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**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION AS STIPULATED UNDER THE MARKET ABUSE REGULATION (EU NO. 596/2014).**

**18 October 2017**

**Hilton Food Group plc (“Hilton” or the “Company”)**

**Proposed Acquisition of Icelandic Group UK Limited and associated Placing  
and  
Notice of General Meeting**

Hilton (LSE: HFG), a leading specialist international meat packing business, today announces its wholly owned subsidiary, Hilton Foods Limited, has agreed to acquire Icelandic Group UK Limited (“Seachill”), a leading chilled UK fish processor (the “Acquisition”), for cash consideration of £80.8 million.

The Company also announces its intention to conduct a non-pre-emptive underwritten cash placing to raise gross proceeds of £55.9 million (the “Placing”) to part-fund the Acquisition through the issue of new ordinary shares at an indicative price per share of 760 pence to be confirmed pursuant to an accelerated bookbuilding process.

**Acquisition Highlights**

- Proposed acquisition of Seachill with an enterprise value of £84.0 million
- Strategically and financially compelling transaction for Hilton
- Attractive growth opportunity and entry into the processing and supply of fish in the UK
- Existing customers see opportunities in adjacent categories, such as fish, both in the UK and internationally and the Acquisition therefore broadens Hilton’s offering to both the Group’s UK and overseas customers
- Chilled seafood market within Great Britain has displayed resilient growth evidenced by a 20 year track record of increasing market value
- Expected to be earnings enhancing in the first full year

**The Placing**

- Fully underwritten placing of £53.0 million to raise gross proceeds of £55.9 million at the indicative share price
- Numis Securities Limited (“Numis”) is acting as Sole Sponsor, Financial Adviser and Joint Bookrunner in respect of the Placing. Panmure Gordon (UK) Limited (“Panmure Gordon”) has been appointed as Joint Bookrunner with Numis (together the “Bookrunners”)
- The Placing is being conducted through an accelerated bookbuilding process which will be launched immediately following this announcement
- The Placing will be used to part-fund the Acquisition, with the balance of the Acquisition consideration (plus associated transaction costs) to be funded by a new debt package comprising a new banking facility totalling £34.0 million
- Certain Directors of the Company have indicated their intention to subscribe for Placing Shares. Further details of the Placing and any participation by such Directors will be set out in the announcement to be made on the closing of the Placing which is expected to be made later today

Robert Watson OBE, Chief Executive of Hilton, said: "The processing and supplying of fish and seafood into the UK is an attractive and growing market and one where we see considerable opportunities to build Hilton's business. Our initial discussions with key customers support this view and we look forward to broadening our offering to both our UK and overseas customers alongside our existing meat business."

## Timetable

Announcement of the Acquisition	18 October 2017
Publication and posting of the Circular and the Forms of Proxy	18 October 2017
Latest time and date for receipt of Forms of Proxy (or electronic / CREST proxy appointment)	10a.m. on 2 November 2017
General Meeting	10a.m. on 6 November 2017
Expected date of Completion of the Acquisition	7 November 2017
Expected date of Admission and commencement of dealings in the Placing Shares	7 November 2017

The times and dates set out in the expected timetable of principal events above and mentioned throughout this announcement are times in London unless otherwise stated, and may be adjusted by the Company in consultation with or, if required, with the agreement of Numis.

A circular is expected to be published by the Company later today (the "Circular"). The Circular will be submitted to the National Storage Mechanism and will shortly be available for inspection at: [www.morningstar.co.uk/uk/NSM](http://www.morningstar.co.uk/uk/NSM). The Circular will also be available on the Company's website at: <http://www.hiltonfoodgroupplc.com/>. Capitalised terms used, but not defined in this announcement shall have the same meaning as set out in the Circular.

Market soundings, as defined in the Market Abuse Regulation ("MAR"), were taken in respect of the Placing and the Acquisition with the result that certain persons became aware of inside information, as permitted by MAR. That inside information is set out in this announcement in accordance with paragraph 7 of article 17 of MAR. Therefore, those persons that received inside information in a market sounding are no longer in possession of inside information relating to the Company and its securities.

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## **Further information in relation to the Acquisition and the Placing**

### **1. Introduction**

The Board announces that its wholly owned subsidiary, Hilton Foods Limited (the "Buyer") has entered into a conditional agreement to acquire the entire issued share capital of Seachill with the Company entering into the agreement as guarantor. The consideration for the Acquisition is £80.8 million which is payable in cash on Completion.

In accordance with the Listing Rules, the Target Group is of such a size relative to the Company that the Acquisition constitutes a Class 1 Transaction and is, therefore, conditional upon the approval of Shareholders at a General Meeting. The General Meeting will be convened for 10 a.m. on 6 November 2017 at 2-8 The Interchange, Latham Road, Huntingdon PE29 6YE and the notice of the General Meeting containing the Resolutions will be set out at the end of the Circular.

### **2. Background to and reasons for the transaction**

#### ***Hilton***

Hilton is a leading specialist international meat packing business, supplying major international retailers from its state-of-the-art facilities. Hilton's business was established in 1994 to set up and operate a beef and lamb central meat packing facility in Huntingdon, England. Hilton has grown rapidly and now has six factories across Europe plus a joint venture which allows the Group's products to be sold in supermarkets across 14 European countries. Hilton also formed a joint venture with Woolworths, Australia in 2013 which operates two factories and the Group has recently announced that it will be constructing a new meat processing facility in Queensland to be operated as Hilton Foods Australia, a subsidiary 100% owned by Hilton.

#### ***Hilton strategy***

From the outset, Hilton has had a simple, clear and well defined strategy focusing on the following four key elements:

1. Building volumes with and extending product ranges for existing customers;
2. Partnering with existing customers in new territories;
3. Gaining new customers in new territories; and
4. Maintaining an uncompromising focus on unit costs, quality and product development.

Throughout Hilton's development it has worked closely and collaboratively with its customers to deliver the strategy outlined above. The Group has grown its capacity and capabilities through disciplined capital investment and continued innovation, to meet its customers' commercial needs and expanding its range of services to enhance its customer offering. The Group's successful expansion into international markets, including recent investments in Australia and Portugal, are good examples of this successful strategy in execution. As a result of this strong and growing track record as a trusted and added value partner to its customers, the Group is working with an increasing number of its existing customers on plans to expand Hilton's products, capabilities and capacity.

To date, the Group has been focused on the processing of meat, principally beef and lamb as well as pork outside the UK, and this will remain at the core of the business in the future. However the Group's customers sell a broader range of protein products than just meat. It is clear to the Group and its customers have an interest in the prospect of Hilton processing and supplying other proteins beyond red meat, based on the Group's expertise in sourcing, assembling, packing and distribution. The Board sees this as an attractive and sustainable area to develop and grow Hilton's business, and its initial discussions with key customers supports this view.

