

**THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised for the purposes of the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on the acquisition of shares and other securities before taking any action. The whole of this document should be read. You should be aware that an investment in the Company involves a high degree of risk and prospective investors should in particular carefully consider the section entitled "Risk Factors" set out in Part II of this document.**

If you have sold or transferred all of your Ordinary Shares on or before the Open Offer Record Date please forward this document, together with the Application Form, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other party through whom the sale or transfer was effected for transmission to the purchaser or transferee. Such documents should, however, not be forwarded to or transmitted into any jurisdiction outside of the UK if to do so would constitute a violation of the relevant law and/or regulations of such jurisdiction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. If you have sold or transferred only part of your registered holding of Ordinary Shares on or before the Open Offer Record Date, you are advised to consult your stockbroker, bank or other agent through whom the sale or transfer was effected.

The maximum amount to be raised under the Open Offer shall be less than €8 million (or an equivalent amount in pounds sterling). The New Shares shall only be available to qualified investors for the purposes of the Prospectus Rules or otherwise in circumstances should, however, not be forwarded to or transmitted into any jurisdiction outside of the UK if to do so would constitute a violation of the relevant law and/or regulations of such jurisdiction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. If you have sold or transferred only part of your registered holding of Ordinary Shares on or before the Open Offer Record Date, you are advised to consult your stockbroker, bank or other agent through whom the sale or transfer was effected.

The New Shares shall only be available to qualified investors for the purposes of the Prospectus Rules or otherwise in circumstances should, however, not be forwarded to or transmitted into any jurisdiction outside of the UK if to do so would constitute a violation of the relevant law and/or regulations of such jurisdiction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. If you have sold or transferred only part of your registered holding of Ordinary Shares on or before the Open Offer Record Date, you are advised to consult your stockbroker, bank or other agent through whom the sale or transfer was effected.

The Directors of the Company accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and this document makes no omission likely to affect the import of such information.

The Company's Ordinary Shares are currently admitted to trading on the AIM market of the London Stock Exchange ("AIM"). Application will be made to the London Stock Exchange for the New Shares to be admitted to trading on AIM. The New Shares will not be admitted to trading on any other investment exchange. Subject to certain conditions being satisfied, it is expected that admission of the New Shares will become effective and that dealings will commence at 8.00 a.m. on 11 March 2019.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the UKLA has examined or approved the contents of this document. The AIM Rules are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Existing Ordinary Shares or the New Shares to the Official List.**

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## PCF GROUP PLC

*(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 02863246)*

**Placing of 33,333,333 New Shares at 30 pence per New Share,  
Open Offer of up to 2,500,000 New Shares at 30 pence per New Share  
and  
Notice of General Meeting**

**Nominated Adviser & Joint Broker**  
Panmure Gordon (UK) Limited

**Joint Broker**  
Stockdale Securities Limited

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**You are recommended to read the whole of this document but your attention is drawn, in particular, to the letter from the Chairman of the Company explaining the background to, and reasons for, the Transaction which is set out in Part I of this document and to the Risk Factors in Part II of this document which contains a discussion of certain factors that should be considered by Shareholders when considering whether or not to make an investment in the Company.**

Panmure Gordon (UK) Limited ("**Panmure Gordon**"), which is authorised and regulated in the UK by the FCA and is a member of the London Stock Exchange, is the Company's nominated adviser and Joint Broker for the purposes of the AIM Rules. Panmure Gordon is acting with Stockdale Securities Limited ("**Stockdale**") for the Company in relation to the Transaction and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Transaction and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in relation to the contents of this document or any other matter referred to herein. Panmure Gordon's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed to the London Stock Exchange and not to any other person in respect of their decision to acquire New Shares in reliance on any part of this document.

Panmure Gordon has not authorised the contents of this document for any purpose and no liability whatsoever is accepted by Panmure Gordon nor does it make any representation or warranty, express or implied, as to the accuracy of, any information or opinion contained in this document or for the omission of any information. Panmure Gordon expressly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this document.

Stockdale, which is authorised and regulated in the UK by the FCA and is a member of the London Stock Exchange, is the Company's Joint Broker for the purposes of the AIM Rules. Stockdale is acting with Panmure Gordon for the Company in relation to the Transaction and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Transaction and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for providing advice in relation to the contents of this document or any other matter referred to herein.

Stockdale has not authorised the contents of this document for any purpose and no liability whatsoever is accepted by Stockdale nor does it make any representation or warranty, express or implied, as to the accuracy of, any information or opinion contained in this document or for the omission of any information. Stockdale expressly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise which it might otherwise have in respect of this document.

This document does not constitute an offer to sell, or the solicitation of an offer to buy, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful, and is not for distribution in or into the United States, its territories or possessions, subject to certain limited exceptions. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or under the applicable securities laws of any state or other jurisdiction of the United States or any province or territory of Canada, Japan, Australia or the Republic of South Africa. Accordingly, unless a relevant exemption from such requirements is available, the New Shares may not, subject to certain exceptions, be offered, sold, taken up, re-sold or delivered, directly or indirectly, into or within the Canada, Japan, Australia, the Republic of South Africa or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Ordinary Shares may not be offered, sold, taken-up, re-sold or delivered, directly or indirectly, in the United States absent registration or an exemption from, or a transaction not subject to, registration under the Securities Act. Shareholders who believe that they, or persons on whose behalf they hold Ordinary Shares, are eligible for an exemption from such requirements should refer to paragraph 6 of Part IV of this document to determine whether and how they may participate.

**Overseas Shareholders and any person (including, without limitation, nominees, custodians and trustees) who has a contractual or other legal obligation to forward this document or an Application Form to a jurisdiction outside the UK should read paragraph 6 of Part IV of this document.**

Qualifying non-CREST Shareholders will find an Application Form enclosed with this document. Applications under the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim arising out of the sale or transfer of Ordinary Shares prior to the date on which the relevant Ordinary Shares are marked "ex" the entitlement by the London Stock Exchange. Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purposes of calculating entitlements under the Open Offer. The latest time for application and payment in full under the Open Offer is 11.00 a.m. on 7 March 2019 and the procedure for application and payment is set out in Part IV of this document.

The Placing and Open Offer are conditional, *inter alia*, on the passing of the Resolutions. 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. For the avoidance of doubt, the New Shares will be entitled to receive the 2018 Final Dividend.

Notice of the General Meeting of PCF Group plc, to be held at 11.00 a.m. on 8 March 2019 at 1 Cornhill, London EC3V 3ND, is set out at the end of this document. A Form of Proxy is enclosed for use by Shareholders in connection with the meeting. To be valid, Forms of Proxy, completed in accordance with the instructions printed thereon, must be received by PCF Group plc registrars, Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS99 6AH, as soon as possible but in any event by no later than 11.00 a.m. on 6 March 2019. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting at the General Meeting or any adjournment thereof should they so wish.

## **FORWARD-LOOKING STATEMENTS**

This document contains "forward-looking statements" which includes all statements other than statements of historical fact including, without limitation those regarding the Company's financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "might", "anticipates", "would", "could", "shall", "estimate", "plans", "predicts", "continues", "assumes", "positioned", or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules.

## **NO INCORPORATION OF WEBSITE INFORMATION**

The contents of the Company's website, any website mentioned in this document or any website directly or indirectly linked to these websites have not been verified and do not form part of this document, and prospective investors should not rely on such information.

## NOTICE TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any manufacturer (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that the Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**Target Market Assessment**”).

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Panmure Gordon and Stockdale will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS IN RELATION TO THE TRANSACTION

Open Offer Record Date for entitlements under the Open Offer	Close of business	19 February 2019
Announcement of the proposed Placing and Open Offer		20 February 2019
Announcement of the Result of Placing		20 February 2019
Publication and posting of the Circular including Notice of General Meeting, Application Forms and Forms of Proxy		20 February 2019
Ex-entitlement Date of the Open Offer	7.00 a.m.	21 February 2019
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 February 2019
Recommended latest time and date for requesting withdrawal of Open Offer Entitlements and Excess Entitlements from CREST	4.30 p.m.	1 March 2019
Latest time and date for depositing Open Offer Entitlements and Excess Entitlements into CREST	3.00 p.m.	4 March 2019
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m.	5 March 2019
Latest time and date for receipt of Forms of Proxy	11.00 a.m.	6 March 2019
<b>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)</b>	<b>11.00 a.m.</b>	<b>7 March 2019</b>
<b>General Meeting</b>	<b>11.00 a.m.</b>	<b>8 March 2019</b>
<b>Announcement of the results of the General Meeting and Open Offer</b>		<b>8 March 2019</b>
<b>Admission and commencement of dealings in New Shares</b>	<b>8.00 a.m.</b>	<b>11 March 2019</b>
New Shares in uncertificated form expected to be credited to accounts in CREST	As soon as possible after 8.00 a.m.	11 March 2019
Despatch of definitive share certificates for the New Shares in certificated form	Within 10 business days of Admission	
Date on which the Ordinary Shares quoted ex the 2018 Final Dividend		21 March 2019
Record date for entitlement to participate in the 2018 Final Dividend		22 March 2019
2018 Scrip Dividend share price set		28 March 2019
Date on which Scrip Dividend Mandate Forms required to be submitted		29 March 2019
2018 Final Dividend payment date/first day of dealing in new Ordinary Shares relating to elections to receive the 2018 Scrip Dividend		12 April 2019

*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 document, all references to times and dates are to times and dates in London, UK. The timetable above assumes that the Resolutions are passed at the General Meeting without adjournment.*

*If you have questions on how to complete the Form of Proxy, please contact Computershare Investor Services PLC on +44 (0)370 707 1224.*

*In order to subscribe for Open Offer Shares under the Open Offer, Qualifying Shareholders will need to follow the procedure set out in Part IV of this document and, where relevant, complete the accompanying Application Form. If Qualifying Shareholders have any queries on the procedure for acceptance and payment, or wish to request another Application Form, they should contact Computershare Investor Services PLC on +44 (0)370 707 1224, quoting the allotment number of their Application Form.*

*Calls may be recorded and monitored randomly for security and training purposes. Computershare Investor Services PLC cannot provide advice on the merits of the Transaction and cannot give any financial, legal or tax advice.*

## SHARE CAPITAL AND TRANSACTION STATISTICS

Issue Price for each New Share	30 pence
Discount to the price of an Existing Ordinary Share on 19 February 2019	approximately 16.7 per cent.
Number of Existing Ordinary Shares in issue as at the date of this document	214,152,601
Number of Placing Shares to be issued pursuant to the Placing	33,333,333
Basis of Open Offer	1 New Share for every 37 Existing Ordinary Shares
Maximum number of Open Offer Shares to be issued pursuant to the Open Offer	2,500,000
Enlarged Share Capital immediately following Admission*	249,958,934
Approximate market capitalisation at Admission at the Issue Price*	£75 million
New Shares as a percentage of the Enlarged Share Capital*	approximately 14.3 per cent.
Estimated gross proceeds of the Transaction receivable by the Company*	£10.75 million
Estimated net proceeds of the Transaction receivable by the Company*	approximately £10.3 million
ISIN - Ordinary Shares	GB0004189378
ISIN - Open Offer Basic Entitlements	GB00BHWTRF73
ISIN - Open Offer Excess Entitlements	GB00BHWTRH97

\* assuming full take up of the Open Offer.

## DIRECTORS, SECRETARY AND ADVISERS

### Directors

**Tim Franklin** *(Non-executive Chairman)*  
**Christine Higgins** *(Non-executive Director)*  
**David Morgan** *(Non-executive Director)*  
**David Titmuss** *(Non-executive Director)*  
**Mark Brown** *(Non-executive Director)*  
**Scott Maybury** *(Chief Executive)*  
**Robert Murray** *(Managing Director)*  
**David Bull** *(Finance Director)*

### Company Secretary

**Robert Murray**

### Registered Office

Pinners Hall  
105-108 Old Broad Street  
London EC2N 1ER

### Nominated Adviser & Broker

**Panmure Gordon (UK) Limited**  
One New Change  
London EC4M 9AF

### Joint Broker

**Stockdale Securities Limited**  
100 Wood Street  
London EC2V 7AN

### Auditors

**Ernst & Young LLP**  
25 Churchill Place  
Canary Wharf  
London E14 5EY

### Legal advisers to the Company

**Dentons UK and Middle East LLP**  
1 Fleet Place  
London EC4M 7WS

### Legal advisers to the Nominated Adviser and Joint Broker

**Fieldfisher**  
Riverbank House  
2 Swan Lane  
London EC4R 3TT

### Registrars

**Computershare Investor Services PLC**  
The Pavilions  
Bridgwater Road  
Bristol BS13 8AE

## DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

<b>“Admission”</b>	admission of the New Shares to trading on AIM becoming effective in accordance with the AIM Rules
<b>“Act”</b>	the Companies Act 2006 (as amended)
<b>“AGM”</b>	the Company’s Annual General Meeting held on 8 March 2019
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange
<b>“AIM Rules”</b>	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
<b>“AIM Rules for Nominated Advisers”</b>	the AIM Rules for Nominated Advisers published by the London Stock Exchange as amended from time to time
<b>“Applicant”</b>	a Qualifying Shareholder or a person by virtue of a <i>bona fide</i> market claim who lodges an Application Form or relevant CREST instruction under the Open Offer
<b>“Application Form”</b>	the application form relating to the Open Offer and enclosed with this document for use by Qualifying non-CREST Shareholders
<b>“Articles”</b>	the articles of association of the Company in force at the date of this document
<b>“Azule”</b>	Azule Limited, a wholly owned subsidiary of the Company
<b>“Basic Entitlement(s)”</b>	the pro rata entitlement for Qualifying Shareholders to subscribe for Open Offer Shares, pursuant to the Open Offer as described in Part IV of this document
<b>“Bermuda Commercial Bank Limited” or “BCB”</b>	Bermuda Commercial Bank Limited, a company incorporated in Bermuda with registered number LC1404 whose registered office is at Bermuda Commercial Bank Building, 34 Bermudiana Road, Hamilton, HM11, Bermuda. BCB is a wholly-owned subsidiary of Somers
<b>“Board” or the “Directors”</b>	the Directors of the Company, as at the date of this document, whose names are set out on page 7 of this document
<b>“CCSS”</b>	the CREST Courier and Sorting Service, established by Euroclear to facilitate, <i>inter alia</i> , the deposit and withdrawal of certificated securities
<b>“certified” or “in certificated form”</b>	in relation to a share or other security, a share or other security that is not in uncertificated form, that is not in CREST
<b>“Circular” or “document”</b>	this circular, dated 20 February 2019
<b>“Closing Price”</b>	the closing middle market quotation of a share as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange
<b>“Company” or “PCFG”</b>	PCF 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
<b>“CREST”</b>	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
<b>“CREST Manual”</b>	the rules governing the operation of CREST, as published by Euroclear
<b>“CREST member”</b>	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations)
<b>“CREST participant”</b>	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)



