

THIS ANNOUNCEMENT, INCLUDING THE APPENDICES AND THE INFORMATION CONTAINED HEREIN, IS RESTRICTED AND IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, CANADA, AUSTRALIA, THE REPUBLIC OF SOUTH AFRICA, JAPAN, NEW ZEALAND OR ANY JURISDICTION IN WHICH THE SAME WOULD BE UNLAWFUL. THIS ANNOUNCEMENT SHALL NOT CONSTITUTE AN OFFER TO SELL OR ISSUE OR THE SOLICITATION TO BUY, SUBSCRIBE FOR OR OTHERWISE ACQUIRE ANY ORDINARY SHARES OF PRIVATE & COMMERCIAL FINANCE GROUP PLC IN ANY JURISDICTION IN WHICH ANY SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL.

17 March 2017

Private & Commercial Finance Group plc
(“PCFG”, the “Company” or the “Group”)

Proposed Placing and Open Offer
Change of dividend timetable
and
Notice of General Meeting

Proposed Placing to raise a minimum of £10.0 million for the Company and Open Offer to raise up to £0.5 million

PCFG (AIM: PCF), the AIM-quoted specialist bank, today announces a proposed placing to raise gross proceeds of not less than £10 million (the "Placing") through the issuance of new Ordinary Shares of 5 pence each in the Company (the "Placing Shares"). It is expected that the Placing Shares will be priced at, or around, 25 pence each (the "Issue Price"). The Company's majority Shareholder, Bermuda Commercial Bank Limited ("BCB") has indicated that it (or its parent company, Somers Limited) intends to subscribe for Placing Shares in the Placing. In addition, certain Directors of the Company are intending to subscribe for Placing Shares in the Placing.

The net proceeds for the Placing will allow the Group to maintain the level of regulatory capital and liquidity the Group is required to hold as agreed with the PRA and FCA pursuant to the Group's authorisation on 6 December 2016 for a banking licence. The net proceeds will be used to purchase high quality liquid assets to maintain predetermined liquidity ratios for retail deposit taking and operate comfortably within the relevant regulatory capital regime. The net proceeds will also provide adequate capital for growth plans over the medium term as well as providing working capital to support the costs of mobilisation, including IT infrastructure.

The Placing will be conducted by way of an accelerated bookbuild (the "Bookbuild"), which will be launched immediately following this announcement in accordance with the Terms and Conditions set out in Appendix II. Panmure Gordon (UK) Limited ("Panmure Gordon") will be acting as nominated adviser and joint bookrunner, and Stockdale Securities Limited ("Stockdale") will be acting as joint bookrunner, in connection with the Bookbuild. The Placing will be made to new and existing eligible institutional and other investors, and the books are expected to close no later than 4.30 p.m. London time on 17 March 2017. Details of the number of Placing Shares, the Issue Price and the approximate

gross proceeds of the Placing will be announced as soon as practicable after the closing of the Bookbuild. The Placing will not be underwritten.

In addition to the Placing, in order to provide Qualifying Shareholders with an opportunity to participate at the Issue Price, the Company is intending to launch an open offer to all Qualifying Shareholders to give them the opportunity to subscribe for new Ordinary Shares (“Open Offer Shares”) at the Issue Price to raise up to £0.5 million, with the number of Open Offer Shares to be determined following confirmation of the Issue Price. Qualifying Shareholders subscribing for their full entitlement under the Open Offer may also request further Open Offer Shares through an Excess Application Facility. The Open Offer will not be underwritten. The net proceeds of the Open Offer receivable by the Company will be utilised to further support the bank mobilisation and the next stage of the Group’s development.

The terms and conditions of the Open Offer, including the Excess Application Facility, will be set out in the Circular to Shareholders, which will also include a notice convening a General Meeting. The Circular will set out the reasons for, and provide further information on, the Transaction, to explain why the Board considers the Transaction to be in the best interests of the Company and its Shareholders as a whole and why the Directors unanimously recommend that Shareholders vote in favour of the Resolutions. It is expected that the Circular will be dispatched on or around 20 March 2017, and will also be available at this time on the Company's website at www.pcfg.co.uk.

The Placing and Open Offer are conditional, *inter alia*, on the approval of the relevant Resolutions by Shareholders at the General Meeting to be held at 10.00 a.m. on 6 April 2017 at the Company’s offices at 105 - 108 Old Broad Street, London EC2N 1ER and on the Admission of the New Shares to trading on AIM. It is expected that Admission will become effective and that dealings in the New Shares will commence at 8.00 a.m. on 7 April 2017.

BCB has indicated that it (or its parent company, Somers Limited) intends to subscribe for Placing Shares in the Placing. However, in order to maximise the number of Open Offer Shares available under the Open Offer to Qualifying Shareholders, BCB, together with the Directors, have indicated that they will not take up any Ordinary Shares which may have been offered to them as part of the Open Offer and will not subscribe for any Open Offer Shares. The Open Offer Entitlements which could otherwise have been available to BCB and the Directors under the Open Offer, being approximately 70.8 per cent. of the total Open Offer Entitlements, will be made available to Qualifying Shareholders under the Excess Application Facility.

Dividends

After due consideration, the Directors have agreed that the Placing Shares and the Open Offer Shares should be entitled to receive the Company’s final cash dividend of 0.1 pence per Ordinary Share in respect of the 18 month period ended 30 September 2016. As such, the dividend timetable as previously notified has been amended. Under the revised dividend timetable, the Ordinary Shares will be quoted ex the 2016 Final Dividend on Thursday 13 April 2017, and the record date for entitlement to participate in the 2016 Final Dividend will be Tuesday 18 April 2017. Further details on the amended timetable in respect of the 2016 Final Dividend are set out in Appendix I of this Announcement and will be set out in the Circular. Pursuant to the terms and conditions of the Placing, Placees are not entitled to receive the 2016 Scrip Dividend instead of the 2016 Final Dividend. For the avoidance of doubt, Qualifying Shareholders will be entitled to elect to receive the 2016 Scrip Dividend instead of cash.

Commenting on the Transaction, Scott Maybury, Chief Executive Officer of PCFG, commented:

“This capital will allow us to fund new business initiatives and portfolio growth over the medium term and operate within the predetermined capital and liquidity models agreed with the PRA and FCA. Our Shareholders recognise the potential increase in scale offered by the retail deposit-taking licence, with our targets set at a portfolio size of £350m after three years and £750m after five years, a significant increase on current levels of c. £120m.

“We are also pleased to include an Open Offer element, allowing Qualifying Shareholders to participate at the same price as institutions. This Placing will also aid in providing additional liquidity in the Company’s shares, which is important as we continue to grow and begin to engage with a wider audience and shareholder base.

“I would also like to take this opportunity to thank our majority shareholder, Bermuda Commercial Bank, for their continued support and role in the Placing.”

Further details of the Placing and Open Offer are set out in Appendix I to this announcement. Your attention is also drawn to the risk factors described in Appendix III. The capitalised terms used in this announcement have the meaning set out in Appendix IV to this announcement.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014 ("MAR"). Market soundings, as defined in MAR, were taken in respect of the Placing with the result that certain persons became aware of inside information, as permitted by MAR. That inside information is set out in this announcement and has been disclosed as soon as possible in accordance with paragraph 7 of article 17 of MAR. Therefore, those persons that received inside information in a market sounding are no longer in possession of inside information relating to the Company and its securities.

For more information, please contact:

Private & Commercial Finance Group plc

Tel: +44 (0) 20 7222 2426

Scott Maybury, Chief Executive Officer

Robert Murray, Managing Director

David Bull, Finance Director

Panmure Gordon (UK) Limited

Tel: +44 (0) 20 7886 2500

Corporate Finance

Atholl Tweedie / Adam James

Corporate Broking

Charles Leigh-Pemberton

Stockdale Securities Limited

Tel: +44 (0) 20 7601 6100

Corporate Finance

Robert Finlay / Richard Johnson

Corporate Broking

Henry Willcocks

IMPORTANT INFORMATION

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

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

Forward-Looking Statements

Certain statements in this Announcement may constitute “forward-looking statements” within the meaning of legislation in the United Kingdom, including (without limitation) those regarding the Placing, the Open Offer and any other potential offering of securities, the Group's financial position, business strategy, products, plans and objectives of management for future operations, and any statement preceded or followed by, or including, words such as “target”, “believe”, “expect”, “aim”, “intend”, “will”, “may”, “anticipate”, “would” or “could”, or negatives of such words. Any forward-looking statements are based on currently available competitive, financial and economic data together with management’s views and assumptions regarding future events and business performance as of the time the statements are made and are subject to risks and uncertainties. We wish to warn you that there are some known and unknown factors that could cause actual results to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements.

Reference should be made to those documents that PCFG shall file from time to time or announcements that may be made by PCFG in accordance with the London Stock Exchange AIM Rules for Companies (“AIM Rules”) and the Disclosure and Transparency Rules (“DTRs”), which contains and identifies other important factors that could cause actual results to differ materially from those contained in any projections or forward-looking statements. These forward-looking statements speak only as of the date of this announcement. All subsequent written and oral forward-looking statements by or concerning PCFG are expressly qualified in their entirety by the cautionary statements above. Except as may be required under the AIM Rules or the DTRs or by relevant law in the United Kingdom, PCFG does not undertake any obligation to publicly update or revise any forward-looking statements because of new information, future events or otherwise arising.

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

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

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

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

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

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

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

APPENDIX I

PROPOSED PLACING AND OPEN OFFER

Introduction

The Company has proposed to raise a minimum of £10 million (before expenses) by way of a Placing with new institutional investors (including Somers, the sole parent company of the Company's majority Shareholder, BCB) and certain existing Shareholders (including certain Directors) at the Issue Price.

In addition, in order to provide Shareholders who have not taken part in the Placing with an opportunity to participate in the proposed issue of New Shares, the Company is providing all Qualifying Shareholders with the opportunity to subscribe for Open Offer Shares to raise up to a further £0.5 million (before expenses) for the Company at the Issue Price. Shareholders subscribing for their full entitlement under the Open Offer may also request additional Open Offer Shares through the Excess Application Facility.

In order to maximise the number of Open Offer Shares available under the Open Offer to Qualifying Shareholders, BCB, the Company's majority Shareholder and the Directors have indicated that they will not take up any Ordinary Shares which may have been offered to them as part of the Open Offer and will not subscribe for any Open Offer Shares. The Open Offer Entitlements which could otherwise have been made available to BCB and the Directors under the Open Offer will be made available to Qualifying Shareholders under the Excess Application Facility.