#### ***Reasons for the Acquisition***

As a result, the Board believes that the acquisition of Seachill, the number 2 player in the UK fish market, presents an attractive and relatively low risk entry into the processing and supply of fish in the UK. This is a new category for the Group and it is an attractive growth opportunity for the Group, for the following reasons:

- fish is a growing consumer category where the Group does not currently have a presence;
- the Group's existing customers have shown interest in opportunities in adjacent categories, such as fish, both in the UK and internationally;
- consumer tastes and preferences for healthier lifestyles and menus underpin the attractive market dynamics for fish as a category; and
- the opportunity created by the extension of the Group's proven customer focused strategy to this new category.

The UK chilled seafood market with Great Britain has displayed resilient growth evidenced by a 20 year track record of increasing market value. Customers see it as a key category with 80% of shoppers buying chilled seafood and on average customers making 19 purchases and spending a total £82 per annum.

Following completion of the proposed Acquisition there are a number of opportunities for the Enlarged Group to create value moving forwards. These include:

- investing in the Seachill business to increase capacity and using Hilton's experience in robotics and automated processes to develop state-of-the-art facilities in the assembling, packing and distributing of fish products, which will deliver even higher quality and better value to the consumer;
- expanding into overseas territories using the Seachill management team's expertise in the fish category, following the successful model of its recent overseas expansion alongside key customers in Portugal and Australia;
- developing innovative new products in the fish category in collaboration with its customers, broadening the range of products that the Enlarged Group can offer new and existing customers; and
- expanding the proprietary "The Saucy Fish Co." brand into other categories both in the UK and overseas.

#### ***Financial effects of the Acquisition***

It is anticipated that the acquisition will be EPS accretive in the first full year of the proposed acquisition. The Group believes that Hilton and Seachill management's combined expertise in a number of areas will enable the Enlarged Group to operate more efficiently over the medium term. More importantly, the proposed acquisition will provide the foundations for Hilton to offer Seachill's fish packing expertise strengthened by Hilton's supply chain experience to a number of its leading retailer customers both in the UK and Internationally.

### **3. Summary information about Seachill**

Founded in 1998, Seachill has grown to be one of the largest chilled fish processors in the UK, with well-invested facilities and a well-established supply chain based in Grimsby, Lincolnshire. Under Simon Smith's leadership, who will lead the Seachill business as a division within Hilton going forward, the Seachill business has performed well over a number of years, operating from three sites in the area and supplying a number of leading food retail customers in the UK.

Seachill focuses on the three largest fish species in the UK and has successfully innovated and developed new products including The Saucy Fish Co. brand, which is the largest chilled wet fish brand in the UK.

Seachill's largest customer, Tesco, accounts for approximately 80% of its net sales and there is consequently significant reliance on one customer relationship. As Tesco is also one of the Company's principal customers, it is expected that the Acquisition will strengthen the Company's existing relationship with Tesco through the supply of a new product category.

The summarised audited financial history of Seachill is set out below:

	<i><b>Year ended 31 December 2016 £'000</b></i>	<i><b>Year ended 31 December 2015 £'000</b></i>	<i><b>Year ended 31 December 2014 £'000</b></i>
Revenue	266.3	248.4	258.8
Gross profit	39.2	38.6	37.9
Operating profit	3.4	4.0	(1.7)
Net cash generated from operations	15.4	6.2	2.4
Gross assets	101.5	108.2	109.2

#### **4. Principal terms of the Acquisition**

The Sale and Purchase Agreement entered into by the Buyer, the Company, the Seller and the Seller Guarantor on 18 October 2017 sets out the terms of the Acquisition pursuant to which the Buyer has agreed to acquire Seachill from the Seller for headline consideration of £80.8 million payable in cash on Completion. Any amount of leakage will be deducted from the purchase price.

The Sale and Purchase Agreement is conditional upon the approval of the Resolutions by Shareholders at the General Meeting, namely:

- the first Resolution approving the Acquisition as a result of the Acquisition constituting a Class 1 transaction; and
- the second and third Resolutions which provide the Directors with the authority to allot the Placing Shares.

The Sale and Purchase Agreement contains representations, warranties, covenants, undertakings and conditions that are customary for a transaction of this size and nature.

Assuming that the Shareholders approve the Resolutions at the General Meeting, Completion is expected to occur on 7 November 2017.

#### **5. Financing of the Acquisition**

Historically the Company has built up net cash balances through strong cash generation. In addition to the proposed acquisition of Seachill, the Board believes there are significant growth opportunities in the medium term. Consequently the Board has put in place appropriate financing to support that growth including bank borrowing facilities and raising equity. The Board expects to carry an amount of gearing on the balance sheet for the medium term. This structure reflects the Board's prudent and conservative approach to financing with target gearing of not more than 2.5x net debt/EBITDA.

In line with the Group's prudent financing strategy the transaction will be funded as follows:

- an issue of new Ordinary Shares, pursuant to the Placing, raising £53.8 million net of expenses at the indicative share price; and
- a new banking facility totalling £34.0 million.

Additional new banking facilities of £84.7 million together with existing net cash balances, which were £38.9 million at 16 July 2017, provide funds for future capital investment and the Group's working capital requirements.

## 6. Current trading and prospects

### *Hilton*

On 12 September 2017, Hilton published its interim results for the 28 weeks to 16 July 2017, in which Hilton stated:

"Hilton delivered strong volume and profit growth during the period. Our strategic progress continued with entry into Portugal and expansion recently announced in Central Europe where beef deboning has commenced and a fresh food factory will be developed. The initial work on our new factory in Queensland, Australia continues with the planning approvals process well advanced. We remain committed to growing our business through innovation and product development as well as exploring a range of new expansion opportunities to further our geographic reach.

Hilton's overall underlying trading performance remained strong, despite competitive retail grocery markets and uncertain macroeconomic conditions. Volumes increased by 8.7% reflecting growth in Ireland, Sweden and Australia and also the start of the Portuguese joint venture. Turnover increased by 9.3% to £690.7m (2016: £631.9m) and by 3.2% on a constant currency basis.

Operating profit for the first 28 weeks of 2017 was 9.0% higher at £18.8m (2016: £17.3m) and 1.4% higher on a constant currency basis including new product start-up and support costs in Europe and initial Queensland costs as well as weaker trading across Central Europe. The operating profit margin at 2.7% was unchanged compared to last year."

The Hilton 2017 Unaudited Interim Financial Statements outlined Hilton's continued operating momentum and, since that date, Hilton's trading performance continues to be in line with the Hilton Board's expectations.

