

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser. The whole of this document should be read. You should be aware that investment in the Company is speculative and involves a high degree of risk.**

If you have sold or otherwise transferred all of your Ordinary Shares in Strat Aero plc prior to 8.00 a.m. 13 December 2017 (the date upon which the Ordinary Shares were marked 'ex' the entitlement to the Open Offer by the London Stock Exchange plc), please immediately forward this document, together with the accompanying Application Form (in respect of shares held in certificated form) to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. Such documents should, however, not be forwarded to or transmitted into any jurisdiction outside of the UK. 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 holding of Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

This document is not a prospectus for the purposes of the Prospectus Rules and has not been drawn up in accordance with the Prospectus Rules. Accordingly, this document has not been, and will not be, reviewed or approved by the Financial Conduct Authority of the United Kingdom ("FCA"), pursuant to sections 85 and 87 of FSMA, The London Stock Exchange plc or any other authority or regulatory body in any jurisdiction.

The Directors, whose names appear on page 7 accept responsibility both individually and collectively for all the information contained in this document. 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 does not omit anything likely to affect the import of such information.

The Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange plc for the Open Offer Shares to be admitted to trading on AIM.

**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 of the UK Listing Authority. 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. The London Stock Exchange plc has not itself examined or approved the contents of this document.**

It is expected that admission to AIM will become effective and dealings in the Open Offer Shares (to the extent subscribed for pursuant to the Open Offer) will commence on AIM on 5 January 2018 at 8.00 a.m.

## **STRAT AERO PLC**

*(incorporated in England and Wales with registered number 9109008)*

### **OPEN OFFER OF UP TO 1,455,026,120 NEW ORDINARY SHARES AT 0.035 PENCE PER SHARE**

**Broker**

**PETERHOUSE CORPORATE FINANCE LIMITED**

**This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out in Part 1 of this document explaining the reasons for the Open Offer. Your attention is drawn in particular to the "Risk Factors" set out in Part II of this Document.**

This document is available to all Shareholders, but in relation to those Shareholders who are not Qualifying Shareholders (which means certain Shareholders resident outside of the United Kingdom) it is for information purposes only.

This document does not constitute an offer for sale or an invitation to subscribe for, or the solicitation of an offer to buy or subscribe for, Open Offer Shares to any person in any jurisdiction where such an offer or solicitation is unlawful and, subject to certain exceptions, is not for distribution in or into the United States, Australia, Canada, South Africa, New Zealand or Japan. The Open Offer Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of Canada, Australia, New Zealand, South Africa or Japan.

The relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada; no document in relation to the Open Offer has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission; and no registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the Open Offer and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action.

Subject to very limited exceptions, the Open Offer Shares may not, directly or indirectly, be offered or sold within any territory other than the United Kingdom or offered or sold to a person within any territory other than the United Kingdom. Any failure to comply with these restrictions may constitute a violation of the securities law of any jurisdiction. Persons (including, without limitation, nominees and trustees) receiving this document and/or an Application Form should not, in connection with the Open Offer, distribute or send this document and/or the Application Form into any jurisdiction when to do so would, or might contravene local securities laws or regulations or be contrary to the terms and conditions of the Open Offer. The Open Offer Shares will on allotment rank *pari passu* in all respects with the Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission.

Peterhouse Corporate Finance Limited ("Peterhouse"), regulated in the UK by the FCA, is acting as the broker, in connection with the proposed Admission. The Company's broker under the AIM Rules for Companies is owed solely to the London Stock Exchange and are not owed to the Company or to any Director, or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this document without limiting the statutory rights of any person to whom this document is issued. No representation or warranty, express or implied, is made by Peterhouse, as to the accuracy, completeness or fairness in this document. Peterhouse accept no responsibility or liability for this document and accordingly disclaim all and any liability, whether arising in tort, contract or otherwise, which they might otherwise be found to have in respect of this document. The Company and the Directors are solely responsible for this document.

**The Open Offer closes at 11.00 a.m. on 29 December 2017. If you are a Qualifying Shareholder and wish to apply for Open Offer Shares under the Open Offer you should follow the procedure set out in Part IV of this document and, if you are a Qualifying Non-CREST Shareholder, complete and return the Application Form together with your appropriate remittance. Qualifying CREST Shareholders will not receive an Application Form, but will receive instead a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlements and Excess Entitlements which will be enabled for settlement on 14 December 2017. If you do not wish to participate in the Open Offer then you should not return your Application Form or send a USE instruction through CREST. Applications under the Open Offer may only be made by the Qualifying Shareholders originally entitled thereto or by persons becoming so 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 Ordinary Shares are marked 'ex' the entitlement by the London Stock Exchange.**

**If the Basic Entitlements are for any reason not enabled by 3.00 p.m. or such later time as the Company may decide on 14 December 2017, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Basic Entitlements credited to his stock account in CREST. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST Sponsors regarding the action to be taken in connection with this document and the Open Offer. Applications for Excess Entitlements pursuant to the Excess Application Facility may be made by Qualifying Shareholders provided that their Basic Entitlement has been taken up in full and subject to being scaled back in accordance with the provisions of this document.**

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

**If Qualifying Shareholders have any queries on the procedure for acceptance and payment, or to receive another Application Form they should contact Company's registrars at Share Registrars Limited on +44 (0) 1252 821 390. The helpline is open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales.**

Copies of this document will be available free of charge during normal business hours on any day (except Saturdays and public holidays) at the offices of Peterhouse Corporate Finance Limited, New Liverpool House, 15-17 Eldon Street, London EC2M 7LA. This document will also be available on the Company's website, [www.strat-aero.com](http://www.strat-aero.com).

No person has been authorised to make any representations on behalf of the Company concerning the Open Offer which are inconsistent with the statements contained in this document and any such representations, if made, may not be relied

upon as having been authorised. No person should construe the contents of this document as legal, tax or financial advice and recipients of this document should consult their own advisers as to the matters described in this document.

#### **FORWARD-LOOKING STATEMENTS**

Certain statements in this document, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should", "envisage", "estimate", "intend", "may", "plan", "potentially", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although any forward looking statements contained in this document are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Subject to any continuing obligations under applicable law or any relevant AIM Rule requirements, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

**The content of this document has not been approved by an authorised person within the meaning of the FSMA. Reliance on this document for the purpose of engaging in any investment activities may expose an individual to a significant risk of losing all of the property or other assets invested.**

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## OPEN OFFER STATISTICS

Issue Price per New Ordinary Share	0.035 pence
Open Offer Basic Entitlement	20 Open Offer Shares for every 27 Ordinary Shares at Record date
Number of Ordinary Shares in issue as at the date of this Document <sup>1</sup>	3,809,903,314
Number of Ordinary Shares in issue as at the Record Date	1,964,285,262
Maximum number of Open Offer Shares to be issued pursuant to the Open Offer	1,455,026,120
Maximum Enlarged Ordinary Share Capital on Admission	up to 5,264,929,434
Gross proceeds of the Open Offer	up to £510,000
Estimated cash proceeds of the Open Offer receivable by the Company (net of expenses and assuming full allocation)	<b>up to £480,000</b>
Percentage of the Enlarged Ordinary Share Capital of the Company that the Open Offer Shares will represent	27.6 per cent.
ISIN – Open Offer Basic Entitlements	GB00BYVZ8H45
ISIN – Open Offer Excess Entitlements	GB00BYVZ8K73

<sup>1</sup> This follows completion of the Placing and subsequent Directors & Loan conversion actions on 5 December 2017

### Notes

Statistics are prepared on the basis that no Ordinary Shares will be issued following the date of this document and before the completion of the Open Offer

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

**2017**

Record Date and time for entitlements under the Open Offer	6.00 p.m. on 1 December
Announcement of the Open Offer	13 December
Publication of this document and Application Forms to Qualifying Shareholders	13 December
Ordinary Shares marked 'ex' entitlement by the London Stock Exchange	13 December
Basic Entitlements and Excess Entitlements credited to CREST accounts of Qualifying CREST Shareholders	14 December
Recommended latest time and date for requesting withdrawal of Basic Entitlements and Excess Entitlements from CREST	4.30 p.m. on 21 December
Latest time and date for depositing Basic Entitlements and Excess Entitlements into CREST	3.00 p.m. on 22 December
Latest time and date for splitting Application Forms (to satisfy bona fide market claims only)	3.00 p.m. on 27 December
<b>Latest time and date for receipt of completed Application Forms from Qualifying Shareholders and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)</b>	<b>11.00 a.m. on 29 December</b>
Expected date of Admission and commencement of dealings of Open Offer Shares	8.00 a.m. on 5 January 2018
Expected date for CREST accounts to be credited with Open Offer Shares	5 January 2018
Share certificates in relation to Open Offer Shares (where applicable) dispatched by	12 January 2018

Save for the date of publication of this document, each of the times and dates above are subject to change. Any such change, including any consequential change in the Open Offer Statistics above, will be notified to Shareholders by an announcement on a Regulatory Information Service. All times are London times and each of the times is subject to change.