<b>“CREST payment”</b>	shall have the meaning given in the CREST Manual issued by Euroclear
<b>“CREST Regulations”</b>	the Uncertified Securities Regulations 2001 (SI 2001 No. 3875), as amended
<b>“CREST sponsor”</b>	a CREST participant admitted to CREST as a CREST sponsor
<b>“CREST sponsored member”</b>	a CREST member admitted to CREST as a Sponsored Member (which includes all CREST Personal Members)
<b>“Disclosure and Transparency Rules”</b>	the disclosure guidance and transparency rules of the FCA as amended from time to time
<b>“EEA”</b>	the European Economic Area
<b>“Enlarged Share Capital”</b>	the issued Ordinary Share capital of the Company immediately following the issue of the New Shares
<b>“EU”</b>	the European Union
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>“Excess Entitlement(s)”</b>	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 Part IV of this document
<b>“Excess Application Facility”</b>	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
<b>“Excess CREST Open Offer Entitlement”</b>	in respect of each Qualifying CREST Shareholder, the entitlement to apply for Open Offer Shares in addition to the Basic Entitlement credited to the Qualifying CREST Shareholder’s account in CREST, pursuant to the Excess Application Facility, which is conditional on the Qualifying CREST Shareholder taking up his Basic Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document
<b>“Excess Shares”</b>	the Open Offer Shares for which Qualifying Shareholders may apply under the Excess Application Facility in addition to their Basic Entitlement
<b>“Ex-entitlement Date”</b>	the date on which the Existing Ordinary Shares are marked ‘ex’ for entitlement under the Open Offer being 7.00 a.m. on 21 February 2019
<b>“Existing Ordinary Shares”</b>	the 214,152,601 Ordinary Shares in issue as at the date of this document being the entire issued share capital of the Company prior to the Transaction
<b>“FCA”</b>	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
<b>“Form of Proxy”</b>	the form of proxy which accompanies this document for use in connection with the General Meeting
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended)
<b>“General Meeting”</b>	the general meeting of the Company, to be held at 11.00 a.m. on 8 March 2019 at 1 Cornhill, London EC3V 3ND
<b>“Group”</b>	together the Company and its subsidiary undertakings
<b>“HMRC”</b>	Her Majesty’s Revenue & Customs
<b>“ISIN”</b>	International Securities Identification Number
<b>“Issue Price”</b>	30 pence per New Share

<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“MAR”</b>	regulation (EU) No. 596/2014 of the European Parliament
<b>“member account ID”</b>	the identification code or number attached to any member account in CREST
<b>“Money Laundering Regulations”</b>	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
<b>“New Shares”</b>	up to 35,833,333 new Ordinary Shares to be issued pursuant to the Transaction (being the Placing Shares and the Open Offer Shares)
<b>“NIM”</b>	net interest margin
<b>“Notice of General Meeting”</b>	the notice convening the General Meeting set out at the end of this document
<b>“Official List”</b>	the Official List of the UKLA
<b>“Open Offer”</b>	the conditional invitation to Qualifying Shareholders to apply for the Open Offer Shares at the Issue Price on the terms and conditions outlined in this document and, where relevant, in the Application Form
<b>“Open Offer Entitlements”</b>	entitlements for Qualifying Shareholders to subscribe for Open Offer Shares pursuant to the Basic Entitlement and Excess Entitlement
<b>“Open Offer Record Date”</b>	close of business on 19 February 2019
<b>“Open Offer Shares”</b>	up to 2,500,000 New Shares to be issued pursuant to the Open Offer
<b>“Ordinary Shares”</b>	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
<b>“Overseas Shareholders”</b>	Shareholders with registered addresses, or who are citizens or residents of, or incorporated in Restricted Jurisdictions
<b>“Panmure Gordon”, “Nominated Adviser” or “Joint Broker”</b>	Panmure Gordon (UK) Limited, the Company’s nominated adviser and joint broker
<b>“participant ID”</b>	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
<b>“Placees”</b>	any person who has agreed to subscribe for Placing Shares
<b>“Placing”</b>	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
<b>“Placing Agreement”</b>	the conditional agreement dated 20 February 2019 between the Company, Panmure Gordon and Stockdale, a summary of which is set out in paragraph 1 of Part V of this document
<b>“Placing Shares”</b>	33,333,333 New Shares to be issued pursuant to the Placing
<b>“PRA”</b>	the UK Prudential Regulation Authority, established pursuant to the Financial Services Act 2012
<b>“Prospectus Rules”</b>	the Prospectus Rules made in accordance with EU Prospectus Directive 12003/7VEEC1 in relation to offers of securities to the public and admission of securities to trading on a regulated market
<b>“Publicly Available Information”</b>	any information published by the Company using a Regulatory Information Service
<b>“Qualifying CREST Shareholders”</b>	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

<b>“Qualifying non-CREST Shareholders”</b>	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
<b>“Qualifying Shareholders”</b>	holders of Existing Ordinary Shares other than Overseas Shareholders, the Somers Group 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 this document
<b>“Receiving Agent”</b>	Computershare Investor Services PLC
<b>“Registrar”</b>	Computershare Investor Services PLC
<b>“Regulatory Information Service”</b>	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
<b>“Resolutions”</b>	the Shareholder resolutions to be proposed at the General Meeting and as set out in the Notice of General Meeting
<b>“Restricted Jurisdictions”</b>	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
<b>“RoE”</b>	return on equity
<b>“Scrip Dividend Mandate Form”</b>	mandate forms for the 2018 Scrip Dividend
<b>“Securities Act”</b>	the United States Securities Act of 1933, as amended
<b>“Shareholders”</b>	registered holders of Ordinary Shares
<b>“Somers Group”</b>	together Somers, BCB and any subsidiary undertaking thereof
<b>“Somers Limited” or “Somers”</b>	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
<b>“Stockdale” or “Joint Broker”</b>	Stockdale Securities Limited
<b>“Transaction”</b>	together, the Placing and Open Offer
<b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UKLA”</b>	the UK Listing Authority, being the FCA acting as the competent authority for the purposes of Part VI of the FSMA
<b>“uncertificated” or “in uncertificated form”</b>	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
<b>“US” or “United States”</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
<b>“USE”</b>	unmatched stock event
<b>“2018 Final Dividend”</b>	the final cash dividend of 0.30 pence per Ordinary Share in respect of the year ended 30 September 2018
<b>“2018 Scrip Dividend”</b>	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 2018 Final Dividend

A reference to £ is to pounds sterling, being the lawful currency of the UK. A reference to € or Euro is to the lawful currency of the Euro area.

**PART I - LETTER FROM THE CHAIRMAN**  
**PCF GROUP PLC**

*(Incorporated and registered in England and Wales with registered number 02863246)*

Directors

**Timothy Franklin** (Non-Executive Chairman)  
**Christine Higgins** (Non-Executive Director)  
**David Morgan** (Non-Executive Director)  
**David Titmuss** (Non-Executive Director)  
**Mark Brown** (Non-Executive Director)  
**Scott Maybury** (Chief Executive)  
**Robert Murray** (Managing Director)  
**David Bull** (Finance Director)

Registered Office

Pinnars Hall  
105-108 Old Broad Street  
London  
EC2N 1ER

20 February 2019

Dear Shareholder,

**Placing of 33,333,333 New Shares, Open Offer of up to 2,500,000 New Shares and Notice of General Meeting**

**Introduction**

The Company has conditionally raised £10 million (before expenses) by way of a Placing of 33,333,333 Placing Shares with new institutional investors and certain existing Shareholders (including Somers, and certain Directors) at the Issue Price of 30 pence per Placing Share, as announced on 20 February 2019. The Issue Price represents a discount of approximately 16.7 per cent. to the price of 36 pence per Existing Ordinary Share, being the Closing Price on 19 February 2019, being the last practicable date prior to the date of the announcement of the Transaction.

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 an aggregate of up to 2,500,000 Open Offer Shares, to raise up to £0.75 million (before expenses) for the Company, on the basis of 1 Open Offer Share for every 37 Existing Ordinary Shares held on the Open Offer Record Date, at 30 pence per share. 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, Somers (the Company's majority Shareholder) and the Directors have confirmed 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 Somers and the Directors under the Open Offer will be made available to Qualifying Shareholders under the Open Offer.

The Directors believe that the net proceeds of the Transaction will provide capital headroom to support the next stage of the Group's strategic plan as it moves towards its targets of a portfolio of receivables of £750 million and a return on equity of 15 per cent. by September 2022.

Panmure Gordon and Stockdale have, pursuant to the terms of the Placing Agreement, conditionally procured Placees to subscribe for the Placing Shares at the Issue Price. The Placing comprises 33,333,333 Placing Shares. The Placing Shares are not subject to clawback and are not part of the Open Offer. The Placing is not underwritten.

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 the Open Offer Shares and to dis-apply statutory pre-emption rights in relation thereto. The Open Offer is conditional on the Placing. The formal Notice of General Meeting, which is being convened for 11.00 a.m. on 8 March 2019, is set out at the end of this document.

If the conditions relating to the issue of the Placing Shares are not satisfied, or the Placing Agreement is terminated in accordance with its terms, neither the Placing Shares nor the Open Offer Shares will be issued and the Company will not receive the related subscription monies.

**The purpose of this document is to provide you with information regarding the Transaction, to explain why your Board considers the Transaction to be in the best interests of the Company and its Shareholders as a whole and why it unanimously recommends that you should vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document.**

### **Background to and reasons for the Transaction**

PCFG has successfully created a new banking platform as a dual-regulated bank, significantly expanding the Group's addressable lending market and supporting the Group's growth strategy since the bank was authorised and launched in July 2017. To support the Group's medium-term growth plans and to enable the Group to maintain the level of regulatory capital and liquidity the Group is required to hold as agreed with the PRA and FCA, PCFG successfully raised £10.5 million (before expenses) through a placing and open offer in March 2017.

At the time of the previous fundraise, the Group's medium-term strategic objective was to achieve a portfolio of loans and receivables of £350 million and return on equity after tax of 12.5 per cent. at the end of the first three years following the commencement of retail deposit taking.

New business originations in the Group's existing markets of consumer motor finance and SME asset finance have since increased significantly, capitalising on the anticipated cheaper cost of funds and more flexible nature of a retail depositor base. The growth in the Group's lending portfolio has been based on prudent credit policies, with risk appetite focussing on increasing volumes by operating in the prime sector of both markets.

The Board has also continued to assess its options for extending the Group's range of financial products and markets, whilst remaining consistent with the Group's low risk strategy. On 31 October 2018, the Group acquired Azule, a broadcast and media equipment finance specialist, and has recently recruited a bridging property finance team, which commenced operations in January 2019.

Following strong portfolio growth supported by new business initiatives and the acquisition of Azule, the Group is ahead of schedule to meet its initial portfolio target of £350 million and a return on equity of 12.5 per cent. by 2020.

### **Strategic objectives**

The Group aims to maximise the potential of its banking model through organic growth in the prime sectors of its existing consumer and SME markets and asset diversification. The Group will seek to grow the recently acquired Azule business in its existing broadcast and media equipment finance sector. The Group also intends to complete the launch of its pilot bridging property finance operation. The Board will continue to assess opportunities to accelerate the Group's growth through market consolidation and strategic alliances.

### **Use of proceeds**

The net proceeds of the Transaction will be used to fund continued organic growth in vehicle and asset finance, particularly in the prime market; support and grow the recently acquired Azule business; and enable the Group's new property bridging finance to grow beyond its initial pilot scheme.

The Directors believe that the net proceeds of the Transaction will provide capital headroom to support the next stage of the Group's strategic plan as it moves towards its targets of a portfolio of receivables of £750 million and a return on equity of 15 per cent. by September 2022.

### **Current trading and outlook**

PCFG notified its preliminary results for the year ended 30 September 2018 through the Regulatory Information Service on 5 December 2018, and published its latest Annual Report and Financial Statements for the year ended 30 September 2018 on 13 February 2019. Please refer to the Group's announcements as notified through the Regulatory Information Service and made available on PCFG's website at [www.pcf.bank](http://www.pcf.bank)

Financial highlights for the period included:

- profit before tax (before acquisition costs) for the 12 months ended 30 September 2018 was up 50 per cent. to £5.4 million (2017: £3.6 million)
- profit before tax for the 12 months ended 30 September 2018 was up 44 per cent. to £5.2 million (2017: £3.6 million)
- fully diluted earnings per Ordinary Share for the 12 months ended 30 September 2018 was up 33 per cent. to 2.0 pence (2017: 1.5 pence)
- net interest margin for the 12 months ended 30 September 2018 was stable at 8.2 per cent. (2017: 8.3 per cent.)
- Common Equity Tier 1 Ratio (CET1) as at 30 September 2018 of 19.3 per cent. (2017: 26.3 per cent.)
- fully diluted after-tax return on equity increased to 10.3 per cent. (2017: 8.7 per cent.)
- £47 million of unearned finance charges to contribute to earnings in future years (2017: £31 million)
- the Directors recommended a dividend of 0.3 pence per Ordinary Share

New business originations for the 12 months ended 30 September 2018 were 75 per cent. ahead of the comparative period in the prior year at £148.4 million (2017: £84.6 million), while the loan impairment charge was maintained at 0.5 per cent. (2017: 0.5 per cent.). The lending portfolio grew by 50 per cent. during the 12 months ended 30 September 2018 to £219 million (2017: £146 million) with a continued focus on prime quality customers. Retail deposits grew to £191 million as at 30 September 2018 (2017: £53 million).