The Company announced on 16 October 2017 that it will proceed with plans to expand its packing capability to New Zealand. Hilton will construct a new meat processing facility in Auckland and will supply Progressive Enterprises Ltd (which trades as Countdown Supermarkets). The development will take place as an extension of the existing site and will be financed by a newly formed subsidiary, Hilton Foods New Zealand. The Company is targeting production at the facility for 2020. Progressive Enterprises LTD is part of the Woolworths group and this development further strengthens Hilton's existing relationship with Woolworths Ltd.

### *Target Group*

In the current year, the Target Group has performed well and delivered revenue growth through new business wins, launching a number of new products and grown its core business.

At the same time the business has made a number of operational efficiencies. A supply contract with Seachill's second largest customer, which contributed £49.8m of revenue in the 12 months to 31 December 2016, was exited as both parties could not agree on pricing.

Revenue growth this year up to 27 August 2017 on a like-for-like basis versus the same period in 2016 was 21.5% when adjusted for the exit from the supply contract detailed above.

## 7. Details of the Placing

In order to part fund the Acquisition, the Company proposes to raise £53.8 million net of expenses under the underwritten Placing.

Pursuant to the terms of the Placing Agreement dated 18 October 2017, Numis and Panmure Gordon, as agents for the Company, have agreed to use their reasonable endeavours to procure placees to subscribe for such number of Placing Shares as would raise gross proceeds of £53.0 million. To the extent that Numis and Panmure Gordon do not so procure subscribers, Numis and Panmure Gordon themselves have agreed to subscribe for the relevant Placing Shares.

The Placing will be effected by way of an accelerated bookbuilding to be managed by Numis and Panmure Gordon. The bookbuilding process will commence with immediate effect. The Placing Price and the number of Placing Shares will be agreed between the Company, Numis and Panmure Gordon at the close of the bookbuilding period. Details of the Placing Price and the number of Placing Shares will be announced as soon as practicable after the close of the bookbuilding process.

Accordingly, the Placing is being fully underwritten by Numis and Panmure Gordon on the terms and subject to the conditions set out in the Placing Agreement. The Placing is conditional upon, amongst other things, the Resolutions being duly passed at the General Meeting, the Placing Agreement not being terminated and Admission. The Placing shall become unconditional on Admission occurring. Further details in relation to the Placing Agreement and in particular the termination rights of Numis and Panmure Gordon and the conditions of the Placing Agreement are set out in the Appendix.

Application will be made for the Placing Shares to be admitted to trading on the Main Market and it is expected that, subject to the Placing Agreement becoming unconditional in all respects and not having been terminated, Admission of the Placing Shares will become effective and that dealings in the Placing Shares will commence at 8.00 a.m. on 7 November 2017.

The Placing Shares will be fully paid and will rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of issue. As such the Placing Shares will not be eligible for the current year interim dividend of 5.0p per share which will be paid to shareholders on the register at close of business on 3 November 2017 which is prior to the Admission of the Placing shares.

## **8. Important notices**

The Bookrunners, which are both authorised and regulated in the United Kingdom by the FCA, are acting for the Company and for no-one else in connection with the matters referred to in this announcement and will not be responsible to anyone other than the Company for providing the protections afforded to clients of the Bookrunners, or for providing advice in relation to the contents of this announcement or any matters referred to herein.

Apart from the responsibilities and liabilities, if any, which may be imposed on Numis and/or Panmure Gordon under FSMA or the regulatory regime established thereunder, neither Numis nor Panmure Gordon accept any responsibility whatsoever and make no representation or warranty, express or implied, concerning the contents of this announcement including its accuracy, completeness and verification or concerning any other statement made or purported to be made by it or on behalf of it, in connection with the Company and the Acquisition. Numis and Panmure Gordon accordingly disclaim to the fullest extent permitted by law all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to herein) which it might otherwise have in respect of this document or any such statement.

Certain statements in this announcement may be forward-looking. Although the Company believes that the expectations reflected in these forward looking statements are reasonable, it can give no assurance or guarantee that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward looking statements.

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



## APPENDIX: TERMS AND CONDITIONS OF THE PLACING

### IMPORTANT INFORMATION ON THE PLACING FOR INVITED PLACEES ONLY.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS ANNOUNCEMENT AND THE TERMS AND CONDITIONS SET OUT IN THIS APPENDIX ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA ("**EEA**") WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE EU PROSPECTUS DIRECTIVE (WHICH MEANS DIRECTIVE 2003/71/EC, AS AMENDED FROM TIME TO TIME, AND INCLUDES ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE) (THE "**PROSPECTUS DIRECTIVE**") ("**QUALIFIED INVESTORS**"); AND (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "**ORDER**"); (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) ("HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC") OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**"). THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. PERSONS DISTRIBUTING THIS ANNOUNCEMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATE IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS APPENDIX IS FOR INFORMATION PURPOSES ONLY AND DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY. THIS ANNOUNCEMENT AND THIS APPENDIX HAS BEEN ISSUED BY AND IS THE SOLE RESPONSIBILITY OF THE COMPANY.

THIS ANNOUNCEMENT, INCLUDING THIS APPENDIX, IS NOT AN OFFER FOR SALE OR SUBSCRIPTION IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL UNDER THE SECURITIES LAWS OF ANY SUCH JURISDICTION. THE SECURITIES MENTIONED HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR UNDER ANY SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, RESOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES EXCEPT PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THERE WILL BE NO PUBLIC OFFER OF THE SECURITIES MENTIONED HEREIN IN THE UNITED STATES.

THE SECURITIES MENTIONED HEREIN WILL NOT HAVE BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION (THE "**SEC**"), ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY IN THE UNITED STATES, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE PLACING OR THE ACCURACY OR ADEQUACY OF THIS ANNOUNCEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN ACQUISITION OF PLACING SHARES. THE PRICE OF PLACING SHARES AND THE INCOME FROM THEM (IF ANY) MAY GO DOWN AS WELL AS UP AND

INVESTORS MAY NOT GET BACK THE FULL AMOUNT INVESTED ON DISPOSAL OF THOSE PLACING SHARES.

Persons who are invited to and who choose to participate in the Placing by making an oral or written offer to acquire Placing Shares, including any individuals, funds or others on whose behalf a commitment to acquire Placing Shares is given (the "**Placees**"), will be deemed: (i) to have read and understood this Announcement, including this Appendix, in its entirety; and (ii) to be participating and making an offer for Placing Shares on the terms and conditions, and to be providing the representations, warranties, acknowledgements and undertakings, contained in this Appendix.