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Captain Graham Douglas Grindell Peck ( <i>Executive Chairman</i> ) Iain McLure ( <i>Chief Executive Officer</i> ) Gerard Dempsey ( <i>Chief Financial Officer</i> ) Paul Ryan ( <i>Non-executive Director</i> )
<b>Company Secretary</b>	<b>Heytesbury Corporate LLP</b> 7-9 Swallow Street London W1B 4DE
<b>Registered office</b>	Ground Floor Tintagel House, London Road, Kelvedon, CO5 9BP
<b>Website</b>	<a href="http://www.strat-aero.com">http://www.strat-aero.com</a>
<b>Nominated Adviser</b>	<b>SP Angel Corporate Finance LLP</b> Prince Frederick House 35-39 Maddox Street London W1S 2PP
<b>Broker</b>	<b>Peterhouse Corporate Finance Limited</b> 15 Eldon Street London EC2M 7LD
<b>Solicitors to the Company as to English law</b>	<b>Hill Dickinson</b> 8 <sup>th</sup> Floor The Broadgate Tower 20 Primrose Street London EC2M7LD
<b>Registrar and Receiving Agent</b>	<b>Share Registrars Limited</b> The Courtyard 17 West Street Farnham Surrey GU9 7DR

## PART I

### LETTER FROM THE CHAIRMAN OF THE COMPANY

# STRAT AERO PLC

*(incorporated in England and Wales with registered number 9109008)*

*Directors:*

Captain Graham Douglas Grindell Peck (Executive Chairman)  
Iain McLure (Chief Executive Officer)  
Gerard Dempsey (Chief Financial Officer)  
Paul Ryan (Non-executive Director)

Ground Floor Tintagel House,  
London Road,  
Kelvedon, CO5 9BP

13 December 2017

Dear Shareholder,

#### **Open Offer of up to 1,455,026,120 Open Offer Shares at 0.035 pence per new Ordinary Share**

#### **1. Introduction**

The Company announced on 5 December 2017 that it raised £590,000 (before expenses) through a placing of new Ordinary Shares at 0.035 pence per share to be used for working capital, to strengthen the Company's balance sheet and facilitate the following:

- Training & Education - continued development of Strat Aero's Training solutions and delivery capabilities;
- Survey & Inspection - facilitate the acquisition and adoption of the latest Unmanned Aerial Systems (UAS) technology; and
- Potential strategic investment in complementary businesses and assets for which several exciting opportunities have been identified

To provide Shareholders who have not taken part in the Placing (which was not conditional on the Open Offer) with an opportunity to participate in the proposed issue of new Ordinary Shares, the Company is providing all Qualifying Shareholders with the opportunity to subscribe for an aggregate of up to 1,455,026,120 Open Offer Shares, to raise up to approximately £510,000 (before costs and expenses), on the basis of 20 Open Offer Shares for every 27 Existing Ordinary Shares held on the Record Date, at 0.035 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. Investors who participated in the Placing are not Qualifying Shareholders for the purpose of the Open Offer and will not be entitled to subscribe for any Open Offer Shares.

The net proceeds of the Placing together with the net proceeds of amounts raised from the Open Offer, will be used to strengthen the Company's balance sheet and facilitate the following:

- Training - Continued development of the Strat Aero Training solutions and delivery capabilities;
- Geocurve - Facilitate the acquisition adoption of the latest Unmanned Aerial Systems (UAS) technology; and
- Investment in complimentary businesses and assets.

The purpose of this document is to provide information on the Company's current financial and trading position so that Shareholders may decide whether to subscribe for Open Offer Shares. Shareholders should also refer to the Company's regulatory announcements. Open Offer Shares subscribed for will be issued pursuant to the Company's existing share authorities. Accordingly, the Open Offer is not subject to Shareholder approval.

Shareholders should consider the Risk Factors set out in Part II of this document in relation to general risks and those specific to the Open Offer.

Details of the Open Offer are set out below and the steps required for Qualifying Shareholders to participate in the Open Offer are set out in Part IV of this document.

The Company has raised funds as part of a placing announced on 5 December 2017 to continue implementation of its business plans, however additional funding raised via the Open Offer will enable the Company to accelerate attainment of the Company's commercial priorities.

## **2. Strategy of the Group**

2016 was a year of turbulence at Strat Aero because of the litigation arising from the acquisition in the US. As a result, the Board of the Company completed a strategic review of the Company, which resulted in the replacement of the Group CEO and the execution of various measures to simplify the business. The objectives of the strategic review were met by the end on 2016, resulting in the settlement of the litigation against the Company and an overall lower cost base.

2017 brought a continued focus in the Company's chosen growth areas, which has resulted in cost reductions and resource rationalisation. The Directors believe that the core growth areas are Geocurve, the Company's survey and inspection business, and the Strat Aero Training Division. The Company has relevant and class leading skills and experience in both of these focus areas.

The main areas of focus for the Company are as follows:

- 1) *Training* – This is a division led by Mark Wharry, the Training Director who joined the Company at the end of the first quarter 2017. He brought significant skills, experience and talent to the training segment of the business, Mark is one of the leading UAV Instructors in the world, a professional aviator and flying instructor and a 20-year fast jet RAF fighter pilot who specialised in Military UAV training, setting standards procedures for the RAF and the USAF.2)
- 2) *Survey and Inspection* - Geocurve presents a combination of the following three core areas - UAV Pilots; Surveyors; and Data Modelling and Analysis. This makes Geocurve unique in the UAV environment. In addition, Strat Aero is a key innovation partner of CH2M and have won industry awards in this area as part of that team. Geocurve has focused on innovation of the survey and inspection side of the business and has enjoyed a 100% safety record and the "highest" flying permissions commercially available from the CAA. In addition to its ability to fly in congested or difficult environments, Strat Aero has key skills and experience in survey and inspection along with data modelling, and data management to provide the Company's customers with tailored data outputs in useable and manageable formats.

Management's goal is to continue to focus on revenue growth and to achieve cost optimisation across the Company. It should be noted our survey business is seasonal in nature as reflected by the main sectors it serves - namely construction and civil engineering. Also, our advanced training solutions, whilst launched and seeded now with key partners in Asia, still requires time for development and growth in those markets.

## **3. Use of proceeds**

Assuming full take up under the Open Offer, the proceeds of the Open Offer net of total anticipated expenses, will be approximately £480,000, which will be used for further development of the Training Division and of Geocurve and to make further investments in complimentary businesses.

The Company intends to apply a proportion of the funds raised to the Training Division, to purchase software to support courseware management, delivery and IP protection methods. All of these are currently planned but require additional investment to bring to realisation.

The Company also wishes to use some of the funds raised to invest in new UAV technology. The last 18 months of aggressive cost management have prevented any investment other than essential maintenance. New UAV technology is urgently required to exploit new opportunities in the Survey and Inspection business areas, including specialised equipment to survey inside sealed structures such as storage tanks.

In addition, Geocurve also needs workflow management software to improve, streamline and speed up the process of managing the vast amounts of data that it processes on behalf of key customers.

The funds will also assist Geocurve to invest in the latest scanning technology developments. This will be done in response to an expected additional service contract on flood defence work on the Thames. The equipment required can be fully utilised in other industries and can create significant growth opportunities for Geocurve allowing the Company access to much higher value, long term contracts with established customers.