The Group acquired Azule, a broadcast and media finance specialist, on 31 October 2018, the first step in the Group's strategic plan to diversify its portfolio. The acquisition of Azule was earnings enhancing and integration of the business is progressing well. A further diversification initiative is the Group's newly-recruited bridging property finance team, which has commenced operations, targeting an initial portfolio of £20 million by 30 September 2019.

The Board is pleased to report that current trading is in line with management expectations. As at 31 December 2018, the lending portfolio had grown to £250 million and retail deposits stood at £203 million held across approximately 4,600 customer accounts. PCFG is targeting new business originations of £250 million in the year to 30 September 2019. Following strong portfolio growth supported by new business initiatives and the acquisition of Azule, the Group is ahead of schedule to meet its initial portfolio target of £350 million and a return on equity of 12.5 per cent. by 2020. The Directors are confident in the Group's business model and strategy as it continues to target a lending portfolio of £750 million and return of equity of 15 per cent. by 30 September 2022.

### Details of the Transaction

The Company has conditionally placed 33,333,333 Placing Shares through a Placing at 30 pence per Placing Share. Alongside the Placing, the Company is making an Open Offer pursuant to which it may raise a further amount of up to £0.75 million (before expenses). The proposed issue price of 30 pence per Open Offer Share is the same price as the price at which New Shares are being issued pursuant to the Placing.

### 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. This includes the right to receive the declared 2018 Final Dividend.

At the AGM, it is proposed that the Shareholders approve, *inter alia*, the 2018 Final Dividend and grant 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 2018 Final Dividend (the "**2018 Scrip 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 2018 Final Dividend payable in respect of their Open Offer Shares.



## **Action to be taken in relation to the 2016 Scrip Dividend**

### *Shareholders wanting to receive all of the 2018 Final Dividend in cash*

Any Shareholder wanting to receive all of the 2018 Final Dividend in cash in respect of their existing Ordinary Shares and any Open Offer Shares they subscribe for pursuant to the Open Offer need not do anything, provided they have not previously submitted a Scrip Dividend Mandate Form. Such Shareholders will receive the 2018 Final Dividend in cash in relation to their existing Ordinary Shares and any Open Offer Shares they subscribe for pursuant to the Open Offer. If any Shareholder has completed and returned a Scrip Dividend Mandate Form but now wishes to revoke it, they should give notice of withdrawal to Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS99 6AH so as to be received on or before 29 March 2019.

### *Shareholders wanting to receive new Ordinary Shares credited as fully paid instead of cash in respect of all of the 2018 Final Dividend and who have already completed and returned a Scrip Dividend Mandate Form*

Any Shareholder wanting to receive the 2018 Scrip Dividend instead of the 2018 Final Dividend in respect of their existing Ordinary Shares and any Open Offer Shares they subscribe for pursuant to the Open Offer and who has already completed and returned a Scrip Dividend Mandate Form need not do anything. Pursuant to the terms and conditions of the scrip dividend scheme, each Shareholder who has completed and not revoked a Scrip Dividend Mandate Form will receive new Ordinary Shares in lieu of a cash dividend in respect of their holding of Ordinary Shares recorded in the register of members of the Company on the relevant record date (being 22 March 2019 in respect of the 2018 Final Dividend).

### *Shareholders wanting to receive new Ordinary Shares credited as fully paid instead of cash in respect of all of the 2018 Final Dividend and who have not already completed and returned a Scrip Dividend Mandate Form*

Any Shareholder wanting to receive the 2018 Scrip Dividend instead of the 2018 Final Dividend in respect of their existing Ordinary Shares and any Open Offer Shares they subscribe for pursuant to the Open Offer and who has not already completed and returned a Scrip Dividend Mandate Form should complete the Scrip Dividend Mandate Form (sent to Shareholders on or around 13 February 2019 with the notice of AGM) and return it to Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS99 6AH so as to be received on or before 29 March 2019. Any Shareholder who has lost the Scrip Dividend Mandate Form and who would like a replacement form should contact Computershare Investor Services PLC on +44 (0)370 707 1224 to order a new Scrip Dividend Mandate Form.

### *Shareholders wanting to receive new Ordinary Shares credited as fully paid instead of cash in respect of part of the 2018 Final Dividend*

Any Shareholder wanting to receive the 2018 Scrip Dividend instead of the 2018 Final Dividend in respect of part only of their existing Ordinary Shares and/or any Open Offer Shares they subscribe for pursuant to the Open Offer and receive cash in respect of the remaining part of their shareholding should give notice in writing to Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS99 6AH so as to be received as soon as possible and, in any event, on or before 29 March 2019, specifying the number of Ordinary Shares held by them in respect of which they wish to receive new Ordinary Shares. Any such partial election shall have effect only in respect of the 2018 Final Dividend. Subsequent dividends will be paid in accordance with the terms and conditions of the scrip dividend scheme.

### *Shareholders who hold their Ordinary Shares in CREST*

Any Shareholder who holds their Ordinary Shares in uncertificated form in CREST can elect to participate in the 2018 Scrip Dividend by means of the CREST procedures to effect such an election. Shareholders who are a CREST Personal Member, or other CREST Sponsored Member, should consult their CREST sponsor who will be able to take the appropriate action on their behalf. Shareholders are advised to consult their CREST Manual for instructions on how to use the Dividend Election Input Message.

## **Placing**

Panmure Gordon and Stockdale, as agents for the Company, have conditionally placed the Placing Shares at the Issue Price with new institutional investors and certain existing Shareholders (including Somers (the Company's majority Shareholder) and certain Directors) representing gross proceeds of £10 million.

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 11 March 2019 (or such later date and/or time as the Company, Panmure Gordon and Stockdale may agree, being no later than 21 March 2019).

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 2018 Final Dividend. The Placing Shares are not subject to clawback and are not part of the Open Offer. The Placing is not underwritten.

A summary of the Placing Agreement is set out in paragraph 1 of Part V of this document.

### **Open Offer**

Subject to the fulfilment of the conditions set out below and in Part IV of the document, Qualifying Shareholders may subscribe for Open Offer Shares 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 11 March 2019 (or such later date and/or time as the Company, Panmure Gordon and Stockdale may agree, being no later than 21 March 2019).

### **Basic Entitlement**

On, and subject to the terms and conditions of the Open Offer, the Company invites Qualifying Shareholders to apply for their Basic Entitlement of Open Offer Shares at the Issue Price. Each Qualifying Shareholder's Basic Entitlement has been calculated on the following basis:

#### **1 Open Offer Share for every 37 Existing Ordinary Shares held at the Open Offer Record Date**

*Basic Entitlements will be rounded down to the nearest whole number of Ordinary Shares.*

#### **Excess Entitlement**

Qualifying Shareholders are also invited to apply for additional Open Offer Shares (up to the total number of Open Offer Shares available to Qualifying Shareholders under the Open Offer) as an Excess Entitlement. Any Open Offer Shares not issued to a Qualifying Shareholder pursuant to their Basic Entitlement will be apportioned between those Qualifying Shareholders who have applied for an Excess Entitlement at the sole discretion of the Board, provided that no Qualifying Shareholder shall be required to subscribe for more Open Offer Shares than he or she has specified on the Application Form or through CREST.

Qualifying CREST Shareholder stock accounts will be credited as soon as possible after 8.00 a.m. on 22 February 2019 with Excess Entitlements equal to 10 times the total number of Existing Ordinary Shares held in such Qualifying CREST Shareholder's name as at the Open Offer Record Date.

If, however, Qualifying CREST Shareholders wish to apply for more than 10 times the total number of Existing Ordinary Shares held in such Qualifying Shareholder's name as at the Open Offer Record Date, the Qualifying CREST Shareholder should contact the Receiving Agent by telephone on +44 (0)370 707 1224 who will arrange for the additional Excess Entitlements to be credited to the relevant CREST account of the Qualifying CREST Shareholder.



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 2018 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, Somers, (the Company's majority Shareholder) and the Directors have confirmed 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 Somers and the Directors under the Open Offer, being approximately 57.0 per cent. of the Open Offer Entitlements, will be made available to Qualifying Shareholders under the Open Offer.

Qualifying Shareholders should note that the Open Offer is not a "rights issue". Invitations to apply under the Open Offer are not transferable unless to satisfy *bona fide* market claims. Qualifying non-CREST Shareholders should be aware that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should also be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market nor will they be placed for the benefit of Qualifying Shareholders who do not apply for Open Offer Shares under the Open Offer.

### **Settlement and dealings**

Application will be made to the London Stock Exchange for the New Shares to be admitted 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 11 March 2019.

### **Overseas Shareholders**

The Open Offer Shares have not been and are not intended to be registered or qualified for sale in any jurisdiction other than the UK. Accordingly, unless otherwise determined by the Company and effected by the Company in a lawful manner, the Application Form will not be sent to Shareholders with registered addresses in, or who are resident or located in the United States or another Restricted Jurisdiction since to do so would require compliance with the relevant securities laws of that jurisdiction. The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares which appears to the Company or its agents or professional advisers to have been executed, effected or despatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents or professional advisers believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of share certificates for Open Offer Shares, or in the case of a credit of Open Offer Shares in CREST, to a CREST member whose registered address would not be in the UK.

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

Part IV of this document together with the accompanying Application Form, in the case of Qualifying non-CREST Shareholders, contains the terms and conditions of the Open Offer.

If a Qualifying Shareholder does not wish to apply for Open Offer Shares he should not complete or return the Application Form or send a USE message through CREST.

### **Qualifying non-CREST Shareholders**

If you are a Qualifying non-CREST Shareholder you will have received an Application Form, which accompanies this document and which gives details of your Basic Entitlement (as shown by the number of the Open Offer Shares allocated to you). If you wish to apply for Open Offer Shares under the Open Offer you should complete the accompanying Application Form in accordance with the procedure for application set out in paragraph 4 of Part IV of this document and on the Application Form itself. The completed Application Form, accompanied by full payment, should be returned by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to arrive as soon as possible and in any event no later than 11.00 a.m. on 7 March 2019.

### Qualifying CREST Shareholders

Application will be made for the Open Offer Entitlements of Qualifying CREST Shareholders to be credited to stock accounts in CREST. It is expected that the Open Offer Entitlements will be credited to stock accounts in CREST on 22 February 2019.

Applications through the CREST system may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. If you are a Qualifying CREST Shareholder, no Application Form is enclosed but you will receive credits to your appropriate stock account in CREST in respect of the Basic Entitlements to which you are entitled. You should refer to the procedure for application set out in paragraph 4 of Part IV of this document. The relevant CREST instruction must have settled by no later than 11.00 a.m. on 7 March 2019.

### Admission and dealings

Application will be made to the London Stock Exchange for the New Shares to be admitted to trading on AIM. It is expected, subject to the passing of the Resolutions at the General Meeting, that Admission will become effective and that dealings in the New Shares will commence at 8.00 a.m. on 11 March 2019 (or such later date and/or time as the Company, Panmure Gordon and Stockdale may agree, being no later than 21 March 2019).

### Directors' and others' interests

Certain Directors and Somers, have each subscribed for Placing Shares. As at 19 February 2019 (being the latest practicable date prior to the publication of this document) and, subject to and immediately following Admission, the interests of BCB, Somers and of each such Director, their immediate families and persons closely associated with each such Directors (within the meaning of MAR) (all of which are beneficial unless otherwise stated) in the issued share capital of the Company are as follows:

Name	At the date of this Circular		On Admission		
	Number of Existing Ordinary Shares	Percentage of Existing Ordinary Shares	Number of Placing Shares	Number of Ordinary Shares	Percentage of Ordinary Shares**
Somers Group	139,396,547	65.09%	17,533,333	156,929,880	62.78%
Tim Franklin	90,173	0.04%	33,333	123,506	0.05%
David Titmuss	-	-	50,000	50,000	0.02%
Christine Higgins	19,500	0.01%	13,333	32,833	0.01%
Mark Brown	135,000	0.06%	65,000	200,000	0.08%

\* aggregated interests of Somers and of BCB (a wholly-owned subsidiary of Somers). The direct interests of BCB and Somers are as follows:

Name	At the date of this Circular		On Admission		
	Number of Existing Ordinary Shares	Percentage of Existing Ordinary Shares	Number of Placing Shares	Number of Ordinary Shares	Percentage of Ordinary Shares**
Somers (direct interests)	118,385,824	55.28%	17,533,333	135,919,157	54.37%
BCB (direct interests)	21,010,723	9.81%	-	21,010,723	8.40%
<b>Total</b>	<b>139,396,547</b>	<b>65.09%</b>	<b>17,533,333</b>	<b>156,929,880</b>	<b>62.78%</b>

\*\* assuming full take up of the Open Offer by Qualifying Shareholders, with the exception of Somers and the Directors, who have confirmed 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, in order to maximise the number of Open Offer Shares available under the Open Offer to Qualifying Shareholders.

