengelly	18,243	0.01	34,205	0.01
Helen Redfern	853	0.00	1,599	0.00
Leigh Thomas	12,392	0.01	23,235	0.01
Sophie Timms	—	—	—	—
Stuart Togwell	—	—	—	—

Notes:

(1) Comprising Shares held legally or beneficially by the relevant Director or Senior Manager or their closely associated persons (within the meaning of MAR).

(2) Rounded to the nearest 0.01 per cent.

The Directors and the Senior Managers have the same voting rights as all other Shareholders.

6.2 In connection with the Director Subscriptions, Matthew Lester, Andrew Davies, Simon Kesterton, Justin Atkinson and Clive Watson (or their closely associated persons) have entered into subscription letters with the Company dated on or before the date of this Prospectus ("**Subscription Letters**") pursuant to which they have agreed to subscribe for the Subscription Shares at the Issue Price, conditional upon Admission. The following table sets out the number of New Shares which such Directors (or their closely associated persons) have agreed to subscribe for pursuant to the Subscription Letters:

Name	**Number of New Shares subscribed for**
Directors	
Matthew Lester	88,235
Andrew Davies	88,235
Simon Kesterton	88,235
Justin Atkinson	41,176
Clive Watson	41,176

6.3 Certain of the Directors and Senior Managers also have interests in Shares as a result of having been granted awards under the LTIP. No exercise price is applicable to these awards. Details of these awards as at 10 May 2021 (being the latest practicable date prior to the date of this document) are:

Name	Number of Shares over which awards granted(1)	Vesting date
Directors		
Andrew Davies	1,027,633	28 October 2022
	987,867	18 December 2023
Simon Kesterton	717,832	28 October 2022
	804,406	18 December 2023
Senior Managers		
Alpna Amar	105,489	28 October 2022
	164,137	18 December 2023
Liam Cummins	368,526	16 March 2023
	553,639	18 December 2023
Joe Incutti	99,516	28 October 2022
	244,252	18 December 2023
Barry McNicholas	171,632	28 October 2022
	258,908	18 December 2023
Mark Pengelly	194,300	28 October 2022
	293,103	18 December 2023
Helen Redfern	139,896	28 October 2022
	234,482	18 December 2023
Leigh Thomas	173,445	28 October 2022
	261,647	18 December 2023
Sophie Timms	66,411	18 December 2023
Stuart Togwell	204,015	28 October 2022
	307,758	18 December 2023

Note:

(1) Comprising the maximum number of Shares to which, subject to the satisfaction of performance conditions, the relevant individual would be entitled on vesting.

6.4 Certain of the Senior Managers also have interests in Shares as a result of having been granted awards under the CSAP. No exercise price is applicable to these awards. Details of these awards as at 10 May 2021 (being the latest practicable date prior to the date of this document) are:

Name	Number of Shares over which awards granted(1)	Vesting date
Senior Managers		
Joe Incutti	6,550	22 October 2021
Barry McNicholas	11,298	22 October 2021
Mark Pengelly	12,790	22 October 2021
Helen Redfern	1,786	22 October 2021
Leigh Thomas	11,417	22 October 2021

Note:

(1) Comprising the maximum number of Shares to which, subject to the satisfaction of performance conditions, the relevant individual would be entitled on vesting.

6.5 Certain of the Senior Managers also have interests in options over Shares under the Sharesave Scheme. Details of these awards as at 10 May 2021 (being the latest practicable date prior to the date of this document) are:

Name	Number of Shares over which options granted[(1)]	Exercise price (£)	Exercise period
Senior Managers			
Leigh Thomas	2,673	1.01	December 2022 – May 2023
Sophie Timms	4,090	0.66	April 2024 – September 2024

Note:

(1) Assumes that each participant continues to save at the current rate for the full savings period.

6.6 In accordance with the rules of the LTIPs, the CSAP and the Sharesave Scheme, the Directors propose to make adjustments to the terms of outstanding awards and options, including any applicable performance conditions, to take account of the Placing and Open Offer.

6.7 Other than as disclosed in this paragraph 6 or paragraph 10 below, there are no other persons to whom any capital of any member of the Group is under option or agreed conditionally or unconditionally to be put under option.

6.8 No Director has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of the Group or any of its subsidiary undertakings and which were effected by the Group or any of its subsidiaries during the current or immediately preceding financial year or during an earlier financial year and which remain in any respect outstanding or unperformed.

6.9 There are no outstanding loans or guarantees granted or provided by any member of the Group to or for the benefit of any of the Directors.

6.10 Save as set out in this Part X, it is not expected that any Director will have any interest in the share or loan capital of the Company following the Capital Raise and there is no person to whom any capital of any member of the Group is under option or agreed unconditionally to be put under option.

7 Interests of Major Shareholders

Insofar as the Company had been notified under the Disclosure Guidance and Transparency Rules, the names of the persons who, directly or indirectly, have an interest in three per cent. or more of the Company's issued share capital, and their respective interests, as at 10 May 2021 (being the latest practicable date prior to the publication of this document) (based solely on the latest notifications that have been made to the Company by the relevant shareholder) are as follows:

	Shares	
Name[(1)]	**(No.)**	**(%)**
M&G Plc	16,104,591	9.93
Standard Life Aberdeen plc	14,542,322	8.97
BlackRock, Inc.	5,708,753	5.85
Aviva plc	8,576,839	5.29
Brewin Dolphin Limited	4,882,507	5.01
Charles Stanley Group plc	4,889,406	5.00
Rathbone Investment Management Limited	4,806,430	4.93
Schroders plc.	2,635,610	4.75
Norges Bank	2,947,767	3.03

Note:

(1) The most recent notification received by the Company from Woodford Investment Management Limited in July 2019 indicated a shareholding of 22,901,145 Shares, which would represent 14.12 per cent. of the Company's issued share capital as at 10 May 2021 (being the latest practicable date prior to the publication of this document). Although the Company believes that the number of Shares held by Woodford Investment Management Limited has decreased significantly since that time, it has not received an updated notification of change in shareholding pursuant to the Disclosure Guidance and Transparency Rules.

So far as the Company is aware, the Company is not directly or indirectly owned or controlled by another corporation, any foreign government or any other natural or legal person, severally or jointly.

None of the major Shareholders referred to above has different voting rights from other Shareholders.

So far as the Company is aware, immediately following the Firm Placing and Placing and Open Offer, the interests of those persons set out above with an interest in three per cent. or more of the Company's issued share capital (assuming: (i) full take-up by such persons of: (a) their entitlements under the Placing and Open Offer; and (b) any Firm Placing Shares allocated to such persons under the Firm Placing; and (ii) that no Shares are issued pursuant to options exercised under the Sharesave Scheme are exercised between the date of this document and Admission becoming effective) will be as follows:

	Shares	
Name[4]	**(No.)**	**(%)**
M&G Plc	40,892,848	9.13%
Standard Life Aberdeen plc	37,749,137	8.42%
BlackRock, Inc.	27,196,289	6.07%
1798 Volantis – Lombard Odier Asset Management (Europe) Limited	24,422,012	5.45%
Aviva plc	23,273,496	5.19%
Schroders plc	22,588,826	5.04%
Charles Stanley Group plc	–	<3.00%
Brewin Dolphin Limited	–	< 3.00%
Rathbones Investment Management Limited	–	< 3.00%
Norges Bank	–	< 3.00%

8 Directors' Service Agreements and Letters of Appointment

Executive Directors

A summary of the service agreements entered into with the Executive Directors is as follows:

8.1 *Andrew Davies*

Mr. Davies entered into a service agreement with the Company under which Mr. Davies's appointment took effect from 15 April 2019. The service agreement may be terminated by Mr. Davies or the Company on not less than 12 months' written notice. Alternatively, the Company may terminate the contract by making a payment in lieu of notice of a sum equal to 12 months' salary and pension contributions (or allowance) and car allowance and the costs of private medical insurance (or as an alternative provide continued medical cover during the notice period). The Company may pay such payment in lieu of notice in 12 monthly instalments, in which case any outstanding payment(s) would be reduced or stopped if alternative employment is obtained.

8.2 *Simon Kesterton*

Mr. Kesterton entered into a service agreement with the Company under which Mr. Kesterton's appointment took effect from 26 August 2019. The service agreement may be terminated by Mr. Kesterton or the Company on not less than 12 months' written notice. Alternatively, the Company may terminate the contract by making a payment in lieu of notice of a sum equal to 12 months' salary and pension contributions (or allowance) and car allowance and the cost of private medical insurance (or as an alternative provide continued medical cover during the notice period). The Company may pay such payment in lieu of notice in 12 monthly instalments, in which case any outstanding payment(s) would be reduced or stopped if alternative employment is obtained.

Non-Executive Directors

A summary of the letters of appointment entered into with the Non-Executive Directors is as follows:

[4] In accordance with its obligations under Disclosure Guidance and Transparency Rule 5, the Company will release via a Regulatory Information Service any updates to the interests of major shareholders notifiable under Disclosure Guidance and Transparency Rule 5 in connection with the Capital Raise as soon as possible and in any event by the end of the trading day after it receives such a notification.

8.3 *Matthew Lester*

Mr. Lester has a letter of appointment with the Company under which Mr. Lester's appointment took effect from 1 January 2020. The appointment is terminable by either party on six months' notice. Mr. Lester receives an annual fee of £235,000 for his role as Chairman.

8.4 *Justin Atkinson*

Mr. Atkinson has a letter of appointment with the Company under which Mr. Atkinson's appointment took effect from 1 October 2015. The appointment is terminable by either party on one month's notice. Mr. Atkinson receives an annual fee of £51,500 for his role as a Non-Executive Director and £10,000 for his role as the Senior Independent Director.

8.5 *Alison Atkinson*

Ms. Atkinson has a letter of appointment with the Company under which Ms. Atkinson's appointment took effect from 15 December 2020. The appointment is terminable by either party on one month's notice. Ms. Atkinson receives an annual fee of £51,500 for her role as a Non-Executive Director and £10,000 for her role as Chair of the Safety, Health and Environment Committee.

8.6 *Dame Heather Rabbatts*

Ms. Rabbatts has a letter of appointment with the Company under which Ms. Rabbatts's appointment took effect from 30 March 2020. The appointment is terminable by either party on one month's notice. Ms. Rabbatts receives an annual fee of £51,500 for her role as a Non-Executive Director and £10,000 for her role as Chair of the Remuneration Committee.

8.7 *Clive Watson*

Mr. Watson has a letter of appointment with the Company under which Mr. Watson's appointment took effect from 30 March 2020. The appointment is terminable by either party on one month's notice. Mr. Watson receives an annual fee of £51,500 for his role as a Non-Executive Director and £10,000 for his role as Chair of the Risk Management and Audit Committee.

9 Directors' Remuneration

9.1 The amount of remuneration paid (including any contingent or deferred remuneration) and benefits in kind granted to those individuals who, during the financial year ended 30 June 2020, were directors of the Company for services in all capacities relating to the Group is as follows:

	Salaries/ fees(1)	Bonus	Taxable benefits(2)	LTIPs vesting in year	All employee schemes(3)	Pensions(4)	Total
				(£ thousands)			
Executive Directors							
Andrew Davies	558	—	13	—	—	42	613
Beverley Dew(5)	100	—	3	—	1	20	124
Simon Kesterton(6)	375	—	11	—	—	27	413
Claudio Veritiero(7)	151	—	5	—	1	27	184
Non-Executive Directors							
Justin Atkinson	58	—	—	—	—	—	58
Constance Baroudel(8)	46	—	—	—	—	—	46
Kirsty Bashforth	58	—	—	—	—	—	58
Philip Cox(9)	118	—	—	—	—	—	118
Matthew Lester(10)	106	—	—	—	—	—	106
Dame Heather Rabbatts(11)	13	—	—	—	—	—	13
Adam Walker(12)	31	—	—	—	—	—	31
Clive Watson(13)	13	—	—	—	—	—	13
Total(6)	**1,627**	**—**	**32**	**—**	**2**	**116**	**1,777**

Notes:

(1) In response to COVID-19, the Board agreed to take a 20-25 per cent. reduction in their base salaries or fees for the three-month period beginning on 1 April 2020.

(2) Comprises private health insurance and a company car or a car allowance.

(3) The value of the matching shares purchased during the 2020 financial year under the SIP, using an average share price for matching shares purchased during the 2020 financial year of £1.01.

(4) Comprises the payment of employer pension contributions and/or a cash allowance.

(5) Bev Dew left the Board on 27 September 2019 and remained on garden leave from that date until 8 May 2020. The amounts referred to in the above table are those paid to Mr. Dew in respect of the period from 1 July 2019 to 27 September 2019. Details of the other payments made to Mr. Dew during the 2020 financial year are summarised on page 116 of the 2020 Annual Report and Accounts.

(6) Simon Kesterton joined the Board on 26 August 2019.

(7) Claudio Veritiero left the Board on 15 November 2019 and ceased to be an employee with effect from 19 November 2019. The amounts referred to in the above table are those paid to Mr. Veritiero in respect of the period from 1 July 2019 to 15 November 2019. Details of the other payments made to Mr. Veritiero during the 2020 financial year are summarised on page 116 of the 2020 Annual Report and Accounts.

(8) Constance Baroudel left the Board on 29 March 2020.

(9) Phillip Cox left the Board on 1 January 2020.

(10) Matthew Lester joined the Board on 1 January 2020.

(11) Heather Rabbatts joined the Board on 30 March 2020.

(12) Adam Walker left the Board on 1 January 2020.

(13) Clive Watson joined the Board on 30 March 2020.

All figures in the above table have been rounded to the nearest £1,000.

9.2 The aggregate remuneration (including any contingent or deferred remuneration) and benefits in kind paid or granted to members of the senior management of the Company for the financial year ended 30 June 2020 for services in all capacities relating to the Group was £2,199,606.34. This figure has been calculated on the same basis as, and using the same share prices referred to in, the notes to the table in paragraph 9.1 above. The Company is not required to, and does not otherwise, disclose publicly remuneration for the Senior Managers on an individual basis.

9.3 Save as disclosed in this Part X, none of the members of the administrative, management or supervisory bodies' service contracts with the Company or any of its subsidiaries provide for benefits upon termination of employment.

10 Share Schemes

The Group currently operates the employee share schemes or plans described below which provide for the allocation of Shares or the grant of awards or options over, or relating to, Shares to employees of the Group.

10.1 *Kier Group plc 2010 Long-Term Incentive Plan (the "2010 LTIP") and the Kier Group plc 2020 Long-Term Incentive Plan (the "2020 LTIP" and together, the "LTIPs")*

10.1.1 *Overview*

The 2010 LTIP was approved by Shareholders at the annual general meeting on 12 November 2010 and amendments were approved by Shareholders at the annual general meeting on 17 November 2017. The 2020 LTIP was approved by Shareholders at the annual general meeting on 17 December 2020. The LTIPs allow for the grant of conditional share awards and other share rights (for example, options) with a maximum total market value of up to 200 per cent. of annual base salary. The LTIPs also allow for cash-settled share awards. Awards under the LTIPs are usually subject to performance conditions as set out below.

10.1.2 *Eligibility*

Any employee of Kier (including an executive director of the Company) and its subsidiaries will be eligible to participate in the LTIPs at the discretion of the Remuneration Committee.