The Company will also look to acquire interests in complimentary innovative and disruptive technology focused businesses. The Board has a considerable number of contacts with attractive opportunities within these areas and would like to use the Company as a platform to identify and exploit these opportunities to maximise value for Shareholders. The Directors have considerable experience in managing technology enabled businesses in a global environment and believe that they can identify investment targets which will be complimentary to the Company's current business.

The Board believes that the proposed fundraising will augment the resources from our recent placing to ensure sufficient support is available to meet the modest working capital requirements of the Strat Aero group and provide the much needed boost from appropriate investment to underpin the company's chosen strategy. The Directors' believe that this will ultimately deliver consistent profitable growth by bringing innovation and technology to, the typically manual and labour intensive, industrial sectors that the Company serves.

With Strat Aero in a strong position, the Company intends building on its existing expertise to pursue a strategy of identifying and acquiring interests in companies in a similar position to Strat Aero, specifically companies with products and or services and intellectual property in the disruptive technology space. Typically, these companies will benefit from the experience and skills of the Strat Aero management, strengthening their strategic focus, and facilitating profitable growth.

#### **4. Details of the Placing**

On 5 December 2017, the Company announced that it had conditionally placed 1,685,714,286 Placing Shares at 0.035 pence (the Issue Price) to raise £590,000 (before expenses). The Placing completed on 8 December 2017 and the Placing Shares were admitted to trading on AIM on that date.

1,011,428,571 Warrants with a six month expiry and an exercise price of 0.035 pence were also issued in conjunction with the Placing.

#### **5. Details of the Open Offer**

The Company is proposing to raise up to £510,000 (before expenses) pursuant to the Open Offer. The proposed issue price of 0.035 pence per Open Offer Share is the same price as the Issue Price at which Placing Shares were issued pursuant to the Placing.

The Directors recognise the importance of pre-emption rights to Shareholders and consequently up to 1,455,026,120 Open Offer Shares are being offered to existing Shareholders by way of the Open Offer. The Open Offer provides Qualifying Shareholders with an opportunity to participate in the Open Offer by subscribing for their respective Basic Entitlements and Excess Entitlements.

Qualifying Shareholders may subscribe for Open Offer Shares in proportion to their holding of Existing Ordinary Shares held on the 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, amongst other things, on the following:

- i. admission of the Open Offer Shares to trading on AIM becoming effective on or before 8.00 a.m. on 5 January 2018 (or such later date and/or time as the Company and Peterhouse may agree, being no later than 12 January 2018).

In the event that the Open Offer does not become unconditional by 11.00 a.m. on 29 December 2017, the Open Offer will lapse and application monies will be returned by post to the Applicant(s) at the Applicant's risk and without interest, to the address set out in the Application Form, within 14 days thereafter.

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

#### ***Basic Entitlement***

Subject to the fulfilment of the conditions set out below and in Part IV of this document, Qualifying Shareholders are being given the opportunity to subscribe for Open Offer Shares under the Open Offer at the Issue Price, payable in full on application and free of all expenses, *pro rata* to their existing shareholdings on the following basis:

#### **20 Open Offer Shares for every 27 Existing Ordinary Shares**

held by Qualifying Shareholders and registered in their name at the Record Date.

Open Offer Entitlements under the Open Offer will be rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will not be allocated and will be disregarded. Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their Basic Entitlement.

If you have sold or otherwise transferred all of your Ordinary Shares after the ex-entitlement Date, you are not entitled to participate in the Open Offer.

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

Application has been made for the Open Offer Entitlements of Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Open Offer Entitlements will be admitted to CREST on 14 December 2017. The Open Offer Entitlements will also be enabled for settlement in CREST on 14 December 2017 to satisfy bona fide market claims only. 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.

Further details of the Open Offer and the terms and conditions on which it is being made, including the procedure for application and payment, are contained in Part IV of this document and for Qualifying Non-CREST Shareholders on the Application Form. To be valid, Application Forms (duly completed) and payment in full for the Open Offer Shares applied for must be received by Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, by no later than 11 a.m. on 29 December 2017.

Qualifying Non-CREST Shareholders will receive an Application Form which sets out their maximum entitlement to Open Offer Shares as shown by the number of Basic Entitlements allocated to them.

The Open Offer is restricted to Qualifying Shareholders in order to enable the Company to benefit from exemptions from securities law requirements in certain jurisdictions outside the United Kingdom.

### ***Excess Application Facility***

The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Basic Entitlements in full, to apply for Excess Entitlements to the extent that if a Qualifying Shareholder has taken up its Basic Entitlements in full and applies for and is allocated the maximum Excess Entitlements it will suffer no dilution as a result of the Placing and Open Offer. Qualifying Non-CREST Shareholders who wish to apply to acquire more than their Basic Entitlements should complete the relevant sections on the Application Form. Qualifying CREST Shareholders will have Excess Entitlements credited to their stock account in CREST and should refer to paragraph 3(ii) of Part IV of this document for information on how to apply for Excess Entitlements pursuant to the Excess Application Facility. Applications for Excess Entitlements will be satisfied only and to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Basic Entitlements and may be scaled back at the Company's absolute discretion.

Once subscriptions by Qualifying Shareholders under their Basic Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether or not to meet any applications for Excess Entitlements in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all. Application will be made for the Basic Entitlements and Excess Entitlements in respect of Qualifying CREST Shareholders to be admitted to CREST. It is expected that Open Offer Shares issued pursuant to subscriptions by Qualifying Shareholders exercising their Basic Entitlements and Excess Entitlements will be admitted to CREST at 8.00 a.m. on 5 January 2018. Such Open Offer Shares will also be enabled for settlement in CREST at 8.00 a.m. on 5 January 2018. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim. Qualifying Non-CREST Shareholders will receive an Application Form which sets out their entitlement to Open Offer Shares as shown by the number of Basic Entitlements allocated to them. Qualifying Non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded.

Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlements and Excess Entitlements on 14 December 2017. Qualifying CREST Shareholders should note that although the Basic Entitlements and Excess Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of their 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. If applications are made for less than all of the Open Offer Shares available, then the lower number of Open Offer Shares will be issued and any outstanding Basic Entitlements will lapse.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part IV of this document. For Qualifying Non-CREST Shareholders, completed Application Forms, accompanied by full payment, should be returned by post, or by hand (during normal business hours only), Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, so as to arrive as soon as possible and in any event so as to be received no later than 11.00 a.m. on 29 December 2017. For Qualifying CREST Shareholders the relevant CREST instructions must have been settled as explained in this document by no later than 11.00 a.m. on 29 December 2017.

## **Action to be taken in respect of the Open Offer**

If you are a Qualifying Non-CREST Shareholder you will be sent an Application Form which gives details of your Basic Entitlement (i.e. the number of Open Offer Shares available to you). If you wish to apply for Open Offer Shares under the Open Offer, you should complete the Application Form in accordance with the procedure set out at paragraph 3(i) of Part IV of this document and on the Application Form itself and post it, or return it by hand (during normal business hours only), together with payment in full in respect of the number of Open Offer Shares applied for to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, so as to arrive as soon as possible and in any event so as to be received no later than 11 a.m. on 29 December 2017 2017, having first read carefully Part IV of this document and the contents of the Application Form.

If you are a Qualifying CREST Shareholder, no Application Form will be sent to you. As a Qualifying CREST Shareholder you will receive a credit to your appropriate stock account in CREST in respect of your Basic Entitlement. You should refer to the procedure set out at paragraph 2 and paragraph 3 (ii) of Part IV of this document.

**The latest time for applications to be received under the Open Offer is 11.00 a.m. on 29 December 2017. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your Basic Entitlement or your Basic Entitlement has been credited to your stock account in CREST. The procedures for application and payment are set out in Part IV of this document. Further details also appear on the Application Form which has been sent to Qualifying Shareholders. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.**

**If you are in any doubt as to the procedure for acceptance, please contact Share Registrars Limited on +44 1252 821 390. The helpline is open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Share Registrar Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.**

**If you are in any doubt as to the contents of this document and/or the action you should take, you are recommended to seek your own personal financial advice from an independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the UK or, if you are outside the UK, from an appropriately authorised independent financial adviser, without delay.**

## **6. Action to be taken**

Action to be taken in respect of the Open Offer is set out in paragraph 7 above and also in Part IV of this Document. If you are a Qualifying Non-CREST Shareholder, an Application Form will be posted for completion by Qualifying Shareholders who wish to participate in the Open Offer. If you are a Qualifying CREST Shareholder, no Application Form will be sent to you. As a Qualifying CREST Shareholder you will receive a credit to your appropriate stock account in CREST in respect of your Basic Entitlement. You should refer to the procedure set out at paragraph 3(ii) of Part IV of this document.