## **Related party transaction**

Where a company enters into a related party transaction (as defined in the AIM Rules), under the AIM Rules the independent directors of the company are required, after consulting with the company's nominated adviser, to state whether, in their opinion, the transaction is fair and reasonable in so far as its shareholders are concerned.

By virtue of Somers' current interests in the Company (including those interests in the Company held by BCB), as detailed above, it is considered to be a "related party" as defined under the AIM Rules and, accordingly, the subscription by Somers of 17,533,333 Placing Shares in the Placing is considered to be a "related party transaction" for the purposes of Rule 13 of the AIM Rules. The Directors independent of the Somers Group (being each of the Directors with the exception of David Morgan, who is also a director of BCB and Somers and Mark Brown who is a director of Stockdale Securities Limited, a subsidiary of Somers), consider, having consulted with Panmure Gordon, the Company's nominated adviser for the purposes of the AIM Rules, that the terms of the related party transaction are fair and reasonable insofar as the Shareholders are concerned.

## **General Meeting**

You will find set out at the end of this document a notice convening the General Meeting to be held at 1 Cornhill, London EC3V 3ND on 8 March 2019 at 11.00 a.m. where the following Resolutions will be proposed:

**Resolution 1** - An ordinary resolution to authorise the Directors to allot relevant securities for the purposes of section 551 of the Act provided that such power be limited to the allotment of the New Shares up to an aggregate nominal amount of £1,791,666.65.

**Resolution 2** - A special resolution to authorise the Directors to allot equity securities for cash, pursuant to the authority conferred on them by Resolution 1, and to dis-apply statutory pre-emption rights in respect of the allotment of such shares, as if section 561 of the Act did not apply to such allotment, provided that such power shall be limited to the allotment of the New Shares up to an aggregate nominal amount of £1,791,666.65. This Resolution is conditional upon the passing of Resolution 1.

The authorities and the powers described in the Resolutions will (unless previously revoked or varied by the Company in general meeting) expire on the date three months from the passing of such Resolutions. The authority and the power described in the Resolutions are in addition to any like authority or power conferred on the Directors at the annual general meeting of the Company held on 8 March 2019.

## **Irrevocable commitments**

Somers and those Directors who currently hold Ordinary Shares, who together in aggregate hold 122,077,058 Existing Ordinary Shares, representing approximately 57.0 per cent. of the existing issued ordinary share capital of the Company, have irrevocably undertaken to vote in favour of the Resolutions at the General Meeting.

## **Risk Factors and Additional Information**

The attention of Shareholders is drawn to the risk factors set out in Part II and the information contained in Parts IV and V of this document, which provide additional information on the Open Offer and the Company.

## **Action to be taken**

### *In respect of the General Meeting*

A Form of Proxy for use at the General Meeting is enclosed with this document. Whether or not you intend to be present at the General Meeting, the Form of Proxy should be completed in accordance with the instructions printed thereon and returned to Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS99 6AH or through CREST as soon as possible, but in any event so as to be received by no later than 11.00 a.m. on 6 March 2019. The completion and return of a Form of Proxy will not preclude you from attending the General Meeting and voting in person, if you so wish.

*In respect of the Open Offer*

Qualifying non-CREST Shareholders wishing to apply for Open Offer Shares or the Excess Shares must complete the enclosed Application Form in accordance with the instructions set out in paragraph 4 of Part IV (Terms and Conditions of the Open Offer) of this document and on the accompanying Application Form and return it with the appropriate payment to Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS99 6AH, so as to arrive no later than 11.00 a.m. on 7 March 2019.

If you do not wish to apply for any Open Offer Shares under the Open Offer, you should not complete or return the Application Form. If you are a Qualifying CREST Shareholder, no Application Form will be sent to you. Qualifying CREST Shareholders will have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to their stock accounts in CREST. You should refer to the procedure for application set out in paragraph 4 of Part IV (Terms and Conditions of the Open Offer) of this document. The relevant CREST instructions must have settled in accordance with the instructions in paragraph 4 of Part IV of this document by no later than 11.00 a.m. on 7 March 2019.

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

**Recommendation**

Your Directors consider that the Transaction and the authorities granted by the Resolutions are in the best interests of the Company and its Shareholders as a whole. Accordingly your Directors unanimously recommend that you vote in favour of the Resolutions as those Directors who currently hold Ordinary Shares have irrevocably undertaken to do in respect of their own shareholdings of 3,691,234 Ordinary Shares, representing approximately 1.72 per cent. of the Company's current issued share capital.

Yours faithfully

**Timothy Franklin**

Non-executive Chairman

## PART II - RISK FACTORS

Shareholders should be aware that an investment in the Company is 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.

An investment in the Company may not be suitable for all recipients of this document. Qualifying Shareholders are advised to consult an independent financial adviser duly authorised under the FSMA who specialises in advising on the acquisition of shares and other securities before making a decision to invest.

### 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. The investment opportunity offered in this document may not be suitable for all recipients of this document. 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 involves a higher degree of risk, and such shares may be less liquid 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 document. 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 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 document, 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 conditions;
- 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 and may not be suitable for all recipients of this document. 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.



## **Strategic and business risk**

Strategic and business risk is the risk which affects the Group's ability to achieve its corporate and strategic objectives. Earnings and profitability can be impacted by the Group's strategic decisions, a change in business conditions, improper implementation of decisions or lack of responsiveness to industry changes. Strategic risk can arise as a result of both internal and external factors, including operational, financial, macroeconomic, market, pricing and technological challenges.

The success of the Group's business model also requires obtaining significant numbers of new savings and lending customers, either through new customer acquisition or returning existing customers. 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 Board seeks to operate the business in such a way as to achieve a consistent increase in profits and shareholders' return. The Group does not intend to undertake any medium to long-term strategic actions within its business model which would put at risk its vision of being a successful, specialist lender in its chosen and target markets, backed by a strong and dependable savings franchise. It will assess and evaluate its strategic initiatives in relation to the requirements and expectations of key stakeholders, and will monitor, review, and challenge its performance against strategy using established key performance indicators. The Group will not put its core strategic and business objectives at a level of risk which is beyond its financial resources and operational capabilities under both normal and stressed conditions.

## **Credit risk**

Credit risk is the risk that a borrower fails to pay the interest or to repay the capital on the Group's loans and receivables, thereby giving rise to the Group incurring a financial loss on that borrower's account. The Group aims to minimise the impact on profitability from defaults through a prudent and stringent underwriting policy and case management when customers are in difficulty. It is exposed to the risk that customers owing the Group money will not fulfil their obligations. An increase in defaults among its customers may have a material adverse effect on the Group's performance. 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.

The Group intends to focus its lending on its specific areas of expertise and continually stresses its portfolio to test resilience. The majority of the Group's lending is secured and amortised over the life of the assets. The credit risk from concentration is limited due to the relatively low value of each customer's debt and to the Group's large and diverse customer base. In order to ensure that arrears are minimised, emphasis is placed on retaining a diversified portfolio, using prudent underwriting methods and resisting the inclination to increase credit risk in the quest for increased volumes of new business.

## **Capital risk**

Capital risk is the risk that the Group will have insufficient capital resources to support the business. 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 corrective action 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.

A capital exposure arises when the Group has insufficient capital resources to support its strategic objectives and plans. This could arise due to the depletion of its capital resources, as a crystallisation of any risk to which it is exposed or an inability to raise capital.

The Group aims to maintain a sufficient level of capital above the total regulatory capital requirement and CRDIV capital buffers as detailed in the internal capital adequacy assessment process ('ICAAP'). The level of surplus capital held is formally reviewed by the asset and liability committee ('ALCO'), executive committee ('ExCo') and the Board on at least an annual basis, with metrics produced for review by the Board.

The Group intends to monitor closely and regularly its capital and leverage ratios to ensure that it meets current and future regulatory requirements. It has a supportive majority shareholder who has participated in previous capital raisings, and is able to accumulate additional capital through profits and by raising new equity as a listed company on a recognised stock exchange. The Group is able to manage the demand for capital through management actions including adjusting its lending strategy and regularly conducts stress tests and sensitivity analyses on a forward-looking basis.

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.

## **Liquidity and funding risk**

Liquidity and funding risk is the risk that the Group is not able to fund new business originations or meet cash flow or collateral obligations as they fall due without adversely affecting either its daily operations or its financial health. The Group intends at all times to maintain liquidity resources that are adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due. The Group will not tolerate liquidity risk that leads to it being unable to meet its liabilities as they fall due in a scenario consistent with its standard pillar 1 and pillar 2 internal liquidity adequacy assessment process ('ILAAP') stress tests. The Group seeks to maintain strong relationships with its banks for funding purposes, be active in the retail deposit taking market and maintain a diversified funding strategy. The Group seeks to align the tenor of its funding to the average effective life of its loan portfolio. The Group intends to continue to maintain wholesale debt and have at its disposal an appropriate level of facility headroom. However there can be no guarantee that such funding will continue to be available to the Group.

All the Group's loans and advance to customers are at fixed rates for the term of the contract. The Bank's retail deposit products are also mainly fixed rate and term, with the overall mix of tenors set to match the maturity and refinancing profile of the Group's loans and advances, and the balance in the form of 100 day notice accounts. Legacy wholesale facilities provided by banks and finance houses are at fixed rates and naturally match the maturity profile of loans and advances.



The Group maintains its liquidity resources in the form of high-quality liquid assets ('HQLA'). It is intended that the amount of these will, at all times, exceed the minimum required by the Overall Liquidity Adequacy Rule ('OLAR') and liquidity risk tolerance. The Group carries out forward modelling to identify liquidity mismatches.

### **Market and interest rate risk**

Market risk is the risk of losses in on- and off-balance sheet positions arising from adverse movements in market prices. Market risk, therefore, results from all positions included in the Group's banking book, as well as from foreign exchange and other risk positions. Interest rate risk is the risk that the Group will be adversely affected by changes in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship. The Group aims to minimise the adverse impact on NIM caused by an increased cost of variable rate borrowings and, where necessary, to fix the cost of borrowing through the use of interest rate swaps. To the extent that the Group's receivables may not be matched by deposits and 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 Group does not trade wholesale financial instruments and therefore does not have a trading book.

The Group's balance sheet exposures are predominantly in Sterling, so it has little foreign exchange risk. Some assets are bought or sold in foreign currency as are broking transactions, but these are short-term exposures. The Group manages its interest rate risk in the banking book ('IRRBB') by identifying and quantifying interest rate risk gaps due to mismatches between assets, liabilities and existing interest rate swaps. Where a significant interest rate gap is identified, the Group will execute an interest rate swap to hedge the position. It will ensure that the change in economic value of equity ('EVE') and earnings at risk ('EaR') are managed within policy limits at all times.

### **Operational risk including in the event of a failure of IT systems**

Operational risk is the risk of loss arising from inadequate or failed controls or processes, people and systems or from external events. The Group maintains a strong internal control environment to mitigate operational risk which is inherent to its business activities and to minimise the financial impact of operational risk arising from risks such as IT disruption, human error, a breakdown of procedures, non-compliance with policy and internal or external fraud.

The principal operational risks which may result in financial loss, disruption or damage to the reputation of the Group include inability to continue or resume services to customers as a result of a disruption to business or IT system failures, cyber risks associated with malicious attacks on the confidentiality or integrity of electronic data, and external fraud arising from the act of deception or omission, including identity fraud and asset conversion. 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.

The Group reviews IT system architecture to ensure systems are resilient and that the confidentiality, integrity and availability of critical systems and information assets are protected against cyber-attacks. It intends to invest in enhanced protection of customer information, including limiting access to key systems and enhancing the security, durability and accessibility of critical information. The Group maintains a strong internal control environment and adopt policies and procedures to detect and prevent the use of its business for operational risk, fraud, money laundering, facilitating tax evasion, bribery and activities prohibited by legal and regulatory requirements. The Group intends to continue to invest in enhanced protection of customer information, including limiting access to key systems and enhancing the security, durability and accessibility of critical information, and will continue to evolve its fraud awareness programme and keep ahead of industry threats and trends.

### **Regulatory risk**

Regulatory risk is the risk that the Group is exposed to fines, censure, legal or enforcement action, civil or criminal proceedings due to failing to comply with applicable laws, regulations, codes of conduct or legal obligations. The Group has put in place appropriate measures to avoid regulatory breaches, fines, censure, legal or enforcement action due to failing to comply with applicable laws, regulations and codes of conduct or legal obligations.

The Group engages with industry bodies, such as UK Finance and The Finance and Leasing Association and seeks external advice from auditors and consultants. Policies and procedures set out the principles and key controls that should apply across the business and which are aligned to its risk policies. The Group's risk and compliance divisions provide oversight, proactive support and constructive challenge to the business in identifying and managing regulatory issues and conduct thematic reviews of regulatory compliance throughout the business.

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.

### **Conduct risk**

Conduct risk is the risk of customer detriment, regulatory censure or a reduction in earnings value, through financial or reputational loss from an inappropriate or poor customer outcome or from business conduct. It is the risk that the Group's behaviour results in poor customer outcomes, exposing the firm to recourse from its customers, loss of business from reduced trading and the potential for regulatory action.

The Group has no appetite for conduct risk events arising from poor product design, corporate culture or operational processes. The Group restricts its activities to areas of established expertise and seeks to ensure the culture of the organisation delivers a fair outcome for customers. The Board has an approved statement on culture, adopted throughout the organisation and conduct risk appetite is established at Group and business area level.