The Company has also been informed by the Somers Group that it recognises that, over time, PCFG may require further capital in order to take full advantage of suitable opportunities that may present themselves to PCFG, and the Somers Group shall continue to assess its overall interest in the Company to enhance value for all Shareholders.

The net proceeds for the Transaction will allow the Group to maintain the level of regulatory capital and liquidity the Group is required to hold as agreed with the PRA and FCA pursuant to the Group's authorisation on 6 December 2016 for a banking licence. The net proceeds will be used to purchase high quality liquid assets to maintain predetermined liquidity ratios for retail deposit taking and operate comfortably within the relevant regulatory capital regime. The net proceeds will also provide adequate capital for growth plans over the medium term as well as providing working capital to support the costs of mobilisation, including IT infrastructure.

The issue of the Placing Shares and the Open Offer Shares is conditional, inter alia, on the passing by Shareholders of the Resolutions at the General Meeting for the purposes of authorising the Directors to allot the Placing Shares and/or the Open Offer Shares (as the case may be) and to dis-apply statutory pre-emption rights in relation thereto. The Open Offer is conditional on the Placing. The formal Notice of Meeting will be set out in the Circular.

Background to and reasons for the Transaction

The Group received notification on 6 December 2016 that its application for a banking licence had been successful and it was authorised as a bank.

The Group has chosen the 'mobilisation route' to authorisation. This involves the granting of the banking licence with restriction, which requires the delivery of a number of predetermined tasks and actions in accordance with an agreed project plan to be completed within 12 months. The Group chose this route to ensure, as far as possible, certainty of outcome before incurring the substantial infrastructure costs of operating as a bank. These costs cover areas such as an enhanced governance framework (including the recruitment of additional independent non-executive Directors with

financial services and banking experience), additional staff resource and new technology platforms. The project plan is well underway and the Group expects to mobilise the bank in summer 2017.

Initially, the bank will support the Group's existing chosen markets of consumer motor finance and SME asset finance, with scope to grow both these areas by utilising the anticipated cheaper cost of funds and more flexible nature of a retail depositor base. The growth in the portfolio will continue to be based on prudent lending, with credit risk appetite focussing on increasing volumes by operating in the prime sector of both markets.

Access to the retail deposit market will provide the Group with a lower cost funding resource in excess of that available from wholesale bank debt, allowing the Group to scale the portfolio. The Group's target savings market (being UK-domiciled, middle-to-older-aged savers) is estimated to be worth approximately £154 billion, with the average retail savings account deposited with the Group expected to be around £40,000. The Group will still retain an element of wholesale bank debt to maintain a diversified treasury model, mitigating risk in times of economic uncertainty. Once the bank is established, the Board will assess its options for extending the Group's range of financial products and markets.

Strategic objectives

The Group's strategic objectives at the end of the first three years following the commencement of retail deposit taking are to achieve the following targets:

- RoE after tax of 12.5 per cent.;
- NIM of 8 per cent. (the Group's NIM was approximately 9.0 per cent. in the 12 months ended 30 September 2016);
- portfolio of loans and receivables of £350 million; and
- retail deposits of £250 million.

The Group's strategic objectives for the first five years following the commencement of retail deposit taking are to achieve the following targets:

- RoE after tax of 17.5 per cent.;
- NIM of 8 per cent.;
- portfolio of loans and receivables of £750 million;
- retail deposits of £500 million; and
- the addition of securitisation to the Group's funding techniques.

Use of proceeds

The net proceeds for the Transaction will allow the Group to maintain the level of regulatory capital and liquidity the Group is required to hold as agreed with the PRA and FCA pursuant to the Group's authorisation on 6 December 2016 for a banking licence.

The net proceeds will be used to purchase high quality liquid assets to maintain predetermined liquidity ratios for retail deposit taking and operate comfortably within the relevant regulatory capital regime. The net proceeds will also provide adequate capital for growth plans over the medium term as well as providing working capital to support the costs of mobilisation, including IT infrastructure.

Details of the Transaction

Dividends

The New Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive dividends and other distributions declared, made or paid on or in respect of such Existing Ordinary Shares after Admission.

At the Company's annual general meeting on 10 March 2017, the Shareholders approved the 2016 Final Dividend and granted the Directors authority to offer Shareholders the opportunity to elect to receive new Ordinary Shares credited as fully paid instead of cash in respect of all or part of any dividend, including in relation to the 2016 Final Dividend (the "**2016 Scrip Dividend**").

After due consideration, the Directors have agreed that the Placing Shares and the Open Offer Shares should also be entitled to receive the 2016 Final Dividend. Qualifying Shareholders who subscribe for Open Offer Shares pursuant to the Open Offer may also elect to receive new Ordinary Shares credited as fully paid instead of cash in respect of all or part of the 2016 Final Dividend payable in respect of their current Ordinary Shares and/or in respect of their Open Offer Shares. **Pursuant to the terms and conditions of the Placing, Placees are not entitled to receive the 2016 Scrip Dividend instead of the 2016 Final Dividend.**

The new timetable for the 2016 Final Dividend and 2016 Scrip Dividend is as follows:

Date on which the Ordinary Shares quoted ex the 2016 Final Dividend Thursday 13 April 2017

Record date for entitlement to participate in the 2016 Final Dividend Tuesday 18 April 2017

2016 Scrip Dividend share price set Friday 21 April 2017

Latest date for submission of Scrip Dividend Mandate Forms Tuesday 25 April 2017

2016 Final Dividend payment date/first day of dealing in new Ordinary Shares relating to elections to receive the 2016 Scrip Dividend Tuesday 16 May 2017

Further details on the amended timetable in respect of the 2016 Final Dividend and the 2016 Scrip Dividend will be set out in the Circular.

Placing

On 17 March 2017 the Company entered into a placing agreement with Panmure Gordon and Stockdale, under which each of Panmure Gordon and Stockdale has agreed to use its reasonable endeavours, as agents for the Company, to procure Placees for the Placing Shares at the Issue Price on the terms of the Placing Agreement.

The Placing is conditional, *inter alia*, on the following:

- (i) the Resolutions being passed at the General Meeting;

- (ii) the Placing Agreement not being terminated prior to Admission and otherwise having become unconditional in all respects; and
- (iii) Admission having become effective on or before 8.00 a.m. on 7 April 2017 (or such later date and/or time as the Company, Panmure Gordon and Stockdale may agree, being no later than 14 April 2017).

The Placing Agreement contains warranties from the Company in favour of Panmure Gordon and Stockdale in relation to, *inter alia*, the accuracy of the information in this Announcement and other documents and other matters relating to the Company and its business. In addition, the Company has agreed to indemnify each of Panmure Gordon and Stockdale in relation to certain liabilities it may incur in respect of the Placing. Each of Panmure Gordon and Stockdale have the right to terminate the Placing Agreement in certain circumstances, in particular in the event of a breach of the warranties.

The Placing Shares will, when issued and fully paid, rank *pari passu* in all respects with the Ordinary Shares in issue at that time, including the right to receive all dividends and other distributions declared, made or paid after the date of Admission. For the avoidance of doubt, the Placing Shares will be entitled to receive the 2016 Final Dividend. The Placing Shares are not subject to clawback and are not part of the Open Offer. The Placing is not underwritten.

Open Offer

Subject to the fulfilment of the conditions set out below and as further detailed in the Circular, Qualifying Shareholders may subscribe for Open Offer Shares at the Issue Price in proportion to their holding of Existing Ordinary Shares held on the Open Offer Record Date. Shareholders subscribing for their full entitlement under the Open Offer may also request additional Open Offer Shares as an Excess Entitlement, up to the total number of Open Offer Shares available to Qualifying Shareholders under the Open Offer.

The Open Offer is conditional, *inter alia*, on the following:

- (i) the Resolutions being passed at the General Meeting;
- (ii) the Placing Agreement not being terminated prior to Admission and otherwise having become unconditional in all respects; and
- (iii) Admission becoming effective on or before 8.00 a.m. on 7 April 2017 (or such later date and/or time as the Company, Panmure Gordon and Stockdale may agree, being no later than 14 April 2017).

The Open Offer Shares will, when issued and fully paid, rank *pari passu* in all respects with the Ordinary Shares in issue at that time, including the right to receive all dividends and other distributions declared, made or paid after the date of Admission. For the avoidance of doubt, the Open Offer Shares will be entitled to receive the 2016 Final Dividend. The Open Offer is not underwritten.

In order to maximise the number of Open Offer Shares available under the Open Offer to Qualifying Shareholders, BCB, the Company's majority Shareholder, and the Directors have indicated that they will not take up any Ordinary Shares which may have been offered to them as part of the Open Offer and will not subscribe for any Open Offer Shares. The Open Offer Entitlements which could otherwise have been available to BCB and the Directors under the Open Offer, being approximately 70.8 per cent. of the Open Offer Entitlements), will be made available to Qualifying Shareholders under the Excess Application Facility.

Further details on the Open Offer and the terms and conditions of the Open Offer will be set out in the Circular to be dispatched to Shareholders on or around 20 March 2017.

Current trading and outlook

PCFG notified its preliminary results for the 18 months ended 30 September 2016 through the Regulatory Information Service on 8 December 2016, and published its latest Annual Report and Financial Statements for the 18 months ended 30 September 2016 on 25 January 2017. Please refer to the Group's announcement as notified through the Regulatory Information Service and made available on PCFG's website at: www.pcfg.co.uk.

Financial highlights for the period included:

- underlying profit before tax for the 18 months ended 30 September 2016 was £5.6 million, before adjustment for £0.5 million of bank set-up costs;
- profit before tax for the 18 months ended 30 September 2016 was £5.1 million;
- underlying profit before tax for the 12 months ended 30 September 2016 was up 38 per cent. to £4.0 million (2015: £2.9 million);
- profit before tax for the 12 months ended 30 September 2016 was up 29 per cent. to £3.6 million (2015: £2.8 million);
- fully diluted earnings per Ordinary Share for the 18 months ended 30 September 2016 was up 19 per cent. to 1.9p (2015: 1.6p);
- return on average assets increased by 15 per cent. to 3.1 per cent. (2015: 2.7 per cent.);
- fully diluted after-tax return on equity was stable at 13.0 per cent. (2015: 12.9 per cent.) on a larger capital base;
- £28.2 million of unearned finance charges to contribute to earnings in future years (2015: £25.7 million); and
- the Directors recommended a dividend of 0.1 pence per Ordinary Share.