10.1.3 *Grant of Awards*

The Remuneration Committee may grant awards under the 2020 LTIP within 42 days following: (i) Kier's announcement of its results for any period; (ii) the LTIP having been adopted or any amendments to the LTIP having been adopted; (iii) any date following the commencement of an eligible employee's commencement of employment; (iv) at any other time when the Remuneration Committee considers there are exceptional circumstances which justify the granting of awards; or (v) approval of a new Directors' remuneration policy by Shareholders taking effect. No awards may be granted after the 10th anniversary of the 2020 LTIP's adoption. No further grants can be made under the 2010 LTIP.

The Remuneration Committee may grant awards as conditional awards or as options (either at nil cost or with an exercise price). The Remuneration Committee may also decide to grant cash-based conditional awards of an equivalent value to share-based conditional awards or to satisfy share-based options/awards in cash.

10.1.4 Awards under the 2010 LTIP granted since October 2017 and awards under the 2020 LTIP include the right to receive additional Shares (or a cash amount) equal to the value of any dividends which would have been paid in respect of any vested Shares over the vesting period.

Individual and Plan Limits

The maximum number of Shares in response of awards granted to an employee in any financial year must not exceed in value the higher of (i) of 200 per cent. of their annual base salary or which would exceed the limit set out in the Directors' Remuneration Policy. and (ii) the limit set out in the director's remuneration policy in force at the date of grant.

In any 10-year period, Kier may not issue new Shares or transfer treasury shares (or grant rights to issue new or to transfer treasury shares) in respect of more than:

(i) 10 per cent. of the issued ordinary share capital of Kier under the LTIPs and/or any other share plan operated by Kier; and

(ii) 5 per cent. of the issued ordinary share capital of Kier under the LTIP and/or any other Kier executive share plan.

Treasury shares shall not count towards these limits if institutional investor guidelines cease to require them to be so counted.

10.1.5 *Vesting of Awards*

The vesting of awards will normally be subject to performance conditions set by the Remuneration Committee.

The Remuneration Committee may adjust (including by reducing to zero) the extent of a vesting of an award if, in its discretion, it determines that it would be appropriate to do so in order to override the formulaic outcome of any performance condition, taking into account such factors as it considers relevant, including but not limited to: (i) the performance of Kier or any subsidiary of Kier; and/or (ii) the conduct or performance of the participant and/or (iii) any circumstances or events which have occurred since the date of grant. For awards granted under the 2020 LTIP, any variation of the performance conditions by the Remuneration Committee should also not be materially easier to satisfy than the original conditions.

Awards will usually vest on the third anniversary of the date of grant (or such later date as the Remuneration Committee may decide).

Following vesting, Shares received by participants may be subject to a two-year holding period during which they are prevented from disposing of the Shares.

Awards may be satisfied using new issue Shares, treasury shares or Shares purchased in the market.

Under the 2020 LTIP, the Remuneration Committee can override the formulaic outcome of any performance condition (including reducing the number of shares vesting), taking into account factors such as (i) the performance of the Company or any member of the group, (ii) the conduct or performance of an individual and (iii) any other circumstance or event since the award was granted.

10.1.6 *Malus and clawback*

Prior to vesting, awards will generally be subject to any applicable malus provisions which are set out in the award documents. In addition, any Shares received in respect of the vesting of an award will be subject to clawback for a period of two years from vesting in the event that circumstances set out in the award documents occur during the clawback period.

10.1.7 *Cessation of Employment*

An award will normally lapse where a participant ceases employment with the Group before they become entitled to receive the shares subject to their award, unless the employment ceases due to death, ill-health, injury, disability, retirement with the agreement of Kier, a sale of the employing business or company, redundancy (in the case of the 2020 LTIP) or for other reasons specifically allowed by the Remuneration Committee.

If a participant ceases employment in such circumstances, an award which is subject to a performance condition will normally continue until the original vesting date. The performance conditions will then be applied, and the number of shares acquired may, at the Remuneration Committee's discretion, be reduced on a *pro rata* basis to take account of the proportion of the performance period when the participant was not in employment.

Alternatively, the Remuneration Committee may use its discretion to determine that awards will vest immediately on cessation but only to the extent that the performance condition has been or is likely to be, in the opinion of the Remuneration Committee, satisfied up to the date of cessation of employment. Awards may then be pro rated for time as described above.

10.1.8 *Change of Control*

In the event of a change of control of Kier or similar corporate event (not being an internal corporate reorganisation), all awards will vest early to such extent determined and subject to the Remuneration Committee's assessment of: (i) the extent that any performance condition has been satisfied at that time and is expected to be satisfied at the end of the performance period; (ii) the period of time which has elapsed between grant and normal vesting; and (iii) any other factors which the Remuneration Committee considers relevant.

For awards granted under the 2020 LTIP, if the Company proposes a demerger, delisting, distribution (other than an ordinary dividend) or other transaction which could materially affect the current or future value of awards, the Remuneration Committee may decide that all unvested awards will vest early subject to the Remuneration Committee's assessment of: (i) the extent that any performance condition has been satisfied at that time and is expected to be satisfied at the end of the performance period; (ii) the period of time which has elapsed between grant and normal vesting; and (iii) any other factors which the Remuneration Committee considers relevant.

In the case of an internal reorganisation, awards under the 2020 LTIP would not vest but would lapse and be replaced by an equivalent replacement award over shares in the acquiring company, subject to the same conditions as the award which was replaced.

10.1.9 *Alteration of the Capital*

In the event of any variation of Kier's share capital (for example, capitalisation issue, rights issue, open offer, placing, sub-division or consolidation), or in the event of a demerger or other transaction which may materially affect the value of an award, the Remuneration Committee may make such adjustment to awards (including to any exercise price) as it considers to be fair and reasonable.

10.1.10 *Amendment of the LTIPs*

The Remuneration Committee may, at any time, amend the LTIPs in any respect, provided that the prior approval of Shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Shares or the transfer of treasury shares, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash to be acquired under the LTIP and the adjustment of awards.

The requirement to obtain the prior approval of Shareholders will not, however, apply to any minor amendment made to benefit the administration of the LTIPs, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Group.

Amendments in respect of existing awards which are to the disadvantage of participants may only be made with the participants' consent.

10.1.11 *General*

No payment is required for the grant of award under the LTIPs. Awards are not pensionable or transferable except on death.

Awards will not confer any shareholder rights until awards have vested or options have been exercised and the participants have received the underlying Shares.

The Remuneration Committee may from time to time amend the LTIPs to comply with or take account of overseas legal rules, taxation or securities laws.

10.2 ***Kier Group plc Conditional Share Award Plan 2017 (the "CSAP")***

10.2.1 *Overview*

The CSAP was adopted by Kier on 19 October 2017. The CSAP allows for the grant of conditional share awards to employees of Kier and its subsidiaries except executive directors of the Company. The CSAP also allows for cash-settled share awards.

10.2.2 *Eligibility*

Any employee of Kier (excluding an executive director of the Company) and its subsidiaries will be eligible to participate in the CSAP at the discretion of the Remuneration Committee or any other committee appointed to govern awards (the "**Committee**").

10.2.3 *Grant of Awards*

The Committee may grant awards within 42 days following: (i) Kier's announcement of its results for any period; (ii) the date of any general meeting of Kier; (iii) any date following changes to legislation affecting share plans; or (iv) at any other time when the Committee considers there are exceptional circumstances which justify the granting of awards. No awards may be granted after the 10th anniversary of the CSAP's adoption (19 October 2027).

Awards are granted as conditional awards over Shares. The Committee may also decide to grant cash-based conditional awards of an equivalent value to Share-based conditional awards or to satisfy Share-based awards in cash.

Awards include the right to receive additional Shares (or a cash amount) equal to the value of any dividends which would have been paid in respect of any vested Shares over the vesting period.

10.2.4 *Vesting of Awards*

The vesting of awards may be subject to conditions set by the Committee at the time of grant.

Awards will usually vest on the third anniversary of the date of grant or such other date set by the Committee at the time of grant.

Awards will be satisfied using Shares purchased in the market.

10.2.5 *Malus and clawback*

Prior to vesting, awards will generally be subject to any applicable malus provisions which are set out in the award documents. In addition, any Shares received in respect of the vesting of an award will be subject to clawback for a period of two years from vesting in the event that circumstances set out in the award documents occur during the clawback period.

10.2.6 *Cessation of Employment*

An award will normally continue to its normal vesting date where a participant leaves employment, except where the participant leaves by reason of resignation, gross misconduct or circumstances entitling their employer to summarily terminate their employment. In these circumstances awards will usually lapse.

If the award continues on leaving employment, the number of shares which vest will, unless the Committee decides otherwise, be reduced on a *pro rata* basis to take account of the period when the participant was not in employment.

10.2.7 *Change of Control*

In the event of a change of control of Kier or similar corporate event (not being an internal corporate reorganisation), all awards will normally vest early subject to the satisfaction of any condition imposed on the vesting of the awards. The Committee may reduce an award to take into account the acceleration of vesting. The Committee may decide that awards will be exchanged for awards over the acquiring company's shares rather than vest.

10.2.8 *Alteration of the Capital*

In the event of any variation of Kier's share capital (for example, capitalisation issue, rights issue, open offer, sub-division or consolidation), or in the event of a demerger or other transaction which may affect the value of an award, the Committee may make such adjustment to awards as it considers appropriate.

10.2.9 *Amendment of the CSAP*

The Committee may, at any time, amend the CSAP in any respect, provided that no amendment may be made to the extent that it would cause the CSAP to cease to be an "employees' share scheme" under the Companies Act.

10.2.10 *General*

No payment is required for the grant of award under the CSAP. Awards are not pensionable or transferable except on death.

Awards will not confer any shareholder rights until awards have vested and the participants have received the underlying Shares.

10.3 ***Kier Group plc Sharesave Scheme 2016 (together, the "Sharesave Scheme")***

10.3.1 *Overview*

The Kier Group plc Sharesave Scheme 2016 was approved by Shareholders at the Company's annual general meeting on 12 November 2015 and is an HMRC tax-qualified scheme which provides UK tax-favoured options to UK employees.

The Sharesave Scheme allows for the grant of options to all employees of Kier and its subsidiaries (although only UK employees can receive UK tax-favoured options) within certain limits, with all UK resident tax-paying employees and full-time directors invited to participate on the same terms.

10.3.2 *Eligibility*

Employees and full-time directors of Kier and any designated participating subsidiary who are UK resident taxpayers are eligible to participate. The directors of the Company may require employees to have completed a qualifying period of employment before they are eligible to enrol in the plan.

10.3.3 *Grant of Options*

Invitations to participate may be issued at any time but must take account of when the option price may be determined (see below). Options can only be granted to employees who enter into HMRC-approved savings contracts, under which monthly savings are normally made over a period of three years. Options must be granted within 30 days (or 42 days if applications are scaled back) of the first day by reference to which the exercise price is set. The number of Shares over which an option is granted will be such that the total exercise price payable for those Shares will correspond to the savings contributions on maturity of the related savings contract.

10.3.4 *Plan Limit*

In any 10-year period, Kier may not issue or transfer treasury shares (or grant rights to issue or to transfer treasury Shares) in respect of more than 10 per cent. of the issued ordinary share capital of Kier under the Sharesave Scheme and any other share option plan adopted by Kier or any other employee share plan operated by Kier.

Shares held in treasury will not count towards these limits if institutional investor guidelines cease to require them to be so counted.

10.3.5 *Savings Limits*

Monthly savings by an employee under all savings contracts linked to options granted under the Sharesave Scheme and any other sharesave plan may not exceed the statutory maximum (currently £500). The directors of the Company may set a lower limit in relation to any particular grant. The minimum monthly savings must not be less than the statutory minimum (currently £5).

10.3.6 *Exercise Price*

The exercise price per Share payable upon the exercise of an option must be not manifestly less than 80 per cent. of the market value (defined in the plan rules) of a Share on the day before invitations were sent to participants or on such later date set out in the invitation (which must be no later than the date of grant) and, if the option relates only to new issue Shares, must also not be less than the nominal value of a Share.

10.3.7 *Exercise of Options*

Options will normally be exercisable for a period of six months from the third anniversary of the commencement of the related savings contracts. After this period, the option lapses. Early exercise of options is permitted for six months if a participant leaves for a specific reason (see below).

Options may be satisfied using new issue Shares, treasury shares or Shares purchased in the market.

10.3.8 *Cessation of Employment*

Unless the participant ceases employment for one of the circumstances set out below, their options will normally lapse on cessation. The circumstances are:

(i) death;

(ii) cessation by reason of injury, disability or redundancy;

(iii) retirement; and

(iv) the business or company in which the participant works ceasing to be part of the Group.

Where an option becomes exercisable by reason of cessation of employment, it must be exercised within six months (or 12 months in the case of death) after which it will lapse.

10.3.9 *Change of Control*

In the event of a change of control of Kier, or voluntary winding-up of Kier, options may be exercised early to the extent of the participants' savings as at the time of the event. Alternatively, a participant may agree to exchange their options for an equivalent new option over shares in the new acquiring company.

10.3.10 *Variation of Capital*

If there is a variation in Kier's share capital, the directors of the Company may make such adjustments as it considers appropriate to the number of Shares under option and the exercise price.

10.3.11 *Amendment of the Sharesave Scheme*

The directors of the Company may, at any time, amend the provisions of the Sharesave Scheme, provided that the prior approval of Shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, individual limits on participation, the overall limits on the issue of Shares or the transfer of treasury shares, the basis for determining a participant's entitlement to, and the terms of, the Shares to be provided, the adjustment of options in the event of a rights issue, open offer or other variation of capital, or the amendment provisions.

The requirement to obtain the prior approval of Shareholders will not, however, apply to any minor alteration made to benefit the administration of the Sharesave Scheme, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Group.

No amendment which would materially prejudice the interests of participants in respect of outstanding options may be made unless the consent of such participants has been obtained.

10.3.12 *General*

No payment is required for the grant of an option under the Sharesave Scheme. Options under the Sharesave Scheme are not pensionable or transferable except on death.

Options will not confer any shareholder rights until options have been exercised and the participants have received the underlying Shares.

10.4 ***Kier Group All Employee Share Ownership Plan (the "SIP")***

10.4.1 *Overview*

Under the SIP, three types of shares can be offered to employees based in the United Kingdom—free, partnership and matching shares. The SIP rules contain all three elements, and the directors of the Company have power to decide which, if any, of them should be implemented. At present, participants are offered partnership and matching shares.

The SIP operates in conjunction with a trust, which holds shares on behalf of employees. The SIP is an HMRC tax-qualified plan.

10.4.2 *Eligibility*

Employees and full-time directors of the Company and any designated participating subsidiary who are UK resident taxpayers are eligible to participate. The directors of the Company may require employees to have completed a qualifying period of employment before they are eligible to enrol in the plan.

10.4.3 *Free Shares*

The SIP provides for the award of free shares worth up to a maximum set by the legislation (currently £3,600) to each eligible employee each year. The shares must generally be offered on similar terms, but the award may be subject to performance targets. "Similar terms" means the terms may only be varied by reference to remuneration, length of service or hours worked.