### **Brexit and economic environment**

On 23 June 2016, the UK held a referendum on the UK's continued membership of the EU. This resulted in a vote for the UK to exit the EU and the UK government formally served notice on 29 March 2017 of the UK's intention to leave the EU in accordance with Article 50(2) of the Treaty on EU, marking the start of the process of the UK's withdrawal from the EU ("**Brexit**"). Brexit could have a significant impact on the Group's business and financial condition, including the possibility of stress events in addition to those identified in the ILAAP and ICAAP assessments. The extent of the impact would depend in part on the nature of the arrangements that are put in place between the UK and the European Union following Brexit and the extent to which the UK continues to apply laws that are based on European Union legislation. In addition, the macroeconomic effect of Brexit on the Group's business and that of its clients is unknown. As such, it is not possible to state the impact that Brexit would have either on the Company or the Group as a whole and whether such impact would positively or adversely affect the business.

Management believes that Brexit's potential effect on the Group would be indirect and confined to the events identified above. Management's immediate concern is primarily focused on the negative effect that the prolonged process of Brexit is having on consumer and business sentiment and the effect this is having on demand in the Group's core areas of business. Prolonged political and economic uncertainty and the potential negative economic trends that may follow could have a material adverse effect on the Group's overall business and financial condition. In addition, it could potentially make it more difficult for the Company to raise capital.

There is also a risk that the vote by the UK to leave the EU could result in other member states reconsidering their respective membership of the EU. Potential changes to the respective legal systems of the EU and the UK as a result of Brexit may affect the Company's ability to take enforcement action in the jurisdictions of remaining EU member states.

The Group continues to monitor closely the Brexit negotiations and the potential economic impact on credit risk and implications for the business. It will decide whether internal scenario planning is required as the political and economic situation develops. The Government has published a series of technical notices to allow businesses and citizens to understand what they would need to do under different Brexit scenarios, so they can make informed plans and preparations. Management will continue to review relevant technical notices as they are released and will model different Brexit outcomes, specifically looking at the effects it may have on the capital and liquidity of the Group.

Although it is not possible to predict fully the effects of the exit of the UK from the EU, any of these risks, taken singularly or in the aggregate, could have a material adverse effect on the Company's business, revenue, financial condition, profitability, prospects and results of operations.

### **Technological and competitive changes to the motor vehicle market**

The Group has a significant lending portfolio in motor cars. Technical obsolescence could result in a concentrated exposure to particular vehicle categories, such as diesel vehicles, and may lead to a diminution of vehicle values if defensive action is not taken. The evolution of electronic or autonomous vehicles is seen as long-term risk.

The sector risks are mitigated by collateral backed lending, sensible loan to value lending, low average lending balances, a wide range of models and marques for residual diversification and an increased focus on prime motor finance. The Group does not offer finance products that take a residual position in the motor vehicle.

Continued successful participation in this sector requires a good understanding of the upcoming changes in regulation, prudent lending criteria and sensible lending practices. The Group monitors its portfolio on a regular basis allowing it to amend its lending criteria to reflect changes in economic conditions and the vehicle market, including research into the electric vehicle sector. The Group has over twenty years' experience of the consumer motor finance sector.

### **Controlling Shareholder**

As at 19 February 2019 (being the latest practicable date prior to the publication of this document), the Somers Group held 139,396,547 Ordinary Shares amounting to 65.09 per cent. of the issued share capital of the Company. The Company has not entered into a relationship agreement with the Somers Group and there is no binding agreement to prevent the Somers Group 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 the Somers Group. Should the Somers Group 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 the Somers Group exercises its vote against such resolution.

If the Somers Group 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 the Somers Group for whatever reason may have a material adverse effect on the market price of the Ordinary Shares.

### **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.

### **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.

### **The Group is exposed to risks relating to relationships with intermediaries**

The Group is reliant on a network of intermediaries, 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 EU General Data Protection Regulation**

The EU General Data Protection Regulation ("GDPR") came into force and has applied directly to the legislation of all EU Member States from 25 May 2018 and replaced historic EU data privacy laws. The GDPR introduced a number of new more stringent obligations on data controllers and rights for data subjects as well as new and increased fines and penalties for breaches of its data privacy obligations. This increasingly restrictive and complex legal framework has resulted in a greater compliance burden for businesses with customers in Europe. The Group has incurred, and will continue to incur, costs and effort to ensure compliance with the GDPR and this could further increase compliance costs for the Group going forward.

If the Group is found not to comply with the data protection laws and regulations (including the GDPR) this may result in investigative or enforcement action (including criminal proceedings and significant pecuniary penalties) by the Information Commissioner's Office in the UK and/or claims (including possible class actions) being brought against it by affected customers. This in turn could damage the Group's reputation, lead to negative publicity and result in the loss of the goodwill of its existing customers and deter new customers, all of which would have a material adverse effect on the Group's businesses, results of operations, financial condition and prospects.

## PART III - SOME QUESTIONS AND ANSWERS ON THE TRANSACTION

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

*This Part III deals with general questions relating to the Placing and the Open Offer and more specific questions relating principally to Existing Ordinary Shares held by persons resident in the UK who hold their Existing Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 6 of Part IV of this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Open Offer Entitlements. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part IV of this document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor.*

**The contents of this document should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult their own appropriate professional advisers for advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action.**

### 1. **What is a placing and an open offer?**

A placing and an open offer are ways for companies to raise money. Companies may do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings (an open offer) and providing for specifically identified investors also to acquire a certain number of shares at the same price (a placing). The fixed price is normally at a discount to the market price of the existing ordinary shares on the business day prior to the announcement of the placing and the open offer.

The Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire, in aggregate, up to 2,500,000 Open Offer Shares at a price of 30 pence per New Share. If you hold Existing Ordinary Shares on the Open Offer Record Date or have a *bona fide* market claim, other than, subject to certain exceptions, where you are a Shareholder with a registered address in, or located in, the United States or another Restricted Jurisdiction, you will be entitled to apply for Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 1 Open Offer Share for every 37 Existing Ordinary Shares held by Qualifying Shareholders on the Open Offer Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to buy a fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number.

Applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Basic Entitlements. Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlements in full, to apply for additional Open Offer Shares through the Excess Application Facility.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying non-CREST Shareholders should also note that the Application Form is not a negotiable document and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST they will have limited **settlement capabilities (for the purposes of market claims only), and the Open Offer Entitlements will not be tradable or listed, and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.**

### 2. **Am I eligible to participate in the Placing?**

Unless you are a Placee, you will not be eligible to participate in the Placing.

### 3. **I hold my Existing Ordinary Shares in certificated form. How do I know if I am able to apply to acquire Open Offer Shares under the Open Offer?**

If you have received an Application Form and, subject to certain exceptions, are not a holder with a registered address in or resident or located in the United States or another Restricted Jurisdiction, then you should be eligible to acquire Open Offer Shares under the Open Offer, as long as you have not sold all of your Existing Ordinary Shares on or before 7.00 a.m. on 21 February 2019 (the Ex-entitlement Date for the Open Offer).



4. **I hold my Existing Ordinary Shares in certificated form. How do I know how many Open Offer Shares I am entitled to take up?**

If you hold your Existing Ordinary Shares in certificated form and, subject to certain exceptions, do not have a registered address in and are not resident or located in the United States or another Restricted Jurisdiction, you should have been sent an Application Form with this document.

That Application Form shows:

- how many Existing Ordinary Shares you held at close of business on the Open Offer Record Date;
- how many Open Offer Shares are comprised in your Basic Entitlement; and
- how much you need to pay if you want to take up your right to subscribe for your Basic Entitlement to the Open Offer Shares.

If you have a registered address or are resident or located in the United States or, subject to certain exceptions, one of the Restricted Jurisdictions, you will not receive an Application Form.

If you would like to apply for any of, all of or more than the Open Offer Shares comprised in your Open Offer Entitlement you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document. Please return the completed form in the reply-paid envelope provided with the Application Form along with a cheque or banker's draft for the number of Open Offer Shares you want to apply for and allow at least four business days for delivery if sent by first class post from within the UK. Please also see questions 5 and 11 for further help in completing the Application Form.

5. **I am a Qualifying Shareholder with a registered address in the UK and I hold my Existing Ordinary Shares in certificated form. What are my choices in relation to the Open Offer and what should I do with the Application Form?**

5.1 **If you want to take up all of your Basic Entitlement?**

If you want to take up all of the Open Offer Shares to which you are entitled, all you need to do is send the completed Application Form, together with your cheque or banker's draft for the amount (as indicated in Box 8 of your Application Form), payable to "CIS PLC re: PCFG Open Offer A/C" in the reply paid envelope provided, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE to arrive by no later than 11.00 a.m. on 7 March 2019. Within the UK only, you can use the reply-paid envelope which is enclosed with the Application Form. You should allow at least four business days for delivery if using first-class post or the reply-paid envelope within the UK. If posting from outside the UK, postage will be payable when using the reply-paid envelope. Full instructions are set out in Part IV of this document and in the Application Form.

5.2 **If you want to take up some but not all of your Basic Entitlement?**

If you want to take up some but not all of your Basic Entitlement, you should write the number of Open Offer Shares you want to take up in Box 2 of your Application Form; for example, if you are entitled to take up 1,000 shares but you only want to take up 500 shares, then you should write '500' in Box 2.

To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example '500') by 30 pence, which is the price of each Open Offer Share (giving you an amount of £150 in this example). You should write this amount in Box 5, and this should be the amount your cheque or banker's draft is made out for. You should then return your Application Form together with your cheque or banker's draft for that amount, payable to CIS PLC re: PCFG Open Offer A/C and crossed "A/C payee only", in the reply-paid envelope provided, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, to arrive by no later than 11.00 a.m. on 7 March 2019, after which time the Application Form will not be valid. Within the UK only, you can use the reply-paid envelope which is enclosed with the Application Form. You should allow at least four business days for delivery if using first-class post or the reply-paid envelope within the UK. If posting from outside the UK, postage will be payable when using the reply-paid envelope.

Full instructions are set out in Part IV of this document and in the Application Form. A definitive share certificate will then be sent to you for the Open Offer Shares that you validly take up. Your definitive share certificate for such Open Offer Shares is expected to be despatched to you within 10 business days of Admission.

### **5.3 If you want to apply for more than your Basic Entitlement?**

Provided that you have agreed to take up your Basic Entitlement in full, you can apply for further Excess Shares using the Excess Application Facility. You should write the number of Open Offer Shares you wish to take up in Box 2 which must be the number of Open Offer Shares shown in Box 7. You should then write the number of Excess Shares you wish to apply for under the Excess Application Facility in Box 3 and then complete Box 4 by adding together the numbers you have entered in Boxes 2 and 3.

To work out how much you need to pay for the Open Offer Shares you are applying for, you need to multiply the number of Open Offer Shares shown in Box 4 by the Issue Price, which is the price of each Open Offer Share. You should write this amount in Box 5, rounding down to the nearest whole penny. You should then return your Application Form together with your cheque or banker's draft for that amount payable to "CIS PLC re: PCFG Open Offer A/C" and crossed "A/C payee only", in the reply-paid envelope provided, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, to arrive by no later than 11.00 a.m. on 7 March 2019, after which time the Application Form will not be valid. Within the UK only, you can use the accompanying reply-paid envelope.

You should allow at least four business days for delivery if using first-class post or the reply-paid envelope within the UK. If posting from outside the UK, postage will be payable when using the reply-paid envelope. Full instructions are set out in the Application Form. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back pro rata to the number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. Therefore, applications under the Excess Application Facility may not be satisfied in full. In this event, Qualifying Shareholders will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allotted to, the relevant Qualifying Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the applicant's sole risk.

### **5.4 If you do not want to take up your Open Offer Entitlement**

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. The Open Offer Shares you could have taken up will not be issued by the Company to you or for your benefit. You cannot sell your Application Form or your Open Offer Entitlement to anyone else.

If you are not a Placee or the Subscriber and you do not take up any of your Open Offer Entitlement, then following the Transaction, your interest in the Company will be diluted, although you should note that even if a Qualifying Shareholder subscribes for his full entitlement to the Open Offer Shares, his proportionate interest in the Company will be diluted by the issue of New Shares pursuant to the Placing.

### **6. I hold my Existing Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?**

CREST members should follow the instructions set out in Part IV of this document. Persons who hold Existing Ordinary Shares through a CREST member should be informed by such CREST member of the number of Open Offer Shares they are entitled to apply for under their Open Offer Entitlement and should contact their CREST member should they not receive this information.

7. **I acquired my Existing Ordinary Shares prior to the Open Offer Record Date and hold my Existing Ordinary Shares in certificated form. What if I do not receive an Application Form or I have lost my Application Form?**

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

7.1.1 Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 19 February 2019 and who have converted them to certificated form;

7.1.2 Qualifying non-CREST Shareholders who bought Existing Ordinary Shares before 7.00 a.m. on 21 February 2019 but were not registered as the holders of those shares at the close of business on 19 February 2019; and

7.1.3 certain Overseas Shareholders.

7.2 If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact Computershare Investor Services PLC on +44 (0)370 707 1224. Lines are open between 8.30 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the proposals nor give any financial, legal or tax advice.

8. **If I buy Existing Ordinary Shares after the Open Offer Record Date will I be eligible to participate in the Open Offer?**

If you buy or have bought Existing Ordinary Shares after the Open Offer Record Date you are unlikely to be able to participate in the Open Offer in respect of those Existing Ordinary Shares.

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

9. **What if I change my mind?**

If you are a Qualifying non-CREST Shareholder, once you have sent your Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of Open Offer Shares you have applied for, except in the very limited circumstances which are set out in paragraph 4 of Part IV of this document.

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

Your entitlement to Open Offer Shares will be calculated at the Open Offer Record Date. If the result is not a whole number, you will not receive an Open Offer Share in respect of the fraction of each Existing Ordinary Share and your entitlement will be rounded down to the nearest whole number.