Yours faithfully

Graham Peck  
Chairman

## PART II

### RISK FACTORS

There are significant risks associated with the Company. Prior to making an investment decision in respect of the Ordinary Shares, prospective investors should consider carefully all of the information within this document, including the following risk factors. The Directors believe the following risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and/or tax requirements. The risks listed are not set out in any particular order of priority. Additionally, there may be risks not mentioned in this document of which the Directors are not aware or believes to be immaterial but which may, in the future, adversely affect the Company's business and the market price of the Ordinary Shares.

If any of the following risks were to materialise, the Company's business, financial condition, results or future operations could be materially and adversely affected. In such cases, the market price of the Ordinary Shares could decline and an investor may lose part or all of his investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Company and the information set out below does not purport to be an exhaustive summary of the risks affecting the Company.

Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt, should consult with an independent financial adviser authorised under FSMA which specialises in advising on the acquisition of shares and other securities, if you are in the United Kingdom, or any appropriately authorised person under applicable laws, if you are located in any other jurisdiction.

#### Operational Risks

##### *Dependence on Key Contracts, Customers & Programme Delays*

Significant elements of the growth of Strat Aero for the next few years are expected to rely on a few key contracts. Going forward, it is likely that the Group will be dependent on a relatively small number of contracts at any given time and the majority of the Group's revenue in any year may be derived from a relatively small number of contracts in particular contracts with CH2M and Barhale. The loss, or failure to retain where relevant, of any one of these customers would have a material adverse impact on the revenues, profitability and overall financial position of the Company in the event the Company was not able to replace them with additional or alternative customers.

In addition, any or all of these contracts could be delayed or cancelled. Any such delays or cancellations could materially adversely affect the Company's financial performance and the growth of its business.

If Strat Aero is unable to maintain strong relationships with a core group of customers, its financial conditions and results of operations may be adversely affected. The loss of any of these or similar customers would reduce the availability of repeat business on which Strat Aero will depend on for its future business.

There can be no assurance that further contracts will be won from the Group's existing customers, or that new contracts will be won from new customers. Any failure to win repeat business, or any significant change in the terms of the contracts pursuant to which Strat Aero undertakes projects, could have a material adverse effect on Strat Aero's financial condition and results of operations

##### *Governmental and defence*

The Company, by marketing its products to governmental agencies, will be exposed to the risks inherent in government contracting. The Company expects to be dependent, directly or indirectly, upon contracts with

governmental agencies and their contractors for a portion of its revenue that could be material to its business. As a result, the Company will be subject to certain risks, including budgets restraints and fixed price contracts.

Strat Aero's core businesses are primarily defence-related, targeting the sale of services directly and indirectly, mainly to the United States, United Arab Emirates and other national governments. Therefore, defence spending depends on a mix of political considerations, budgetary constraints and the ability of the armed forces to meet specific threats and perform certain missions. As the Company's future revenues are dependent on defence spending, any reductions in such spending could adversely affect the Group.

### ***Competition***

Other companies have strong capabilities in system management. Some of these businesses are very well resourced and could seek to become competitors, particularly as the market grows. The Group may face significant competition and negative commentary from organisations which have greater capital resources than it and/or which have a product offering competitive to that of the Group, to the detriment of the Group. There is no assurance that the Group will be able to compete successfully in the marketplaces in which it seeks to operate.

### ***Management of growth***

The ability of the Group to implement its strategy requires effective planning and management control systems. The Group's growth plans may place a significant strain on its management and operational, financial and personnel resource. Therefore, the Group's future growth and prospects will depend on its ability to manage this growth.

### ***Brand***

Third parties may take actions that could impair the value of the "Strat Aero" brand or there may be other circumstances beyond the Group's control which have the effect of reducing the value of, or tarnishing the reputation of, the "Strat Aero" brand. The Group is aware that third parties, from time to time, use "Strat Aero" or variants of that term in their domain names without its approval and that the "Strat Aero" brand may be harmed if users and customers associate these domains with the Group. The Group's rights in the "Strat Aero" brand may be damaged if users and customers associate such third parties with the Group.

### ***Dependence on key executives and personnel and the ability to attract and retain appropriately qualified personnel***

The Group's future success is substantially dependent on the continued services and performance of its executive Directors and senior management and its ability to attract and retain suitably skilled and experienced personnel. The Company cannot give assurances that the executive Directors and members of the senior management team will continue to remain within the Group. Finding and hiring any such replacements could be costly and might require the Company to grant significant equity awards or other incentive compensation, which could adversely impact its financial results.

### ***Privacy, health and safety and environmental***

The installation and operation of products incorporating the Group's technology will be subject to various privacy, health and safety and environmental requirements in the markets for such products. Such requirements govern, among other matters, air emissions and air navigation orders. Many such laws and regulations are becoming increasingly stringent (and may impose strict liability) and the cost of compliance with these requirements can be expected to increase over time. Although the Board believes that the products incorporating the Group's technology comply with applicable regulations, any failure to comply with such laws and regulations could result in the Group incurring costs and/or liabilities, including as a result of regulatory enforcement, personal injury, property damage and claims and litigation resulting from such events, which could adversely affect the Group's operating results and financial condition.

The Group cannot predict the impact of new or changed privacy, health and safety and environmental laws or regulations or other concerns or changes in the ways that such laws or regulations are administered, interpreted or enforced. The requirements to be met, as well as the technology and length of time available to meet those requirements, continue to develop and change. To the extent that any of the requirements impose substantial costs or constrain the Group's ability to expand or change its processes, the Group's business, prospects, operating results and financial condition may suffer as a result.

#### ***Insurance Risks***

The Group may decide to insure its activities in accordance with industry practice and may decide to insure the risks it considers appropriate for its needs and for its circumstances. Insurance cover will not be available for every risk faced by the Group.

Although the Board believes the Group carries adequate insurance with respect to its activities in accordance with industry practice, in certain circumstances its insurance may not cover or be adequate to cover the consequences of such events. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of operations of the Group.

#### ***Product liability***

If products incorporating the Group's technology do not perform as required, there is a risk of litigation and reputational damage, as well as product liability and indemnity risks.

#### ***Professional Liability***

The Group provides survey solution services utilising 'UAV' and other technologies and provides technical output to a high professional standard in line with Civil Engineering & Survey norms. As a consequence our survey solutions and their resultant technical output are held to a professional duty of care equivalent to traditional Civil Engineering & Survey professional standards. Any failure to meet these professional standards could expose the Group to professional negligence actions.

#### ***Disaster recovery***

The Group depends on the performance, reliability and availability of its equipment and information technology systems. Any damage to, or failure of, its equipment and/or systems could result in disruptions to the Group's operations. The Group's disaster recovery plans may not adequately address every potential event and its insurance policies may not cover any loss in full or in part (including losses resulting from business interruptions) or damage that it suffers fully or at all, which could have a material adverse effect on the Group's business, financial position or prospects.

#### ***Counterparty risk***

There is a risk that parties with whom the Group trades or has other business relationships (including partners, customers, suppliers and other parties) may become insolvent. This may be as a result of general economic conditions or factors specific to that company. In the event that a party with whom the Group trades becomes insolvent, this could have an adverse impact on the revenues and profitability of the Group.

#### ***Corruption***

Corruption is perceived as a problem in certain of the jurisdictions in which the Group or its commercial partners operate. Corrupt practices may have an adverse impact on the Group's operations in these jurisdictions. Corruption may also affect the ability of the Group to enforce legal rights. The Company is also subject to the Bribery Act 2010 and in complying with its obligations under that Act, it may be put at a commercial disadvantage as compared to non-UK competitors operating in the same overseas markets.

### ***Currency and foreign exchange***

A portion of the Group's business will be carried out in the future in currencies other than Sterling. To the extent that there are fluctuations in exchange rates, this may have an impact on the figures consolidated in the Group's accounts, which could have a material impact on the Group's financial position or result of operations, as shown in the Group's accounts going forward. The Group currently reports in US\$.