Free shares must be held in trust for a period of between three and five years at the discretion of the Company and will be free of income tax and national insurance if held in trust for five years. If a participant ceases employment with the Group, their shares cease to be subject to the SIP. The shares may be forfeited if the participant leaves employment within three years of the award other than by reason of death, retirement, redundancy, injury or disability, or their employing company or business being sold out of the Group.

10.4.4 *Partnership Shares*

The SIP provides for employees to be offered the opportunity to purchase shares out of monthly contributions from pre-tax salary of up to the maximum set by the legislation (currently £1,800 in each tax year, or 10 per cent. of salary if less). Employees can stop contributing at any stage. The employees' contributions may be used to buy partnership shares immediately or accumulated for up to 12 months before they are used to buy shares. Where they are accumulated, the price at which they are acquired is the lower of the price at the beginning of the accumulation period and the end of the accumulation period or at such other price permitted by the legislation. Currently there is no accumulation period.

Partnership shares can be withdrawn from the SIP by the participant at any time, but there will be an income tax and national insurance liability if the shares are withdrawn before five years.

10.4.5 *Matching Shares*

The SIP provides that, where employees buy partnership shares, they may be awarded additional shares by the Company on a matching basis, up to a current maximum of two matching shares for each partnership share (currently one matching share is awarded for each two partnership shares bought). Matching shares must be held in trust for a minimum of three years and will be free of income tax and national insurance liability if held in trust for five years.

If a participant withdraws their corresponding partnership shares before the trustees have held them for three years, they will forfeit the linked matching shares. If the participant ceases to be employed within the minimum three-year period (or within such shorter period as the directors may decide) other than for a specified reason such as death, retirement, redundancy, injury or disability, or their employing company or business being sold out of the Group, their matching shares may be forfeited.

10.4.6 *Dividends*

The SIP provides that the directors of the Company may permit any dividends paid on the free, partnership or matching shares to be reinvested in the purchase of additional shares, which must be held in the SIP for a period of three years.

10.4.7 *Voting Rights*

Participants may be offered the opportunity to direct the trustees how to exercise the voting rights attributable to the SIP shares held on their behalf. The trustees will not exercise the voting rights unless they receive the participants' instructions.

10.4.8 *Plan Limits*

Commitments to issue new Shares or transfer treasury shares may not, on any day, exceed 10 per cent. of the issued ordinary share capital of the Company in issue immediately before that day when added to the total number of ordinary shares which have been allocated in the previous 10 years under the SIP and any other employee share plan operated by the Company.

Treasury shares shall not count towards these limits if institutional investor guidelines cease to require them to be so counted.

10.4.9 *Amendment of the SIP*

The directors of the Company may, at any time, amend the provisions of the SIP, provided that the prior approval of Shareholders is obtained for any amendments that are to the advantage of participants in respect of the limits on the number of Shares which may be issued or transferred from treasury under the SIP, individual limits on participation, the basis for determining a participant's entitlement to shares or cash under the SIP or the adjustments of awards in the event of a variation of capital and the amendment rule.

The requirement to obtain the prior approval of Shareholders will not, however, apply to any minor alteration made to benefit the administration of the SIP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Group.

No amendment which would materially prejudice the interests of participants in respect of existing Shares held under the SIP may be made.

10.4.10 *General*

Awards and Shares under the SIP are not pensionable or transferable except on death.

10.5 ***Deferred Bonus Arrangements (the "DBA")***

10.5.1 *Overview*

In connection with Kier's discretionary annual bonus plan, Kier operates the DBA in respect of selected senior employees, including the executive directors of the Company.

Under the DBA, up to one-third of the participant's after-tax annual cash bonus is satisfied by way of an allocation of Shares ("**Deferred Bonus Shares**") which are held on behalf of the participant by a trustee for a three-year deferral period. To the extent that a participant elects to take up the dividend reinvestment plan relating to the Deferred Bonus Shares, such Shares are allotted to the participant directly.

10.5.2 *Eligibility*

The directors of the Company may select any employee, who is due to receive an annual cash bonus, for participation in the DBA. To date, the DBA has been operated in respect of members of senior management only.

10.5.3 *Acquisition of Deferred Bonus Shares*

On or shortly after the bonus date, Kier will procure that an amount equal to one-third or one-quarter of the after-tax bonus, as determined, is applied in the allocation of Deferred Bonus Shares. The number of Deferred Bonus Shares allocated will be determined by dividing the amount of the after-tax bonus deferred by the market value of a share on the award date.

10.5.4 *Rights*

During the deferral period, the participant remains the beneficial owner of the Deferred Bonus Shares and will be entitled to dividends. However, the participant will not be able to dispose of the Deferred Bonus Shares until their release to the participant.

10.5.5 *Cessation of Employment and Forfeiture*

If the participant ceases employment, the Remuneration Committee will determine, in its absolute discretion, whether the participant is considered to be a "good leaver" in which case the Deferred Bonus Shares will be released.

The rules also provide that if the Company becomes aware during the three-year deferred period that: (i) there was a material misstatement of the Group's financial statements; (ii) there was a material error in determining the performance giving rise to the annual bonus deferred; (iii) the participant deliberately misled the Company, the market and/or the Shareholders in relation to the financial performance of the Company; (iv) the participant caused reputational damage to the Company; (v) the participant's employment ceases due to gross misconduct; or (vi) any other similar circumstances, then the Company may reduce or forfeit the allocation of Deferred Bonus Shares (including to nil).

10.5.6 *Change of Control*

In the event of the change of control of Kier, a sale of the participant's employing company or business, or if Kier is voluntarily wound up, the Deferred Bonus Shares will be released immediately before the relevant event (or otherwise as the Remuneration Committee determines).

10.6 ***May Gurney Integrated Services PLC Share Incentive Plan (the "May Gurney SIP")***

The May Gurney SIP is a legacy HMRC tax-qualified share incentive plan which provides for a tax-favoured share purchase arrangement for UK employees of May Gurney.

The May Gurney SIP was operated in respect of partnership shares only and, since the acquisition of May Gurney, no further partnership shares have been allocated under the plan.

Existing partnership shares under the May Gurney SIP were exchanged for Shares at the time of the Company's acquisition of May Gurney (to the extent so elected by the participants at the time). The resulting partnership shares continue to be held by the trustee under the May Gurney SIP, which is in all material respects similar to the SIP. The partnership shares have been held by the trustee for a period of over five years, they can be withdrawn by the participant free of income tax and national insurance contributions.

11 Subsidiaries and Corporate Structure

11.1 ***Corporate Structure***

Kier was incorporated in 1992 and is the ultimate parent company of the Group.

11.2 ***Significant Subsidiary and Associated Undertakings***

The subsidiary, associated undertakings and joint arrangements of Kier are described on pages 205 to 211 (inclusive) of the 2020 Annual Report and Accounts. During the period from 30 June 2020 to 10 May 2021 (being the latest practicable date prior to the date of this document), the following subsidiary or subsidiary undertakings were incorporated or acquired:

	Registered Office	Share class(es) held	Per cent. held by the Group
Kier Maidenhead LLP	81 Fountain Street, Manchester M2 2EE	—	90
Kier Maidenhead Holdings 1 LLP	81 Fountain Street, Manchester M2 2EE	—	90
Kier Maidenhead Holdings 2 LLP	81 Fountain Street, Manchester M2 2EE	—	90
Manor Kingsway Management Company Limited	81 Fountain Street, Manchester M2 2EE	Ordinary	100

12 Pension Schemes

In relation to the last full financial year, save as described in paragraph 9 above, there are no amounts set aside or accrued by the Group to provide pension, retirement or similar benefits to the Directors and Senior Managers.

Details of the Group's pension schemes are included on pages 165 to 171 (inclusive) of the 2020 Annual Report and Accounts.

Contributions are also made in respect of employees who are members of a local government pension scheme and have transferred to the Group under TUPE transfer arrangements.

13 Auditor

The auditor of Kier from 23 February 2015 is PricewaterhouseCoopers LLP, chartered accountants, whose address is at 1 Embankment Place, London WC2N 6RH.

14 Underwriting Arrangements

14.1 *Underwriting Agreement*

The Company, the Sponsor and the Joint Bookrunners have entered into the Underwriting Agreement pursuant to which, on the terms and subject to certain conditions contained in the Underwriting Agreement which are customary in agreements of this nature, each of the Joint Bookrunners has severally (and not jointly or jointly and severally) agreed to use reasonable endeavours to procure Firm Placees for the Firm Placing Shares at the Issue Price and Conditional Placees (subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders under the Open Offer and the Excess Application Facility) for the Open Offer Shares at the Issue Price.

If the Joint Bookrunners are unable to procure Firm Placees for any of the Firm Placing Shares (or if a prospective Firm Placee fails to take up any or all of the Firm Placing Shares which have been allocated to it or which it has agreed to take up at the Issue Price), then each of the Joint Bookrunners has agreed, on the terms and subject to the conditions set out in the Underwriting Agreement, severally (and not jointly or jointly and severally) to subscribe for such Firm Placing Shares at the Issue Price in its agreed proportion.

If the Joint Bookrunners are unable to procure Conditional Placees for any Open Offer Shares that are not taken up by Qualifying Shareholders pursuant to the Open Offer or the Excess Application Facility (or if a prospective Conditional Placee fails to take up any or all of the Open Offer Shares which have been allocated to it or which it has agreed to take up at the Issue Price), then each of the Joint Bookrunners has agreed, on the terms and subject to the conditions set out in the Underwriting Agreement, severally (and not jointly or jointly and severally) to subscribe for such Open Offer Shares at the Issue Price in its agreed proportion.

Pursuant to the terms of the Underwriting Agreement, the Company has appointed Rothschild & Co. as its sole sponsor and its London Stock Exchange representative in connection with its applications for Admission. In consideration of their services under the Underwriting Agreement, and subject to their obligations under the Underwriting Agreement not having been terminated, the Company has agreed to pay to the Joint Bookrunners: 3.00 per cent. commission and, in its absolute discretion, the Company may also pay to the Joint Bookrunners a discretionary commission of up to 0.25 per cent., and to the extent such discretionary commission is paid, the allocations between the Joint Bookrunners are to be determined by the Company in its sole discretion). The Company will also pay (irrespective of whether Admission occurs) the fees, costs and expenses of, or in connection with, the Firm Placing and Placing and Open Offer.

The Company has given certain customary representations and warranties to the Joint Bookrunners and the Sponsor as to the accuracy of the information contained in this document and other relevant documents, and in relation to other matters relating to the Group and its business. In addition, the Company has given customary indemnities to the Joint Bookrunners and the Sponsor and certain persons connected with each of them. The Company has also provided certain customary undertakings to the Joint Bookrunners and the Sponsor for the period following Admission, including an undertaking (subject to certain customary exemptions) not to offer, issue or grant any rights over any Shares or related securities for a period ending 180 days from the date of Admission without the prior written consent of the Joint Bookrunners and the Sponsor.

The obligations of the Joint Bookrunners and the Sponsor under the Underwriting Agreement are subject to certain conditions, including *inter alia*:

(i) the passing of the Resolutions; and

(ii) Admission occurring at or before 8.00 a.m. on 18 June 2021 (or such later time and/or date as Kier, the Sponsor and the Joint Bookrunners may agree, being not later than 3.00 p.m. on 25 June 2021).

If any of the conditions are not satisfied (or waived by the Joint Bookrunners) or shall have become incapable of being satisfied by the required time and date, the Underwriting Agreement will be capable of termination. The Joint Bookrunners may terminate the Underwriting Agreement in its entirety in certain circumstances prior to Admission, including where there has been a breach of warranty or where a force majeure event has occurred. Following Admission, the Underwriting Agreement will not be subject to any condition or right of termination (including in respect of statutory withdrawal rights).

15 Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group within the two years immediately preceding the date of this document and are, or may be, material or have been entered into at any time by the Company or any member of the Group and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as at the date of this document:

15.1 *Underwriting Agreement*

For a description of the principal terms of the Underwriting Agreement, see paragraph 14.1 above.

15.2 *Subscription and Transfer Agreement and Option Agreement*

In connection with the Firm Placing and Placing and Open Offer, the Company, Numis and JerseyCo have entered into several agreements, each dated the date of this document, in relation to the subscription and transfer of ordinary shares and redeemable preference shares in JerseyCo.

Under the terms of these agreements:

(i) the Company and Numis will subscribe for ordinary shares in JerseyCo and enter into certain put and call options in respect of the ordinary shares in JerseyCo subscribed for by Numis that are exercisable if the Firm Placing and Placing and Open Offer does not proceed;

(ii) Numis will apply monies received under the Firm Placing and Placing, and held by Numis until Admission, and monies under the Open Offer received by the Receiving Agent and held by the Receiving Agent on trust for Numis on Admission, to subscribe for redeemable preference shares in JerseyCo to an aggregate value equal to such monies after deduction of the amount of certain costs, commissions and expenses;

(iii) certain costs and expenses of the Firm Placing and Placing will be withheld by Numis from the funds it pays to JerseyCo, and certain costs and expenses of the Open Offer will be withheld by the Receiving Agent from the funds it holds on trust for JerseyCo, and therefore (as those costs and expenses are payable by the Company pursuant to the Subscription and Transfer Agreement, the Underwriting Agreement and the Receiving Agent Agreement) an intercompany balance equal to those costs and expenses will be due by the Company to JerseyCo; and

(iv) the Company will allot and issue the Firm Placing Shares and the Open Offer Shares to those persons entitled thereto in consideration of Numis transferring its holding of redeemable preference shares and ordinary shares in JerseyCo to the Company.

Accordingly, instead of receiving cash as consideration for the issue of Firm Placing Shares and the Open Offer Shares, at the conclusion of the Firm Placing and Placing and Open Offer the Company will own the entire issued share capital of JerseyCo whose only assets will be its cash reserves and the intercompany balance due to it from the Company referred to above, which together will represent an amount approximately equal to the net proceeds of the Firm Placing and Placing and Open Offer.

Placees and Qualifying Shareholders are not party to these arrangements and so will not acquire any direct right against Numis pursuant to these arrangements. The Company will be responsible for enforcing the obligations of Numis and JerseyCo thereunder.

15.3 ***2017 RCF Facility Agreement***

On 6 July 2017, the Company entered into a revolving credit facility agreement (the "**2017 RCF Facility Agreement**") with, among others, HSBC Bank plc as agent, Lloyds Bank plc, Barclays Bank PLC, National Westminster Bank Plc, HSBC Bank plc, Santander UK plc as bookrunners and mandated lead arrangers and Lloyds Bank plc, Barclays Bank PLC, National Westminster Bank Plc, HSBC Bank plc, Santander UK plc, The Governor and Company of the Bank of Ireland, BNP Paribas London Branch, Commerzbank Aktiengesellschaft, London Branch, National Bank of Kuwait (International) PLC, Banco de Sabadell, S.A. London Branch, ING Bank N.V., London Branch, Landesbank Hessen-Thüringen Girozentrale as original lenders, as amended by a consent letter dated 30 June 2020 (the "**RCF Stage 1 Waiver Letter**") as amended and restated pursuant to an amendment and restatement agreement dated 17 September 2020 (the "**RCF Stage 2 Amendment**") and as further amended by an amendment agreement dated 16 October 2020. The 2017 RCF Facility Agreement was further amended and restated pursuant to an amendment and restatement agreement dated 13 April 2021 (the "**RCF Stage 3 Amendment**") to include and/or permit certain amendments, permissions and waivers in connection with the Kier Living Disposal, including a pre-determined regime for the application of proceeds from the Kier Living Disposal (which is expected to be £57.5 million). In addition, upon a prepayment of the 2017 RCF Facility, the *Schuldschein* Lenders shall be entitled to a *pro rata* share of the amounts so prepaid to the extent such instruments have not been repaid prior to such date (which is expected to be £4.4 million).