PCFG notified its most recent trading update on 10 March 2017. The Board was pleased to report that trading in the first five months of the financial year was in line with management expectations.

New business originations in the five months to 28 February 2017 were 11.3 per cent. ahead of the comparative period in the prior year at £28.2m (2016: £25.3m), while portfolio quality and performance were maintained at the previous high levels. The portfolio of receivables has grown to £127m (2016: £122m). The Company's key profitability indicators of return on average assets and return on equity continued to meet the Board's targets. These medium term targets remain unchanged at 2.5 per cent. and 12.5 per cent. respectively as the Company builds the bank and fully leverages the infrastructure.

The Group's primary objective is to complete full mobilisation of the bank and the project is on track for delivery in summer 2017. The key mobilisation tasks of governance arrangements, implementing a risk, liquidity and capital management framework, key function recruitment and recovery and resolution planning are well advanced. Also, the banking technology and infrastructure workstreams have recently moved into the testing phase. The Company continues to make good progress and is working closely with the PRA and FCA to achieve the lifting of restrictions ahead of taking retail deposits.

The Directors believe that it is a testament to the team that the mobilisation process has not distracted from organic growth, and there are a number of new business initiatives which the Company will update Shareholders on in more detail in due course. The Directors believe that the banking licence will greatly expand PCFG's addressable lending market and thereby provide a significant increase in scale, with a target portfolio of £350m in three years and £750m in five years which the Board believes

will, together with the Company's continued focus on operational success and efficiencies, ultimately deliver superior profitability.

General Meeting

The Directors require the authority of Shareholders in order to allot the New Shares free of statutory pre-emption rights. The Circular will contain a notice convening a General Meeting to be held at the offices of the Company on 6 April 2017 at 10.00 a.m. in order to consider and, if thought appropriate, pass the Resolutions to grant authority to allot the New Shares free of pre-emption rights.

Expected timetable of principal events

Open Offer Record Date for entitlements under the Open Offer	Close of business	16 March 2017
Announcement of the proposed Placing and Open Offer		17 March 2017
Announcement of the Result of Placing		17 March 2017
Ex-entitlement Date of the Open Offer	7.00 a.m.	20 March 2017
Publication and posting of the Circular (including Notice of General Meeting), Application Forms and Forms of Proxy		20 March 2017
Open Offer Entitlements and Excess Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	as soon as possible after 8.00 a.m.	22 March 2017
Recommended latest time and date for requesting withdrawal of Open Offer Entitlements and Excess Entitlements from CREST	4.30 p.m.	30 March 2017
Latest time and date for depositing Open Offer Entitlements and Excess Entitlements into CREST	3.00 p.m.	31 March 2017
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m.	3 April 2017
Latest time and date for receipt of Forms of Proxy	10.00 a.m.	4 April 2017
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)	11.00 a.m.	5 April 2017

General Meeting	10.00 a.m.	6 April 2017
Announcement of the results of the General Meeting and Open Offer		6 April 2017
Admission and commencement of dealings in New Shares	8.00 a.m.	7 April 2017
New Shares in uncertificated form expected to be credited to accounts in CREST	As soon as possible after 8.00 a.m.	7 April 2017
Despatch of definitive share certificates for the New Shares in certificated form		Within 10 business days of Admission

If any of the details contained in the timetable above should change, the revised time and dates will be notified to Shareholders by means of a Regulatory Information Service (as defined in the AIM Rules) announcement.

In this Announcement, all references to times and dates are to times and dates in London, United Kingdom. The timetable above assumes that the Resolutions are passed at the General Meeting without adjournment.

APPENDIX II

TERMS AND CONDITIONS OF THE PLACING

IMPORTANT INFORMATION FOR PLACEEES ONLY REGARDING THE PLACING.

THIS ANNOUNCEMENT, INCLUDING THIS APPENDIX II (TOGETHER, THE "ANNOUNCEMENT") AND THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM THE UNITED STATES, CANADA, AUSTRALIA, JAPAN OR ANY JURISDICTION IN WHICH THE SAME WOULD BE UNLAWFUL. PERSONS INTO WHOSE POSSESSION THIS ANNOUNCEMENT COMES ARE REQUIRED BY THE COMPANY, PANMURE GORDON AND STOCKDALE TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

THIS ANNOUNCEMENT DOES NOT ITSELF CONSTITUTE AN OFFER OR INVITATION TO UNDERWRITE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF A SUBSCRIPTION FOR THE PLACING SHARES.

Persons (including individuals, funds or otherwise) who have chosen to participate in the Placing, by making an oral or written offer to subscribe for Placing Shares, will be deemed to have read and understood the Announcement, including this Appendix II in its entirety and to be making such offer on the terms and conditions, and to be providing the representations, warranties, acknowledgements, and undertakings contained in this Appendix II.

In this Appendix II, unless the context otherwise requires, "Placee" means a person (including individuals, funds or others) by whom or on whose behalf a commitment to subscribe for Placing Shares has been given. In particular, each such Placee represents, warrants and acknowledges that:

1. it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
2. in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State of the European Economic Area which has implemented the Prospectus Directive other than Qualified Investors or in circumstances in which the prior consent of Panmure Gordon and Stockdale has been given to the offer or resale; or (ii) where Placing Shares have been acquired by it on behalf of persons in any member state of the EEA other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons;
3. (a) (i) it is not in the United States and (ii) it is not acting for the account or benefit of a person in the United States, unless in the case of this clause (ii) it is acting with full investment discretion for such person or, if such person is a corporation or partnership, the person agreeing to purchase the Placing Shares is an employee of such person authorised to make such purchase; (b) it is a dealer or other professional fiduciary in the United States acting on a discretionary basis for a non-US person (other than an estate or trust) in

reliance on Regulation S; (c) it is otherwise acquiring the Placing Shares in an "offshore transaction" meeting the requirements of Regulation S under the US Securities Act of 1933, as amended (the "**Securities Act**"); or (d) it is a "qualified institutional buyer" (a "**QIB**") (as defined in Rule 144A under the Securities Act) and it has duly executed an investor letter in a form provided to it and delivered the same to Panmure Gordon or Stockdale or their respective affiliates;

4. it is acquiring the Placing Shares for its own account or is acquiring the Placing Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties, indemnities, acknowledgements and agreements contained in this Announcement; and
5. it understands (or, if acting for the account of another person, such person understands) the resale and transfer restrictions set out in this Appendix II.

The Company, Panmure Gordon and Stockdale will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

Details of the Placing

Panmure Gordon and Stockdale have entered into an agreement with Private & Commercial Finance Group plc (the "**Placing Agreement**") under which, subject to the conditions set out in that agreement, each of Panmure Gordon and Stockdale has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares at the placing price that is to be determined as set out below with certain institutional and other investors.

The Placing is conditional upon the Placing Agreement becoming unconditional in all respects.

The Placing Shares will, when issued, rank pari passu in all respects with the existing issued Ordinary Shares, including the right to receive dividends and other distributions declared, made or paid following Admission. In respect of the final cash dividend of 0.1 pence per Ordinary Share in respect of the 18 month period ended 30 September 2016, which is payable in May 2017, Placees are required to receive such dividend in cash and not elect for the scrip alternative and each Placee hereby waives any entitlement he may otherwise have to such scrip alternative.

Application for admission to trading

Application will be made to the London Stock Exchange for admission of the Placing Shares ("**Admission**") to trading on AIM. It is expected that Admission will become effective and that dealings in the Placing Shares will commence on AIM at 8.00 a.m. on 7 April 2017.

Participation in, and principal terms of, the Placing

Each of Panmure Gordon and Stockdale is arranging the Placing as agent for and on behalf of the Company. Participation in the Placing will only be available to Placees who may lawfully be, and are, invited to participate by Panmure Gordon and/or Stockdale.

The Issue Price and the number of Placing Shares to be issued will be agreed between Panmure Gordon, Stockdale and the Company following completion of a bookbuilding exercise by Panmure Gordon and Stockdale (the "**Bookbuild**"). The Issue Price and number of Placing Shares will be announced on a Regulatory Information Service following the completion of the Bookbuild.

Panmure Gordon and Stockdale will determine in their absolute discretion the extent of each Placee's participation in the Placing, which will not necessarily be the same for each Placee and this will be confirmed orally by Panmure Gordon or Stockdale as agent of the Company ("**Confirmation**"). No element of the Placing

will be underwritten. Confirmation will constitute an irrevocable legally binding commitment upon that person (who will at that point become a Placee) to subscribe for the number of Placing Shares allocated to it at the Issue Price on the terms and conditions set out in this Appendix II (a copy of the terms and conditions having been provided to the Placee prior to or at the same time as such oral confirmation) and in accordance with the Company's Articles of Association. For the avoidance of doubt, the Confirmation constitutes each Placee's irrevocable legally binding agreement, subject to the Placing Agreement not having been terminated, to pay the aggregate settlement amount for the Placing Shares to be subscribed for by that Placee regardless of the total number of Placing Shares (if any) subscribed for by any other investor(s).

Panmure Gordon and Stockdale reserve the right to scale back the number of Placing Shares to be subscribed by any Placee in the event of an oversubscription under the Placing. Panmure Gordon and Stockdale also reserve the right not to accept offers for Placing Shares or to accept such offers in part rather than in whole.

Each Placee will be required to pay, to Panmure Gordon or Stockdale on the Company's behalf, the Issue Price for each Placing Share agreed to be acquired by it under the Placing in accordance with the terms set out herein. Each Placee's obligation to acquire and pay for Placing Shares under the Placing will be owed to Panmure Gordon or Stockdale and the Company. Each Placee has an immediate, separate, irrevocable and binding obligation, owed to Panmure Gordon or Stockdale, to pay to it (or as it may direct) in cleared funds an amount equal to the product of the Issue Price and the number of Placing Shares for which such Placee has agreed to subscribe. Each Placee will be deemed to have read and understood this Appendix II in its entirety, and to have agreed to participate in the Placing upon the terms and conditions contained in this Appendix II, and to provide the representations, warranties, agreements, acknowledgements and undertakings, in each case as contained in this Appendix II. To the fullest extent permitted by law and applicable Financial Conduct Authority ("**FCA**") rules (the "**FCA Rules**"), (i) neither Panmure Gordon nor Stockdale, (ii) nor any of their respective directors, officers, employees or consultants, nor (iii) to the extent not contained within (i) or (ii), any person connected with Panmure Gordon or Stockdale as defined in the FCA Rules ((i), (ii) and (iii) being together "affiliates" and individually an "affiliate"), shall have any liability to Placees or to any person other than the Company in respect of the Placing.