The Group may engage in foreign currency hedging transactions to mitigate potential foreign currency exposure. The Board cannot predict the effect of exchange rate fluctuations upon future operating results and there can be no assurance that exchange rate fluctuations will not have a material adverse effect on the business, operating results or financial condition of the Group.

### ***Geographical risk***

As the Group operates globally, conducting its business in a number of regions such as North America, Europe, the Middle East and Asia-Pacific, the Group assumes certain risks associated with business with a broad geographical reach including political changes, economic downturns, Government regulations and policies and international taxes or tariffs.

### ***Actions of third parties, including contractors and partners***

The Group will be reliant to an extent on third parties including those who provide contracting services. There can be no assurance that these business relationships will continue to be maintained or that new ones will be successfully formed. A breach or disruption in these relationships could be detrimental to the future business, operating results and/or profitability of the Company. To the extent that the Group cannot engage contractors according to its plans and budgets, its profit may be adversely impaired.

In certain circumstances, the Group may be liable for the acts or omissions of its partners. If a third party pursues claims against the Group as a result of the acts or omissions of the Group's partners, the Group's ability to recover from such partners may be limited. Recovery under such arrangements may involve delay, management time, costs and expenses or may not be possible at all which, in each case, could adversely affect the Group's financial performance and condition.

## **Risks Relating to the Group's Technology**

### ***Intellectual property***

The Group's success will depend in part on its ability to maintain adequate protection of its intellectual property, covering its processes and applications. The intellectual property on which the Group's business is based is proprietary know-how. If the Group fails to enforce its intellectual property rights, or there is any unauthorised use or significant impairment of the Group's intellectual property rights, the value of its products and services could be diminished, the Group's competitive position would be adversely affected and its business may suffer.

Unauthorised use of intellectual property or independent development of technology the Group regards substantial elements of its business, software tools, applications, databases and underlying technology as proprietary. Despite precautionary measures, third parties may copy or otherwise obtain and use the Group's proprietary information without authorisation or may develop similar technology independently. In addition, competitors may be able to design around the Group's technology or develop competing technologies functionally substantially similar to those of the Group without any infringement of the Group's proprietary rights. Any legal action that the Group may bring to protect its proprietary information could be unsuccessful and expensive and would divert management's attention from other business concerns.

It is possible that certain purported intellectual property rights on which the Group relies may not prove to be enforceable, whether because they infringe third party rights or otherwise. Although the Group does not consider that it misuses the intellectual property of any third party (and no third party has alleged any such misuse), if any third party were to allege that the Group infringes intellectual property owned by that third party,

clarifying and (if appropriate) defending the Group's position could be costly and divert management's resources and attention from other business concerns. It could also require the Group to cease using the intellectual property in question (which might cause interruptions to the business and increase costs), or to enter into a licence of that intellectual property (which might be available only on commercially onerous terms) or to pay damages to the third party.

There can be no assurance that others have not developed or will not develop similar products, duplicate any of the Group's products or design. No assurance can be given that others will not independently develop or otherwise acquire substantially equivalent techniques or otherwise gain access to the Company's unpatented proprietary technology or disclose such technology or that the Company can ultimately protect meaningful rights to such unpatented technology.

### ***Third party intellectual property***

Although the Board believes that the Group's current products, products in development and processes do not infringe the intellectual property rights of any third parties, it is impossible to be aware of all third party intellectual property. No assurance can be given that third parties will not in the future claim rights in or ownership of the proprietary rights from time to time held by the Group. Substantial costs (both financially and in management time) may be incurred if the Group is required to defend its intellectual property.

### ***Registration of Copyright in the United States***

In the US, copyright in works exists when the work is created but a registration is required in order to be able to seek statutory damages and rebut a counterclaim of innocent infringement and to sue for infringement. The registration should be sought within 3 months of first publication of the work or before any infringement begins. To date, the Company has not made any applications to register copyright in the United States and accordingly it may be unable to claim against third parties for infringement of its rights relating to its proprietary software. The Company intends to make the necessary applications as soon as practicable.

### ***Research and development***

The Company is involved in complex technological areas and new product development. There is no guarantee that the Group will be successful in its research and product development. Some of the Group's technology and intellectual property portfolio is at an early stage of commercial development. The Group may not be able to develop and exploit its technology sufficiently to enable it to develop commercial and marketable products. Furthermore, the Group may not be able to develop new applications or identify additional specific market needs that can be addressed by the Group's technology.

### ***Competition and competing technology***

There is a risk that technological advances in competing technology and/or the lower cost of such technology may impede the commercial exploitation of the Group's technology. This would have a significant adverse effect on the Group's business. The Company face potential substantial competition from a wide variety of firms, including large, multinational vehicle, defence and aerospace firms that could harm its ability to win business and increase the price pressure on its products. The Company's potential competitors have substantially larger financial resources and could compete more effectively than Strat Aero.

### ***Continued product development***

The Group is expected to be subject to substantial competitive product innovation and therefore needs to continue to invest significant resources in research and development in order to develop and enhance the Group's existing products and services and introduce new high quality products and services to achieve and maintain competitiveness.

Competitors may independently attempt to develop similar training methods associated with Strat Aero. Commercial success depends significantly on the Company's ability to establish and maintain a competitive position in this field by offering well-established and unique training services to its clients.

If the Group is unable to ensure that its customers have a high quality experience with the Group's products and services, then they may become dissatisfied and move to competitors' products and services. In addition, if the Group is unable to predict customer preferences or industry changes, or if the Group is unable to modify its products and services on a timely basis, the Group may lose customers.

The Group's future success will depend on its ability to adapt to changing technologies, to adapt its products and services to evolving industry standards and to improve the performance and reliability of the Group's services. Failure to adapt to such changes would harm the Group's business.

The Company must continually develop and refine its products in order to maintain (or increase) its market position and this may require sizable investments by the Company, particularly if there are significant changes in technology in the future. The development of new or enhanced products is a complex process and delays may be experienced due to difficulties encountered in the various development and implementation processes, which could prevent or delay the introduction of new or enhanced products.

### ***Information technology security***

With an increasingly technological influence in aerospace businesses, the Group's technology may be subjected to information technology security threats. These threats may include unlawful attempts to gain access to the Company's proprietary or classified information and the potential for business disruptions associated with informational technology failures.

Users of the Group's products rely on the integrity of those solutions and the confidentiality of the underlying technologies remaining intact. In the event that a third party were able to determine, reverse engineer and/or manufacture the Group's covert features, the Group's ability to generate revenue could be adversely affected.

### **Data Protection**

As part of the Company's UAV service offering, large quantities of technical image data are generated and processed on behalf of clients. Our data is proprietary by nature but also confidential and a security breach within our data solutions could place confidential data pertaining to our clients into the unauthorised possession of third parties with the attendant commercial disruption that would ensue both to our clients and the Group.

### **General Risks**

#### ***Force Majeure***

There is the risk of natural occurrences such as fires, earthquakes and floods, and other extraordinary events such as wars, acts of terrorism, strikes, riots, crimes, civil disturbances and the like, having an impact on the Group's operations. Such occurrences are beyond the control of the Group and, if any one or more should occur such that it has an impact on one or more of the Group's projects or investments, it is likely to have a material adverse impact on the activities of the Group, and the costs and expenses associated with the affected projects or investments.

### **Risks related to trading on AIM**

#### ***Investment in AIM Securities***

There can be no assurance that an active trading market for the Ordinary Shares will exist, or that it will be maintained. An investment in shares traded on AIM may be less liquid and is perceived to involve a higher degree of risk than an investment in a company whose shares are listed on the Official List. 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 Company. Investors may therefore realise less than, or lose all of, their investment.

### ***Volatility of share price***

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors, including but not limited to announcements of exploration and development activities, innovations or new services by the Company or its competitors, variations in operating results, changes in financial estimates and recommendations by securities analysts, political and regulatory changes affecting the industry and countries in which the Group operates, the share price performance of other companies that investors may deem comparable to the Company, news reports relating to trends in the Company'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 market conditions in the industry, the industries of customers and the economy as a whole. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Company's performance.