Under the terms of the 2017 RCF Facility Agreement, the original lenders have provided the Company with a £670 million revolving credit facility (the "**2017 RCF Facility**"). The 2017 RCF Facility has an accordion option whereby the Company may request an increase in the 2017 RCF Facility, up to a maximum of £30 million. The accordion option may be provided by one or more of the original lenders willing to provide such increase and/or other banks, financial institutions, trusts, funds or other entities selected by the Company, which shall become a lender. The 2017 RCF Facility was made available to fund: (i) the refinancing of the Group's existing indebtedness (being the prepayment of the facilities provided under: (A) a £380 million revolving facility agreement originally dated 22 April 2015 (as amended from time to time) between, among others, the Company and HSBC Bank plc (as Agent); and (B) a £50 million term facility agreement originally dated 22 March 2017 between, among others, the Company and ING Bank N.V., London Branch (as Original Lender)); and (ii) general corporate purposes.

Each advance under the 2017 RCF Facility is required to be repaid on the last day of the interest period relating to the relevant advance but, subject to certain conditions, can be immediately re-drawn. All amounts outstanding under the 2017 RCF Facility Agreement are required to be repaid in full on the termination date as defined in the 2017 RCF Facility Agreement (the "**RCF Facility Termination Date**"). The RCF Facility Termination Date has been extended to 30 September 2022, pursuant to the RCF Stage 3 Amendment, and is subject to further extension as described under "Amendments" in this paragraph 15.3.

No sums can be drawn under the 2017 RCF Facility on or after one month prior to the RCF Facility Termination Date. All amounts outstanding under the 2017 RCF Facility Agreement are required to be repaid in full on the RCF Facility Termination Date.

The 2017 RCF Facility Agreement permits, subject to the payment of any applicable break costs and certain other conditions, voluntary prepayments and voluntary cancellation of undrawn amounts under the 2017 RCF Facility.

Interest accrues on any euro-denominated loans made under the 2017 RCF Facility at a floating rate of EURIBOR. The RCF Stage 3 Amendment will replace any references to LIBOR with SONIA, in line with the Loan Market Association-recommended drafting approach as a result of the transition away from LIBOR-linked sterling loans. In each case, the loans are subject to a zero-floor for the applicable interest period plus a margin of between 1.20 per cent. per annum and 2.50 per cent. per annum. Within the ranges stated, the prevailing margin on the 2017 RCF Facility loans is determined from time to time in accordance with a leverage "ratchet".

The 2017 RCF Facility Agreement, as amended by the RCF Stage 2 Amendment and the RCF Stage 3 Amendment (as relevant), contains representations, undertakings and events of default based on the then current recommended form of the Loan Market Association investment grade multicurrency syndicated facility agreement, as well as certain other restrictive covenants and financial covenants which the Company must observe. The financial covenants in the 2017 RCF Facility Agreement, as amended by the RCF Stage 2 Amendment and the RCF Stage 3 Amendment (as relevant), require the Company to ensure that:

(i) the Group's interest coverage ratio is not less than the ratio for each relevant quarterly period expiring on or before 30 June 2022, such ratios as set out in the 2017 RCF Facility Agreement being between 2.00:1 and 3.50:1;

(ii) the Group's leverage ratio does not exceed the ratio for each relevant quarterly period expiring on or before 30 June 2022, such ratios as set out in the 2017 RCF Facility Agreement being between 9.50:1 and 4.50:1; and

(iii) the Group's consolidated net worth for each relevant quarterly period expiring on or before 30 June 2022, is above the minimum amount for that relevant quarterly period as set out in the 2017 RCF Facility Agreement, such minimum amounts being between £85 million and £152 million.

In addition, a minimum liquidity covenant has been included in the 2017 RCF that requires the Group's stated or projected liquidity not to fall below £50 million on the last day of any financial month. The minimum liquidity covenant does not apply from the date the financial statements of the Group for the financial year ending 30 June 2022 and corresponding compliance certificate have been delivered to the agent of the 2017 RCF Facility Agreement.

The 2017 RCF Facility Agreement contains a most favoured nation clause that provides the lenders with the benefit of more restrictive financial covenants representations, information undertakings, restrictive covenants, undertakings or event of default provided by the Company in certain other debt documents (including financial covenants not otherwise included in the 2017 RCF Facility Agreement). As at 31 December 2020, being the most recent covenant test date under the 2017 RCF Facility Agreement, the Company was in compliance with its financial covenants and other terms of the 2017 RCF Facility Agreement.

The 2017 RCF Facility Agreement is unsecured and is guaranteed by certain subsidiaries of the Company. The 2017 RCF Facility Agreement includes provisions requiring certain of the Company's material subsidiaries (defined as a subsidiary of the Company which has gross assets or turnover (excluding certain intra-Group items) that equal or exceed 5 per cent. of the gross assets or turnover of the Group) to accede to the 2017 RCF Facility Agreement as additional guarantors subject to certain conditions contained therein.

The 2017 RCF Facility Agreement contains cross default events of default: (i) in relation to financial indebtedness of any member of the Group of at least £10 million; and (ii) where the Trustee becomes entitled to take action under certain provisions of the PCA.

As at 31 December 2020, £461.7[3] million was drawn under the 2017 RCF Facility.

Amendments

Pursuant to the RCF Stage 3 Amendment, certain amendments to the 2017 RCF Facility will become effective following the Group's receipt of proceeds from the Kier Living Disposal and the Capital Raise, provided that such proceeds are received prior to 31 August 2021 (the date the Group delivers the corresponding lender certifications required under the Principal Debt Facilities Stage 2 Amendments, the "**Principal Debt Facilities Stage 2 Amendments Effective Date**"):

(i) the RCF Facility Termination Date shall be extended to 31 January 2025;

[3] Includes capitalised costs of £1.4 million.

(ii) a new margin of 2.85 per cent. per annum shall come into effect, subject to a leverage linked ratchet set between 2.45 per cent. and 3.75 per cent. per annum;

(iii) the financial covenants shall be revised to (i) remove quarterly covenant testing, (ii) remove the consolidated net worth covenant, (iii) remove the liquidity covenant, (iv) amend the leverage ratio test levels to be set at 4.00:1 for the June 2021 testing date, 3.50:1 for the December 2021 testing date, 3.00:1 for the June 2022, December 2022, June 2023 and December 2023 testing dates and 2.50:1 thereafter, and (v) amend the interest coverage ratio test levels to be set at 3.00:1 for the June 2021 testing date, 3.50:1 for the December 2021 testing date and 4.00:1 thereafter; and

(iv) the operational flexibilities for the Group under the 2017 RCF Agreement shall be loosened, including providing for increased flexibility to make acquisitions, disposals and declare and pay dividends; certain of these flexibilities (including the ability to declare and pay dividends) shall only come into effect to the extent the Group has complied with certain leverage and interest cover tests and no earlier than the date the Group delivers its annual financial statements for the relevant period ending 31 December 2021.

On the Principal Debt Facilities Stage 2 Amendments Effective Date, a portion of the 2017 RCF Facility equal to £135 million shall be prepaid and cancelled, following which the available commitments under the 2017 RCF Facility shall be reduced to £535 million (the 2017 RCF Facility following such reduction being the "**Downsized 2017 RCF Facility**"). The available commitments under the 2017 RCF Facility shall be further reduced by £20 million on each of 31 December 2022, 30 June 2023 and 31 December 2023.

Following the Principal Debt Facilities Stage 2 Amendments Effective Date, lenders under the 2017 RCF Facility shall be entitled to the following one-off fee payments:

(a) a fixed fee equal to 1.00 per cent. of each lender's commitments as at the date of the RCF Stage 2 Amendment; and

(b) an extension fee equal to 0.50 per cent. of each lender's commitments under the Downsized 2017 RCF Facility.

15.4 *Schuldschein Facilities*

15.4.1 *£10 million, 5-year, floating-rate coupon Schuldschein loan agreement originally dated 1 July 2016*

On 1 July 2016, the Company entered into a *Schuldscheindarlehen* loan agreement as borrower, with certain of its subsidiaries as guarantors, HSBC Trinkaus & Burkhardt AG as lender and paying agent, and each of HSBC Trinkaus & Burkhardt AG and Commerzbank Aktiengesellschaft as arranger. This loan agreement was amended on 30 June 2017 as further amended by a consent letter dated 6 August 2020 (the "**SSD1 Stage 1 Waiver Letter**") and a consent letter dated 17 September 2020 (the "**SSD1 Stage 2 Letter**") and is referred to as the "**First *Schuldschein* Loan Agreement**".

Under the terms of the First *Schuldschein* Loan Agreement, HSBC Trinkaus & Burkhardt AG agreed to provide the Company with a £10 million, 5-year, floating-coupon loan (due May 2021) to be used for general corporate purposes of the Group, including any refinancing. The loan under the First *Schuldschein* Loan Agreement was released to the Company on 7 July 2016.

Interest on the loan under the First *Schuldschein* Loan Agreement is payable quarterly in arrear on 13 February, 13 May, 13 August and 13 November of each year, subject to certain conditions contained therein. Any aggregate loans outstanding under the First *Schuldschein* Loan Agreement are required to be repaid on the interest payment date falling in May 2021. Interest accrues at a floating rate of LIBOR (subject to a zero-floor) for the applicable interest period plus a margin of 1.95 per cent. per annum.

The First *Schuldschein* Loan Agreement contains certain repeating representations customary for a *Schuldschein* loan agreement, a negative pledge and events of default. The financial covenants in the First *Schuldschein* Loan Agreement require the Company to ensure that: (i) the Group's interest cover ratio is not less than 4.00:1, and (ii) the Group's leverage ratio does not exceed 3.00:1.

The First *Schuldschein* Loan Agreement is unsecured and is guaranteed by certain subsidiaries of the Company. The First *Schuldschein* Loan Agreement includes provisions requiring certain of the Company's material subsidiaries (defined as a subsidiary of the Company which has gross assets or turnover (excluding certain intra-Group items) that equal or exceed 10 per cent. of the gross assets or turnover of the Group) to accede to the First *Schuldschein* Loan Agreement as an additional guarantor subject to certain conditions contained therein.

In respect of the most recent covenant test dates under the First *Schuldschein* Loan Agreement, being 30 June 2020 and 31 December 2020, the lenders provided their consent to waive the testing of the financial covenants for the periods ending 30 June 2020 and 31 December 2020 and potential other related defaults, under the terms of the SSD1 Stage 1 Waiver Letter and the SSD1 Stage 2 Letter, respectively.

The First *Schuldschein* Loan Agreement contains cross default events of default in relation to financial indebtedness of any member of the Group of at least £10 million.

As at 31 December 2020, the outstanding balance under the First *Schuldschein* Loan Agreement was £10.0 million.

15.4.2 *€10 million, 5-year, fixed-rate coupon Schuldschein loan agreement originally dated 11 May 2016*

On 11 May 2016, the Company entered into a *Schuldscheindarlehen* loan agreement as borrower, with certain of its subsidiaries as guarantors, HSBC Trinkaus & Burkhardt AG as lender and paying agent, and each of HSBC Trinkaus & Burkhardt AG and Commerzbank Aktiengesellschaft as arranger. This loan agreement was amended on 30 June 2017 as further amended by a consent letter dated 30 June 2020 (the "**SSD2 Stage 1 Waiver Letter**") and a consent letter dated 17 September 2020 (the "**SSD2 Stage 2 Letter**") and is referred to as the "**Second *Schuldschein* Loan Agreement**". The Second *Schuldschein* Loan Agreement was further amended on 13 April 2021 to provide that the maturity would be extended to the earlier of (i) the date falling three business days after the date of receipt of proceeds from both the Kier Living Disposal and any equity raise and (ii) 31 October 2021 (the "**SSD Extended Maturity Date**").

Under the terms of the Second *Schuldschein* Loan Agreement, HSBC Trinkaus & Burkhardt AG agreed to provide the Company with a €10 million, 5-year, fixed-coupon loan (due May 2021) to be used for general corporate purposes of the Group, including any refinancing. The loan under the Second *Schuldschein* Loan Agreement was released to the Company on 13 May 2016.

Interest on the loan under the Second *Schuldschein* Loan Agreement accrues at a rate of 1.550 per cent. per annum, and interest is payable annually in arrear on 13 May of each year.

Provisions relating to representations, undertakings, events of default, financial covenants, guarantee and security position are as per the First *Schuldschein* Loan Agreement (see above); provided that, if the SSD Extended Maturity Date has not occurred, the interest cover covenant and leverage covenant shall be tested for the relevant period ended 30 June 2021 with the same covenanted levels as required by the 2017 RCF. As at 30 June 2020 and 31 December 2020, being the most recent covenant test dates under the Second *Schuldschein* Loan Agreement, the lenders provided their consent to waive the testing of the financial covenants for the periods ending 30 June 2020 and 31 December 2020 and potential other related defaults, under the terms of the SSD2 Stage 1 Waiver Letter and the SSD2 Stage 2 Letter, respectively.

The Second *Schuldschein* Loan Agreement contains cross default events of default in relation to financial indebtedness of any member of the Group of at least £10 million.

As at 31 December 2020, the outstanding balance under the Second *Schuldschein* Loan Agreement was €10.0 million.

15.4.3 *€10 million, 7-year, fixed-rate coupon Schuldschein loan agreement originally dated 11 May 2016*

On 11 May 2016, the Company entered into a *Schuldscheindarlehen* loan agreement as borrower, with certain of its subsidiaries as guarantors, HSBC Trinkaus & Burkhardt AG as lender and paying agent, and each of HSBC Trinkaus & Burkhardt AG and Commerzbank Aktiengesellschaft as arranger. This loan agreement was amended on 30 June 2017 as further amended by a consent letter dated 30 June 2020 (the "**SSD3 Stage 1 Waiver Letter**") as amended and restated pursuant to an amendment and restatement agreement dated 17 September 2020 (the "**SSD3 Stage 2 Amendment**") and as further amended by an amendment agreement dated 16 October 2020 and is referred to as the "**Third *Schuldschein* Loan Agreement**". The Third *Schuldschein* Loan Agreement was further amended and restated pursuant to an amendment and restatement agreement dated 13 April 2021 (the "**SSD3 Stage 3 Amendment**") to include and/or permit certain amendments, permissions and waivers in connection with the Kier Living Disposal, similar to the amendments under the 2017 RCF Facility.

Under the terms of the Third *Schuldschein* Loan Agreement, HSBC Trinkaus & Burkhardt AG agreed to provide the Company with a €10 million, 7-year, fixed-coupon loan (due May 2023) to be used for general corporate purposes of the Group, including any refinancing. The loan under the Third *Schuldschein* Loan Agreement was released to the Company on 13 May 2016 and any aggregate loans outstanding under the Third *Schuldschein* Loan Agreement are required to be repaid in May 2023.