Irrespective of the time at which a Placee's participation in the Placing is confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "Registration and Settlement".

Completion of the Placing will be subject to the fulfilment of the conditions referred to below under "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Termination of the Placing Agreement". In the event that the Placing Agreement does not become unconditional in any respect or is terminated, the Placing (save to the extent already completed) will not proceed and all funds delivered by the Placee to Panmure Gordon or Stockdale in respect of the Placee's participation will be returned to the Placee at the Placee's risk without interest (save where Placing Shares have been validly issued to Placees).

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

By participating in the Placing, each Placee is deemed to have read and understood this Announcement, including this Appendix II, in its entirety and to be making such offer on the terms and conditions, and to be providing the representations, warranties, acknowledgements, and undertakings contained in this Appendix II.

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

Conditions of the Placing

The obligations of Panmure Gordon and Stockdale under the Placing Agreement in respect of the Placing Shares are conditional on, amongst other things:

- (a) the Company having complied with its obligations under the Placing Agreement (to the extent that such obligations fall to be performed prior to Admission);
- (b) the passing of the Resolutions at the General Meeting of the Company being held on or about 6 April 2017; and
- (c) Admission having occurred not later than 8.00 a.m. 7 April 2017 or such later date as the Company, Panmure Gordon and Stockdale may agree, but in any event not later than 8.00 a.m. on 14 April 2017.

If (i) any of the conditions contained in the Placing Agreement in relation to the Placing Shares are not fulfilled or waived by Panmure Gordon and Stockdale by the respective time or date where specified, (ii) any of such conditions becomes incapable of being fulfilled or (iii) the Placing Agreement is terminated in the circumstances specified below, the Placing will not proceed and the Placee's rights and obligations hereunder in relation to the Placing Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by the Placee in respect thereof.

Panmure Gordon and Stockdale, at their discretion and upon such terms as they think fit, may waive compliance by the Company with the whole or any part of any of the Company's obligations in relation to the conditions in the Placing Agreement. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement.

Neither Panmure Gordon, Stockdale, the Company nor any other person shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or the date for the satisfaction of any condition to the Placing nor for any decision they may make as to the satisfaction of any condition or in respect of the Placing generally, and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of Panmure Gordon and Stockdale.

Termination of the Placing Agreement

Each of Panmure Gordon and Stockdale is entitled (but after, where practicable, having consulted with the Company) at any time before Admission, to terminate the Placing Agreement in relation to their obligations in respect of the Placing Shares (save to the extent already performed) by giving notice to the Company if, amongst other things:

- (a) the Company fails, in any material respect, to comply with any of its obligations under the Placing Agreement; or
- (b) any of the warranties given by the Company in the Placing Agreement was untrue, inaccurate or misleading in any material respect when made or has ceased to be true and accurate in a material respect or has become misleading in a material respect by reference to the facts and circumstances then subsisting; or
- (c) an event of force majeure occurs or there is a material adverse change in the financial position and/or prospects of the Company or any member of the Group.

Upon such termination, the parties to the Placing Agreement shall be released and discharged (except for any liability arising before or in relation to such termination and save to the extent already performed) from their respective obligations under or pursuant to the Placing Agreement subject to certain exceptions.

By participating in the Placing, Placees agree that the exercise by Panmure Gordon or Stockdale of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of Panmure Gordon or Stockdale and that it need not make any reference to Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise or failure so to exercise.

No prospectus

No offering document, prospectus or admission document has been or will be submitted to be approved by the FCA or submitted to the London Stock Exchange in relation to the Placing and Placees' commitments will be made solely on the basis of the information contained in this Announcement (including the Appendices) released by the Company today.

Each Placee, by accepting a participation in the Placing, agrees that the content of this Announcement (including the Appendices) is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any other information, representation, warranty, or statement made by or on behalf of the Company, Panmure Gordon, Stockdale or any other person and neither Panmure Gordon nor Stockdale nor the Company nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

Registration and settlement

Settlement of transactions in the Placing Shares following Admission will take place within the system administered by Euroclear UK & Ireland Limited ("**CREST**"), subject to certain exceptions. The Company reserves the right to require settlement for and delivery of the Placing Shares (or a portion thereof) to Placees in certificated form if, in the opinion of Panmure Gordon or Stockdale, delivery or settlement is not possible or practicable within the CREST system or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

Participation in the Placing is only available to persons who are invited to participate in it by Panmure Gordon or Stockdale.

A Placee's commitment to acquire a fixed number of Placing Shares under the Placing will be agreed orally with Panmure Gordon or Stockdale and a contract note will be despatched as soon as possible thereafter. Such agreement will constitute a legally binding commitment on such Placee's part to acquire that number of Placing Shares at the Issue Price on the terms and conditions set out or referred to in this Appendix II and subject to the Company's Articles of Association.

Following the close of the Bookbuild, each Placee allocated Placing Shares in the Placing will be sent a trade confirmation in accordance with the standing arrangements in place with Panmure Gordon or Stockdale, stating the number of Placing Shares allocated to it at the Issue Price, the aggregate amount owed by such Placee to Panmure Gordon or Stockdale and settlement instructions.

Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with the standing CREST or certificated settlement instructions that it has in place with Panmure Gordon or Stockdale. Settlement should be through Panmure Gordon against CREST ID: 83801 or through

Stockdale's settlement agent (CREST ID: LAMAY). For the avoidance of doubt, Placing allocations will be booked with a trade date of 17 March 2017 and settlement date of 7 April 2017 for the Placing Shares.

The Company will deliver the Placing Shares to the CREST accounts operated by Panmure Gordon and/or Stockdale as agent for the Company and Panmure Gordon and/or Stockdale will enter its delivery (DEL) instruction into the CREST system. The input to CREST by a Placee of a matching or acceptance instruction will then allow delivery of relevant Placing Shares to that Placee against payment. The Placing Shares will be held as nominee for the relevant Placee.

It is expected that settlement will take place on 7 April 2017 for the Placing Shares on a delivery versus payment basis.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of four per cent. per annum above the base lending rate of the Bank of England, as determined by Panmure Gordon and Stockdale.

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

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

Representations and warranties

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) acknowledges, undertakes, represents, warrants and agrees (as the case may be) with Panmure Gordon, Stockdale and the Company, in each case as a fundamental term of their application for Placing Shares, the following:

That it:

1. represents and warrants that it has read this Announcement, including this Appendix II, in its entirety and that its acquisition of Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained herein, and undertakes not to redistribute or duplicate this Announcement. In addition it undertakes to accept the cash dividend of 0.1 pence per Ordinary Share in respect of the 18 month period ended 30 September 2016, which is to be paid in May 2017, and not to elect for the scrip alternative;
2. acknowledges that it has received this Announcement solely for its use and has not redistributed or duplicated it;
3. acknowledges and agrees that no offering document, prospectus or admission document has been or will be prepared in connection with the Placing and represents and warrants that it has not

received a prospectus, admission document or other offering document in connection with the Placing or the Placing Shares;

4. acknowledges that its participation in the Placing shall also be subject to the provisions of the Placing Agreement and the Articles of Association of the Company in force both before and immediately after Admission;
5. acknowledges that the ordinary shares in the capital of the Company are admitted to trading on AIM, and the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of AIM (collectively, the "**Exchange Information**"), which includes a description of the nature of the Company's business and the Company's most recent balance sheet and profit and loss account and that it is able to obtain or access such Exchange Information without undue difficulty and is able to obtain access to such information or comparable information concerning any other publicly traded company without undue difficulty;
6. acknowledges that neither Panmure Gordon, nor Stockdale nor the Company nor any of their respective affiliates or any person acting on behalf of any of them has provided, and will not provide, it with any material regarding the Placing Shares or the Company other than this Announcement; nor has it requested any of Panmure Gordon, Stockdale, the Company, any of their respective affiliates or any person acting on behalf of any of them to provide it with any such information;
7. acknowledges that the content of this Announcement is exclusively the responsibility of the Company and that neither Panmure Gordon nor Stockdale nor any person acting on its respective behalf has or shall have any liability for any information, representation or statement contained in this Announcement or any information previously published by or on behalf of the Company and will not be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this Announcement or otherwise. Each Placee further represents, warrants and agrees that the only information on which it is entitled to rely and on which such Placee has relied in committing itself to subscribe for the Placing Shares is contained in this Announcement and any information previously published by the Company by notification to a Regulatory Information Service, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on any other information given or representations, warranties or statements made by Panmure Gordon, Stockdale or the Company or their respective affiliates and neither Panmure Gordon nor Stockdale nor the Company nor their respective affiliates will be liable for any Placee's decision to accept an invitation to participate in the Placing based on any other information, representation, warranty or statement. Each Placee further acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing;
8. represents and warrants that it has neither received nor relied on any inside information (as defined in Article 7 of MAR) concerning the Company in accepting this invitation to participate in the Placing;
9. acknowledges that neither Panmure Gordon nor Stockdale nor any person acting on their behalf nor any of their respective affiliates has or shall have any liability for any publicly available or filed information, or any representation relating to the Company, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
10. represents and warrants that it has complied with its obligations under the Criminal Justice Act 1993, MAR, and in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 (as amended), the Terrorism Act 2006 and the Money Laundering

Regulations 2007 (the "Regulations") and any related or similar rules, regulations or guidelines, issued, administered or enforced by any government agency having jurisdiction in respect thereof and the Money Laundering Sourcebook of the FCA and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;

11. if a financial intermediary, as that term is used in Article 3(2) of EU Directive 2003/71/EC, as amended (the "Prospectus Directive") (including any relevant implementing measure in any member state), represents and warrants that the Placing Shares subscribed for by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a member state of the European Economic Area which has implemented the Prospectus Directive other than to qualified investors, or in circumstances in which the prior consent of Panmure Gordon and Stockdale has been given to the proposed offer or resale;
12. represents and warrants that it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of FSMA;
13. represents and warrants that it has not offered or sold and will not offer or sell any Placing Shares to persons in the European Economic Area prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted in and which will not result in an offer to the public in any member state of the European Economic Area within the meaning of the Prospectus Directive;
14. represents and warrants that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person;
15. represents and warrants that it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving, the United Kingdom;
16. represents and warrants that it is a person falling within Article 19(5) and/or Article 49(2)(a) to (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or is a person to whom this Announcement may otherwise be lawfully communicated;
17. acknowledges that any offer of Placing Shares may only be directed at persons in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive and represents and agrees that it is such a qualified investor;
18. represents and warrants that it and any person acting on its behalf is entitled to subscribe for Placing Shares under the laws of all relevant jurisdictions which apply to it and that it has all necessary capacity and has obtained all necessary consents and authorities to enable it to commit to this participation in the Placing and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms

set out or referred to in this Announcement) and will honour such obligations, and that its subscription of the Placing Shares will be in compliance with applicable laws and regulations in the jurisdiction of its residence, the residence of the Company, or otherwise;