11. **I hold my Existing Ordinary Shares in certificated form. What should I do if I want to spend more or less than the amount set out in Box 8 of the Application Form?**

If you want to spend more than the amount set out in Box 8 you should divide the amount you want to spend by 30 pence (being the price in pence of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares for which you should apply. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £500 you should divide £500 by 30 pence. You should round that down to the nearest whole number (in this example to 1,666), to give you the number of Open Offer Shares for which, in this example, you can apply without exceeding your chosen amount. Write the total number of Open Offer Shares (in this example 1,666) in Box 4. To get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (in this example 1,666) by 30 pence and then fill in that amount rounded down to the nearest whole penny (in this example being £499.80), in Box 5 and on your cheque or banker's draft accordingly.

You should note that the number of available Open Offer Shares under the Excess Application Facility is dependent on the level of take-up of Open Offer Entitlements. If applications are received for more than the available number of Open Offer Shares, applications made under the Excess Application Facility will be scaled back pro rata to the number of Excess Shares applied for by Qualifying Shareholders. Qualifying non-CREST Shareholders whose applications



under the Excess Application Facility are so scaled back will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allotted to, them multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the Applicant's sole risk.

If you want to spend less than the amount set out in Box 8, you should divide the amount you want to spend by 30 pence (being the price, in pence, of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares you should apply for. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £200 you should divide £200 by 30 pence. You should round that down to the nearest whole number (in this example 666), to give you the number of shares you want to take up. Write that number (in this example 666) in Box 2. Then to get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (in this example 666) by 30 pence and then fill in that amount rounded down to the nearest whole penny (in this example being £199.80) in Box 5 and on your cheque or banker's draft accordingly.

**12. I hold my Existing Ordinary Shares in certificated form. What should I do if I have sold some or all of my Existing Ordinary Shares?**

If you hold Existing Ordinary Shares directly and you sold some or all of your Existing Ordinary Shares before close of business on 19 February 2019, you should contact the buyer or the person/company through whom you sold your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer. If you sold any of your Existing Ordinary Shares on or after 7.00 a.m. on 21 February 2019, you may still take up and apply for the Open Offer Shares as set out on your Application Form.

**13. I hold my Existing Ordinary Shares in certificated form. How do I pay?**

You should return your Application Form with a cheque or banker's draft drawn in pounds sterling on a bank or building society account in the UK in the reply-paid envelope enclosed (from within the UK). You should allow at least four business days for delivery if using first-class post or the reply-paid envelope within the UK. Cheques should be drawn on a sole or joint personal account of the Qualifying Shareholder who is applying for the Open Offer Shares. The funds should be made payable to "CIS PLC re: PCFG Open Offer A/C". In each case, the cheque should be crossed "A/C Payee only". Payments via CHAPS, BACS or electronic transfer will not be accepted. Third party cheques may not be accepted with the exception of banker's drafts or building society cheques where the bank or building society has confirmed the name of the account holder (which must be the same name as appears on page 1 of the Application Form) on the back of the draft or cheque and have added their branch stamp.

**14. Will the Existing Ordinary Shares that I hold now be affected by the Open Offer?**

If you decide not to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, or only apply for some of your Open Offer Entitlement, your proportionate ownership and voting interest in the Company will be reduced (in addition to the reduction caused by the Placing).

**15. I hold my Existing Ordinary Shares in certificated form. Where do I send my Application Form?**

You should send your completed Application Form and monies by post in the enclosed reply paid envelope (from within the UK) by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE. You should allow at least four business days for delivery if using first class post or the reply-paid envelope within the UK. If you do not want to take up or apply for Open Offer Shares then you need take no further action.

**16. I hold my Existing Ordinary Shares in certificated form. When do I have to decide if I want to apply for Open Offer Shares?**

The Receiving Agent must receive your completed Application Form and cheque or banker's draft by 11.00 a.m. on 7 March 2019. You should allow at least four business days for delivery if using first-class post or the reply-paid envelope included with the Application Form, within the UK.

17. **I hold my Existing Ordinary Shares in certificated form. If I take up my entitlements, when will I receive the certificate representing my Open Offer Shares?**  
It is expected that the Registrars will post all Open Offer Share certificates within 10 business days of Admission.
18. **What should I do if I think my holding of Existing Ordinary Shares (as shown in Box 6 on page 1 of the Application Form) is incorrect?**  
If you bought or sold Existing Ordinary Shares shortly before the Open Offer Record Date, your transaction may not have been entered on the register of members before the Open Offer Record Date for the Open Offer. If you bought Existing Ordinary Shares before 7.00 a.m. on 21 February 2019 but were not registered as the holder of those shares on the Open Offer Record Date for the Open Offer (close of business on 19 February 2019), you may still be eligible to participate in the Open Offer. If you are in any doubt, please contact your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement. You will not be entitled to Open Offer Entitlements in respect of any Existing Ordinary Shares acquired on or after 7.00 a.m. on 21 February 2019.
19. **Will the Transaction affect dividends (if any) on the Existing Ordinary Shares?**  
The New Shares will, when issued and fully paid, rank equally in all respects with Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue. For the avoidance of doubt, the New Shares will be entitled to receive the 2018 Final Dividend.
20. **Will I be taxed if I take up my entitlements?**  
Information on taxation in the UK with regard to the Open Offer is set out in paragraph 3 of Part V of this document. This information is intended to be only a general guide to certain UK tax considerations and Shareholders who are in any doubt as to their tax position or who may be subject to tax in any other jurisdiction are strongly recommended to consult their own professional advisers.
21. **What should I do if I live outside the UK?**  
Your ability to apply to acquire Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement. Shareholders with registered addresses or who are resident or located in the United States or another Restricted Jurisdiction are, subject to certain exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 6 of Part IV of this document.
22. **How do I transfer my entitlements into the CREST system?**  
If you are a Qualifying non-CREST Shareholder, but are a CREST member and want your Open Offer Shares to be in uncertificated form, you should complete the CREST deposit form (Box 16 on page 5 of the Application Form), and ensure they are delivered to CCSS in accordance with the instructions in the Application Form. CREST sponsored members should arrange for their CREST sponsors to do this. If you have transferred your rights into the CREST system, you should refer to paragraph 4.2 of Part IV of this document for details on how to apply and pay for the Open Offer Shares.
23. **Do I need to comply with the Money Laundering Regulations (as set out in paragraph 5 of Part IV of this document)?**  
If you are a Qualifying non-CREST Shareholder, you may not need to follow these procedures if you pay for them by a cheque drawn on an account in your own name and that account is one which is held with an EU or UK regulated bank or building society. If you are a Qualifying CREST Shareholder, you will not generally need to comply with the Money Laundering Regulations unless you apply to take up all or some of your entitlement to Open Offer Entitlements as agent for one or more persons and you are not an EU or UK regulated financial institution. Qualifying non-CREST Shareholders and Qualifying CREST Shareholders should refer to paragraph 5 of Part IV of this document for a fuller description of the requirements of the Money Laundering Regulations.

## PART IV - TERMS AND CONDITIONS OF THE OPEN OFFER

### 1. Introduction

As explained in Part I of this document, the Company is proposing to issue 33,333,333 Placing Shares pursuant to the Placing and up to a further 2,500,000 Open Offer Shares pursuant to the Open Offer.

Qualifying Shareholders are being offered the opportunity under the Open Offer to acquire Open Offer Shares at 30 pence per share, being the same price per share as in the Placing. The Placing Shares are not subject to clawback and do not form part of the Open Offer.

The Issue Price of 30 pence represents a discount of approximately 16.7 per cent. to the price of 36 pence per Existing Ordinary Share, being the Closing Price on 19 February 2019, being the last practicable date prior to the date of the announcement of the Transaction. This document and, where relevant, the Application Form contain the formal terms and conditions of the Open Offer.

### 2. The Open Offer

- 2.1 Subject to the terms and conditions set out below and in the Application Form, the Company invites Qualifying Shareholders to apply for Open Offer Shares at the Issue Price, payable in full in cash on application, free of all expenses, on the basis of:

1 Open Offer Share for every 37 Existing Ordinary Shares held by them and registered in their names at close of business on 19 February 2019, the Open Offer Record Date, and so in proportion to any other number of Existing Ordinary Shares then held.

A Qualifying Shareholder who holds Existing Ordinary Shares in certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating entitlements under the Open Offer.

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

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their Basic Entitlement, which, in the case of Qualifying non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown in Box 7 on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements credited to their stock account in CREST. The action to be taken in relation to the Open Offer depends on whether you have received an Application Form in respect of your Open Offer Entitlement under the Open Offer or have your Open Offer Entitlement credited to your stock account in CREST.

Qualifying Shareholders are also invited to apply for additional Open Offer Shares as an Excess Entitlement, up to the total number of Open Offer Shares available under the Open Offer. Any Open Offer Shares not issued to a Qualifying Shareholder pursuant to their Basic Entitlement will be apportioned between those Qualifying Shareholders who have applied for Excess Entitlements at the sole discretion of the Board, provided that no Qualifying Shareholder shall be required to subscribe for more Open Offer Shares than he or she has specified on the Application Form or through CREST.

If you have received an Application Form with this document please refer to paragraph 4.1 of this Part IV.

If you hold your Existing Ordinary Shares in CREST and have received a credit of Open Offer Entitlements to your CREST stock account, please refer to paragraph 4.2 of this Part IV and also to the CREST Manual for further information on the CREST procedures referred to below.

**The Open Offer is not a rights issue. Qualifying CREST Shareholders should note that although the Open Offer Entitlements (in respect of Qualifying CREST Shareholders) may be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer.**

The Existing Ordinary Shares are admitted to AIM. Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to trading on AIM. It is expected that admission of the Open Offer Shares will become effective on 11 March 2019 and that dealings in the Open Offer Shares will commence at 8.00 a.m. on that date.

The Existing Ordinary Shares are already enabled for settlement in CREST. No further application for admission to CREST is required for the Open Offer Shares; all such shares, when issued and fully paid, may be held and transferred by means of CREST as Ordinary Shares.

Application will be made for the Open Offer CREST Entitlements to be enabled for settlement in CREST. The conditions to such admission having already been met, the Open Offer Entitlements are expected to be admitted to CREST with effect from 22 February 2019. The Open Offer Shares will be issued fully paid and will be identical to, and rank *pari passu* in all respects with, the Existing Ordinary Shares and will rank for all dividends or other distributions declared, made or paid after the date of issue of the Open Offer Shares. For the avoidance of doubt, the Open Offer Shares will be entitled to receive the 2018 Final Dividend. No temporary documents of title will be issued. Further details of the rights attaching to the Existing Ordinary Shares are set out in the Articles which are available on the Company's website at [www.pcf.bank](http://www.pcf.bank)

### **3. Conditions of the Open Offer**

- 3.1 The Open Offer is conditional upon the Placing Agreement becoming unconditional in all respects (in so far as it relates to the Open Offer). The Placing Agreement is conditional, *inter alia*, on:
  - 3.1.1 the passing of the Resolutions at the General Meeting;
  - 3.1.2 the Placing Agreement not being terminated prior to Admission and becoming and having being declared otherwise unconditional in all respects; and
  - 3.1.3 Admission becoming effective on or before 8.00 a.m. on 11 March 2019 (or such later date and/or time as the Company, Panmure Gordon and Stockdale may agree, being no later than 21 March 2019).

If these and the other conditions to the Open Offer are not satisfied or waived (where capable of waiver), the Open Offer will lapse and will not proceed and any applications made by Qualifying Shareholders will be rejected. In these circumstances, application monies received by the Receiving Agent in respect of Open Offer Shares will be returned (at the applicant's sole risk), without payment of interest, as soon as reasonably practicable thereafter. Lapsing of the Open Offer cannot occur after dealings in the Open Offer Shares have begun.

### **4. Procedure for application and payment**

If you are in any doubt as to the action you should take, or the contents of this document, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent adviser duly authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether at the relevant time they have an Application Form in respect of their entitlement under the Open Offer or they have Open Offer Entitlements credited to their CREST stock account in respect of such entitlement. If a Qualifying CREST Shareholder is a CREST sponsored member they should refer to their CREST sponsor if they wish to apply for all or some of their entitlement under the Open Offer, as only their CREST sponsor will be able to take the

necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

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

#### 4.1 **If you have an Application Form in respect of your Open Offer Entitlement**

##### 4.1.1 **General**

Subject as provided in paragraph 6 of this Part IV in relation to Overseas Shareholders, Qualifying non-CREST Shareholders will receive an Application Form. The Application Form shows the number of Existing Ordinary Shares registered in your name on the Open Offer Record Date. It also shows the number of Open Offer Shares for which you may apply pursuant to your Basic Entitlement (on an initial pro rata basis) as shown by the total number of Open Offer Shares allocated to you. You may apply for less than your initial pro rata entitlement should you wish to do so. You may also apply for additional Open Offer Shares by completing Boxes 3 and 4 on the Application Form relating to your Excess Entitlement.

Qualifying non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim. If the total number of Open Offer Shares applied for by all Qualifying Shareholders exceeds 2,500,000, applications for Open Offer Shares will be scaled back pro rata to the number of Excess Shares applied for by Qualifying Shareholders. Therefore, applications under the Excess Application Facility may not be satisfied in full. In this event, Qualifying Shareholders making an application for Excess Shares will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allotted to, the relevant Qualifying Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the applicant's sole risk.

The instructions and other terms set out in the Application Form, form part of the terms of the Open Offer in relation to Qualifying non-CREST Shareholders.

##### 4.1.2 **Market claims**

Applications for the Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by the London Stock Exchange, being 7.00 a.m. on 21 February 2019. Application Forms may be split up to 3.00 p.m. on 5 March 2019.