In particular each such Placee represents, warrants and acknowledges that:

- (a) it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
- (b) it is and, at the time the Placing Shares are acquired, will be outside the United States and acquiring the Placing Shares in an "offshore transaction" in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act ("**Regulation S**") and is acquiring beneficial interests in the Placing Shares for its own account; if acquiring the Placing Shares for the account of one or more other persons, it has full power and authority to make the representations, warranties, agreements, undertakings, and acknowledgements herein on behalf of each such person; and
- (c) if it is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, any Placing Shares acquired by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of securities to the public other than an offer or resale to Qualified Investors in a member state of the EEA which has implemented the Prospectus Directive, or in circumstances in which the prior consent of the Bookrunners has been given to each such proposed offer or resale.

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

This Announcement, including this Appendix, does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Securities may not be offered or sold in the United States absent (i) registration under the Securities Act or (ii) an available exemption from, or in a transaction not subject to, registration under the Securities Act. The securities mentioned herein have not been, and will not be, registered under the Securities Act. The Placing Shares are being offered and sold solely outside the United States in "offshore transactions" in accordance with Regulation S. There will be no public offering of the securities in the United States.

#### **Details of the Placing Agreement, the Placing Shares and the Bookbuild**

The Bookrunners are acting as joint bookrunners in connection with the Placing and have entered into the Placing Agreement with the Company under which they have agreed to use their respective reasonable endeavours to procure, as agents for the Company, Placees to take up the Placing Shares, on the terms and subject to the conditions set out therein.

The Bookrunners will today commence the bookbuilding process to determine demand for participation in the Placing by Placees (the "**Bookbuild**"). This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

In the event that the Bookrunners fail to procure Placees for at least such number of Placing Shares as would raise gross proceeds of £53.0 million (or such other number as agreed by the Company and the Bookrunners) then subject to the satisfaction (or waiver) of the Conditions, Numis severally agrees that it shall itself as principal acquire 75 per cent, and Panmure Gordon severally agrees that it shall itself as principal acquire 25 per cent, in each case of any such shortfall not so taken up upon the terms and conditions set out in this Appendix.

The Placing Shares will, as from the date when they are issued, be fully paid up, rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission and otherwise rank pari passu in all respects with, and be identical to, the existing Ordinary Shares then in issue.

### **Application for listing and admission to trading**

Application will be made to the:

- (a) Financial Conduct Authority ("**FCA**") for admission of the Placing Shares to the premium listing segment of the Official List London Stock Exchange; and
- (a) London Stock Exchange for admission of the Placing Shares to trading on the London Stock Exchange's main market for listed securities.

Subject to, amongst other things, the Placing Agreement becoming unconditional and not being terminated in accordance with its terms, it is expected that Admission of the Placing Shares will become effective at or around 8.00 a.m. (London time) on 7 November 2017 and that dealings in the Placing Shares will commence at that time.

### **Participation in, and principal terms of, the Placing**

1. The Bookrunners are arranging the Placing severally, and not jointly, nor jointly and severally, as bookrunners and placing agents of the Company for the purpose of using their respective reasonable endeavours to procure Placees at the Placing Price (as defined below) for the Placing Shares. Each Bookrunner is authorised and regulated in the United Kingdom by the FCA, and is acting exclusively for the Company and no one else in connection with the matters referred to in this Announcement and will not be responsible to anyone other than the Company for providing the protections afforded to the customers of each Bookrunner or for providing advice in relation to the matters described in this Announcement.
2. Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by the Bookrunners. Each Bookrunner may itself agree to be a Placee in respect of all or some of the Placing Shares or may nominate any member of its group to do so.
3. The Bookbuild, if successful, will establish a single price per Placing Share payable to the Bookrunners as agent for the Company by all Placees whose bids are successful (the "**Placing Price**"). The Placing Price and the number of Placing Shares will be agreed by the Bookrunners and the Company following completion of the Bookbuild. Any discount to the market price of the Ordinary Shares will be determined in accordance with the Listing Rules as published by the FCA pursuant to Part VI of the FSMA. The Placing Price and the number of Placing Shares to be issued will be announced on a Regulatory Information Service following the completion of the Bookbuild (the "**Placing Results Announcement**").

4. The Bookbuild is expected to close later today, but in any event no later than 5.00 p.m. on 18 October 2017, but at the sole discretion of the Bookrunners the timing of the closing of the books, pricing and allocations may be accelerated or delayed. The Bookrunners may, in agreement with the Company, accept bids that are received after the Bookbuild has closed. The Company reserves the right (upon agreement with the Bookrunners) to reduce or seek to increase the amount to be raised pursuant to the Placing in its absolute discretion
5. Any person who wishes to participate in the Bookbuild should communicate their bid by telephone to their usual sales contact at the relevant Bookrunner. Each bid should state the number of Placing Shares which the prospective Placee wishes to acquire at either the Placing Price which is ultimately established by the Company and the Bookrunners or at prices up to a price limit specified in its bid.
6. Each of the Bookrunners reserves the right not to accept bids or to accept bids in part rather than in whole. The acceptance of the bids shall be at the Bookrunners' absolute discretion. A bid in the Bookbuild will be made on the terms and conditions in this Appendix and will be legally binding on the Placee on behalf of which it is made and, except with the consent of the Bookrunners, will not be capable of variation or revocation after the close of the Bookbuild.
7. Allocations of the Placing Shares will be determined by the Bookrunners after consultation with the Company (the proposed allocations having been supplied by the Bookrunners to the Company in advance of such consultation). Allocations will be confirmed orally by one of the Bookrunners and a trade confirmation or contract note will be despatched as soon as practicable thereafter. A Bookrunner's oral confirmation to such Placee constitutes an irrevocable legally binding commitment upon such person (who will at that point become a Placee), in favour of the Bookrunners and the Company, to acquire the number of Placing Shares allocated to it and to pay the Placing Price in respect of such shares on the terms and conditions set out in this Appendix and in accordance with the Company's articles of association. Except with the Bookrunners' consent, such commitment will not be capable of variation or revocation after the time at which it is submitted.
8. Each Placee's allocation and commitment will be evidenced by a trade confirmation or contract note issued to such Placee by the Bookrunners. The terms of this Appendix will be deemed incorporated in that trade confirmation or contract note.
9. Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "Registration and Settlement".
10. All obligations of the Bookrunners under the Placing will be subject to fulfilment or (where applicable) waiver of the conditions referred to below under "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Right to terminate under the Placing Agreement".
11. By participating in the Placing, each Placee will agree that its rights and obligations in respect of the Placing will terminate only in the circumstances described below under "Right to terminate under the Placing Agreement" and will not be capable of rescission or termination by the Placee.
12. To the fullest extent permissible by law, neither the Bookrunners, nor the Company, nor any of their respective affiliates, agents, directors, officers or employees shall have any responsibility or liability to Placees (or to any other person whether acting on behalf of a

Placee or otherwise). In particular, neither the Bookrunners, nor the Company, nor any of their respective affiliates, agents, directors, officers or employees shall have any responsibility or liability (including to the extent permissible by law, any fiduciary duties) in respect of the Bookrunners' conduct of the Placing or of such alternative method of effecting the Placing as the Bookrunners and the Company may determine.