19. acknowledges and agrees that the Placing Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or jurisdiction of the United States, or the relevant Canadian, Japanese or Australian securities legislation and therefore the Placing Shares may not be offered, sold, transferred or delivered directly or indirectly into the United States, Canada, Japan, Australia or their respective territories and possessions, except subject to limited exemptions;
20. warrants that it has complied with all relevant laws of all relevant territories, obtained all requisite governmental or other consents which may be required in connection with the Placing Shares, complied with all requisite formalities and that it has not taken any action or omitted to take any action which will or may result in Panmure Gordon, Stockdale, the Company or any of their respective directors, officers, agents, employees or advisers acting in breach of the legal or regulatory requirements of any territory in connection with the Placing;
21. acknowledges and agrees that its purchase of Placing Shares does not trigger, in the jurisdiction in which it is resident or located: (i) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; (ii) any disclosure or reporting obligation of the Company; or (iii) any registration or other obligation on the part of the Company;
22. undertakes that it (and any person acting on its behalf) will make payment for the Placing Shares allocated to it in accordance with this Announcement on the due time and date set out herein, failing which the relevant Placing Shares may be placed with other subscribers or sold as Panmure Gordon or Stockdale may in its discretion determine and without liability to such Placee;
23. acknowledges that neither Panmure Gordon nor Stockdale nor any of their respective affiliates, nor any person acting on behalf of any of them, is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing, and that participation in the Placing is on the basis that it is not and will not be a client of Panmure Gordon or Stockdale for the purposes of the Placing and that neither Panmure Gordon nor Stockdale has any duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
24. undertakes that the person whom it specifies for registration as holder of the Placing Shares will be (i) itself or (ii) its nominee, as the case may be. Neither Panmure Gordon nor Stockdale nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to participate in the Placing and it agrees to indemnify the Company, Panmure Gordon and Stockdale in respect of the same on the basis that the Placing Shares will be allotted to the CREST stock accounts of Panmure Gordon and/or Stockdale who will hold them as nominee on behalf of such Placee until settlement in accordance with its standing settlement instructions;
25. acknowledges that these terms and conditions and any agreements entered into by it pursuant to these terms and conditions and any non-contractual obligations arising out of or in connection with such agreements shall be governed by and construed in accordance with the laws of England and Wales

and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, Placing dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company, Panmure Gordon or Stockdale in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;

26. acknowledges that Panmure Gordon, Stockdale and their respective affiliates will rely upon the truth and accuracy of the representations, warranties and acknowledgements set forth herein and which are irrevocable and it irrevocably authorises Panmure Gordon and Stockdale to produce this Announcement, pursuant to, in connection with, or as may be required by any applicable law or regulation, administrative or legal proceeding or official inquiry with respect to the matters set forth herein;
27. agrees to indemnify on an after tax basis and hold the Company, Panmure Gordon and Stockdale and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Appendix II and further agrees that the provisions of this Appendix II shall survive after completion of the Placing;
28. represents and warrants that it will acquire any Placing Shares subscribed for by it for its account or for one or more accounts as to each of which it exercises sole investment Placing discretion and it has full power to make the acknowledgements, representations and agreements herein on behalf of each such account;
29. acknowledges that its commitment to subscribe for Placing Shares on the terms set out herein and in the relevant contract notes will continue notwithstanding any amendment that may in future be made to the terms of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's conduct of the Placing. The foregoing representations, warranties and confirmations are given for the benefit of the Company, Panmure Gordon and Stockdale. The agreement to settle a Placee's subscription (and/or the subscription of a person for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to the subscription by it and/or such person direct from the Company for the Placing Shares in question. Such agreement assumes, and is based on a warranty from each Placee, that neither it, nor the person specified by it for registration as holder, of Placing Shares is, or is acting as nominee or agent for, and that the Placing Shares will not be allotted to, a person who is or may be liable to stamp duty or stamp duty reserve tax under any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services). If there are any such arrangements, or the settlement relates to any other dealing in the Placing Shares, stamp duty or stamp duty reserve tax may be payable. In that event, the Placee agrees that it shall be responsible for such stamp duty or stamp duty reserve tax, and neither of the Company, nor Panmure Gordon nor Stockdale shall be responsible for such stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and notify Panmure Gordon or Stockdale accordingly;
30. understands that no action has been or will be taken by any of the Company, Panmure Gordon, Stockdale or any person acting on behalf of the Company, Panmure Gordon or Stockdale that would, or is intended to, permit a public offer of the Placing Shares in any country or jurisdiction where any such action for that purpose is required;
31. in making any decision to subscribe for the Placing Shares, confirms that it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for the Placing Shares. It further confirms that it is experienced in investing in

securities of this nature in this sector and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain a complete loss in connection with the Placing. It further confirms that it relied on its own examination and due diligence of the Company and its associates taken as a whole, and the terms of the Placing, including the merits and risks involved;

32. represents and warrants that it has (i) made its own assessment and satisfied itself concerning legal, regulatory, tax, business and financial considerations in connection herewith to the extent it deems necessary; (ii) had access to review publicly available information concerning the Company that it considers necessary or appropriate and sufficient in making an investment decision; (iii) reviewed such information as it believes is necessary or appropriate in connection with its subscription of the Placing Shares; and (iv) made its investment decision based upon its own judgment, due diligence and analysis and not upon any view expressed or information provided by or on behalf of Panmure Gordon or Stockdale;
33. understands and agrees that it may not rely on any investigation that Panmure Gordon or Stockdale or any person acting on their behalf may or may not have conducted with respect to the Company, or the Placing and Panmure Gordon or Stockdale has not made any representation to it, express or implied, with respect to the merits of the Placing, the subscription for the Placing Shares, or as to the condition, financial or otherwise, of the Company, or as to any other matter relating thereto, and nothing herein shall be construed as a recommendation to it to subscribe for the Placing Shares. It acknowledges and agrees that no information has been prepared by Panmure Gordon or Stockdale for the purposes of this Placing;
34. accordingly it acknowledges and agrees that it will not hold Panmure Gordon or Stockdale or any of their respective affiliates or any person acting on their behalf responsible or liable for any misstatements in or omission from any publicly available information relating to the Company or information made available (whether in written or oral form) in presentations or as part of roadshow discussions with investors relating to the Company (the "Information") and that neither Panmure Gordon nor Stockdale nor any person acting on behalf of Panmure Gordon or Stockdale makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of such Information or accepts any responsibility for any of such Information; and
35. if the Placing Shares were offered to it in the United States, represents and warrants that in making its investment decision, (i) it has consulted its own independent advisers or otherwise has satisfied itself concerning, without limitation, the effects of United States federal, state and local income tax laws and foreign tax laws generally and the US Employee Retirement Income Security Act of 1974, the US Investment Company Act of 1940 and the Securities Act, (ii) it has received all information (including the business, financial condition, prospects, creditworthiness, status and affairs of the Company, the Placing and the Placing Shares, as well as the opportunity to ask questions) concerning the Company, the Placing and the Placing Shares that it believes is necessary or appropriate in order to make an investment decision in respect of the Company and the Placing Shares, (iii) it is aware and understands that an investment in the Placing Shares involves a considerable degree of risk and no US federal or state or non-US agency has made any finding or determination as to the fairness for investment or any recommendation or endorsement of the Placing Shares, and (iv) it is able to bear the economic risk of an investment in the Placing Shares, is able to sustain a complete loss of the investment in the Placing Shares and has no need for liquidity with respect to its investment in the Placing Shares;
36. understands that the Placing Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and accordingly, may not be offered or sold or otherwise transferred in the United States except pursuant to a registration statement under the Securities Act or an exemption from the registration requirements of the Securities Act and, in connection with any such transfer, the Company shall be provided, as a condition to transfer, with a legal opinion of counsel, in form and by counsel reasonably

satisfactory to the Company, that no such Securities Act registration is or will be required and with appropriate certifications by the transferee as to appropriate matters.

37. it is not a Plan (which term includes (i) employee benefit plans that are subject to Section 406 of the US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), or plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the US Internal Revenue Code of 1986, as amended (the "**Code**"), (ii) plans, individual retirement accounts and other arrangements that are subject to provisions under applicable US federal, state, local or other laws or regulations that are substantially similar to Section 406 of the ERISA or Section 4975 of the Code ("**similar Laws**") and (iii) entities the underlying assets of which are considered to include "plan assets" of such plans, accounts and arrangements) and are not purchasing the Placing Shares on behalf of, or with the "plan assets" of, any Plan;
38. it understands and agrees that there may be material tax consequences to it of an acquisition or disposition of any of the Placing Shares. Neither the Company nor Panmure Gordon nor Stockdale gives any opinion or makes any representation with respect to the tax consequences to the Placee under United States, state, local or foreign tax law of the Placee's acquisition or disposition of such securities. In particular, no determination has been made whether the Company will be a "passive foreign investment company" ("PFIC") within the meaning of Section 1291 of the United States Internal Revenue Code;
39. if Placees are purchasing the Placing Shares outside the United States, each Placee (and any person acting on such Placee's behalf) agrees, represents and warrants as follows:
 - a. it is aware that the Placing Shares are being offered outside the United States in reliance on Regulation S promulgated under the Securities Act;
 - b. it is, at the time of the offer and acceptance of the Placing Shares, outside the United States for the purposes of Regulation S; and
 - c. it did not purchase or otherwise acquire the Placing Shares based on or due to directed selling efforts (as defined in Rule 902 under the Securities Act), including based on an advertisement in a publication with a general circulation in the United States, nor has it seen or been aware of any activity that, to its knowledge, constitutes directed selling efforts in the United States.
40. for Placees that are located in the United States, each such Placee (and any person acting on such Placee's behalf) agrees, represents and warrants as follows:
 - a. it is "qualified institutional buyer" (a "**QIB**"), as defined in Rule 144A under the Securities Act, and (i) if acquiring the Placing Shares as a fiduciary or agent for one or more investor accounts, each owner of such account is a QIB, the Placee has full investment discretion with respect to each account, and has full power and authority to make the acknowledgements, representations and agreements contained herein on behalf of each owner of such account; and (ii) is acquiring the Placing Shares for its own account, or for the account of a QIB for which it has full investment discretion, in each case for investment purposes and not with a view to, or for offer or sale in connection with, any distribution (within the meaning of the United States securities laws) of such Placing Shares;
 - b. it agrees that the Company may require a certification from it in support of any transfer, in form and substance satisfactory to the Company, and agrees that the Company, the registrar, CREST or any transfer agent may reasonably require additional evidence or documentation supporting compliance with applicable securities laws, and prior to any sale or transfer, the Company may require the delivery of such certifications, notifications, agreements and warranties and legal

opinions of duly qualified counsel as it may reasonably require to confirm that the proposed sale or other transfer complies with the foregoing restrictions;