Interest on the loan under the Third *Schuldschein* Loan Agreement accrues at a rate of 2.056 per cent. per annum, and interest is payable annually in arrear on 13 May of each year.

Provisions relating to representations, undertakings, events of default, guarantee and security position are substantially the same as the 2017 RCF, as amended by the RCF Stage 3 Amendment (see above). The financial covenants in the Third *Schuldschein* Loan Agreement, as last amended, are substantially the same as the 2017 RCF (see above), with certain differences reflecting the longer remaining term in respect of the Third *Schuldschein* Loan Agreement.

As at 31 December 2020, being the most recent covenant test date under the Third *Schuldschein* Loan Agreement, the Company was in compliance with the financial covenants and other terms of the Third *Schuldschein* Loan Agreement.

The Third *Schuldschein* Loan Agreement contains cross default events of default (i) in relation to financial indebtedness of any member of the Group of at least £10 million and (ii) where the Trustee becomes entitled to take action under certain provisions of the PCA.

As at 31 December 2020, the outstanding balance under the Third *Schuldschein* Loan Agreement was €10.0 million.

Amendments

Pursuant to the SSD3 Stage 3 Amendment, certain amendments to the Third *Schuldschein* Loan Agreement will become effective on the Principal Debt Facilities Stage 2 Amendments Effective Date:

(i) the applicable rate shall be increased by 0.25 per cent. per annum;

(ii) the financial covenants shall be revised to (i) remove quarterly covenant testing, (ii) remove the consolidated net worth covenant, (iii) remove the liquidity covenant, (iv) amend the leverage ratio test levels to be set at 4.00:1 for the June 2021 testing date, 3.50:1 for the December 2021 testing date and 3.00:1 for the June 2022 and December 2022 testing dates, and (v) amend the interest coverage ratio test levels to be set at 3.00:1 for the

June 2021 testing date, 3.50:1 for the December 2021 testing date and 4.00:1 thereafter; and

(iii) the operational flexibilities for the Group shall be loosened in accordance with the amendments made to the 2017 RCF Agreement as at that date.

Following the Principal Debt Facilities Stage 2 Amendments Effective Date, creditors under the Third *Schuldschein* Loan Agreement shall be entitled to a fixed fee equal to 1.00 per cent. of each creditor's commitments as at the date of the SSD3 Stage 2 Amendment.

15.4.4 *£43.5 million, 5-year, floating-rate coupon Schuldschein loan agreement originally dated 11 May 2016*

On 11 May 2016, the Company entered into a *Schuldscheindarlehen* loan agreement as borrower, with certain of its subsidiaries as guarantors, HSBC Trinkaus & Burkhardt AG as lender and paying agent, and each of HSBC Trinkaus & Burkhardt AG and Commerzbank Aktiengesellschaft as arranger. This loan agreement was amended on 4 July 2016, as further amended on 30 June 2017, and as further amended by consent letters from each of the lenders, dated 30 June 2020, 24 July 2020 and 31 July 2020 (the "**SSD4 Stage 1 Waiver Letters**") and consent letters from the lenders dated 17 September 2020 and 25 November 2020 (the "**SSD4 Stage 2 Letters**") and is referred to as the "**Fourth *Schuldschein* Loan Agreement**". In respect of £35.0 million of the outstanding balance of the Fourth *Schuldschein* Loan Agreement, the Fourth Schuldschein Loan Agreement was further amended on 13 April 2021 to provide that the maturity would be extended to the SSD Extended Maturity Date.

Under the terms of the Fourth *Schuldschein* Loan Agreement, HSBC Trinkaus & Burkhardt AG agreed to provide the Company with a £58.5 million, 5-year, floating-coupon loan (£43.5 million, following partial redemption pursuant to the 4 July 2016 amendment) (due in instalments in 2021) to be used for general corporate purposes of the Group, including any refinancing. The loan under the Fourth *Schuldschein* Loan Agreement was released to the Company on 13 May 2016.

Interest on the loan under the Fourth *Schuldschein* Loan Agreement is payable quarterly in arrears on 13 February, 13 May, 13 August and 13 November of each year, subject to certain conditions contained therein. Any aggregate loans outstanding under the Fourth *Schuldschein* Loan Agreement (unless extended pursuant to the amendments to the Fourth *Schuldschein* Loan Agreement dated 13 April 2021) are required to be repaid on the interest payment date falling in May 2021. Interest accrues on the Fourth *Schuldschein* Loan at a floating rate of LIBOR (subject to a zero-floor) for the applicable interest period plus a margin of 1.95 per cent. per annum.

Provisions relating to representations, undertakings, events of default, financial covenants, guarantee and security position are as per the First *Schuldschein* Loan Agreement (see above); provided that, if the SSD Extended Maturity Date has not occurred, in respect of the extended portion of the Fourth Schuldschein Loan Agreement the interest cover covenant and leverage covenant shall be tested for the relevant period ended 30 June 2021 with the same covenanted levels as required by the 2017 RCF. In respect of the most recent covenant test dates under the Fourth *Schuldschein* Loan Agreement, being 30 September 2020 and 31 December 2020, the lenders provided their consent to waive the testing of the financial covenants for the periods ending 30 September 2020 and 31 December 2020 and potential other related defaults, under the terms of the SSD4 Stage 1 Waiver Letters and the SSD4 Stage 2 Letters, respectively.

The Fourth Schuldschein Loan Agreement contains cross default events of default in relation to financial indebtedness of any member of the Group of at least £10 million.

As at 31 December 2020, the outstanding balance under the Fourth Schuldschein Loan Agreement was £43.5 million.

15.5 ***2012 Note Purchase Agreement***

The Company is party to a note purchase agreement with certain noteholders (the "**2012 Noteholders**") dated 20 December 2012, as amended by an amendment letter dated 22 April 2013, an amendment letter dated 26 February 2014, an amendment letter dated 30 June 2016, a waiver and amendment letter dated 30 June 2020 (the "**2012 Stage 1 NPA Waiver Letter**") and a waiver and amendment letter dated 17 September 2020 (the "**2012 Stage 2 NPA Letter**") (the "**2012 Note Purchase Agreement**"), pursuant to which the Company issued: (i) £20 million of 4.84 per cent. senior notes maturing on 20 December 2022; and (ii) U.S.$20 million of 4.83 per cent. senior notes maturing on 20 December 2022 (collectively, the "**2012 Notes**"). The 2012 Note Purchase Agreement was further amended and restated pursuant to an amendment and restatement agreement dated 13 April 2021 (the "**2012 Stage 3 Amendment**") to include and/or permit certain amendments, permissions and waivers in connection with the Kier Living Disposal, including a pre-determined regime for the application of proceeds from the Kier Living Disposal (which is expected to be £2.8 million, and to comprise a prepayment requiring an additional make-whole payment corresponding to the present value of interest foregone, which, together with the make-whole payment on the 2014 Notes, is expected to be approximately £1 million). References in this paragraph 15.5 and paragraph 15.6 to the "2012 Note Purchase Agreement" mean the 2012 Note Purchase Agreement as amended by the 2012 Stage 3 Amendment.

The 2012 Note Purchase Agreement includes a requirement for the Company to comply with certain financial covenants and includes customary affirmative and negative covenants for U.S. private placement instruments. The financial covenants in the 2012 Note Purchase Agreement include a consolidated net worth test and others that are substantially similar to those contained in the 2017 RCF Facility Agreement, as amended by the RCF Stage 3 Amendment.

The negative covenants imposed on the Group by the 2012 Note Purchase Agreement are substantially similar to those contained in the 2017 RCF Facility Agreement and include, subject to certain exceptions, a restriction on granting security, a restriction on incurring financial indebtedness by members of the Group which do not also guarantee the 2012 Notes and a restriction on the disposal of assets.

The financial covenants in the 2012 Note Purchase Agreement, as amended by the 2012 Stage 1 NPA Waiver Letter, 2012 Stage 2 NPA Letter and/or the 2012 Stage 3 Amendment (as relevant), require the Company to ensure that:

(i) the interest coverage ratio for each relevant period must not be less than the ratio for such relevant period as set out in the 2012 Note Purchase Agreement, being (i) between 2.00:1 and 3.50:1 for the periods expiring on or before 31 December 2021 and (ii) 3.50:1 for the periods expiring 31 March 2022 and 30 June 2022;

(ii) the leverage ratio for each relevant period must not exceed the ratio for such period as set out in the 2012 Note Purchase Agreement being (i) between 9.50:1 and 5.50:1 for the periods expiring on or before 31 March 2022 and (ii) 4.50:1 for the period expiring 30 June 2022;

(iii) the Group's consolidated net worth for each relevant period is not less than the minimum amount for that relevant period as set out in the 2012 Note Purchase Agreement, such minimum amounts being (i) between £85 million and £140 million for the periods expiring on or before 31 March 2022 and (ii) £152 million for the period ended 30 June 2022.

In addition, a minimum liquidity covenant has been included in the 2012 Note Purchase Agreement requiring the Group's stated or projected liquidity not to fall below £50 million on the last day of any financial month. The minimum liquidity covenant does not apply from the date that the financial statements of the Group for the financial year ending 30 June 2022 and corresponding compliance certificate have been delivered in accordance with the terms of the 2012 Note Purchase Agreement (or, if later, 30 September 2022).

The 2012 Note Purchase Agreement contains a most favoured nation clause that provides the noteholders with the benefit of more restrictive financial covenants and certain additional restrictions were included provided by the Company in certain other debt documents (including financial covenants not otherwise included in the 2012 Note Purchase Agreement).

The 2012 Note Purchase Agreement also provides for an increase to the amount of interest payable on the 2012 Notes by between 0.50 per cent. and 1.25 per cent., upon the occurrence of certain events as set out in the 2012 Note Purchase Agreement.

The obligations under the 2012 Notes are unsecured and certain of the Company's subsidiaries have also guaranteed the Company's obligations under the 2012 Notes by separate guarantee agreements.

Under the terms of the 2012 Note Purchase Agreement, the occurrence and continuation of certain conditions will trigger a cross default event of default, including (i) a default or another specified event in respect of financial indebtedness of any member of the Group in an amount of at least £10 million and (ii) the Trustee becoming entitled to take action under certain provisions of the PCA.

As at 31 December 2020, being the most recent covenant test date under the 2012 Note Purchase Agreement, the Company was in compliance with its financial covenants and the other terms of the 2012 Note Purchase Agreement.

As at 31 December 2020, £32.6 million of the 2012 Notes were outstanding (including the impact of cross-currency hedges).

Amendments

Pursuant to the 2012 Stage 3 Amendment, certain amendments to the 2012 Note Purchase Agreement will become effective on the Principal Debt Facilities Stage 2 Amendments Effective Date:

(i) the applicable rate shall be increased by 0.25 per cent. per annum; the existing leverage linked ratchet shall be removed;

(ii) the financial covenants shall be revised to (i) remove quarterly covenant testing, (ii) remove the consolidated net worth covenant, (iii) remove the liquidity covenant, (iv) amend the leverage ratio test levels to be set at 4.00:1 for the June 2021 testing date, 3.50:1 for the December 2021 testing date and 3.00:1 for the June 2022 testing date, and (v) amend the interest cover ratio test levels to be set at 3.00:1 for the June 2021 testing date, 3.50:1 for the December 2021 testing date and 4.00:1 for the June 2022 testing date; and

(iii) the operational flexibilities for the Group shall be loosened in accordance with the amendments made to the 2017 RCF Agreement as at that date.

Following the Principal Debt Facilities Stage 2 Amendments Effective Date, noteholders under the 2012 Notes shall be entitled to a fixed fee equal to 1.00 per cent. of each creditor's commitments as at the date of the 2012 Stage 2 NPA Letter.

15.6 ***2014 Note Purchase Agreement***

The Company is party to a note purchase agreement with certain noteholders (the "**2014 Noteholders**") dated 20 November 2014, as amended by an amendment letter dated 30 June 2016, a waiver and amendment letter dated 30 June 2020 (the "**2014 NPA Waiver Letter**") and a waiver and amendment letter dated 17 September 2020 (the "**2014 Stage 2 NPA Letter**") (the "**2014 Note Purchase Agreement**"), pursuant to which the Company issued: (i) U.S.$21 million of 4.22 per cent. senior notes maturing on 22 November 2021; (ii) £25 million of 4.14 per cent. senior notes maturing on 22 November 2021; (iii) U.S.$95 million of 4.61 per cent. senior notes maturing on 20 November 2024; and (iv) £22 million of 4.43 per cent. senior notes maturing on 20 November 2024 (collectively, the "**2014 Notes**"). The 2014 Note Purchase Agreement was further amended and restated pursuant to an amendment and restatement agreement dated 13 April 2021 (the "**2014 Stage 3 Amendment**") to include and/or permit certain amendments, permissions and waivers in connection with the Kier Living Disposal, including a pre-determined regime for the application of proceeds from the Kier Living Disposal (which is expected to be £10.3 million, and to comprise a prepayment requiring an additional make-whole payment corresponding to the present value of interest foregone, which, together with the make-whole payment on the 2012 Notes, is expected to be approximately £1 million). References in paragraph 15.5 and this paragraph 15.6 to the "2014 Note Purchase Agreement" mean the 2014 Note Purchase Agreement as amended by the 2014 Stage 3 Amendment.

The 2014 Note Purchase Agreement includes a requirement for the Company to comply with certain financial covenants and includes customary affirmative and negative covenants for U.S. private placement instruments. The financial covenants in the 2014 Note Purchase Agreement include a consolidated net worth test and others that are substantially similar to those contained in the 2017 RCF Facility Agreement.

The negative covenants imposed on the Group by the 2014 Note Purchase Agreement are substantially similar to those contained in the 2017 RCF Facility Agreement and include, subject to certain exceptions, a restriction on granting security, a restriction on incurring financial indebtedness by members of the Group which do not also guarantee the 2014 Notes and a restriction on the disposal of assets.

The 2014 Note Purchase Agreement includes interest coverage, leverage and consolidated net worth financial covenants on substantially the same basis as the 2012 Note Purchase Agreement (with certain differences reflecting the longer remaining term in respect of the 2014 Notes). In addition, a minimum liquidity covenant, a most favoured nation clause and certain additional restrictions are included in the 2014 Note Purchase Agreement on substantially the same terms as the 2012 Note Purchase Agreement.

The 2014 Note Purchase Agreement also provides for an increase to the amount of interest payable on the 2014 Notes by between 0.50 per cent. and 1.25 per cent., upon the occurrence of certain events as set out in the 2014 Note Purchase Agreement.

The obligations under the 2014 Notes are unsecured and certain of the Company's subsidiaries have also guaranteed the Company's obligations under the 2014 Notes by separate guarantee agreements.

Under the terms of the 2014 Note Purchase Agreement, the occurrence and continuation of certain conditions will trigger a cross default event of default, including (i) a default or another specified event in respect of financial indebtedness of any member of the Group in an amount of at least £10 million and (ii) the Trustee becoming entitled to take action under certain provisions of the PCA.

As at 31 December 2020, being the most recent covenant test date under the 2014 Note Purchase Agreement, the Company was in compliance with its financial covenants and the other terms of the 2014 Note Purchase Agreement.

As at 31 December 2020, £120.0 million of the 2014 Notes were outstanding (including the impact of cross-currency hedges).