13. Each Placee acknowledges and agrees that that it has obtained all governmental and other consents (if any) which may be required for the purpose of, or as a consequence of, its participation, and it will provide promptly to the Bookrunners such evidence, if any, as to the identity or location or legal status of any person which the Bookrunners may request from it in connection with the Placing (for the purpose of complying with the Regulations or ascertaining the nationality of any person or the jurisdiction(s) to which any person is subject or otherwise) in the form and manner requested by the Bookrunners on the basis that any failure by it to do so may result in the number of Placing Shares that are to be purchased by it or at its direction pursuant to the Placing being reduced to such number, or to nil, as the Bookrunners may decide at their sole discretion;
14. Each Placee acknowledges and agrees that the Company is responsible for the allotment of the Placing Shares to the Placees and the Bookrunners shall have no liability to the Placees for the failure of the Company to fulfil those obligations.

### Conditions of the Placing

The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms. The Bookrunners' obligations under the Placing Agreement are conditional on, inter alia:

- (a) Admission occurring at or before 8:00 a.m. (London time) on 7 November 2017 (or such later time and/or date, not being later than 8:00 a.m. (London time) on 21 November 2017, as the Company and Numis may otherwise agree) (the "**Closing Date**");
- (b) the Company having confirmed to the Bookrunners that, prior to the delivery of such confirmation, none of the representations, warranties and agreements of the Company contained in the Placing Agreement was untrue, inaccurate or misleading at the date of the Placing Agreement or will be untrue, inaccurate or misleading immediately prior to Admission when repeated at that time, by reference to the facts and circumstances then subsisting;
- (c) the Company having complied with or performed its obligations under the Placing Agreement to the extent that the same fall to be performed prior to Admission, save for any non-compliance which in the good faith opinion of Numis is not material;
- (d) the Acquisition Agreement (i) having been duly executed by the parties thereto by or on the date of this Announcement; (ii) remaining in full force and effect and not having been materially modified, or rescinded, lapsed or been terminated (in whole or in part) prior to Admission (save with the consent of Numis); and (iii) having become unconditional in all respects save for any condition relating to Admission occurring and to the Placing Agreement not having been terminated and having become unconditional in all respects;
- (e) in the good faith opinion of Numis, between the date of the Placing Agreement and Admission there has been no material adverse change in, or any development involving a prospective material adverse change in, or affecting, the condition (financial, operational, legal or otherwise) or the earnings, management, business affairs, solvency, credit rating or prospects

of the Company or of the Group (taken as a whole), whether or not arising in the ordinary course of business; and

- (f) in the good faith opinion of Numis, between the date of the Placing Agreement and Admission there has been no material adverse effect on the business, operations, financial condition, assets, liabilities or gross profits of the Target and its subsidiaries, taken as a whole, which results in costs or losses or liability for the Target group of £7,500,000 or more (excluding certain circumstances, such as conditions generally affecting the industries in which the Target and its subsidiaries operate, and matters disclosed to the Company prior to the date of the Placing Agreement).

Numis, at its discretion and upon such terms as it thinks fit, waive compliance by the Company with the whole or any part of any of the Company's obligations in relation to certain conditions in the Placing Agreement save that the above conditions relating, inter alia, to Admission taking place may not be waived. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement.

If: (i) any of the conditions contained in the Placing Agreement, including those described above, is not fulfilled or (where permitted) waived by Numis by the relevant time or date specified (or such later time or date as the Company and Numis may agree); or (ii) the Placing Agreement is terminated by Numis in the circumstances specified below, the Placing will lapse and the Placees' rights and obligations hereunder in relation to the Placing Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by it in respect thereof.

Neither the Bookrunners nor any of their respective affiliates, agents, directors, officers or employees shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision Numis may make as to whether or not to waive, or to extend the time and/or date for the satisfaction of, any condition in the Placing Agreement nor in respect of any decision it may make as to the satisfaction of any condition or in respect of the Placing generally and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of Numis.

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

### **Right to terminate under the Placing Agreement**

Numis is entitled, at any time before Admission, to terminate the Placing Agreement in accordance with its terms in certain circumstances, including, inter alia:

- (a) if it comes to the knowledge of either Bookrunner that any of the warranties given by the Company in the Placing Agreement was untrue or inaccurate or misleading when made and/or that any of such warranties would be untrue or inaccurate in a material respect or misleading if it were to be repeated at any time prior to Admission by reference to the facts, matters and circumstances then subsisting and, in the opinion of either Bookrunner (acting in good faith), the effect of such is that it would materially prejudice the success of the Placing or the distribution of the Placing Shares;

- (b) any material adverse change in, or any development reasonably likely to lead to a material adverse change in, the condition (financial, operational or legal), the assets, or the earnings, results of operations or prospects of the Enlarged Group taken as a whole whether or not arising in the ordinary course of business and, in the opinion of either Bookrunner (acting in good faith), the effect of such is that it would materially prejudice the success of the Placing or the distribution of the Placing Shares;
- (c) the occurrence of one or more specified adverse macro-economic changes, suspension or material limitation in the trading on the London Stock Exchange's main market for listed securities of any securities of the Company or a general moratorium on commercial banking activities in London or New York which, in the opinion of either Bookrunner (acting in good faith) would materially prejudice the success of the Placing or the distribution of Placing Shares; or
- (d) any of the conditions to the Placing are not fulfilled or waived (as applicable).

The rights and obligations of the Placees shall terminate only in the circumstances described in these terms and conditions and in the Placing Agreement and will not be subject to termination by the Placee or any prospective Placee at any time or in any circumstances. By participating in the Placing, Placees agree that the exercise by Numis of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of Numis and that it need not make any reference to, or consult with, Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise. Placees will have no rights against either Bookrunner, the Company or any of their respective directors or employees under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999 (as amended).

Whilst, in the circumstances described above, Panmure Gordon may also have the right to terminate its obligations under the Placing Agreement, such right shall not entitle Panmure Gordon to terminate the Placing Agreement and accordingly (subject to any concurrent right by Numis to terminate the Placing Agreement) such termination by Panmure Gordon shall be without prejudice to the surviving rights and obligations of Numis, the Company and any Placees.