- c. it acknowledges that the Company reserves the right to make inquiries of any holder of the Placing Shares or interests therein at any time as to such person's status under US securities laws, and to require any such person that has not satisfied the Company that such person is holding appropriately under US securities laws to transfer such Placing Shares or interests therein immediately to the Company;
- d. it is purchasing the Placing Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Placing Shares in any manner that would violate the Securities Act or otherwise cause the Company's assets to become subject to ERISA;
- e. it understands and acknowledges that neither the Company nor any of its respective affiliates, makes any representation as to the availability of any exemption under the Securities Act for the reoffer, resale, pledge or transfer of the Placing Shares;
- f. it agrees that the Placing Shares are "restricted securities" for US securities law purposes which may not be deposited into any unrestricted depository facility established or maintained by a deposited bank. As such, it agrees not to offer or sell the Placing Shares to any person other than in compliance with the following restrictions which apply to all its Placing Shares and which shall be affixed in the form of a legend to any certificates of Placing Shares:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE (OR ITS PREDECESSOR) HAVE NOT BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE 'SECURITIES ACT') OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION IN THE UNITED STATES, AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED, HEDGED OR OTHERWISE TRANSFERRED, EXCEPT (A) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT (AND IS NOT ACTING IN A PREARRANGED TRANSACTION RESULTING IN THE RESALE OF THESE SECURITIES INTO THE UNITED STATES); (B) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT; (C) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT; OR (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, SUBJECT, IN THE CASES OF CLAUSES (A), (B) AND (C), TO THE RIGHT OF THE ISSUER TO OBTAIN, IF THE ISSUER SO REQUESTS, AN OPINION, IN FORM AND SUBSTANCE AND FROM COUNSEL SATISFACTORY TO THE ISSUER AT THE EXPENSE OF THE HOLDER OF THIS CERTIFICATE, WHICH PROVIDES THAT SUCH OFFER, SALE, PLEDGE, HEDGE OR TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION.

EXCEPT AS OTHERWISE DETERMINED BY THE ISSUER, THE SECURITIES REPRESENTED BY THIS CERTIFICATE (OR ITS PREDECESSOR) MAY NOT BE DEMATERIALIZED INTO CREST OR ANY OTHER PAPERLESS SYSTEM UNLESS THE PARTY REQUESTING SUCH DEMATERIALIZATION FIRST OBTAINS A LETTER FROM THE TRANSFERREE STATING THAT SUCH TRANSFERREE IS NOT ACTING IN A PREARRANGED TRANSACTION RESULTING IN THE RESALE OF THESE SECURITIES INTO THE UNITED STATES OR MAKES SUCH OTHER REPRESENTATIONS REQUESTED BY THE ISSUER."

The Placee agrees, on its own behalf and on behalf of any accounts for which the Placee is acting, that if the Placee should offer, resell, pledge or otherwise transfer any Placing Shares, it will do so only (i) in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S under the

Securities Act (and not in a prearranged transaction resulting in the resale of such Placing Shares into the US), (ii) in a transaction meeting the requirements of Rule 144 under the Securities Act, (iii) in accordance with another exemption from the registration requirements of the Securities Act, or (iv) pursuant to an effective registration statement under the Securities Act, provided that the Placee notify the Company of such proposed transaction and that the Placee intends to make such sale in accordance with the terms of this paragraph, and that, such offer, resale, pledge or transfer must, and will, be made in accordance with any applicable securities laws of any US state or other jurisdiction of the US. The Placee understands and acknowledges that any offer, resale, pledge or transfer made other than in compliance with the restrictions contained in this paragraph may not be recognised by the Company;

- g. the Placing Shares shall only be eligible for settlement through CREST if approved by the Company and if requested by the Company, the purchaser provides a signed letter addressed to the Company, containing certain representations regarding compliance with United States securities laws;
- h. it has not purchased the Placing Shares as a result of "general solicitation" or "general advertising" (within the meaning of Rule 502(c) under the Securities Act), including advertisements, articles, research reports, notices or other communications published in any newspaper, magazine, on a website or in or on any similar media, or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising; and
- i. it will inform each purchaser who purchases the Placing Shares from it of the transfer restrictions stated herein and that if in the future such purchaser of Placing Shares decides to offer, resell, pledge, or otherwise transfer such Placing Shares, any offer, resale or transfer must be made in compliance with the Securities Act.

The foregoing representations, warranties and confirmations are given for the benefit of the Company, Panmure Gordon and Stockdale.

In addition, Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by them or any other person on the subscription by them of any Placing Shares or the agreement by them to subscribe for any Placing Shares.

Each Placee and any person acting on behalf of each Placee acknowledges and agrees that either Panmure Gordon, Stockdale or any of their respective affiliates may, at their absolute discretion, agree to become a Placee in respect of some or all of the Placing Shares.

All times and dates in this Announcement may be subject to amendment. Panmure Gordon or Stockdale shall notify the Placees and any person acting on behalf of the Placees of any changes.

The past performance of the Company and its securities is not, and should not be relied on as, a guide to the future performance of the Company and its securities. Persons needing advice should consult an independent financial adviser.

APPENDIX III

RISK FACTORS

Shareholders should be aware that an investment in the Company is highly speculative and involves a high degree of risk. Before making any investment decision, prospective investors should carefully consider all the information contained in this document including, in particular, the risk factors described below, which are not presented in any order of priority and may not be exhaustive.

The following risk factors are all those known by the Directors which are considered to be material in their opinion. Additional risks and uncertainties not currently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Group's business, financial condition and results of operations.

General Risks

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that may result from the investment. A prospective investor should consider with care whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them. Investors are therefore strongly recommended to consult an investment adviser authorised under FSMA, or such other similar body in their jurisdiction, who specialises in advising on investments of this nature before making their decision to invest.

Investment in the Company should not be regarded as short term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the commercial objectives of the Company will be achieved. Investors may not get back the full amount initially invested.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.

Risks relating to the Transaction

Investment in AIM Securities

An investment in shares traded on AIM may be less liquid and is perceived to involve a higher degree of risk than an investment in a company whose shares are listed on the Official List. Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Group. Investors may therefore realise less than, or lose all of, their investment.

AIM Rules

The AIM Rules are less onerous than those of the Official List. Neither the FCA nor the London Stock Exchange has examined or approved the contents of this Announcement. Shareholders and prospective investors (as appropriate) should be aware of the risks of investing in AIM quoted shares and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Dilution of ownership of Ordinary Shares

Shareholders' (who are not Placees) proportionate ownership and voting interest in the Company will be reduced pursuant to the Placing. In addition, to the extent that Shareholders do not take up the offer of Open Offer Shares under the Open Offer, their proportionate ownership and voting interest in the Company will be further reduced and the percentage that their shareholdings represent of the ordinary share capital of the Company will, following Admission, be reduced accordingly. Subject to certain exceptions, Shareholders with registered addresses in, or who are resident or located in the United States and other Restricted Jurisdictions will not be able to participate in the Open Offer.

Volatility of share price

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors, such as variations in operating results, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Group, news reports relating to trends in the Group's markets, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory changes and general economic conditions. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Group's performance.

The following factors, in addition to other risks described in this Appendix III, may have a significant effect on the market price of the Ordinary Shares:

- variations in operating results;
- actual or anticipated changes in the estimates of operating results or changes in stock market analyst recommendations regarding the Ordinary Shares, other comparable companies or the industry generally;
- market conditions in the industry, the industries of customers and the economy as a whole;
- actual or expected changes in the Group's growth rates or competitors' growth rates;
- changes in the market valuation of similar companies;
- trading volume of the Ordinary Shares; and
- adoption or modification of regulations, policies, procedures or programs applicable to the Group's business. In addition, if the stock market in general experiences loss of investor confidence, the trading price of the Ordinary Shares could decline for reasons unrelated to the Group's business, financial condition or operating results. The trading price of the Ordinary Shares might also decline in reaction to events that affect other companies in the industry, even if such events do not directly affect the Group. Each of these factors, among others, could harm the value of the Ordinary Shares.

Future payment of dividends

There can be no assurance as to the level of future dividends (if any). The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Directors and shareholders of the Company and will depend upon, *inter alia*, the Company's earnings, financial position, cash requirements and availability of profits as well as the provisions of relevant laws and/or generally accepted accounting principles from time to time.

Valuation of shares

The Issue Price has been determined by the Company and may not relate to the Company's net asset value, net worth or any established criteria or value. There can be no guarantee that the Ordinary Shares will be able to achieve higher valuations or, if they do so, that such higher valuations can be maintained.

Market perception

Market perception of the Company may change, potentially affecting the value of investors' holdings and the ability of the Company to raise further funds by the issue of further Ordinary Shares or otherwise.

Suitability

A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his or her personal circumstances and the financial resources available to him or her. An investment in the Company involves a high degree of risk. Prospective investors are advised to consult a person authorised by the FCA (or, if outside the UK, another appropriate regulatory body) before making their decision.

Business strategy

The implementation of the Group's strategy is subject to a number of risks, including operational, financial, macroeconomic, market, pricing and technological challenges. The success of the Group's business model also requires obtaining significant numbers of new customer bank accounts, either through new customer acquisition or the Group's existing finance customers opening new bank accounts. Implementing the Group's strategy will also require management to make complex judgements, including anticipating customer trends and needs across a range of financial products, identifying suitable borrowers for the expansion of its loan book, and structuring and pricing its products competitively. There also can be no guarantee that the Group's technological infrastructure will be adequate to support its planned growth, or that the Group will be able to successfully augment its systems if required in a timely manner, or at all.