The Application Form is not a negotiable document and cannot be separately traded. A Qualifying non-CREST Shareholder who has sold or transferred all or part of his holding of Existing Ordinary Shares prior to 7.00 a.m. on 21 February 2019, being the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by the London Stock Exchange, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed from him by the transferee pursuant to the rules of the London Stock Exchange. Qualifying non-CREST Shareholders who have sold all of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



The Application Form should not, however, subject to certain exceptions, be forwarded to or transmitted in or into the United States, Australia, Canada, Japan, the Republic of South Africa or any other Restricted Jurisdiction. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 4.2 below.

#### 4.1.3 **Application procedures**

If you are a Qualifying non-CREST Shareholder and wish to apply for all or some of your entitlement to Open Offer Shares under the Open Offer you should complete and sign the Application Form in accordance with the instructions on it and send it, together with the appropriate remittance, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to arrive no later than 11.00 a.m. on 7 March 2019. A reply-paid envelope is enclosed for use by Qualifying non-CREST Shareholders in connection with the Open Offer. Please note that the Receiving Agent cannot provide financial advice on the merits of the Open Offer or as to whether or not you should take up your entitlement to Open Offer Shares under the Open Offer.

If any Application Form is sent by first class post or using the reply-paid envelope within the UK, Qualifying non-CREST Shareholders are recommended to allow at least four business days for delivery. The Receiving Agent, on the Company's behalf, may elect to accept Application Forms and remittances after 11.00 a.m. on 7 March 2019 in respect of those bearing a post mark of before that date and time. The Receiving Agent may also (on behalf of the Company) elect to treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions, or if it does not strictly comply with the terms and conditions of application. Applications will not be acknowledged.

The Receiving Agent, on behalf of the Company, also reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 11.00 a.m. on 7 March 2019 from an authorised person (as defined in FSMA) specifying the number of Open Offer Shares applied for, and undertaking to lodge the relevant Application Form in due course but, in any event, within two business days.

#### 4.1.4 **Payments**

All payments must be in pounds sterling and cheques or banker's drafts should be made payable to "CIS PLC re: PCFG Open Offer A/C" and crossed "A/C payee only". Cheques or banker's drafts must be drawn on an account at a branch of a bank or building society in the British Isles which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies and must bear the appropriate sort code in the top right hand corner. Eurocheques will not be accepted. Cheques should be drawn on the personal account to which you have sole or joint title to funds. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the bank or building society has confirmed the name of the account holder (which should match the name detailed on page 1 of the Application Form) and have added the branch stamp.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be allowed on payments made before they are due and any interest earned on such payments will accrue for the benefit of the Company. It is a term of the Open Offer that cheques shall be honoured on first presentation, and the Company and/or the Receiving Agent (on the Company's behalf) may elect in their absolute discretion to treat as invalid acceptances in respect of which cheques are not

so honoured. Application monies will be paid into a separate bank account pending the Open Offer becoming unconditional. In the event that the Open Offer does not become unconditional the Open Offer will lapse and application monies will be returned by post to applicants, at the applicants' risk and without interest, to the address set out on the Application Form, as soon as practicable. The interest earned on monies held in the separate bank account will be retained for the benefit of the Company.

#### 4.1.5 **Effect of application**

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form, you (as the applicant(s)):

- (i) agree that all applications, and contracts resulting therefrom, under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (ii) confirm that in making the application you are not relying on any information or representation other than that contained in this document, and you accordingly agree that no person responsible solely or jointly for this document or any part of it shall have any liability for any such information or representation not so contained; and
- (iii) represent and warrant that if you have received some or all of your Open Offer Entitlements from a person other than the Company, you are entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim.

If you do not wish to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, you should take no action and not complete or return the Application Form.

If you are in doubt whether or not you should apply for any of the Open Offer Shares under the Open Offer, you should consult your independent financial adviser immediately. All enquiries in relation to completion of the Application Form by Qualifying non-CREST Shareholders under the Open Offer should be addressed to Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS99 6AH, telephone +44 (0)370 707 1224 between 8.30 a.m. and 5.30 p.m. Calls from outside the UK are charged at applicable international rates. Calls may be recorded and monitored randomly for security and training purposes. The helpline cannot provide advice on the merits of the proposals nor give any financial, legal or tax advice.

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

### 4.2.1 **General**

Subject as provided in paragraph 6 of this Part IV in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive credits to his stock account in CREST of his Open Offer Entitlements equal to the number of Open Offer Shares for which he is entitled to apply under the Open Offer. Entitlements to Open Offer Shares will be rounded down to the nearest whole number and any fractional entitlements will therefore also be rounded down. Qualifying CREST Shareholders may also apply for Open Offer Shares in excess of their Open Offer Entitlement under the Excess Application Facility.

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

If for any reason the Open Offer Entitlements cannot be enabled for settlement in CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 3.00 p.m. on 22 February 2019 or such later time as the Company (with Panmure Gordon

and Stockdale's consent) may decide, an Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements credited (or due to be credited) to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive an Application Form.

CREST members who wish to apply for some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact Computershare Investor Services PLC on +44 (0)370 707 1224. Lines will be open Monday to Friday 8.30 a.m. to 5.30 p.m. excluding public holidays in England and Wales. Calls may be recorded and monitored randomly for security and training purposes. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

#### 4.2.2 **Market claims**

Each of the Open Offer Entitlements and Excess CREST Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess CREST Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction.

Transactions identified by the CREST Claims Processing Unit as "cum" the Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess CREST Open Offer Entitlements will thereafter be transferred accordingly.

#### 4.2.3 **USE instructions**

CREST members who wish to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an Unmatched Stock Event ("**USE**") instruction to Euroclear which, on its settlement, will have the following effect:

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

#### 4.2.4 **Content of USE instructions in respect of the Basic Entitlement**

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

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Basic Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Basic Entitlement. This is GBO0BHWTRF73;
- (iii) the participant ID of the accepting CREST member;
- (iv) the member account ID of the accepting CREST member from which the Basic Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent. This is 3RA46;



- (vi) the member account ID of the Receiving Agent. This is PACFGPLC;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 7 March 2019; and
- (ix) the corporate action number for the Open Offer. This will be available on viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 7 March 2019.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the contact name and telephone number (in the free format shared note field); and a priority of at least 90.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 7 March 2019 in order to be valid is 11.00 a.m. on that day.

#### 4.2.5 **Content of USE instruction in respect of Excess Entitlements**

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

- (i) the number of Excess Entitlements for which application is being made;
- (ii) the ISIN of the Excess Entitlements. This is GBO0BHWTRH97;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 3RA46;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is PACFGPLC;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Excess Entitlements referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 7 March 2019; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 7 March 2019.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the contact name and telephone number (in the free format shared note field); and a priority of at least 90.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 7 March 2019 in order to be valid is 11.00 a.m. on that day.

#### 4.2.6 **Deposit of Open Offer Entitlements into, and withdrawal from, CREST**

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

A holder of an Application Form who is proposing so to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 7 March 2019.

In particular, having regard to normal processing times in CREST and, on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CCSS, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements in CREST, is 3.00 p.m. on 4 March 2019, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements from CREST is 4.30 p.m. on 1 March 2019, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements prior to 11.00 a.m. on 7 March 2019.

#### 4.2.7 **Validity of application**

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 7 March 2019 will constitute a valid application under the Open Offer.

#### 4.2.8 **CREST procedures and timings**

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 7 March 2019. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

#### 4.2.9 **Incorrect or incomplete applications**

If a USE instruction includes a CREST payment for an incorrect sum, the Company through the Receiving Agent reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question;
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question; and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction(s) refunding any unutilised sum to the CREST member in question.

#### 4.2.10 **Effect of a valid application**

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

- (i) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, satisfy the obligation of the CREST member to pay to the Company the amount payable on application);
- (ii) request that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Articles;
- (iii) agree that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (iv) represent and warrant that he or she is not and nor is he or she applying as nominee or agent for a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (Depository Receipts) or Section 96 (Clearance Services) of the Finance Act 1986;
- (v) confirm that in making such application he or she is not relying on any information in relation to the Company other than that contained in this document and agrees that no person responsible solely or jointly for this document or any part of it or involved in the preparation thereof shall have any liability for any such other information and further agree that having had the opportunity to read this document, he will be deemed to have had notice of all the information concerning the Company contained therein; and
- (vi) represent and warrant that he or she is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements by virtue of a *bona fide* market claim.

#### 4.2.11 **The Company's discretion as to rejection and validity of applications**

The Company may in their discretion:

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

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

#### 4.2.12 Lapse of the Open Offer

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 11 March 2019 or such later time and date as Panmure Gordon, the Company and Stockdale may agree, being not later than 21 March 2019, the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies, if any, will be retained for the benefit of the Company.

### 5. Money Laundering Regulations

#### 5.1 Holders of Application Forms

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

The person lodging the Application Form with payment, and in accordance with the other terms as described above (the "**acceptor**"), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of the Open Offer Shares as referred to in the Application Form (for the purposes of this paragraph 5.1 (the "**relevant shares**")) and shall thereby be deemed to agree to provide the Receiving Agent and/or the Company with such information and other evidence as they or either of them may require to satisfy the verification of identity requirements.

If the Receiving Agent determines that the verification of identity requirements apply to any applicant or application, and the verification of identity requirements have not been satisfied (which the Receiving Agent shall in its absolute discretion determine), the Company may, in its absolute discretion, and without prejudice to any other rights of the Company, treat the application as invalid or may confirm the allotment of the relevant shares to the applicant but (notwithstanding any other term of the Open Offer) the relevant shares will not be issued to the applicant unless and until the verification of identity requirements have been satisfied in respect of that application (which the Receiving Agent shall in its absolute discretion determine).

If the application is treated as invalid and the verification of identity requirements are not satisfied within such period, being not less than seven days after a request for evidence of identity is despatched to the applicant, the Company will be entitled to make arrangements (in its absolute discretion as to manner, timing and terms) to sell the relevant shares (and for that purpose the Company will be expressly authorised to act as agent of the applicant). Any proceeds of sale (net of expenses) of the relevant shares which shall be issued to and registered in the name of the purchasers or an amount equivalent to the original payment, whichever is the lower, will be held by the Company on trust for the applicant, subject to the requirements of the Money Laundering Regulations being satisfied. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied. Neither the Company nor the Receiving Agent will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of any such discretion

or as a result of any sale of relevant shares. Submission of an Application Form with the appropriate remittance will constitute a warranty from the applicant that the Money Laundering Regulations will not be breached by application of such remittance. If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in your application being treated as invalid or in delays in the despatch of share certificates or in crediting CREST stock accounts.

The verification of identity requirements will not usually apply:

- (i) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on the prevention of the use of the financial system for the purpose of money laundering (no. 91/308/EEC));
- (ii) if the applicant is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (iii) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the name of such applicant.

Third party cheques may not be accepted with the exception of banker's drafts or building society cheques where the bank or building society has inserted details of the name of the account holder (which must be the same name as appears on page 1 of the Application Form) on the draft or cheque and have added either their branch stamp or have provided a supporting letter confirming the source of funds.

In other cases the verification of identity requirements may apply. The following guidance is provided in order to assist in satisfying the verification of identity requirements and to reduce the likelihood of difficulties or delays and potential rejection of an application (but does not limit the right of the Receiving Agent to require verification of identity as stated above). Satisfaction of the verification of identity requirements may be facilitated in the following ways:

- (A) if payment is made by building society cheque (not being a cheque drawn on an account of the applicant) or banker's draft, by the building society or bank inserting details of the name of the account holder (which must be the same name as appears on page 1 of the Application Form) on the cheque or draft and adding either their branch stamp or providing a supporting letter confirming the source of funds; or
- (B) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti-money laundering regulation in a country which is a member of the financial action task force (the non-EU members of which are Argentina, Australia, Brazil, Canada, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, the Russian Federation, Singapore, South Africa, Switzerland, Turkey, the United States of America and, by virtue of their membership of the gulf co-operation council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide written confirmation that it has that status with the Application Form and written assurance that it has obtained and recorded evidence of the identity of the persons for whom it acts and that it will on demand make such evidence available to the receiving agent or the relevant authority. In order to confirm the acceptability of any written assurance referred to in paragraph 4.2.2 above or any other case, the applicant should contact the Receiving Agent; or
- (C) if (an) Application Form(s) in respect of relevant shares is/are lodged by hand by the applicant in person, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and evidence of his address.

## 5.2 Open Offer Entitlements in CREST

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its

absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

## 6. **Overseas Shareholders**

### 6.1 **General**

The making of the Open Offer to Overseas Shareholders may be affected by the laws or regulatory requirements of the relevant jurisdiction. Overseas Shareholders who are in any doubt in this respect should consult their professional advisers. No person receiving a copy of this document and/or an Application Form and/or receiving a credit of Open Offer Entitlements to a stock account in CREST in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form or credit of Open Offer Entitlements to a stock account in CREST, unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form or credit of Open Offer Entitlements to a stock account in CREST could lawfully be used without contravention of any legislation or other local regulatory requirements. Receipt of this document and/or an Application Form or the crediting of Open Offer Entitlements to a stock account in CREST does not constitute an invitation or offer to Overseas Shareholders in the territories in which it would be unlawful to make an invitation or offer and in such circumstances this document and/or any Application Forms are sent for information only.

It is the responsibility of any person receiving a copy of this document and/or an Application Form and/or receiving a credit of Open Offer Entitlements to a stock account in CREST outside the UK and wishing to make an application for any Open Offer Shares to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such other territory. Persons (including, without limitation, nominees and trustees) receiving an Application Form and/or receiving credits of Open Offer Entitlements to a stock account in CREST should not, in connection with the Open Offer, distribute or send the Application Form or transfer the Open Offer Entitlements into any jurisdiction when to do so would or might contravene local securities laws or regulations, including the United States and the other Restricted Jurisdictions.