## **No Prospectus**

The Placing Shares are being offered to a limited number of specifically invited persons only and will not be offered in such a way as to require a prospectus in the United Kingdom or in any other jurisdiction. No offering document or prospectus has been or will be submitted to be approved by the FCA or submitted to the London Stock Exchange in relation to the Placing.

Placees' commitments will be made solely on the basis of the information contained in this Announcement (including this Appendix) released by the Company today and subject to the further terms set forth in the trade confirmation or contract note to be provided to individual Placees. Each Placee, by accepting a participation in the Placing, agrees that the content of this Announcement (including this Appendix) and all other publicly available information previously published by the Company by notification to a Regulatory Information Service is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Company or either Bookrunner or any other person and none of the Company or the Bookrunners nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in



accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation by that person.

Neither the Company, nor either Bookrunner are making any undertaking or warranty to any Placee regarding the legality of an investment in the Placing Shares by such Placee under any legal, investment or similar laws or regulations. Each Placee should not consider any information in this Announcement to be legal, tax or business advice. Each Placee should consult its own solicitor, tax adviser and financial adviser for independent legal, tax and financial advice regarding an investment in the Placing Shares.

### **Registration and Settlement**

Settlement of transactions in the Placing Shares (ISIN: GB00B1V9NW54) following Admission will take place within the system administered by Euroclear UK & Ireland Limited ("**CREST**"). Subject to certain exceptions, the Bookrunners and the Company reserve the right to require settlement for, and delivery of, the Placing Shares (or any part thereof) to Placees by such other means that they deem necessary if delivery or settlement is not possible or practicable within the CREST system within the timetable set out in this Announcement or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

Each Placee allocated Placing Shares in the Placing will be sent a trade confirmation or contract note in accordance with the standing arrangements in place with the relevant Bookrunner stating the number of Placing Shares allocated to it at the Placing Price, the aggregate amount owed by such Placee to the Bookrunner and settlement instructions. Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with the standing CREST or certificated settlement instructions in respect of the Placing Shares that it has in place with the relevant Bookrunner.

Subject to, amongst other things, the Placing Agreement becoming unconditional and not being terminated in accordance with its terms, it is expected that settlement will be on 7 November 2017 in accordance with the instructions set out in the trade confirmation or contract note.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of two percentage points above LIBOR as determined by the Bookrunners.

Each Placee is deemed to agree that, if it does not comply with these obligations, the Bookrunners may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for the Bookrunners' account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable and shall indemnify the Bookrunners on demand for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) or other similar taxes imposed in any jurisdiction which may arise upon the sale of such Placing Shares on such Placee's behalf. By communicating an intention to subscribe for Placing Shares, each Placee confers on the Bookrunners all such authorities and powers necessary to carry out any such subscription and agrees to ratify and confirm all actions which the Bookrunners lawfully take in pursuance of such subscription.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the trade confirmation or contract note is copied and delivered immediately to the relevant person within that organisation.

Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing

Shares should, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax. Placees will not be entitled to receive any fee or commission in connection with the Placing.

### **Representations, Warranties and Further Terms**

By participating in the Placing each Placee (and any person acting on such Placee's behalf) irrevocably:

1. represents and warrants that it has read and understood the Announcement, including this Appendix, in its entirety and that its acquisition of Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained herein and undertakes not to redistribute or duplicate this Announcement;
2. acknowledges that no offering document or prospectus has been or will be prepared in connection with the Placing and represents and warrants that it has not received and will not receive a prospectus or other offering document in connection with the Placing or the Placing Shares;
3. acknowledges that the Placing does not constitute a recommendation or financial product advice and neither Bookrunner has had regard to its particular objectives, financial situation or needs;
4. acknowledges that none of the Bookrunners, the Company, any of their respective affiliates, agents, directors, officers or employees has provided, nor will provide, it with any material regarding the Placing Shares or the Company other than this Announcement; nor has it requested any of the Bookrunners, the Company, any of their respective affiliates or any person acting on behalf of any of them to provide it with any such information;
5. acknowledges that the Ordinary Shares are listed on the Official List and are admitted to trading on the main market of the London Stock Exchange and that the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of the London Stock Exchange and/or the FCA, which includes a description of the Company's business and the Company's financial information, including balance sheets and income statements, and that it is able to obtain or access to such information, or comparable information concerning other publicly traded companies, in each case without undue difficulty;
6. acknowledges that the content of this Announcement is exclusively the responsibility of the Company and that neither of the Bookrunners, nor their respective affiliates or any person acting on behalf of any of them, has or shall have any liability for any information, representation or statement contained in, or omission from, this Announcement or any information previously published by or on behalf of the Company, pursuant to applicable laws, and will not be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this Announcement or otherwise;
7. represents, warrants and agrees that the only information on which it is entitled to rely and on which such Placee has relied in committing itself to acquire Placing Shares is contained in this Announcement and any information previously published by the Company by notification to a Regulatory Information Service, such information being all that such Placee deems necessary or appropriate and sufficient to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on any other information given, or representations, warranties or statements made, by any of the Bookrunners or the Company

nor any of their respective affiliates, agents, directors, officers or employees and none of the Bookrunners or the Company or any such affiliate, agent, director, officer or employee will be liable for any Placee's decision to accept an invitation to participate in the Placing based on any other information, representation, warranty or statement, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;

8. acknowledges and agrees that it may not rely, and has not relied, on any investigation that either Bookrunner, any of their affiliates or any person acting on their behalf, may have conducted with respect to the Placing Shares or the Company, and none of such persons has made any representation, express or implied, with respect to the Company, the Placing Shares or the accuracy, completeness or adequacy of the information from the London Stock Exchange or any other information; each Placee further acknowledges that it has conducted its own investigation of the Company and the Placing Shares and has received all information it believes necessary or appropriate in connection with its investment in the Placing Shares;
9. acknowledges that it has made its own assessment and has satisfied itself concerning the relevant tax, legal, currency and other economic considerations relevant to its investment in the Placing Shares;
10. acknowledges that none of the Bookrunners, their respective affiliates or any person acting on behalf of any of them has or shall have any liability for any information made publicly available by or in relation to the Company or any representation, warranty or statement relating to the Company or the Group contained therein or otherwise, and that where any such liability nevertheless arises as a matter of law Placees will immediately waive any claim against any of such persons which they may have in respect thereof, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
11. represents and warrants that (i) the Placing Shares have not been, and will not be, registered under the Securities Act; (ii) it is and, at the time the Placing Shares are acquired, will be outside the United States and acquiring the Placing Shares in an "offshore transaction" in accordance with Rule 903 or Rule 904 of Regulation S; (iii) if acquiring the Shares for the account of one or more other persons, it has full power and authority to make the representations, warranties, agreements, undertakings and acknowledgements herein on behalf of each such person; (iv) it is not acquiring the Placing Shares as a result of any "directed selling efforts" as defined in Regulation S; and (v) it will not publish, distribute or transmit this Announcement or any other document or information related to the Placing, by any means or media, directly or indirectly, in whole or in part, in or into the United States;
12. acknowledges that in making any decision to acquire Placing Shares it (i) has such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing for or purchasing the Placing Shares, (ii) will not look to either Bookrunner for all or part of any loss it may suffer as a result of any such subscription or purchase, (iii) is experienced in investing in securities of this nature in this sector and is aware that it may be required to bear, and is able to bear, the economic risk of an investment in the Placing Shares, (iv) is able to sustain a complete loss of an investment in the Placing Shares and (v) has no need for liquidity with respect to its investment in the Placing Shares;
13. undertakes, unless otherwise specifically agreed with the Bookrunners, that it is not and at the time the Placing Shares are acquired, neither it nor the beneficial owner of the Placing