Furthermore, the Group's strategy is based on, among other things, certain financial expectations, including its ability to raise new capital and/or debt, which in turn, could be impeded by macroeconomic factors, including a downturn in the UK, European or global economies, increased competition in the retail banking sector and/or significant or unexpected changes in the regulation of the financial services sector in the UK or Europe.

Moreover, in recent years, there has been an increased focus by UK regulators on the appropriateness and sustainability of the business models and growth strategies of regulated firms such as PCFG. Regulators no longer focus exclusively on the financial strength of regulated firms but also consider non-financial resources, including governance and infrastructure, available to the firm in assessing the sustainability of the business model and whether it continues to meet regulatory requirements. In addition, certain regulators have the power to restrict regulated firms' ability to develop products or make material acquisitions. If the Group's regulators believe that it does not have a sustainable business model or does not meet any of the regulatory conditions, they could remove or restrict the Group's operating licences and/or the way in which it conducts its business.

The inability of the Group to implement its business strategy for any of these reasons could have a material adverse effect on its business, financial condition and results of operations.

Capital risk

The Group is subject to capital adequacy requirements implemented by the PRA. If the Group fails to meet its minimum regulatory capital requirements, this may result in administrative actions or sanctions against it which could adversely impact its business and, in particular, its reputation. The Group may also experience increased requirements for capital as a result of new regulations.

Effective management of the Group's capital is critical to its ability to operate its business and to pursue its strategy. The Directors set the Group's internal target amount of capital by taking account of its own assessment of the risk profile of the business, market expectations and regulatory requirements. If regulatory requirements as to capital levels increase, driven by, for example, new regulatory requirements or expectations, the Group may be required to increase its capital ratios. The Group may also need to increase its capital level in response to changing market conditions or expectations. If the Group is unable to increase its capital in response, it may no longer comply with regulatory requirements or satisfy market expectations related to its capital strength and, as a result, its business, financial condition, and results of operations and prospects may be adversely impacted. Any change that limits the Group's ability to effectively manage its capital (including, for example, reductions in profits and retained earnings as a result of credit losses, write-downs or otherwise, increases in risk-weighted assets, delays in the disposal of certain assets, or the inability to raise capital or funding through wholesale markets as a result of market conditions or otherwise) could have a material adverse effect on its business, financial condition, results of operations, liquidity and/or prospects.

Operational risk

The Group faces a wide range of risks in its business activities. Management of such risks requires, among other things, robust systems and processes, and guidelines and policies which must be forward-looking, clearly articulated, documented and communicated throughout the business for the accurate identification and control of a large number of transactions and events. Such systems and processes, and guidelines and policies must also be continually reviewed and updated and effectively communicated to all personnel to ensure that resources, governance and infrastructure are appropriate for the increasing size and complexity of the business.

Risk management requires senior management to make complex judgements, including decisions (based on assumptions about economic factors) about the level and types of risk that the Group is willing to accept in order to achieve its business objectives, the maximum level of risk the Group can assume before breaching constraints determined by regulatory capital and liquidity needs and its regulatory and legal obligations, including, among others, from a conduct and prudential perspective. Given these complexities, and the dynamic environment in which the Group operates, there is a risk that the decisions made by senior management may not be appropriate or yield the results expected or that senior management may be unable to recognise emerging risks for the Group quick enough to take appropriate action in a timely manner.

Risk management also involves the use of risk models which are mathematical representations of business systems designed to help describe, predict, experiment with or optimise decisions and scenarios used throughout the business. There is a risk that an adverse outcome occurs as a direct result of weaknesses or failures in the design or use of any such a model.

If the Group is unable to implement its business strategy or effectively manage the risks it faces, its reputation, its business, financial condition, results of operations and prospects could be materially adversely affected.

Controlling Shareholder

As at 16 March 2017 (being the latest practicable date prior to the publication of this Announcement), BCB held 115,559,047 Ordinary Shares amounting to approximately 67.9 per cent. of the issued share capital of the Company. The Company has not entered into a relationship agreement with BCB and there is no binding agreement to prevent BCB from using its influence to prevent the Company from carrying on its business and making decisions in the interests of Shareholders as a whole and independently of BCB. Should BCB decide to disregard the interests of other shareholders, this may have a material adverse effect on the value of the Ordinary Shares. In particular, any matter proposed to be approved by shareholder resolution may not be passed if BCB exercises its vote against such resolution.

If BCB were to seek to sell its holding of Ordinary Shares, a lack of liquidity in the market may cause the price of the Ordinary Shares to fall dramatically and Shareholders may not be able to sell their Ordinary Shares at a price which reflects their actual or potential value. Any sale of Ordinary Shares by BCB for whatever reason may have a material adverse effect on the market price of the Ordinary Shares.

The Company has been informed by the Somers Group that it recognises that, over time, PCFG may require further capital in order to take full advantage of suitable opportunities that may present themselves to PCFG, and the Somers Group would continue to assess its overall interest in the Company to enhance value for all Shareholders.

Liquidity and funding

The Group's current financial instruments include term loan borrowings, derivatives and overdraft facilities. The main purpose of these financial instruments is to raise finance to fund the Group's principal activities. Continued, sustainable growth is dependent on the Group obtaining further debt facilities or increases to those already in place and there can be no guarantee that such funding will or will continue to be available to the Group. The mobilisation as a bank will mitigate this risk by providing a diversified treasury model that includes retail deposits.

The Group is exposed to the liquidity and interest rate risk arising from the requirement to fund its operations. Liquidity risk is the risk arising from unplanned decreases or changes in funding sources. The Group currently funds itself through bi-lateral facilities with UK and international banks with original maturities of up to five years. If the Group is unable to access such facilities or unable to mobilise as a bank, it will be unable to grow and may have to reduce the size of its portfolio of receivables, which may have an adverse effect on the Group's performance.

The Group has minimal risk to its income from changes in market interest rates because all loans made by the Group and receivables of the Group are fixed over the term of the contract. Facilities provided by banks are at fixed and floating rates and interest rate swaps are used, to the extent considered appropriate, to reduce interest rate fluctuations on floating rate borrowings. To the extent that the Group's receivables may not be matched by borrowings at fixed rates or covered by interest rate swaps at any point in time the Group will be exposed to the risks of changes in market interest rates and might incur higher interest costs on its debts than anticipated which may have an adverse effect on the Group's profitability. The intention post mobilisation as a bank is to offer fixed term, fixed rate deposit accounts further mitigating this risk.

The counterparties to the Group's financial liabilities are financial institutions. Credit risk represents operational disruption if counterparties are unable to perform completely as contracted. The Group's financial asset exposure to these counterparties is limited to derivatives and cash at bank. Although it is the Group's policy to monitor the financial standing of these counterparties on an on-going basis as

well as the exposure to any individual counterparty, a significant increase in counterparties failing to perform their contracts may have an adverse effect on the Group's performance.

Customer risk

The Group is exposed to the risk that customers owing the Group money will not fulfil their obligations. The Group regularly reviews its lending criteria as well as its credit exposure to all customers. However, default risk may arise from events which are outside the Group's control, primarily customer performance due to factors such as loss of employment, family circumstances, illness, business failure, adverse economic conditions or fraud. An increase in defaults among its customers may have a material adverse effect on the Group's performance.

The Group's business performance is influenced by the economic condition of its customers. With respect to its retail customer base, weak economic conditions in the UK could lead to an increase in arrears, impairment provisions and defaults. Worsening economic and market conditions may also lead to lower levels of business investment in the UK, which could result in reduced demand for the Group's products from its commercial customers, which could have a material adverse effect on the Group's business, financial condition and results of operations. Weak economic conditions in the UK could also lead to the Group's business customers being unable to meet their obligations resulting in an increase in arrears, charges provisions and defaults.

Inadequate security

The Group is exposed to the risk that the security upon which its advances are made may reduce in value, so that the Group may not recover some or all of its advances in the event of a customer default. This risk is mitigated by maintaining a diverse portfolio of customers, spreading risk across a variety of assets and sectors, lending for periods appropriate to the assets' lives and forming detailed assessments on both the value of the security and the customer's ability to service the debt. Specialist third party asset and vehicle valuations are obtained, where considered necessary. A significant decrease in the value of the assets over which the Company takes security, may lead to an increase in impairments and a decrease in the earnings of the Company which may have an adverse effect on the Group's performance.

General Economic Conditions

The performance of the Group is influenced by the economic conditions prevailing in the United Kingdom. A further or more sustained downturn in the United Kingdom could result in a general reduction in business activity and, specifically, reduced demand for the Group's finance products. In addition, high inflation and/or high unemployment could affect the ability of the Group's customers to make payments on their finance agreements, thereby leading to an increased incidence of default and bad debt, which will have a material adverse effect on the Group's performance.

The UK's proposed exit from the European Union

On 23 June 2016, the United Kingdom held a referendum on the United Kingdom's continued membership of the European Union. This resulted in a vote for the United Kingdom to exit the European Union ("**Brexit**"). There are significant uncertainties in relation to the terms and time frame within which such an exit would be effected, and there are significant uncertainties as to what the impact will be on the fiscal, monetary, legal and regulatory landscape in the UK. The extent of the impact on the Company will depend on the nature of the arrangements that are put in place between the United Kingdom and the European Union following Brexit. Although it is not possible to predict fully the effects of the exit of the United Kingdom from the European Union, any of these risks, taken

singularly or in the aggregate, could have a material adverse effect on the Company. In addition, it could potentially make it more difficult for the Company to raise capital.

Competition

The Group may face increasing competition from other financial services providers, in particular those operating in the consumer and SME vehicle and asset finance markets. Many of the Group's current competitors are significantly larger, are part of established banks and therefore have significantly greater resources than the Group. In addition, there is the possibility of new competition entering the sector. Increased competition may have an adverse effect on the performance of the Group, reducing revenues, margins and profitability.

As technology evolves and customer needs and preferences change, there is an increased risk of disruptive innovation or a failure by the Group to introduce new products and services to keep pace with industry developments and meet customer expectations. The Group is also subject to the risk of not appropriately responding to innovation in financial technologies and the industry-wide risk of traditional banking information technology infrastructure and digital technologies becoming obsolete. The Group's financial and operational performance may be materially adversely affected by an inability to keep pace with industry trends and customer expectations.

Any failure to manage the competitive dynamics to which the Group is exposed could have a material adverse effect on its business, financial condition and results of operations.

Key personnel

The Group depends on the services of its Board and senior management team, all of whom have significant financial services and general business experience. The loss of the services of any of these key personnel could have an adverse effect on the Group's performance.