Amendments

Pursuant to the 2014 Stage 3 Amendment, on the Principal Debt Facilities Stage 2 Amendments Effective Date the following amendments to the 2014 Note Purchase Agreement shall automatically come into effect:

(i) the maturity date of the 2014 Notes due November 2024 shall be extended to 31 January 2025;

(ii) the applicable rate shall increase by 0.75 per cent. per annum with an additional increase of 0.50 per cent. per annum to become effective following delivery of a compliance certificate for any relevant period ending after 31 December 2022 showing the leverage ratio for the Group is greater than 2.00:1; the existing leverage linked ratchet shall be removed;

(iii) the financial covenants shall be revised to (i) remove quarterly covenant testing, (ii) remove the consolidated net worth covenant, (iii) remove the liquidity covenant, (iv) amend the leverage ratio test levels to be set at 4.00:1 for the June 2021 testing date, 3.50:1 for the December 2021 testing date, 3.00:1 for the June 2022, December 2022, June 2023 and December 2023 testing dates and 2.50:1 thereafter, and (v) amend the interest cover ratio test levels to be set at 3.00:1 for the June 2021 testing date, 3.50:1 for the December 2021 testing date and 4.00:1 thereafter; and

(iv) the operational flexibilities for the Group shall be loosened in accordance with the amendments made to the 2017 RCF Agreement as at that date.

On the Principal Debt Facilities Stage 2 Amendments Effective Date, the Group shall make an offer to redeem a portion of the 2014 Notes at par (such offer to be made without make-whole) in an amount equal to £15 million. The Group shall make a further offer to redeem at par (without make-whole) a portion of the 2014 Notes equal to £1.7 million on each of 31 December 2022, 30 June 2023 and 31 December 2023.

Following the Principal Debt Facilities Stage 2 Amendments Effective Date, noteholders under the 2014 Notes shall be entitled to a fixed fee equal to 1.00 per cent. of each noteholder's outstanding 2014 Notes as at the date of the 2014 Stage 2 NPA Letter.

15.7 ***Supplier Finance Agreements***

15.7.1 *Supplier finance programme agreement between Lloyds TSB Bank PLC ("Lloyds") and Kier Group plc originally dated 14 March 2013 (as amended on 26 September 2013) (the "Lloyds SFP")*

Under the terms of the Lloyds SFP, Lloyds has agreed to provide the Company and certain of its wholly owned subsidiaries with a supplier finance programme.

The programme is comprised of an agreement between Kier and Lloyds (being the Lloyds SFP) and an agreement between Lloyds and certain of the Group's suppliers which Lloyds has approved. A supplier may request that Lloyds makes a payment (an "**Early Payment**") prior to the due date of the payment (the "**Maturity Date**") in respect of receivables. Lloyds is not obliged to agree to make an Early Payment but if it wishes to make an Early Payment, then, Lloyds will offer to pay to the supplier a discounted amount in relation to the receivables. If the supplier accepts the offer, then Lloyds will make an Early Payment. If Lloyds make a payment to the supplier on or after the Maturity Date, the amount payable shall be the amount received from the Group less any applicable transaction charges. In each case, the Group is required to make a payment in respect of the full amount of the receivables to Lloyds on the Maturity Date. Default interest for non-payment by the Group shall accrue at four per cent. per annum above LIBOR.

The Lloyds SFP contains an indemnity from Kier, certain repeating representations customary for a financing arrangement, some information undertakings, some general undertakings (including an undertaking on the Group to ensure that contracts with the suppliers include a prohibition on the suppliers securing the receivables in favour of third parties, an undertaking to provide certain supplier data and undertaking to introduce new suppliers to Lloyds) and certain termination events (including non-payment, material breach, the insolvency of Kier or if Kier's rating ceases to be BBB- (or equivalent or replacement as reasonably determined by Lloyds including Lloyds Banking Group's own internal risk rating)). The agreement may be terminated in whole on not less than 90 days' written notice from either Kier or Lloyds. There are also termination events under the agreement between Lloyds and the supplier, including breach of agreement, non-payment, insolvency and the insolvency of Kier.

The Lloyds SFP does not contain cross default termination events.

The aggregate amount of outstanding invoices under the Lloyds SFP may not exceed £55.4 at any time (or such other amount as agreed), and the Lloyds SFP does not limit the maximum amount of an individual invoice.

The balance of invoices under the Lloyds SFP as at 31 December 2020 was £51.9 million.

15.7.2 *Supply chain solutions, approved invoice–master buyer agreement between HSBC Bank PLC ("HSBC") and Kier Group plc dated 1 December 2015 (the "HSBC SCS–MBA")*

Under the terms of the HSBC SCS–MBA, HSBC agrees to provide the Company and some of its approved subsidiaries with a supply chain solutions approved invoice programme.

Under the HSBC SCS–MBA, HSBC may, in its absolute discretion, agree to pay a supplier for certain goods and/or services acquired by Kier as its paying agent. If it does so agree, HSBC may either: (i) pay the supplier on the payment date agreed between the supplier; or (ii) purchase the receivable or acquire cashflow rights in respect of the invoice. HSBC's obligation to pay the relevant amount will only arise once Kier has paid HSBC the relevant amount. Kier shall pay HSBC the relevant amount for the receivables on the due date of the payment (less any qualifying credit notes issued by the supplier to Kier). Default interest for non-payment by Kier accrues at 2 per cent. per annum above the local interbank rate.

The HSBC SCS–MBA contains an indemnity from Kier, certain representations, information undertakings, general undertakings (including sanctions, money-laundering etc. and an obligation on Kier to use reasonable due diligence to confirm a supplier to which the HSBC SCS–MBA applies is in full compliance with all laws and regulations applicable to it) and certain termination events (including non-payment, material breach, the insolvency of Kier). The agreement may be terminated in whole on not less than 30 days' written notice from either Kier or HSBC.

The HSBC SCS–MBA does not contain cross default termination events.

The aggregate amount of outstanding invoices under the HSBC SBC–MBA may not exceed £41.9 million at any time (or such other amount as agreed) invoice, and the HSBC SBC—MBA does not limit the maximum amount of an individual invoice.

The balance of invoices under the HSBC SBC–MBA as at 31 December 2020 was £30.2 million.

15.7.3 *Supply chain programme agreement between, among others, Banco Santander S.A., London Branch ("SLB"), Kier Construction Limited and Kier Group plc dated 11 December 2020 (the "Santander SCPA")*

Under the terms of the Santander SCPA, SLB agrees to Kier Construction Limited and any additional client that accedes to the Santander SCPA from time to time (the "**Kier Subsidiaries**") with a supply chain programme. The Company guarantees the obligations of each Kier Subsidiary under the Santander SCPA.

The Kier Subsidiaries may propose any of its suppliers of goods and/or services which satisfy certain criteria (including, to the best of the Kier Subsidiaries' knowledge and belief, that such supplier is a reputable person in good standing) to participate in the supply chain programme. SLB may approach that supplier and agree a separate supplier agreement with them, in its absolute discretion. If the Kier Subsidiaries want to purchase a receivable from a supplier, it may notify SLB. SLB may either purchase the receivables from the supplier in accordance with the relevant supplier agreement it has with the supplier or make a payment to the supplier on the due date on the invoice, provided it has received the relevant amount from the Kier Subsidiaries or the Company. The Kier Subsidiaries must pay SLB in full (less any credit notes) on the due date (or may offer to pay SLB early in respect of a receivable received by SLB and SLB may propose a price for the receivables). Default interest accrues at five per cent. per annum.

The Santander SCPA contains an indemnity from the Kier Subsidiaries, certain repeating representations (including that there has been no material adverse change in the Kier Subsidiaries' business, financial condition or prospects since the date of the Santander SCPA), some information undertakings, some general undertakings and certain termination events (including (i) the insolvency of the Kier Subsidiaries; (ii) the occurrence of a change of control event in respect of the Kier Subsidiaries or the Company; (iii) the occurrence of a substantial change to the general nature of the business of the Kier Subsidiaries or the Company, (iv) material adverse change; or (v) if any financial indebtedness of the Kier Subsidiaries or the Company is not paid when due, is declared to be or otherwise becomes due as a result of an event of default or is cancelled). The agreement may be terminated in whole on not less than 30 days' written notice from either the Kier Subsidiaries or SLB.

The Santander SCPA contains cross default termination events in relation to financial indebtedness of the Company and Kier Construction Limited (or other member of the Group that becomes a client under the SCPA).

The aggregate amount of outstanding invoices under the Santander SCPA may not exceed £27,700,000 at any time (or such other amount as agreed), and the Santander SCPA does not limit the maximum amount of an individual invoice.

The balance of invoices under the Santander SCPA as at 31 December 2020 was £27.3 million.

15.8 ***Pensions Covenant Agreement***

The Company and Kier Group Pension Trustees Limited (the "**Trustee**") are party to a pensions covenant agreement dated 17 September 2020, as amended by an amendment agreement to the pensions covenant agreement dated 16 November 2020 (the "**PCA**"). Under the terms of the PCA, the Company and Trustee have put in place a revised contribution schedule and recovery plan, and the Company has agreed (subject to disapplication by the Trustee) to certain restrictions, including in respect of payments of dividends, investments and acquisitions, disposals and further borrowings; and certain obligations, including maintenance of certain surety bond arrangements, ensuring Trustee parity with respect to finance arrangements and *pari passu* ranking with unsecured and unsubordinated creditors, aligning Scheme guarantor scope with certain borrowings, and Trustee consultation and information rights. The PCA contains cross default events of default in relation to financial indebtedness of any member of the Group of at least £10 million. On 13 April 2021, the Company and the Trustee entered into an agreement to include and/or permit certain amendments, permissions and waivers to the PCA in connection with the Kier Living Disposal (the "**PCA Amendment**"), including to agree to a special contribution to the Kier Group Schemes of £10 million.

Amendments

Pursuant to the PCA Amendment, on the Principal Debt Facilities Stage 2 Amendments Effective Date, the PCA shall be further amended to relax restrictions payments of dividends and the Company and the Trustee commit to ongoing review of the PCA and its operation following the Principal Debt Facilities Stage 2 Amendments Effective Date. Such review will include the effect of *pari passu* treatment obligations under the PCA and streamlining information sharing requirements. In addition, under the terms of the PCA Amendment, the Trustee agrees to align certain event of default provisions with those contained in the 2017 RCF Agreement (as amended as at that date and from time to time thereafter) (non-payment of amounts due under the Kier Group Schemes' funding documents and failure to comply with the PCA will continue to be events of default under the terms of the PCA).

16 Related Party Transactions

Details of the related party transactions between Kier and joint ventures, key management personnel and pension schemes in which its employees participate that were entered into during the financial years ended 30 June 2018, 2019 and 2020 are incorporated into this document by reference to the 2018, 2019 and 2020 Annual Report and Accounts, as described in Part XI of this document. During the period from 30 June 2020 to 10 May 2021 (being the latest practicable date prior to the date of this document), there were no changes in the nature of Kier's related party transactions other than the Director Subscriptions (which do not require Shareholder approval in accordance with Chapter 11 of the Listing Rules due to their size).

17 Litigation and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the previous 12 months which may have, or have had in the recent past, significant effects on the Company or the Group's financial position or profitability.

18 Working Capital

18.1 The Company is of the opinion that, taking into account the net proceeds of the Firm Placing and Placing and Open Offer and the bank and other facilities available to the Group, the Group has sufficient working capital for its present requirements, that is, for at least 12 months from the date of this document.

18.2 ***Basis of working capital statement***

The working capital statement in this document has been prepared in accordance with the ESMA Recommendations relating to working capital statements, and the technical supplement to the FCA Statement of Policy published 8 April 2020 relating to the COVID-19 crisis.

18.3 ***Impact of COVID-19***

In preparing the working capital statements above, the Company is required to identify, define and consider a reasonable worst-case scenario, which has involved making certain assumptions regarding the evolution of the COVID-19 pandemic and its potential impact on the Group.

The COVID-19 pandemic has had a significant impact on the Group's recent performance, including materially affecting the Group's turnover, profit and working capital in the final quarter of the financial year ended 30 June 2020. During this period, the Group developed revised site operating procedures, which follow Government guidance, and has subsequently continued to operate its sites through the recent national lockdowns in late 2020 and the first quarter of calendar year 2021. Nonetheless, the economic and operating environment remains more uncertain as a result of COVID-19.

Given the considerable uncertainties as to the ongoing and potential future impact of the COVID-19 pandemic on the Group and its business, the Company believes that it is appropriate to provide additional disclosure of the key COVID-19 assumptions underpinning the Group's reasonable worst-case scenario, whilst also noting that changes in these assumptions could have a material impact on the financial performance and financial position of the Group.

18.4 ***COVID-19 reasonable worst-case assumptions***

In preparing its reasonable worst-case scenario, the Group has assumed that there are no national or regional closures of the Group's sites, but its operating environment will be characterised by significant challenges related to the pandemic, for the duration of the working capital forecast period. These challenges are assumed to result in delays in new work being tendered and new projects starting across all of its divisions, delays in the completion of existing secured and in-progress projects, and incremental costs and reduced margins on projects. In light of these assumptions, the Group has reflected the following sensitivities in preparing the reasonable worst-case scenario:

- Reductions in revenues, attributable to delays in tendering and/or completion of projects, leading to a reduction in adjusted operating profit of 21 per cent. in the financial year ending 30 June 2021, 34 per cent. in the financial year ending 30 June 2022 and 36 per cent. in the six months ending 31 December 2022, compared to the Group's internal adjusted operating profit projections; and

- Additional reductions in adjusted operating profits, as a result of incremental costs and reduced margins on projects, of 25 per cent. in the financial year ending 30 June 2021, 9 per cent. in the financial year ending 30 June 2022 and 17 per cent. in the six months ending 31 December 2022, compared to the Group's internal projections, the impact of which is mitigated by the release of applicable contingencies and other actions within management's control, including non-payment of bonus and payroll savings, to reduce the Group's cost base by 31 per cent. in the financial year ending 30 June 2021, 33 per cent. in the financial year ending 30 June 2022 and 40 per cent. in the six months ending 31 December 2022, compared to the Group's internal adjusted operating profit projections.

19 No Significant Change

Save as set out in paragraph 19.1 below, there has been no significant change in the financial position or performance of the Group since 31 December 2020, the date to which the Group's latest unaudited consolidated interim financial statements were prepared.

19.1 On 16 April 2021, the Group announced entry into a sale and purchase agreement in respect of the Kier Living Disposal. In the 2021 Interim Statement, the assets and liabilities of Kier Living are classified as held for sale, with assets of £234.8 million and liabilities of £124.8 million at 31 December 2020.

The Group's shareholders approved the Kier Living Disposal at the general meeting of the Group on 7 May 2021.

20 Consents

20.1 PricewaterhouseCoopers LLP has given and not withdrawn its written consent to the inclusion of its Accountant's Report on the Unaudited Pro Forma Financial Information in Section B of Part VIII ("*Unaudited Pro Forma Financial Information*") of this document and has authorised the contents of the part of this document which comprise its report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules.

21 Miscellaneous

21.1 The total fees, costs and expenses payable by the Company in connection with the Firm Placing and Placing and Open Offer are estimated to amount to approximately £12.7 million (including VAT).