Shares will be, a resident of Australia, Canada, Japan or South Africa and further acknowledges that the Placing Shares have not been and will not be registered under the securities legislation of Australia, Canada, Japan or South Africa and, subject to certain exceptions, may not be offered, sold, transferred, delivered or distributed, directly or indirectly, in or into any of those jurisdictions;

14. acknowledges that the Placing Shares have not been and will not be registered, and that a prospectus will not be cleared in respect of any of the Placing Shares, under the securities laws or legislation of the United States or any state or jurisdiction thereof, Australia, Canada, Japan, or South Africa and, subject to certain exceptions, may not be offered, sold, or delivered or transferred, directly or indirectly, in or into those jurisdictions;
15. represents and warrants that the issue to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that the Placing Shares are not being acquired in connection with arrangements to issue depository receipts or to issue or transfer Placing Shares into a clearance service;
16. represents and warrants that it has complied with its obligations under the Criminal Justice Act 1993, the EU Market Abuse Regulation (2015/596/EU) ("**MAR**") and in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering Regulations 2007 and any related or similar rules, regulations or guidelines, issued, administered or enforced by any government agency having jurisdiction in respect thereof (the "**Regulations**") and the Money Laundering Sourcebook of the FCA and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
17. represents and warrants that it is acting as principal only in respect of the Placing or, if it is acting for any other person: (i) it is duly authorised to do so and has full power to make the acknowledgments, warranties, representations, undertakings, and agreements herein on behalf of each such person; and (ii) it is and will remain liable to the Company and/or the Bookrunners for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person);
18. if a financial intermediary, as that term is used in Article 3(2) of the EU Prospectus Directive, represents, warrants and undertakes that the Placing Shares purchased by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a Member State of the EEA which has implemented the Prospectus Directive other than Qualified Investors, or in circumstances in which the prior consent of the Bookrunners has been given to the offer or resale;
19. represents, warrants and undertakes that it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the FSMA;
20. represents, warrants and undertakes that it has not offered or sold and will not, prior to Admission, offer or sell any Placing Shares to persons in the EEA except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments

(as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted in and which will not result in an offer to the public (within the meaning of the Prospectus Directive) in any member state of the EEA;

21. represents, warrants and undertakes that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the Placing Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person;
22. represents, warrants and undertakes that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving the United Kingdom;
23. represents and warrants, if in a Member State of the European Economic Area, unless otherwise specifically agreed with the Bookrunners in writing, that it is a "Qualified Investor";
24. represents and warrants, if in the United Kingdom, that it is a person (i) having professional experience in matters relating to investments who falls within the definition of "investment professionals" in Article 19(5) of the Order or (ii) who falls within Article 49(2)(a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc") of the Order, or (iii) to whom this Announcement may otherwise lawfully be communicated;
25. acknowledges and agrees that no action has been or will be taken by either the Company or the Bookrunners or any person acting on behalf of the Company or the Bookrunners that would, or is intended to, permit a public offer of the Placing Shares in any country or jurisdiction where any such action for that purpose is required;
26. represents and warrants that it and any person acting on its behalf is entitled to acquire the Placing Shares under the laws of all relevant jurisdictions and that it has all necessary capacity, fully observed such laws and obtained all such governmental and other guarantees, permits, authorisations, approvals and consents which may be required thereunder and complied with all necessary formalities to enable it to commit to this participation in the Placing and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this Appendix) and will honour such obligations and that it has not taken any action or omitted to take any action which will or may result in the Bookrunners, the Company or any of their respective directors, officers, agents, employees or advisers acting in breach of the legal or regulatory requirements of any jurisdiction in connection with the Placing;
27. undertakes that it (and any person acting on its behalf) will make payment in respect of the Placing Shares allocated to it in accordance with this Appendix on the due time and date set out herein, failing which the relevant Placing Shares may be placed with other acquirers or sold as the Bookrunners may in their sole discretion determine and without liability to such Placee, who will remain liable and will indemnify the Bookrunners on demand for any amount by which the net proceeds of such sale fall short of the product of the relevant Placing Price and the number of Placing Shares allocated to it and may be required to bear any stamp duty, stamp duty reserve tax or other similar taxes (together with any interest or penalties) which may arise upon such placing or sale of such Placee's Placing Shares;

28. acknowledges that neither of the Bookrunners, nor any of their respective affiliates, agents, directors, officers or employees is making any recommendations to it or advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that its participation in the Placing is on the basis that it is not and will not be a client of either Bookrunner in connection with its participation in the Placing and that neither Bookrunner has any duty nor responsibility to it for providing the protections afforded to its clients or customers or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
29. acknowledges that each of the Bookrunners does not have any duties or responsibilities to it, or its clients, similar or comparable to the duties of "best execution" and "suitability" imposed by the Conduct of Business Sourcebook in the FCA's Handbook of Rules and Guidance and that neither of the Bookrunners is acting for it or its clients and that it will not be responsible for providing protections to it or its clients;
30. undertakes that the person whom it specifies for registration as holder of the Placing Shares will be (i) itself or (ii) its nominee, as the case may be. Neither of the Bookrunners nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax or other similar taxes resulting from a failure to observe this requirement ("**Indemnified Taxes**"). Each Placee and any person acting on behalf of such Placee agrees to indemnify the Company and the Bookrunners on an after-tax basis in respect of any Indemnified Taxes;
31. acknowledges that these terms and conditions and any agreements entered into by it pursuant to the terms and conditions set out in this Appendix, and all non-contractual or other obligations arising out of or in connection with them, shall be governed by and construed in accordance with the laws of England and Wales and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract (including any dispute regarding the existence, validity or termination of such contract or relating to any non-contractual or other obligation arising out of or in connection with such contract), except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by either the Company or either Bookrunner in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;
32. agrees to indemnify on an after tax basis and hold the Company, the Bookrunners and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of its representations, warranties, acknowledgements, agreements and undertakings in this Appendix and further agrees that the provisions of this Appendix shall survive after completion of the Placing;
33. except as set out in clause 34 below, represents and warrants that it has neither received nor relied on any 'inside information' (for the purposes of MAR and section 56 of the Criminal Justice Act 1993) concerning the Company prior to or in connection with accepting the invitation to participate in the Placing and is not purchasing Placing Shares on the basis of material non-public information;
34. if it has received any 'inside information' (for the purposes of MAR and section 56 of the Criminal Justice Act 1993) in relation to the Company and its securities, it confirms that it has