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 Company'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 Company. Each of these factors, among others, could harm the value of the Ordinary Shares.

### ***AIM Rules for Companies***

The AIM Rules for Companies 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.

### ***Taxation Risk***

Any change in the Group's tax status or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Group, affect the Group's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders.

### ***Overseas securities laws***

The Open Offer Shares have not been nor will they be registered under the US Securities Act or the securities laws of any other jurisdiction. Subject to certain exceptions, the Open Offer Shares may not be offered, sold, delivered, pledged or otherwise transferred in any jurisdiction where such registration may be required.

### ***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 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***

There can be no guarantee that the Ordinary Shares will be able to achieve a valuation higher than the Issue Price, or, if they do so, that such higher valuations can be maintained.

***Risks relating to the Open Offer***

***Holders of Existing Ordinary Shares who do not acquire Open Offer Shares pursuant to the Open Offer will experience a further dilution of their percentage ownership of the Company's Ordinary Shares***

Shareholders' proportionate ownership and voting interest in the Company will be reduced pursuant to the Open Offer to the extent that Shareholders do not take up the offer of Open Offer Shares under the Open Offer. Non-Eligible Shareholders and, subject to certain exceptions, Shareholders in the United States and other Restricted Jurisdictions will not be able to participate in the Open Offer.

***Pre-emptive rights may not be available for non-UK holders of Ordinary Shares***

In the case of an increase of the share capital of the Company for cash, the existing Shareholders are entitled to pre-emption rights pursuant to the Articles unless such rights are waived by a special resolution of the Shareholders at a general meeting (as is the case in respect of the Open Offer Shares, pursuant to share authorities granted at the General Meeting held on 29 June 2017) and such an issue could dilute the interests of the then existing Shareholders. To the extent that pre-emptive rights apply in respect of future issues of Ordinary Shares by the Company for cash, holders of Ordinary Shares in Restricted Jurisdictions may not be able to exercise pre-emptive rights for their Ordinary Shares unless the Company decides to comply with applicable local laws and regulations or an exemption from the registration requirements thereunder is available.

## PART III

### SOME QUESTIONS AND ANSWERS ON THE OPEN OFFER

*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 United Kingdom, or, if not, from another appropriately authorised independent financial adviser.*

*This Part III deals with general questions relating to the Open Offer and more specific questions relating principally to Existing Ordinary Shares held by persons resident in the United Kingdom 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 his, her or its own appropriate professional advisers for advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action.**

#### **1. What is an open offer?**

An open offer is a way for companies to raise money. An open offer allows companies to give their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings. In this instance, the fixed price for the Open Offer is at a discount to the market price of the Existing Ordinary Shares prior to the announcement by the Company on 5 December 2017 regarding a Placing of new ordinary shares to specifically identified investors raising £590,000 in aggregate and which completed on 8 December 2017.

This Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire, in aggregate, up to 1,455,026,120 Open Offer Shares at a price of 0.035 pence per Open Offer Share (being the same price at which the Placing was completed). If you hold Existing Ordinary Shares on the 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 are 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 20 Open Offer Shares for every 27 Existing Ordinary Shares held by Qualifying Shareholders on the 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 Basic 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. 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 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 had not sold all of your Existing Ordinary Shares on or before **8.00 a.m. on 13 December 2017** (the Ex-entitlement Date for the Open Offer).

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

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 located in the United States or another Restricted Jurisdiction, you should have been sent an Application Form.

That Application Form shows:

- how many Existing Ordinary Shares you held at close of business on the 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 all your Basic Entitlement to the Open Offer Shares.

If you have a registered address or are 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 United Kingdom. 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 C of your Application Form), payable to 'Share Registrars Limited Receiving Agent Account' by post, or by hand (during normal business hours only) to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR to arrive by no later than 11.00 a.m. on 29 December 2017. You should allow at least four Business Days for delivery. If you do take up your Open Offer Entitlement in full, your interest in the Company will be diluted by approximately 27.6 per cent. as a result of the Placing. 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 D of your Application Form; for example, if you are entitled to take up 10,000 shares but you only want to take up 5000 shares, then you should write '5000' in Box D.

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 '5000') by 0.035 pence, which is the price of each Open Offer Share (giving you an amount of £1.75p in this example). You should write this amount in Box G, 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 'Share Registrars Limited Receiving Agent Account' and crossed "A/C payee only", by post, or by hand (during normal business hours only) to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, to arrive by no later than 11.00 a.m. on 29 December 2017, after which time the Application Form will not be valid. You should allow at least four Business Days for delivery.

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 by no later than 12 January 2017.

## **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 D which must be the number of Open Offer Shares shown in Box B. You should then write the number of Excess Shares you wish to apply for under the Excess Application Facility in Box E and then complete Box F by adding together the numbers you have entered in Boxes D and E.

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 F by the Issue Price, which is the price of each Open Offer Share. You should write this amount in Box G, 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 'Share Registrars Limited Receiving Agent Account' and crossed "A/C payee only", by post to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, to arrive by no later than 11.00 a.m. on 29 December 2017, after which time the Application Form will not be valid.

You should allow at least four Business Days for delivery. 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 allocated 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 and you do not take up any of your Open Offer Entitlement, then following the Placing and Open Offer, your interest in the Company will be diluted by approximately 27.6 per cent.

**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 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?**

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:

- i. Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 1 December 2017 and who have converted them to certificated form;
- ii. Qualifying non-CREST Shareholders who bought Existing Ordinary Shares before 1 December 2017 but were not registered as the holders of those shares at the close of business on 1 December 2017; and
- iii. certain Overseas Shareholders.

If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact **+44 1252 821 390**. Lines are open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and 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 Ordinary Shares after the Record Date will I be eligible to participate in the Open Offer?**

If you buy or have bought Ordinary Shares after the Record Date you are unlikely to be able to participate in the Open Offer in respect of those 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 3 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 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 C of the Application Form?**

If you want to spend more than the amount set out in Box C you should divide the amount you want to spend by 0.035 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 0.035 pence, which comes to 1,428,571.43 . You should round that down to 1,428,571 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 1,428,571 in Box F. 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 (1,428,571) by 0.035 pence and then fill in that amount rounded down to the nearest whole penny (in this example being £500), in Box G 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. Assuming that there are no Overseas Shareholders who have registered addresses in, or are residents in or citizens of a Restricted Jurisdiction, and if every Qualifying Shareholder takes up their Open Offer Entitlements in full there will be no Open Offer Shares available under the Excess Application Facility. 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 allocated 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 C, you should divide the amount you want to spend by 0.035 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 £100 you should divide £100 by 0.035 pence. You should round that down to the nearest whole number (in this example, 285,714), to give you the number of shares you want to take up. Write that number (in this example, 285,714) in Box F. 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, 285,714) by 0.035 pence and then fill in that amount rounded down to the nearest whole penny (in this example being £100 in Box G 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 or on 1 December 2017, 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 1 December 2017, 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 United Kingdom). You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. 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 'Share Registrars Limited Receiving Agent Account'. 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 Ordinary Shares that I hold now be affected by the Open Offer?**

If you decide not to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, or only apply for some of your entitlement, your proportionate ownership and voting interest in the Company will be reduced (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 in the accompanying reply-paid envelope (from within the United Kingdom) by post or by hand to: Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR. You should allow at least four Business Days for delivery if using first class post within the United Kingdom.

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 29 December 2017. 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 United Kingdom.

**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 by 12 January 2018.

**18. What should I do if I think my holding of Existing Ordinary Shares (as shown in Box A of the Application Form) is incorrect?**

If you bought or sold Ordinary Shares shortly before the Record Date, your transaction may not have been entered on the register of members before the Record Date for the Open Offer. If you bought Ordinary Shares before 1 December 2017 but were not registered as the holder of those shares on the Record Date for the Open Offer, 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 1 December 2017.

**19. Will the Open Offer affect dividends (if any) on the Existing Ordinary Shares?**

The Open Offer Shares will, when issued and fully paid, rank equally in all respects with 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.