21.2 Each New Share is expected to be issued at a premium of 8,400 per cent. to its nominal value of 1 pence.

21.3 Where information included in this document has been sourced from a third party, Kier confirms that the information has been accurately reproduced and, as far as Kier is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party information has been used in this document, the source of such information has been identified wherever it appears.

22 Documents Available for Inspection

Copies of the following documents are available for inspection on the Company's website (www.kier.co.uk) up to completion of the Placing and Open Offer:

(a) the up-to-date Articles of Association;

(b) the consent letter referred to in paragraph 20 above;

(c) the unaudited pro forma financial information of the Group and the report from PricewaterhouseCoopers LLP thereon contained in Part VIII of this document;

(d) the information incorporated by reference into this document, as described in Part XI of this document; and

(e) this document.

Dated: 13 May 2021

PART XI

INFORMATION INCORPORATED BY REFERENCE

The following documentation, which was sent to Shareholders at the relevant time and/or is available as described below, contains information that is relevant to the Capital Raise:

1 The 2020, 2019 and 2018 Annual Report and Accounts

These contain the audited consolidated financial statements of Kier for the financial years ended 30 June 2020, 2019 and 2018, prepared in accordance with IFRS, together with audit reports in respect of each such year.

2 Other

The table below sets out the various sections of the documents referred to above which are incorporated by reference into this document, so as to provide the information required pursuant to Annex I and Annex III to the Prospectus Regulation Rules and to ensure that Shareholders and others are aware of all information which, according to the particular nature of the Company and of the New Shares, is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company and of the Group and of the rights attaching to the New Shares:

Reference document	Information incorporated by reference	Page number(s) in reference document
2021 Interim Statement	Independent review report	17 and 18
	Operational Review	7-9
	Financial Review	10-15 (inclusive)
	Consolidated income statement	19
	Consolidated statement of comprehensive income	20
	Consolidated statement of changes in equity	21
	Consolidated balance sheet	22
	Consolidated cash flow statements	23
	Notes to the interim financial statements	24-40 (inclusive)
2020 Annual Report and Accounts	Independent auditors' report	126-136- (inclusive)
	Strategic Report, Our business	2 and 3
	Strategic Report, Chief Executive's Review	6-11 (inclusive)
	Strategic Report, Our business model	24 and 25
	Strategic Report, Key Performance Indicators	30 and 31
	Strategic Report, Financial Review	64-71 (inclusive)
	Consolidated income statement	137
	Consolidated statement of comprehensive income	138
	Consolidated statement of changes in equity	139
	Consolidated balance sheet	140
	Consolidated cash flow statements	141
	Notes to the consolidated financial statements	142-204 (inclusive) and 212-213

Reference document	Information incorporated by reference	Page number(s) in reference document
2019 Annual Report and Accounts	Independent auditors' report	106-111 (inclusive)
	Strategic Report, Chief Executive's Review	6-10 (inclusive)
	Strategic Report, Key Performance Indicators	18 and 19
	Strategic Report, Business Review	38-40 (inclusive)
	Strategic Report, Financial Review	41-47 (inclusive)
	Consolidated income statement	112
	Consolidated statement of comprehensive income	113
	Consolidated statement of changes in equity	114
	Consolidated balance sheet	115
	Consolidated cash flow statements	116
	Notes to consolidated financial statements	117-179 (inclusive) & 187 to 193 (inclusive)
2018 Annual Report and Accounts	Independent auditors' report	111-117 (inclusive)
	Consolidated income statement	118
	Consolidated statement of comprehensive income	119
	Consolidated statement of changes in equity	120
	Consolidated balance sheet	121
	Consolidated cash flow statements	122
	Notes to the consolidated financial statements	123-175 (inclusive)

Parts of the documents from which the information incorporated by reference have been incorporated are not set out above because they are either not relevant or are covered elsewhere in this document. No part of the 2021 Interim Statement, the 2020 Annual Report and Accounts, the 2019 Annual Report and Accounts and the 2018 Annual Report and Accounts is incorporated herein expect as expressly stated above. The 2021 Interim Statement, the 2020 Annual Report and Accounts, the 2019 Annual Report and Accounts and the 2018 Annual Report and Accounts are available for inspection in accordance with paragraph 22 of Part X of this document. These documents are also available on Kier's website at https://www.kier.co.uk.

Where the information incorporated by reference makes reference to other documents, such other documents are not incorporated into, and do not form part of, this document.

PART XII

DEFINITIONS

2012 Note Purchase Agreement	note purchase agreement dated 20 December 2012, as amended by an amendment letter dated 22 April 2013, an amendment letter dated 26 February 2014 and an amendment letter dated 30 June 2016
2012 Noteholders	holders of the 2012 Notes
2012 Notes	the following notes issued by the Company, pursuant to the 2012 Note Purchase Agreement: (i) £25 million of 4.24 per cent. senior notes maturing on 20 December 2019; (ii) £20 million of 4.84 per cent. senior notes maturing on 20 December 2022; (iii) U.S.$8 million of 4.26 per cent. senior notes maturing on 20 December 2019; and (iv) U.S.$20 million of 4.83 per cent. senior notes maturing on 20 December 2022
2012 Stage 1 NPA Waiver Letter	the letter described in paragraph 15.5 of Part X of this document
2012 Stage 2 NPA Letter	the letter described in paragraph 15.5 of Part X of this document
2014 Note Purchase Agreement	note purchase agreement dated 20 November 2014, as amended by an amendment letter dated 30 June 2016
2014 Noteholders	holders of the 2014 Notes
2014 Notes	the following notes issued by the Company, pursuant to the 2014 Note Purchase Agreement: (i) U.S.$21 million of 4.22 per cent. senior notes maturing on 22 November 2021; (ii) £25 million of 4.14 per cent. senior notes maturing on 22 November 2021; (iii) U.S.$95 million of 4.61 per cent. senior notes maturing on 20 November 2024; and (iv) £22 million of 4.43 per cent. senior notes maturing on 20 November 2024
2014 NPA Waiver Letter	the letter described in paragraph 15.6 of Part X of this document
2014 Stage 2 NPA Waiver Letter	the letter described in paragraph 15.6 of Part X of this document
2017 RCF Facility	the revolving credit facility described in paragraph 15.3 of Part X of this document
2017 RCF Facility Agreement	the revolving credit facility agreement described in paragraph 0 of Part X of this document
2018 Annual Report and Accounts	the annual report and accounts prepared by the Company for the financial year ended 30 June 2018
2018 Financial Statements	audited consolidated financial statements of the Company included as of and for the year ended 30 June 2018
2019 Annual Report and Accounts	the annual report and accounts prepared by the Company for the financial year ended 30 June 2019
2019 Financial Statements	audited consolidated financial statements of the Company included as of and for the year ended 30 June 2019
2020 Annual Report and Accounts	the annual report and accounts prepared by the Company for the financial year ended 30 June 2020
2021 Interim Statement	unaudited consolidated interim financial statements of the Company for the six months ended 31 December 2020

2020 Financial Statements	audited consolidated financial statements of the Company included as of and for the year ended 30 June 2020
Admission	admission of the New Shares to (i) the Official List and (ii) trading on the London Stock Exchange's main market for listed securities
Application Form	the application form to be issued to Qualifying Non-CREST Shareholders (other than to certain Overseas Shareholders) for use in connection with the Open Offer
AQRT	the FRC's Audit Quality Review team
Articles or **Articles of Association**	the articles of association of the Company, which are described in paragraph 4 of Part X of this document
Business Day	a day (other than a Saturday or Sunday) on which banks are open for general business in London
Capital Raise	the Firm Placing and Placing and Open Offer and the Director Subscriptions
CCSS	the CREST Courier and Sorting Service established by Euroclear to facilitate, amongst other things, the deposit and withdrawal of securities
certificated or **in certificated form**	a share or other security which is not in uncertificated form (that is, not in CREST)
Chairman	the chairman of the Company, Matthew Lester
Closing Price	the closing, middle market quotation of an Existing Share, as published in the Daily Official List
Companies Act	Companies Act 2006
Company or **Kier**	Kier Group plc, a public limited company incorporated under the laws of England and Wales
Conditional Placee	any person who has agreed to conditionally subscribe for Open Offer Shares (subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders under the Open Offer) pursuant to the Placing
Corporate Governance Code	the UK Corporate Governance Code (July 2018 edition) produced by the Financial Reporting Council
CREST	the relevant system (as defined in the CREST Regulations) for the paperless settlement of trades in listed securities in the United Kingdom, of which Euroclear is the operator (as defined in the CREST Regulations)
CREST Manual	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure, CREST Glossary of Terms and CREST Terms and Conditions (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since)

CREST member	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
CREST sponsor	a CREST participant admitted to CREST as a CREST sponsor
CREST sponsored member	a CREST member admitted to CREST as a sponsored member
CRRT	the FRC's Corporate Reporting Review team
CSAP	the Kier Group plc Conditional Share Award Plan 2017
DBA	the deferred bonus arrangements summarised in paragraph 10.5 of Part X of this document
Directors or **Board**	the Executive Directors and Non-Executive Directors as at the date of this document
Directors Subscriptions	the subscription for the Subscription Shares by certain Directors, further details of which are contained in paragraph 6.2 "*Directors' participation in the Capital Raise*" of Part X "*Additional Information*"
Disclosure Guidance and Transparency Rules	the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority
Distributor	a distributor for the purposes of MiFID II (EU Directive 2014/65/EU) and any subsequent technical advice or guidance issued by ESMA
EBITDA	earnings before interest, tax, depreciation and amortisation
EEA	the European Economic Area
Enlarged Share Capital	the expected issued ordinary share capital of Kier immediately following the issue of the New Shares
EU	European Union
Euroclear	Euroclear UK & Ireland Limited
Excess Application Facility	the arrangement pursuant to which Qualifying Shareholders may apply for Open Offer Shares in excess of their Open Offer Entitlement
Excess Open Offer Entitlement	in respect of each Qualifying Shareholder who has taken up his or her Open Offer Entitlement in full, the entitlement (in addition to the Open Offer Entitlement) to apply for further Open Offer Shares pursuant to the Open Offer up to maximum amount equal to such Qualifying Shareholder's Open Offer Entitlement
Exchange Act	United States Exchange Act (1934), as amended
Excluded Territories	the Commonwealth of Australia, its territories and possessions, each province and territory of Canada, Japan and the Republic of South Africa and any other jurisdiction where the extension into or availability of the Firm Placing and Placing and Open Offer would breach any applicable law
Executive Directors	the executive directors of the Company as at the date of this document
Ex-Entitlement Date	14 May 2021

Existing Holding	a Qualifying Shareholder's holding of Shares on the Record Date
Existing Shares	the Shares in issue immediately preceding the issue of the New Shares
Financial Conduct Authority or **FCA**	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
Firm Placee	any person who has agreed to subscribe for Firm Placing Shares pursuant to the Firm Placing
Firm Placing	the firm placing of the Firm Placing Shares, as described in this document
Firm Placing Shares	the 141,851,386 Shares to be issued by Kier pursuant to the Firm Placing
Form of Proxy	the form of proxy enclosed with this document for use in connection with the General Meeting
FRC	the Financial Reporting Council
FSMA	the Financial Services and Markets Act 2000, as amended
General Meeting	the general meeting of the Company to be held at 10.00 a.m. on 16 June 2021 at the Tungsten Building, Central Boulevard, Blythe Valley Park, Solihull B90 8AU, notice of which is set out on pages 171 to 174 (inclusive) of this document
Group	the Company and its subsidiary undertakings and, where the context requires, its associated undertakings from time to time
Historic Financial Information	the audited consolidated financial statements of the Company included in the 2020, 2019 and 2018 Annual Report and Accounts, together with the audit opinions thereon, as set out in Part V and Part XI of this document
HMRC	Her Majesty's Revenue and Customs
HSBC	HSBC Bank plc
HSBC SCS—MBA	the supply solutions, approved invoice—master buyer agreement described in paragraph 15.7.2 of Part X of this document
IFRS	International Financial Reporting Standards as adopted by the European Union
Individual Shareholder Limit	the principle that no Qualifying Shareholder may receive a number of Open Offer Shares that (i) would result in such Qualifying Shareholder's aggregate interest in Shares exceeding 29.9 per cent. of the entire issued share capital of the Company immediately after Admission and/or (ii) would require the approval of the Shareholders pursuant to Listing Rule 11
ISIN	International Securities Identification Number
Issue Price	85 pence
JerseyCo	Kite (Jersey) Limited, registered in Jersey with company number 134223 and having its registered office at 22 Grenville Street, St Helier, Jersey JE4 8PX

Joint Bookrunners	Numis and Peel Hunt
KI&OL	Kier Infrastructure and Overseas Limited
Kier Living Disposal	sale of all shares in Kier Living Limited pursuant to a sale and purchase agreement entered into on 16 April 2021 with Foster BidCo Limited, a newly formed company ultimately owned by Guy Hands, the Founder, Chairman and Chief Investment Officer of Terra Firma
KISL	Kier Integrated Services Limited
LIBOR	the London interbank offered rate
Listing Rules	the listing rules of the Financial Conduct Authority
Lloyds	Lloyds Bank PLC
Lloyds SFP	the supplier finance programme agreement described in paragraph 15.7.1 of Part X of this document
London Stock Exchange	London Stock Exchange plc
LTIPs	the Kier Group plc 2010 Long-Term Incentive Plan and the Kier Group plc 2020 Long-Term Incentive Plan
MAR	the Market Abuse Regulation (EU) No 596/2014 (as it forms part of retained EU law as defined in the EU (Withdrawal) Act 2018)
May Gurney	May Gurney Integrated Services PLC
May Gurney SIP	the May Gurney Integrated Services PLC Share Incentive Plan
Money Laundering Regulations	Money Laundering Regulations 2007 (SI 2007/2157)
New Shares	the 284,049,829 new Shares which the Company will allot and issue pursuant to the Capital Raise, comprised of the Firm Placing Shares, the Open Offer Shares and the Subscription Shares
Non-CREST Shareholders	Shareholders holding Shares in certificated form
Non-Executive Directors	the non-executive directors of the Company as at the date of this document
Notice of General Meeting	the notice of General Meeting set out in this document
Numis	Numis Securities Limited
Official List	the Official List of the FCA
Open Offer	the invitation to Qualifying Shareholders to subscribe for the Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in this document (and, in the case of Qualifying Non-CREST Shareholders only, the Application Form)
Open Offer Entitlement	a Qualifying Shareholder's entitlement to subscribe for 7 Open Offer Shares for every 8 Existing Shares held by them pursuant to the Open Offer
Open Offer Shares	the 141,851,386 Shares to be issued by Kier pursuant to the Placing and Open Offer