Legal and Regulatory

Changes in legislation relating to the consumer credit industry may lead to increased regulation and costs for the Company which may adversely affect the profitability of consumer credit business.

The Group is exposed to risks relating to relationships with intermediaries

The Group is reliant on a network of intermediaries, for example, including brokers to distribute its products. The Group has limited direct oversight of intermediaries' interactions with prospective customers, outside of the Group's regulatory responsibilities, and if intermediaries violate applicable regulations or standards when selling the Group's products, the Group's reputation could be harmed. In addition, the Group may fail to develop products that are attractive to intermediaries or otherwise not succeed in developing relationships with intermediaries. Furthermore, the Group could lose the services of intermediaries with whom it does business, for example, as a result of market conditions causing their closure or intermediaries switching to the Group's competitors due to higher commissions or other incentives. The loss or deterioration of the Group's relationships with its intermediaries could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is exposed to operational risks in the event of a failure of its IT systems

The Group's business is dependent on processing a high volume of transactions across numerous and diverse products and services accurately and efficiently. As a result, any weakness in the Group's IT

systems or operational processes could have an adverse effect on its ability to operate its business and meet customer needs. While the Group has disaster recovery and business continuity contingency plans in place, an incident resulting in interruptions, delays, the loss or corruption of data or the cessation of systems can still occur. The Group also periodically upgrades its existing systems, and problems implementing these upgrades may lead to delays or loss of service to the Group's customers, as well as an interruption to its business.

The Group expects to continue to introduce new IT systems and upgrades as its business expands, and there can be no guarantee it will be able to efficiently implement these changes efficiently or cost effectively, or that its current IT systems will have sufficient scalability to support the Group's planned growth. Any actual or perceived inadequacies, weaknesses or failures in the Group's IT systems or processes could have a material adverse effect on its business, financial condition and results of operations.

The Group may suffer loss as a result of fraud or theft

As a financial institution, the Group is subject to a heightened risk that it will be the target of criminal activity, including fraud or theft. Due to the nature of the Group's business, it has exposure to many different customers. For example, the Group is exposed to potential losses resulting from customers providing the Group with falsified or fictitious information in order to secure financing. In addition, losses arising from staff misconduct may result from, among other things, failure to document transactions properly or obtain proper internal authorisation in an attempt to defraud the Group, or from theft by staff of customer data. Such behaviour may be difficult to prevent or detect, and the Group's internal policies to mitigate these risks may be inadequate or ineffective. The Group may not be able to recover the losses caused by these activities, and it could suffer reputational harm as a result, which could have a material adverse effect on its business, financial condition, results of operations or prospects.

APPENDIX IV

DEFINITIONS

The following definitions apply throughout this announcement, unless otherwise stated or the context requires otherwise:

“Admission”	admission of the New Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies governing the admission to and operation of AIM published by the London Stock Exchange as amended from time to time
“Announcement”	this announcement (including the appendices to this announcement)
“Application Form”	the application form relating to the Open Offer and enclosed with the Circular for use by Qualifying non-CREST Shareholders
“Articles”	the articles of association of the Company in force on the date hereof
“Basic Entitlement(s)”	the <i>pro rata</i> entitlement for Qualifying Shareholders to subscribe for Open Offer Shares, pursuant to the Open Offer as described in the Circular
“Bermuda Commercial Bank Limited” or “BCB”	Bermuda Commercial Bank Limited, a company incorporated in Bermuda with registered number LC1404 whose registered office is at Bermuda Commercial Bank Building, 19 Par-la-Ville Road, Hamilton, HM11, Bermuda. BCB is the wholly owned subsidiary of Somers
“Board” or the “Directors”	the directors of the Company, or any duly authorised committee thereof
“certified” or “in certificated form”	in relation to a share or other security, a share or other security that is not in uncertificated form, that is not in CREST
“Circular”	the circular of the Company giving (amongst other things) details of the Placing and Open Offer and incorporating the Notice of General Meeting, which is to be published on or around 20 March 2017
“Closing Price”	the closing middle market quotation of a share as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange
“Company” or “PCFG”	Private & Commercial Finance Group plc, a company incorporated in England and Wales with company number 02863246 whose registered office is at Pinners Hall, 105-108 Old Broad Street, London EC2N 1ER

“CREST”	the relevant system (as defined in the CREST Regulations 2001) for the paperless settlement of trades and the holding of uncertificated securities, operated by Euroclear, in accordance with the same regulations
“CREST Manual”	the rules governing the operation of CREST, as published by Euroclear
“CREST member”	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
“CREST participant”	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3875), as amended
“Disclosure and Transparency Rules”	the disclosure guidance and transparency rules of the FCA as amended from time to time
“EEA”	the European Economic Area
“Enlarged Share Capital”	the issued Ordinary Share capital of the Company immediately following the issue of the New Shares
“EU”	the European Union
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Excess Entitlement(s)”	Open Offer Shares in excess of the Basic Entitlement, but not in excess of the total number of Open Offer Shares, allocated to a Qualifying Shareholder pursuant to the Open Offer as described in the Circular
“Excess Application Facility”	the arrangement pursuant to which Qualifying Shareholders may apply for additional Open Offer Shares in excess of the Basic Entitlement in accordance with the terms and conditions of the Open Offer
“Ex-entitlement Date”	the date on which the Existing Ordinary Shares are marked ‘ex’ for entitlement under the Open Offer being 7.00 a.m. on 20 March 2017
“Existing Ordinary Shares”	the 170,124,102 Ordinary Shares in issue as at the date of this announcement being the entire issued share capital of the Company prior to the Transaction
“FCA”	the UK Financial Conduct Authority established pursuant to the Financial Services Act 2012 and responsible for, among other things, the conduct and regulation of firms authorised and regulated under FSMA and the prudential regulation of firms which are not regulated by the PRA
“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 6 April 2017 at Pinners Hall, 105-108 Old Broad Street, London EC2N 1ER
“Group”	together the Company and its subsidiary undertakings

“Issue Price”	the price at which the Placing Shares are to be placed as will be agreed between the Company, Panmure Gordon and Stockdale
“London Stock Exchange”	London Stock Exchange plc
“MAR”	Market Abuse Regulation (Regulation 596/2014)
“New Shares”	the new Ordinary Shares to be issued pursuant to the Transaction (being the Placing Shares and the Open Offer Shares)
“NIM”	net interest margin
“Notice of General Meeting”	the notice convening the General Meeting set out at the end of the Circular
“Open Offer”	the conditional invitation to Qualifying Shareholders to apply for the Open Offer Shares at the Issue Price on the terms and conditions outlined in the Circular and, where relevant, in the Application Form
“Open Offer Entitlements”	entitlements for Qualifying Shareholders to subscribe for Open Offer Shares pursuant to the Basic Entitlement and Excess Entitlement
“Open Offer Record Date”	close of business on 16 March 2017
“Open Offer Shares”	The New Shares to be issues pursuant to the Open Offer
“Ordinary Shares”	ordinary shares of five pence each in the capital of the Company having the rights and being subject to the restrictions contained in the Articles
“Overseas Shareholders”	Shareholders with registered addresses, or who are citizens or residents of, or incorporated in Restricted Jurisdictions
“Panmure Gordon”, “Nominated Adviser” or “Joint Broker”	Panmure Gordon (UK) Limited, the Company’s nominated adviser and joint broker
“Placees”	any person who has agreed to subscribe for Placing Shares
“Placing”	the placing by Panmure Gordon and Stockdale, as agents of and on behalf of the Company, of Placing Shares at the Issue Price on the terms and subject to the passing of the Resolutions and the conditions in the Placing Agreement
“Placing Agreement”	the conditional agreement dated 17 March 2017 between the Company, Panmure Gordon and Stockdale, a summary of which is set out in this announcement
“Placing Shares”	the New Shares to be issued pursuant to the Placing
“PRA”	the UK Prudential Regulation Authority, established pursuant to the Financial Services Act 2012
“Publicly Available Information”	any information published by the Company using a Regulatory Information Service

“Qualifying CREST Shareholders”	Qualifying Shareholders holding Existing Ordinary Shares which, on the register of members of the Company on the Open Offer Record Date, are in uncertificated form in CREST
“Qualifying non-CREST Shareholders”	Qualifying Shareholders holding Existing Ordinary Shares which, on the register of members of the Company on the Open Offer Record Date, are in certificated form
“Qualifying Shareholders”	holders of Existing Ordinary Shares other than Overseas Shareholders, BCB, and the Directors whose names appear on the register of members of the Company on the Open Offer Record Date as holders of Existing Ordinary Shares and who are eligible to be offered Open Offer Shares under the Open Offer in accordance with the terms and conditions set out in the Circular
“Registrar”	Computershare Investor Services PLC
“Regulation S”	Regulation S as promulgated under the Securities Act
“Regulatory Information Service”	a service approved by the London Stock Exchange for the distribution to the public of AIM announcements and included within the list on the website of the London Stock Exchange
“Resolutions”	the Shareholder resolutions to be proposed at the General Meeting and as set out in the Notice of General Meeting
“Restricted Jurisdictions”	the United States, Australia, Canada, Japan, the Republic of South Africa and any other jurisdiction where the extension or availability of the Open Offer would breach any applicable law
“RoE”	return on equity
“Scrip Dividend Mandate Form”	mandate forms for the 2016 Scrip Dividend
“Securities Act”	the United States Securities Act of 1933, as amended
“Shareholders”	registered holders of Ordinary Shares
“Somers Group”	together Somers and BCB and their subsidiary undertakings
“Somers Limited” or “Somers”	Somers Limited, a company incorporated in Bermuda with registered number 46441 whose registered office is at 34 Bermudiana Road, Hamilton HM11, Bermuda. Somers is the sole parent company of BCB
“Stockdale” or “Joint Broker”	Stockdale Securities Limited
“Transaction”	together, the Placing and Open Offer
“UK”	the United Kingdom of Great Britain and Northern Ireland

“uncertificated” or “in uncertificated form”	a share or other security recorded on the relevant register of the share or security concerned 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
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“US Person”	bears the meaning ascribed to such term by Regulation S
“2016 Final Dividend”	the final cash dividend of 0.1 pence per Ordinary Share in respect of the 18 month period ended 30 September 2016
“2016 Scrip Dividend”	the opportunity for Shareholders to elect to receive new Ordinary Shares credited as fully paid instead of cash in respect of all or part of any dividend, including in relation to the 2016 Final Dividend
“£”	pounds sterling, the lawful currency of the UK from time to time