**20. Will I be taxed if I take up my entitlements?**

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 United Kingdom?**

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 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 O on page 4 of the Application Form), and ensure they are delivered to CCSS to be received by 3 p.m. on 22 December 2017 at the latest. CREST sponsored members should arrange for their CREST sponsors to do this. If you have transferred your rights into the CREST system, you should refer to paragraph 3 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 United Kingdom 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 United Kingdom regulated financial institution. Qualifying non-CREST Shareholders and Qualifying CREST Shareholders should refer to paragraph 4 of Part IV of this document for a fuller description of the requirements of the Money Laundering Regulations.

## **PART IV**

### **DETAILS OF THE OPEN OFFER**

#### **1. Introduction**

The Open Offer has been structured so as to allow Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price pro rata to their existing holdings. Qualifying Shareholders will be able to apply for their Basic Entitlements. Qualifying Shareholders will also be entitled, provided they have taken up their Basic Entitlements in full, to apply under the Excess Application Facility.

The Placing Shares are not being offered to Qualifying Shareholders and do not form part of the Open Offer.

The Issue Price of the Open Offer Shares is the same as for the Placing Shares and represents a discount of 30% per cent. to the closing price of 0.05 pence per Existing Ordinary Share on 4 December 2017 (being the day prior to announcement of the Placing and initial announcement regarding the Open Offer at the Issue Price).

A summary of the arrangements relating to the Open Offer is set out below. This document and, where relevant, the Application Form contains the formal terms and conditions of the Open Offer.

The latest time for applications under the Open Offer to be received is 11.00 a.m. on 29 December 2017. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your Basic Entitlements under the Open Offer or have Basic Entitlements credited to your stock account in CREST in respect of such entitlement. The procedures for application and payment are further set out below in this Part IV.

#### **2. The Open Offer**

The Company hereby invites Qualifying Shareholders to apply, on and subject to the terms and conditions set out herein and in the Application Form (in respect of shares held in certificated form) and subject to the articles of association of the Company, for Open Offer Shares at the Issue Price, free from all expenses, payable in cash in full on application.

Subject to fulfilment of the conditions set out below and (in respect of Ordinary Shares held in certificated form) in the Application Form, Qualifying Shareholders are being given the opportunity to subscribe for Open Offer Shares at the Issue Price payable in full on application and free of all expenses, pro rata to their existing shareholdings, on the basis of:

#### **20 Open Offer Shares for every 27 Existing Ordinary Shares**

held at the Record Date. Basic Entitlements and where relevant, Excess Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of Open Offer Shares. Fractions of Open Offer Shares will not be allotted, each Qualifying Shareholder's entitlement being rounded down to the nearest whole number.

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their maximum basic entitlement which, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Basic Entitlements as shown on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Basic Entitlements standing to the credit of their stock account in CREST and, if they so wish, may apply for Open Offer Shares in excess of their Basic Entitlements pursuant to the Excess Application Facility.

The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Basic Entitlements in full, to apply for Excess Entitlements such that to the extent that if a Qualifying Shareholder has taken up its Basic Entitlement in full and applies for and is allocated the maximum Excess Entitlement it will suffer no dilution as a result of the Placing and Open Offer. Qualifying Non-CREST Shareholders who wish to apply to subscribe for more than their Basic Entitlements should complete the relevant sections on the Application Form. Qualifying CREST Shareholders will have Excess Entitlements credited to their stock account in CREST and should refer to paragraph 3(ii) of this Part IV for information on how to apply for Open Offer Shares pursuant to the Excess Application Facility.

Applications for Excess Entitlements will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Basic Entitlements. Once subscriptions by Qualifying Shareholders under their respective Basic Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any applications for Excess Entitlements in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

Any monies paid for applications in excess of their Basic Entitlements which are not so satisfied will be returned to the Applicant (at the Applicant's risk) without interest within 14 days by way of cheque or CREST payment, as appropriate. The action to be taken in relation to the Open Offer depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Basic Entitlements credited to your stock account in CREST in respect of such entitlement.

Not all Shareholders will be Qualifying Shareholders. Overseas Shareholders who are located in, or who are citizens of, or have a registered address in certain overseas jurisdictions (including, without limitation, any Restricted Jurisdiction) will not qualify to participate in the Open Offer. The attention of Overseas Shareholders or any person (including without limitation a custodian, nominee or trustee) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom is drawn to paragraph 6 of this Part IV.

If you have received an Application Form, please refer to paragraphs 3(i) and 4(i) of this Part IV.

If you hold your Ordinary Shares in CREST and have received a credit of Basic Entitlements and Excess Entitlements to your CREST stock account, please refer to paragraphs 3(ii) and 4(ii) of this Part IV and also to the CREST Manual for further information on the CREST procedures referred to below.

The Ordinary Shares are admitted to trading on 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 and that dealings for normal settlement in the Open Offer Shares on AIM will commence at 8.00 a.m. on 5 January 2018.

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

Application has been made for the Basic Entitlements and Excess Entitlements in respect of Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Basic Entitlements and Excess Entitlements will be admitted to CREST at 8.00 a.m. on 14 December 2017. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim.

Qualifying Non-CREST Shareholders will have received an Application Form which sets out their entitlement to Open Offer Shares as shown by the number of Basic Entitlements allocated to them. Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlements and Excess Entitlements on 14 December 2017.

The Open Offer Shares will be issued fully paid and will be identical to, and rank *pari passu* in all respects with, the Ordinary Shares and will rank *pari passu* for all dividends or other distributions declared, made or paid after the date of issue of the Open Offer Shares. No temporary documents of title will be issued.

The Basic Entitlements and any Excess Entitlements of Qualifying CREST Shareholders will be registered in uncertificated form and credited to their stock account in CREST. The Basic Entitlements and any Excess Entitlements of Qualifying Non-CREST Shareholders will be registered in certificated form and sent to Qualifying Non-CREST Shareholders. The action to be taken in relation to the Open Offer is described in paragraph 3 below.

The Open Offer is subject to the satisfaction, amongst other matters, of the following conditions on or before 5 January 2018 (or such time and date being no later than 8.00 a.m. on 12 January 2018, as the Company may decide):

- Admission becoming effective by 8.00 a.m. on 5 January 2018 (or such later time or date not being later than 8.00 a.m. on 12 January 2018 as the Company may decide);

It is expected that Admission will occur and dealings in the Open Offer Shares will commence at 8.00 a.m. on 5 January 2018.

If the conditions are not fulfilled on or before 8.00 a.m. on 5 January 2018 (or such later date, time and being not later than 8.00 a.m. on 12 January 2018, as the Company may decide) application monies are expected to be returned without interest by crossed cheque in favour of the Applicant(s) (at the Applicant's risk) by post for Qualifying non-CREST Shareholders and through CREST for Qualifying CREST Shareholders as soon as practicable after that date and any Basic Entitlements or Excess Entitlements admitted to CREST will be disabled.

The Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should note 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 or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer. Qualifying CREST Shareholders should note that although the Basic Entitlements and Excess Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim raised by Euroclear's claims processing unit.

Completed Application Forms (in respect of shares held in certificated form), accompanied by full payment, should be returned by post to Share Registrars Limited, or by hand (between 9:00am to 5:00pm Monday to Friday) to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR so as to arrive as soon as possible and in any event so as to be received no later than 11.00 a.m. on 29 December 2017.

The Open Offer Shares will represent approximately 27.6 per cent. of the Enlarged Ordinary Share Capital.

Further terms of the Open Offer are set out in this Part IV and, where relevant, in the Application Form.

Before making any decision to acquire Open Offer Shares, you are asked to read and carefully consider all of the information in this document, including in particular the important information set out in the letter from the Chairman in Part 1 of this document, as well as this Part IV.

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

Save as provided in paragraph 6 of this Part IV in relation to Overseas Shareholders, the action to be taken by you in respect of the Open Offer depends on whether at the relevant time you have an Application Form in respect of your Open Offer Entitlements, including the Excess Application Facility, or you have Open Offer Entitlements and Excess Open Offer Entitlements credited to your CREST account in respect of such entitlements.

Qualifying Shareholders who hold part of their Ordinary Shares in uncertificated form on the Record Date will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. Further information on deposit into CREST is set out in paragraph 4.2(f) of this Part IV.