received such information within the market soundings regime provided for in article 11 of MAR and associated delegated regulations and it has not: (i) dealt (or attempted to deal) in the securities of the Company; (ii) encouraged, recommended or induced another person to deal in the securities of the Company; or (iii) unlawfully disclosed inside information to any person, prior to the information being made publicly available;

35. if it is a pension fund or investment company, its purchase of Placing Shares is in full compliance with applicable laws and regulations;
36. agrees that the Company, the Bookrunners and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements, agreements, and undertakings which are given to the Bookrunners on their own behalf and on behalf of the Company and are irrevocable and it irrevocably authorises the Company and the Bookrunners to produce this Announcement, pursuant to, in connection with, or as may be required by any applicable law or regulation, administrative or legal proceeding or official inquiry with respect to the matters set forth herein;
37. none of the Company or the Bookrunners owes any fiduciary or other duties to any Placee in respect of any acknowledgments, confirmations, undertakings, representations, warranties or indemnities in the Placing Agreement; and
38. its commitment to take up Placing Shares on the terms set out in this Announcement (including this Appendix) will continue notwithstanding any amendment that may or in the future be made to the terms and conditions of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company or the Bookrunners' conduct of the Placing.

The foregoing representations, warranties, agreements, undertakings, acknowledgements and confirmations are given for the benefit of the Company as well as each of the Bookrunners and are irrevocable. Each Placee, and any person acting on behalf of the Placee, acknowledges that neither the Company nor either of the Bookrunners owes any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement.

The agreement to allot and issue Placing Shares to Placees (and/or to persons for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax relates only to their allotment and issue to Placees, or such persons as they nominate as their agents, direct from the Company for the Placing Shares in question. Such agreement also assumes that the Placing Shares are not being acquired in connection with arrangements to issue depositary receipts or to issue or transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement relates to any other dealing in the Placing Shares, stamp duty or stamp duty reserve tax or other similar taxes may be payable, for which neither the Company nor the Bookrunners will be responsible and the Placees shall indemnify the Company and the Bookrunners on an after-tax basis for any stamp duty or stamp duty reserve tax paid by them in respect of any such arrangements or dealings. If this is the case, each Placee should seek its own advice and notify the Bookrunners accordingly.

The Company and the Bookrunners are not liable to bear any transfer taxes that arise on a sale of Placing Shares subsequent to their acquisition by Placees or for transfer taxes arising otherwise than under the laws of the United Kingdom. Each Placee should, therefore, take its own advice as to whether any such transfer tax liability arises and notify the Bookrunners accordingly. Furthermore, each Placee agrees to indemnify on an after-tax basis and hold each of the Bookrunners and the Company and their respective affiliates harmless from any and all interest, fines or penalties in relation to stamp duty, stamp

duty reserve tax and all other similar duties or taxes to the extent that such interest, fines or penalties arise from the default or delay of that Placee or its agent.

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

Each Placee and any person acting on behalf of the Placee acknowledges and agrees that any Bookrunner or any of its affiliates may, at its absolute discretion, agree to become a Placee in respect of some or all of the Placing Shares and that, in the event that the Bookrunners fail to procure Placees for any of the Placing Shares then the Bookrunners will, as principal, subscribe for such Placing Shares.

When a Placee or person acting on behalf of the Placee is dealing with a Bookrunner, any money held in an account with such Bookrunner on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the rules and regulations of the FCA made under the FSMA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from such Bookrunner's money in accordance with the client money rules and will be used by such Bookrunner in the course of its own business and the Placee will rank only as a general creditor of such Bookrunner.

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



## DEFINITIONS

Acquisition	the purchase by the Company of the Target pursuant to the Acquisition Agreement.
Admission	admission of the Placing Shares to the Official List of the FCA and to trading on the London Stock Exchange's main market.
Bookrunners	Numis and Panmure Gordon.
Buyer	Hilton Foods Limited, a wholly owned subsidiary of the Company.
Circular	the circular to shareholders to be published today setting out details of the Acquisition.
Class 1 Transaction	a major transaction, the size of which results in a 25 per cent. threshold being reached under any of the class tests set out in the Listing Rules.
Company or Hilton	Hilton Food Group plc.
Completion	completion of the Acquisition pursuant to the Sale and Purchase Agreement
Enlarged Group	the Group as enlarged following the acquisition of the Target.
FSMA	the Financial Services and Markets Act 2000.
General Meeting	The general meeting of the Company (or any adjournment of it) convened for 10 a.m. on 6 November 2017 for shareholders to approve the Resolutions, notice of which are set out in the Circular.
Group	the Company and its subsidiary undertakings.
Listing Rules	The listing rules made by the UKLA under Part VI of FSMA
London Stock Exchange	London Stock Exchange plc.
Numis	Numis Securities Limited.
Ordinary Shares	ordinary shares of £0.10 each in the capital of the Company.
Panmure Gordon	Panmure Gordon (UK) Limited.
Placing	the underwritten placing of the Placing Shares on the terms and subject to the conditions contained in the Placing Agreement and to the terms and conditions set out in this Announcement.
Placing Agreement	the conditional agreement between the Company and the Bookrunners entered into on the date of this Announcement in connection with the Placing.
Placing Shares	the new Ordinary Shares to be allotted and issued by the Company pursuant to the Placing.

Resolutions	the resolutions in the notice of General Meeting to be set out in the Circular.
Sale and Purchase Agreement	the conditional agreement between (1) the Buyer (2) the Company as the Buyer's guarantor (3) the Seller and (4) the Seller Guarantor dated 18 October 2017 in respect of the Acquisition
Seller	Gadus B.V.
Seller Guarantor	Framtakssjóður Íslands slhf.
Target	Icelandic Group UK Limited.
UKLA	the Financial Conduct Authority exercising its functions under Part VI of FSMA.