Option Agreement	the agreement described in 15.2 of Part X of this document
Overseas Shareholders	Qualifying Shareholders with registered addresses in, or who are citizens, residents or nationals of, jurisdictions outside of the United Kingdom
Peel Hunt	Peel Hunt LLP
Placee	a Conditional Placee or a Firm Placee
Placing	the conditional placing of the Open Offer Shares as described in this document
PRA	the Prudential Regulation Authority
Principal Debt Facilities	The 2017 RCF Facility, the Third *Schuldschein* Loan, the 2012 Notes and the 2014 Notes
Principal Debt Facilities Stage 1 Amendments	provisions of the RCF Stage 3 Amendment, the SSD3 Stage 3 Amendment, the 2012 Stage 3 Amendment and the 2014 Stage 3 Amendment that became effective on 13 April 2021
Principal Debt Facilities Stage 2 Amendments	provisions of the RCF Stage 3 Amendment, the SSD3 Stage 3 Amendment, the 2012 Stage 3 Amendment and the 2014 Stage 3 Amendment that would become effective on the Principal Debt Facilities Stage 2 Amendments Effective Date
Principal Debt Facilities Stage 2 Amendments Effective Date	the effective date described in paragraph 15.3 of Part X of this document
Prospectus Delegated Regulation	Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation (as it forms part of retained EU law as defined in the EU (Withdrawal) Act 2018)
Prospectus Regulation	Regulation (EU) 2017/1129 and amendments thereto (as it forms part of retained EU law as defined in the EU (Withdrawal) Act 2018)
Prospectus Regulation Rules	means the Prospectus Regulation Rules made by the FCA, as from time to time amended and includes, where appropriate, relevant provisions of the Prospectus Regulation as referred to or incorporated within the Prospectus Regulation Rules and "PRR" is a reference to any one of the Prospectus Regulation Rules
PwC	PricewaterhouseCoopers LLP
Qualifying CREST Shareholders	Qualifying Shareholders holding Shares in uncertificated form
Qualifying Non-CREST Shareholders	Qualifying Shareholders holding Shares in certificated form
Qualifying Shareholders	Shareholders (other than in respect of treasury shares) on the register of members of the Company at the Record Date
RCF Stage 1 Waiver Letter	the letter described in paragraph 15.3 of Part X of this document
RCF Stage 2 Letter	the letter described in paragraph 15.3 of Part X of this document
Receiving Agent	Link Group, a trading name of Link Market Services Limited
Record Date	close of business on 12 May 2021

Reference Date	10 May, being the latest practicable date before the date of this document
Registrar	Link Group
Regulation S	Regulation S under the Securities Act
Regulatory Information Service	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
Reporting Accountants	PricewaterhouseCoopers LLP
Resolutions	the resolutions to be proposed at the General Meeting in connection with the Capital Raise, notice of which is set out on pages 171 to 174 (inclusive) of this document
RIS	the UK government's Road Investment Strategy
RIS1	RIS period set to run through 2020
RIS2	RIS period set to run through 2025
Rothschild & Co	N.M. Rothschild & Sons Limited, a company incorporated in England with registered number 00925279, whose registered office is at New Court, St Swithin's Lane, London EC4N 8AL
Santander	Banco Santander, S.A.
Santander SCPA	the supply chain programme agreement described in paragraph 15.7.3 of Part X of this document
***Schuldschein* Facilities**	the facilities available under the *Schuldschein* Loan Agreements
***Schuldschein* Loan Agreements**	the First *Schuldschein* Loan Agreement, the Second *Schuldschein* Loan Agreement, the Third *Schuldschein* Loan Agreement, and the Fourth *Schuldschein* Loan Agreement
SDRT	Stamp Duty Reserve Tax
SEC	the United States Securities and Exchange Commission
Securities Act	the U.S. Securities Act of 1933, as amended
SEDOL	Stock Exchange Daily Official List
Senior Managers	Alpna Amar, Liam Cummins, Joe Incutti, Barry McNicholas, Mark Pengelly, Helen Redfern, Leigh Thomas, Sophie Timms and Stuart Togwell
Share	an ordinary share of 1 pence each in the capital of the Company having the rights set out in the Articles, as described in paragraph 3 of Part X of this document
Shareholders	holders of Shares
Sharesave Scheme	the schemes or plans described in paragraph 10.3 of Part X of this document
Share Schemes	the schemes or plans described in paragraph 10 of Part X of this document
SHE	safety, health and environment

SIP	the Kier Group All Employee Share Incentive Plan
Sponsor	Rothschild & Co
SSD1 Stage 1 Waiver Letter	the letter described in paragraph 15.4.1 of Part X of this document
SSD1 Stage 2 Letter	the letter described in paragraph 15.4.1 of Part X of this document
SSD2 Stage 1 Waiver Letter	the letter described in paragraph 15.4.2 of Part X of this document
SSD2 Stage 2 Letter	the letter described in paragraph 15.4.2 of Part X of this document
SSD3 Stage 1 Waiver Letter	the letter described in paragraph 15.4.3 of Part X of this document
SSD3 Stage 2 Letter	the letter described in paragraph 15.4.3 of Part X of this document
SSD4 Stage 1 Waiver Letters	the letter described in paragraph 15.4.4 of Part X of this document
SSD4 Stage 2 Letters	the letter described in paragraph 15.4.4 of Part X of this document
SSD Extended Maturity Date	extended maturity date of the Second *Schuldschein* Loan Agreement and the Fourth *Schuldschein* Loan Agreement to the earlier of (i) the date falling three business days after the date of receipt of proceeds from the Kier Living Disposal and any equity raise and (ii) 31 October 2021
Subscription and Transfer Agreement	the agreement described in 15.2 of Part X of this document
Subscription Letter	the subscription letters dated on or prior to the date of this document entered into between the Company and each of the Directors who are participating in the Director Subscriptions or their closely associated persons
Subscription Shares	the 347,057 Shares to be issued by Kier pursuant to the Director Subscriptions
this document	this prospectus issued by the Company in respect of the Firm Placing and Placing and Open Offer, together with any supplements or amendments thereto
UK or **United Kingdom**	the United Kingdom of Great Britain and Northern Ireland
UK Takeover Code	UK City Code on Takeovers and Mergers
uncertificated or **in uncertificated form**	recorded on the register of members as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
Underwriting Agreement	the Underwriting Agreement described in paragraph 14.1 of Part X of this document
United States or **U.S.**	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
VAT	value added tax
Withdrawal Agreement	the withdrawal agreement between the UK and EU governments setting out the terms of the United Kingdom's exit from the European Union

NOTICE OF GENERAL MEETING

Kier Group plc

(incorporated and registered in England and Wales with registered number 02708030)

Notice is hereby given that a general meeting of Kier Group plc (the "**Company**") will be held at 10:00 a.m. on 16 June 2021 at the Tungsten Building, Central Boulevard, Blythe Valley Park, Solihull B90 8AU (the "**General Meeting**") for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

That:

1. (a) the terms of:

   (i) the proposed issue by way of firm placing of 141,851,386 new ordinary shares of 1 pence each in the capital of the Company (the "**Firm Placing**");

   (ii) the proposed issue by way of placing and open offer of 141,851,386 new ordinary shares of 1 pence each in the capital of the Company (the "**Placing and Open Offer**" and, together with the Firm Placing, the "**Firm Placing and Placing and Open Offer**"); and

   (iii) the proposed issue of 347,057 new ordinary shares of 1 pence each in the capital of the Company to certain directors of the Company (the "**Director Subscriptions**" and, together with the Firm Placing and Placing and Open Offer, the "**Capital Raise**"),

   each at an issue price of 85 pence per new ordinary share (which is a discount of 17.0 per cent. to the closing price of 102.4 pence per share on the last business day before the announcement of the Capital Raise), as described in the combined circular and prospectus of which the Notice of this General Meeting forms part (the "**Prospectus**"),be and are hereby approved; and

   (b) the board of directors of the Company be and are hereby empowered to implement the Capital Raise on the basis described in the Prospectus and be and are generally and unconditionally authorised to exercise all powers of the Company as necessary in connection with the implementation of the Capital Raise; and

2. subject to and conditional upon Resolution 1 above being duly passed and admission to the premium listing segment of the Official List and to trading on the London Stock Exchange plc's main market for listed securities, respectively, of the new ordinary shares of 1 pence each to be issued by the Company in connection with the Capital Raise, and in addition to all existing authorities:

   the directors of the Company be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to a nominal amount of £2,840,498.30 pursuant to or in connection with the Capital Raise,

   such authority to apply until the conclusion of the annual general meeting of the Company to be held in 2021, but, in each case, so that the Company may, before such expiry, make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority given by this resolution has expired.

By order of the board of directors of the Company:

Phil Higgins
Company Secretary
Kier Group plc

13 May 2021

Registered office:
81 Fountain Street
Manchester
England
M2 2EE
Registered Number: 2708030
www.kier.co.uk

Notes:

COVID-19

1. The Board is monitoring closely the evolving COVID-19 situation and public health concerns in the United Kingdom and elsewhere and will continue to have regard to developments ahead of the General Meeting. At present, uncertainty remains on the level of freedom we will have to travel and meet in a group by the date of the General Meeting due to the COVID-19 pandemic. In light of the current guidance related to physical meetings and bearing in mind the importance of the safety of our Shareholders and colleagues, Shareholders are strongly encouraged not to attend the General Meeting in person. Further details relating to the format of and arrangements for Shareholder engagement at the General Meeting are set out in paragraph 7 of Part I of the document, of which this notice of General Meeting forms part. The Board will keep the situation under review and may need to make further changes to the arrangements relating to the General Meeting, including how it is conducted. Shareholders should continue to monitor the Company's website and announcements for any updates in relation to the General Meeting.

Webcast, Telephone and Questions

2. The Company will hold a live webcast of the General Meeting for shareholders at www.kier.co.uk/investors. To be able to attend the webcast, shareholders should register by no later than 5.00 p.m. on 15 June 2021. Details of how to do so are on the Company's website.

3. Shareholders may also dial in to the General Meeting and will be able to ask questions to the Chairman during the meeting over the phone. If you are calling from within the UK, please dial 0203 936 2999; you will be charged at your standard geographic rate. If you are calling from outside the UK, please dial +44 203 936 2999; you will be charged at the applicable international rate. The access code for the telephone call is 799437. There is no need to register to join the telephone call.

4. Alternatively, Shareholders may submit questions which the Chairman or another Director of the Company will endeavour to answer during the meeting and we may group questions together to do so. If you have any questions, please send them before the meeting to cosec@kier.co.uk, together with your investor code (IVC) which can be found on your share certificate. Questions can also be asked during the meeting via email to cosec@kier.co.uk.

5. Shareholders are advised to check the Company's website for any changes to these arrangements.

Proxy appointment

6. Shareholders are strongly encouraged to vote on the resolutions to be proposed at the General Meeting. However, in light of the guidance regarding precautions to be taken in light of the COVID-19 outbreak (see Note 1 above), Shareholders are strongly encouraged to vote by proxy and raise questions in advance of, and during, the General Meeting by email, or during the meeting by telephone.

7. A Shareholder is entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend and to speak and vote at the meeting. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. We strongly encourage all Shareholders to appoint the Chairman of the General Meeting as their proxy to vote on their behalf at the meeting. Depending on continued restrictions on public gatherings or other government measures at the time of the General Meeting, it may not be possible for other named proxies to physically attend.

8. A form of proxy is enclosed. To appoint a proxy, either (i) you must return the completed and signed form of proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), to Link Group PXS at 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL (using the enclosed prepaid envelope), or (ii) the proxy appointment must be registered electronically on the website at www.signlashares.com (enter 'Kier Group plc' into the searchbox, click 'Search' and click on the Company's name to be taken to the login page. From there, shareholders can log into their Link share portal account or register for the Link share portal by following the on-screen instructions. Shareholders will need their Investor Code (IVC) which can be found on their share certificate), in each case so as to be received no later than 10.00 a.m. on 14 June 2021. CREST members who wish to appoint a proxy through the CREST electronic proxy appointment services may do so. See Notes 16 to 19 (inclusive) to below.

Nominated persons

9. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ("**Nominated Persons**"). Nominated Persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

Information about shares and voting

10. At the meeting, votes will be taken by poll rather than on a show of hands. All votes cast at the meeting will be added to those that were validly lodged with the registrars prior to the meeting.

11. Shareholders are entitled to attend and vote at general meetings of the Company. The total number of issued ordinary shares in the Company on 10 May 2021 (being the latest practicable date prior to the date of this document) is 162,115,870, carrying one vote each on a poll. Therefore, the total number of votes exercisable as at 10 May 2021 is 162,115,870. There are no shares held in treasury.

Right to attend and vote and proxies

12. Entitlement to attend and vote at the meeting, and the number of votes which may be cast at the meeting, will be determined by reference to the Company's register of members at the close of business on 14 June 2021 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting (as the case may be). In each case, changes to the register of members after such time will be disregarded.

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

14. Shareholders may change their proxy instructions by submitting a new proxy appointment using the methods set out or referred to in these Notes. The cut-off times for receipt of proxy appointments set out in these Notes also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

    Where a shareholder has appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, it should contact Link Group 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 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. If more than one valid proxy appointment is submitted, the appointment received last before the latest time for the receipt of proxies will take precedence.

15. In order to revoke a proxy instruction, a shareholder will need to inform the Company by sending a signed hard copy notice clearly stating its intention to revoke its proxy appointment to Link Group PXS at 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL. In the case of a shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

    The revocation notice must be received by no later than 10.00 a.m. on 14 June 2021. If a shareholder attempts to revoke its proxy appointment but the revocation is received after the time specified then the original proxy appointment will remain valid.

    Termination of proxy appointments made through CREST must be made in accordance with the procedures described in the CREST manual.

CREST members

16. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by following the procedures described in the CREST manual. The CREST manual can be found at www.euroclear.com. CREST personal members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

17. 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's specifications and must contain the information required for such instructions, as described in the CREST manual (available via www.euroclear.com/CREST). The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Link Group (ID RA10) by no later than 10.00 a.m. on 14 June 2021. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer's 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 a proxy appointed through CREST should be communicated to him by other means.

18. CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear 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, to procure that his/her CREST sponsor or voting service provider takes) 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.

19. 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.

Corporate representatives

20. Any corporation which is a shareholder 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.

Questions

21. Shareholders and their proxies will have the opportunity to ask questions prior to and during the General Meeting via email to cosec@kier.co.uk or during the meeting by telephone using the details in Note 3 above. 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 (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (ii) the answer has already been given on a website in the form of an answer to a question, or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Website information

22. Pursuant to Chapter 5 of Part 16 of the 2006 Act, where requested by either a member or members meeting the threshold requirements set out in section 527 of that Chapter 5, the Company must publish on its website a statement setting out any matter that such member or members propose(s) to raise at the Meeting relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting.

Where the Company is required to publish such a statement on its website, it may not require the members making the request to pay any expenses incurred by the Company in complying with the request. It must forward the statement to the Company's auditor no later than the time the statement is made available on the Company's website and the statement may be dealt with as part of the business of the Meeting.

23. A copy of this notice and other information required by section 311A of the Companies Act 2006 can be found at www.kier.co.uk. and can be accessed via the Investor Relations section of such website. This includes:

    (a) the matters set out in this notice;

    (b) the total number of shares in the Company in respect of which members are entitled to exercise voting rights at the Meeting; and

    (c) the total of the voting rights that members are entitled to exercise at the Meeting.

    Any members' statements, members' resolutions and members' matters of business received by the Company after the date of this notice will be added to the information already available on the website as soon as reasonably practicable and will also be made available for the following two years.

Use of electronic address

24. Members may not use any electronic address provided in either this notice of meeting or any related documents (including the enclosed form of proxy) to communicate with the Company for any purposes other than those expressly stated.

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