If an Application Form or a credit of Open Offer Entitlements to a stock account in CREST is received by any person in any such jurisdiction or by the agent or nominee of such person, he or she must not seek to take up the Open Offer Shares except pursuant to an express agreement with the Company. Any person who does forward an Application Form or transfer the Open Offer Entitlements into any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this paragraph 6. The Company, Panmure Gordon, Stockdale and the Receiving Agent reserve the right to reject an Application Form or transfer of Open Offer Entitlements from or in favour of Shareholders in any such jurisdiction or persons who are acquiring Open Offer Shares for resale in any such jurisdiction.

The Company, Panmure Gordon, Stockdale and the Receiving Agent reserve the right in their absolute discretion to treat as invalid any application for Open Offer Shares under the Open Offer if it appears to the Company, Panmure Gordon, Stockdale and the Receiving Agent and their agents that such application or acceptance thereof may involve a breach of the laws or regulations of any jurisdiction or if in respect of such application the Company, Panmure Gordon, Stockdale and the Receiving Agent have not been given the relevant warranty concerning overseas jurisdictions set out in the Application Form or in this document, as appropriate. All payments under the Open Offer must be made in pounds sterling.



## 6.2 United States

The Open Offer Shares and the Open Offer Entitlements have not been and will not be registered under the Securities Act or under any relevant securities laws of any state or other jurisdiction of the United States and, accordingly, may not, be offered, sold, taken up, delivered or transferred in or into the United States absent registration or an exemption from, or a transaction not subject to, registration under the Securities Act. Subject to certain exceptions, Qualifying Shareholders with registered addresses in, or who are resident or located in, the United States, may not participate in the Open Offer. Neither this document nor the Application Form constitutes or will constitute or form any part of an offer or an invitation to apply for or an offer or an invitation to acquire any Open Offer Entitlements or Open Offer Shares in the United States. An Application Form will not be sent to any Shareholder located in or having a registered address in the United States. Unless otherwise agreed by the Company in its sole discretion, completed Application Forms sent from or post-marked in the United States will be deemed to be invalid and all persons acquiring Open Offer Shares and wishing to hold such Open Offer Shares in registered form must provide an address for registration outside the United States. No Open Offer Entitlements will be credited to a stock account in CREST of any Qualifying Shareholder with a registered address in the United States. Unless otherwise agreed by the Company at its discretion, any person completing an Application Form or applying for Open Offer Shares will be required to represent that such person (i) is not resident or located in the United States or any other Restricted Jurisdiction; (ii) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Open Offer Shares; (iii) is not acting for the account or benefit of any person who is located or resident in the United States, unless (a) the instruction to act was received from a person located outside the United States and (b) the person giving such instruction has confirmed that (x) it has the authority to give such instruction, and (y) either (A) it has investment discretion over such account or (B) it is an investment manager or investment company that it is acquiring the Open Offer Shares in an "offshore transaction" within the meaning of Regulation S (under the Securities Act); and (iv) is not acquiring the Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into or within the United States or any of the other Restricted Jurisdictions.

## 6.3 Restricted Jurisdictions

Due to restrictions under the securities laws of the Restricted Jurisdictions, and subject to certain exceptions, persons who have registered addresses in, or who are located, resident or ordinarily resident in, or citizens of, any Restricted Jurisdictions will not qualify to participate in the Open Offer and will not be sent an Application Form, nor will their stock accounts in CREST be credited with Open Offer Entitlements. The Open Offer Shares have not been, and will not be, registered under the relevant laws of any Restricted Jurisdictions or any state, province or territory of them and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdictions or to, or for the account or benefit of, any person with a registered address in, or who is located, resident or ordinarily resident in, or a citizen of, any Restricted Jurisdictions except pursuant to an applicable exemption. Subject to certain exceptions, no offer of Open Offer Shares is being made by virtue of this document and/or the Application Form into any Restricted Jurisdictions.

## 6.4 Jurisdictions other than the Restricted Jurisdictions

Application Forms will be sent to Qualifying non-CREST Shareholders and Open Offer Entitlement(s) will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the United States or any other Restricted Jurisdiction may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and, if relevant, the Application Form.

Qualifying Shareholders who have registered addresses in or who are located or resident in, or who are citizens of, countries other than the UK should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to apply for Open Offer Shares in respect of the Open Offer.

## 7. Taxation

If you are in any doubt about your tax position or are subject to a tax in a jurisdiction other than the UK, you should consult your professional adviser without delay.

8. **Admission, settlement, dealings and publication**

Application will be made to the London Stock Exchange for the Open Offer Shares to be admitted to AIM, subject to the fulfilment of the conditions of the Open Offer. It is expected that admission of the Open Offer Shares to trading on AIM will become effective and that dealings therein for normal settlement will commence at 8.00 a.m. on 11 March 2019. In the case of Qualifying Shareholders wishing to hold Open Offer Shares in certificated form, definitive certificates in respect of the Open Offer Shares will be issued free of stamp duty and are expected to be despatched by post within 10 business days of Admission. No temporary documents of title will be issued and, pending such despatch, transfers will be certified against the share register. Open Offer Entitlements held in CREST are expected to be disabled in all respects after close of business on 7 March 2019 (the latest time and date for applications under the Open Offer). If the conditions to the Open Offer described in this document are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied. On this day, the Receiving Agent will credit the appropriate stock accounts of such persons with such persons' entitlement to Open Offer Shares with effect from Admission (expected to be 11 March 2019). The stock accounts to be credited will be accounts under the same participant IDs and member account IDs in respect of which the USE instruction was given. Notwithstanding any other provision of this document, the Company (with the consent of Panmure Gordon and Stockdale) reserves the right to send you an Application Form instead of crediting the relevant stock account with Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying non-CREST Shareholders are referred to the Application Form. The completion and results of the Open Offer will be announced and made public through an announcement on a Regulatory Information Service as soon as possible after the results are known, expected to be on or about 8 March 2019.

9. **Governing law**

The terms and conditions of the Open Offer as set out in this Part IV and each Application Form shall be governed by, and construed in accordance with, English law. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document and an Application Form. By taking up their entitlements under the Open Offer in accordance with the instructions set out in this document and (where applicable) an Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

10. **Other information**

Your attention is drawn to the letter from your Chairman which is set out in Part I of this document which contains, *inter alia*, information on the reasons for the Placing and the Open Offer, to the Risk Factors in Part II and to the further information set out in Part V of this document.

11. **Dilution**

The share capital of the Company in issue at the date of this document will be increased by approximately 16.7 per cent. as a result of the Transaction. Qualifying Shareholders who do not take up any of their Open Offer Entitlement will suffer a reduction of approximately 14.3 per cent. in their proportionate ownership and voting interest in the ordinary share capital of the Company as represented by their holding of Ordinary Shares immediately following Admission, assuming full take up of the Open Offer. Qualifying Shareholders who take up all or part of their Open Offer Entitlement will still suffer dilution upon Admission due to completion of the Placing.

## PART V - ADDITIONAL INFORMATION

### 1. **Placing Agreement**

On 20 February 2019 the Company entered into a placing agreement with Panmure Gordon and Stockdale, under which each of Panmure Gordon and Stockdale 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 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 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 Agreement is conditional, *inter alia*, upon the passing of the Resolutions and it not being terminated prior to Admission and being otherwise unconditional in all respects and Admission taking place no later than 8.00 a.m. on 11 March 2019 (or such later time and/or date as Panmure Gordon, the Company and Stockdale may agree, not being later than 8.00 a.m. on 21 March 2019).

### 2. **Litigation**

Other than debtor litigation in the normal course of business, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which, during the 12 month period prior to the publication of this document, may have, or have had in the recent past, significant effects on the Company or the Group's financial position or profitability.

### 3. **Taxation**

Shareholders who are in any doubt as to their tax position or who may be subject to tax in any other jurisdiction are strongly recommended to consult their own professional advisers.

No UK stamp duty will be payable on the issue by the Company of New Shares.

Stamp duty and stamp duty reserve tax ("**SDRT**") is not chargeable on transfers of securities admitted to trading on certain recognised growth markets, which currently includes AIM, provided they are not listed on a recognised stock exchange. Accordingly, transfers of New Shares after issue should be exempt from stamp duty and SDRT.

### 4. **Availability of this document**

Copies of this document will be available free of charge at the registered office of the Company and on the Company's website at [www.pcf.bank](http://www.pcf.bank) during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the date of Admission.

## NOTICE OF GENERAL MEETING

PCF Group plc  
(the "Company")

*(Incorporated and registered in England and Wales with registered number 02863246)*

Notice is hereby given that a general meeting of the Company will be held at 1 Cornhill, London EC3V 3ND on 8 March 2019 at 11.00 a.m. where you will be asked to consider and, if thought fit, pass the resolutions below.

### Ordinary Resolution

1. THAT the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "**Act**") to allot shares in the Company up to a maximum nominal amount of £1,791,666.65, in connection with the proposed placing and open offer on the terms described in the circular to shareholders dated 20 February 2019 (the "**Circular**"). The power shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the date three months from the date of passing of this resolution. This authority and power is in addition to any like authority or power conferred on the Directors at the annual general meeting of the Company held on 8 March 2019.

### Special Resolution

2. THAT subject to the passing of Resolution 1 above the Directors be empowered pursuant to sections 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority granted by Resolution 1 above as if section 561 of the Act did not apply to any such allotment. This power shall be limited to the allotment of shares in the Company up to a maximum nominal amount of £1,791,666.65 in connection with the proposed placing and open offer on the terms described in the Circular. This power shall expire (unless previously renewed, varied or revoked by the Company in general meeting) on the date three months from the date of passing of this resolution. The authority and the power is in addition to any like authority or power conferred on the Directors at the annual general meeting of the Company held on 8 March 2019.

By order of the Board

**R J Murray**  
Company Secretary

20 February 2019

Registered Office  
Pinner's Hall  
105-108 Old Broad Street  
London  
EC2N 1ER

Registered in England and Wales No. 02863246

## Notes

### *Voting by proxy*

1. A member entitled to attend and vote at this meeting is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend, to speak and, both on a show of hands and on a poll, to vote in his or her stead at the meeting. A proxy need not be a member of the Company. The appointment of a proxy does not preclude a member from attending and voting in person at the meeting should he or she subsequently decide to do so. A Form of Proxy which may be used to make such appointment and give proxy instructions is enclosed. If you wish your proxy to speak at the meeting, you should appoint a proxy other than the chairman of the meeting and give your instructions to that proxy.
2. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him or her. To be valid, a Form of Proxy together with, if applicable, the power of attorney or other authority under which it is signed, or a certified copy thereof, must be received by Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS99 6AH no later than 11.00 a.m. on 6 March 2019.
3. An abstention (or "vote withheld") option has been included on the Form of Proxy. The legal effect of choosing the abstention option on any resolution is that the shareholder concerned will be treated as not having voted on the relevant resolution. The number of votes in respect of which there are abstentions will however be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.
4. Completion and return of a Form of Proxy, other such instrument or any CREST Proxy Instruction (as described in note 6 below) will not affect the right of such member to attend and vote in person at the meeting or any adjournment thereof.

### *Voting by CREST members*

5. CREST members who wish to appoint a proxy or proxies by using the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by following the procedures laid down in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
6. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID Number 3RA50) by no later than 11.00 a.m. on 6 March 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
8. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. Please see sections of the CREST Manual concerning practical limitations of the CREST system and timings.

### *Nominated persons*

9. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
10. The statement of rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

#### *Open Offer Record Date*

11. The Company, pursuant to Regulation 22 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6.30 p.m. on 19 February 2019 shall be entitled to attend or vote (whether on a show of hands or on a poll) at the meeting in respect of the number of shares registered in their name at the time. Changes to entries on the register after 6.30 p.m. on 19 February 2019 (or after 6.30 p.m. on the day which is two days before any adjourned meeting, excluding non-working days) shall be disregarded in determining the rights of any person to attend or vote at the meeting.

#### *Voting rights*

12. As at 19 February 2019 (being the last business day prior to the date of this notice) the Company's issued share capital consisted of 214,152,601 ordinary shares each carrying one vote per share. Accordingly the total number of voting rights in the Company as at 19 February 2019 were 214,152,601.
13. If the total number of voting rights that the Chairman will be able to vote (taking into account any proxy appointments from Shareholders over which he is given discretion) is such that he will have a notifiable obligation under the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority (the "DTRs"), the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. Therefore, any member holding 3 per cent. or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the DTRs, need not make a separate notification to the Company and to the Financial Conduct Authority. However, any member holding 3 per cent. or more of the voting rights in the Company who appoints a person other than the Chairman as proxy will need to ensure that both the member and the proxy comply with the respective disclosure obligations under the DTRs.

#### *Corporate representatives*

14. Any corporation which is a member can appoint one or more corporate representatives. Each representative may exercise on behalf of the corporation the same powers as the corporation could exercise if it were an individual member of the Company provided that they do not do so in relation to the same Ordinary Shares. It is therefore no longer necessary to nominate a designated corporate representative.

#### *Availability of documents*

15. A copy of this notice of meeting, together with any members' statements which have been received by the Company after the despatch of this notice and the other information required by section 311A of the Companies Act 2006 are all available on the Company's website at [www.pcf.bank](http://www.pcf.bank) under 'investors: regulatory announcements'.

#### *Verification*

16. Shareholders, proxies and authorised representatives will be required to provide their names and addresses for verification against the register of members and proxy appointments received by the Company before entering the meeting. Each authorised representative must produce proof of his or her appointment, in the form of the actual appointment or a certified copy. Other than this, there are no procedures with which any such persons must comply in order to attend and vote at the meeting.

#### *Questions*

17. Shareholders, proxies and authorised representatives may raise questions at the meeting concerning any business being dealt with at the meeting and will receive answers, except that a question need not be answered where it would interfere unduly with the conduct of the meeting, would involve the disclosure of confidential information, where the answer has already been given on a website in the form of an answer to a question or where it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.