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess CREST 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.

a. Action to be taken if you have an Application Form in respect of your entitlement under the Open Offer

i. General

Each Qualifying non-CREST Shareholder will have received an Application Form accompanying this Circular. The Application Form shows the number of Existing Ordinary Shares registered in the relevant Qualifying non-CREST Shareholder's name at the close of business on the Record Date. It also shows the number of Open Offer Shares for which such relevant Qualifying non-CREST Shareholder is entitled to apply under the Open Offer, calculated on the basis set out in paragraph 2 above. Qualifying non-CREST Shareholders may also apply for less than their maximum Open Offer Entitlements.

The Excess Application Facility enables Qualifying Shareholders who have taken up their full Open Offer Entitlement to apply for Open Offer Shares in excess of their Open Offer Entitlement. Applications in excess of the Open Offer Entitlement will only be satisfied to the extent that applications made by other Qualifying Shareholders are less than their full Open Offer Entitlements and may therefore be scaled down.

Fractions (if any) of Open Offer Shares will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility. The instructions and other terms which are set out in the Application Form constitute part of the terms of the Open Offer.

ii. Procedure for application

Applications for Open Offer Shares (including under the Excess Application Facility) by Qualifying non-CREST Shareholders may only be made on the Application Form, which is personal to the Qualifying non-CREST Shareholder(s) named on it and is not capable of being split, assigned or transferred except in the circumstances described below.

Qualifying non-CREST Shareholders may also apply for Excess Shares in excess of their *pro rata* entitlement to Open Offer Shares by completing Boxes E and F of the Application Form for the total number of Open Offer Shares for which they wish to make application (including their *pro rata* entitlement) and submitting the amount payable on such application. Further details on the Excess Application Facility are set out in paragraph 4.1(d) of this Part IV.

A Qualifying non-CREST Shareholder who does not wish to apply for any of the Open Offer Shares to which he or she is entitled should not return a completed Application Form to the Receiving Agents.

The Application Form represents a right personal to the Qualifying non-CREST Shareholder to apply to subscribe for Open Offer Shares (including under the Excess Application Facility); it is not a document of title and it cannot be traded. It is assignable or transferable only to satisfy bona fide market claims in relation to purchases in the market pursuant to the rules and regulations of the London Stock Exchange. Application Forms may be split up to 3.00 p.m. on 27 December 2017 but only to satisfy such bona fide market claims. Qualifying non-CREST Shareholders who have before the 'ex' date sold or transferred all or part of their shareholdings are advised to consult their stockbroker, bank or agent through whom the sale or transfer was effected or another professional adviser authorised under the FSMA as soon as possible, since the invitation to apply for Open Offer Shares (including under the Excess Application Facility) may represent a benefit which can be claimed from them by the purchaser(s) or transferee(s) under the rules of the London Stock Exchange.

Qualifying non-CREST Shareholders who submit a valid application using the Application Form and accompanying payment will (subject to the terms and conditions set out in this Part IV, in the letter from the Chairman of the Company in Part I and in the Application Form) be allocated the Open Offer Shares applied for in full at the Issue Price (subject to the Company's discretion to accept, reject or scale back any application for any Open Offer Shares).

Applications will be irrevocable and, once submitted, may not be withdrawn and their receipt will not be acknowledged. The Company reserves the right to treat any application not strictly complying with the terms and conditions of application as nevertheless valid.

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

1. Application Forms received after 11.00 a.m. on 29 December 2017; or
2. applications in respect of which remittances are received before 11.00 a.m. on 29 December 2017 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

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

If Open Offer Shares have already been allotted to a Qualifying non-CREST Shareholder and such Qualifying non-CREST Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Company shall arrange (in its absolute discretion as to manner, timing and terms) to make arrangements for the sale of such Qualifying non-CREST Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Registrar, the Company or any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying non-CREST Shareholders.

If you are a Qualifying non-CREST Shareholder and wish to apply for all or part of the Open Offer Shares to which you are entitled (including any application for any Excess Shares under the Excess Application Facility) you should complete and sign the Application Form in accordance with the instructions printed on it and return it, either by post or by hand (during normal business hours only) to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, together with a pounds sterling cheque or banker's draft to the value of the Open Offer Shares applied for on the Application Form, as soon as practicable and, in any event, so as to be received not later than 11.00 a.m. on 29 December 2017, after which time Application Forms will not be accepted. The cheque or banker's draft must be drawn on a United Kingdom branch of a qualifying bank or building society, as further described below. Your Application Form will not be valid unless you sign it. If you post your Application Form by first class post in the UK, or in the accompanying reply-paid envelope, you are advised to allow at least four Business Days for delivery.

The Company reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received after 11.00 a.m. on 29 December 2017 from an authorised person (as defined in the FSMA) specifying the Open Offer Shares concerned and undertaking to lodge the relevant Application Form in due course.

### iii. Payments

Cheques must be drawn on the personal account to which you have sole or joint title to the funds. Your cheque or banker's draft should be made payable to "Share Registrars Limited Receiving Agent Account" and crossed "A/C Payee only". Payments must be made by cheque or banker's draft in pounds sterling drawn on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank or building society 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 facilities provided by either of these companies and must bear the appropriate sorting code in the top right-hand corner. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed on the back of the building society cheque or banker's draft the name of the account holder (which must be the same name as printed on the Application Form) and their title to funds by stamping and endorsing the building society cheque/banker's draft to such effect. Any application or purported application may be rejected unless these requirements are fulfilled. Post-dated cheques will not be accepted.

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 (and withhold definitive share certificates (or crediting to the relevant member account, as applicable) pending clearance thereof). No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid applications in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

If cheques or banker's drafts are presented for payment before the conditions of the Open Offer are fulfilled, the application monies will be credited to a non-interest bearing account by the Receiving Agent. If the Open Offer does not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the Applicant's sole risk), without payment of interest, to Applicants as soon as practicable following the lapse of the Open Offer.

The Company shall as soon as practicable following 29 December 2017 refund any payment received with respect to an application for a number of Open Offer Shares in respect of an Open Offer Entitlement which has been rejected in whole or in part by the Company.

**iv. The Excess Application Facility**

The Excess Application Facility enables Qualifying Shareholders who have taken up their Open Offer Entitlement to apply for Open Offer Shares. Shareholders who are not Qualifying Shareholders are not entitled to apply for Open Offer Shares pursuant to the Excess Application Facility. However, Qualifying Shareholders who are not entitled to apply for Open Offer Shares by virtue of their shareholding being less than 27 Existing Ordinary Shares at the Record Date are entitled to apply for Open Offer Shares pursuant to the Excess Application Facility.

Qualifying non-CREST Shareholders who wish to apply for Open Offer Shares in excess of their Open Offer Entitlement must complete the Application Form in accordance with the instructions set out on the Application Form.

Should the Open Offer become unconditional and applications for Open Offer Shares exceed the 1,455,026,120 Open Offer Shares being made available to Qualifying Shareholders as a result of applications made in respect of the Excess Application Facility, resulting in a scaling back of applications, each Qualifying non-CREST Shareholder who has made a valid application for Open Offer Shares under the Excess Application Facility and from whom payment in full for such Open Offer Shares has been received in cleared funds will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for under the Excess Application Facility but not allocated to the relevant Qualifying non-CREST 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.

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

**v. Effect of application**

By completing and delivering an Application Form you (as the Applicant(s)):

1. agree that your application, the acceptance of your application and the contract resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England and Wales;
2. confirm that in making the application you are not relying on any information or representation other than those contained in this Circular and the Application Form and you, accordingly, agree that no person responsible solely or jointly for this Circular or any part of it shall have any liability for any information or representation not contained in this Circular and that having had the opportunity to read this Circular you will be deemed to have notice of all the information concerning the Group contained within this Circular;

3. represent and warrant that you are not citizen(s) or resident(s) of an Excluded Territory or any other jurisdiction in which the application for Open Offer Shares is prevented by law and are not applying on behalf of, or with a view to the re-offer, re-sale or delivery of Open Offer Shares directly or indirectly in, into or within an Excluded Territory or to a resident of an Excluded Territory or to any person you believe is purchasing or subscribing for the purpose of such re-offer, re-sale or delivery;
4. represent and warrant that you are not otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of such person(s) on a non-discretionary basis; and
5. will also be asked whether or not you can represent and warrant as follows: (i) you have not received the Application Form or any other document relating to the Open Offer in an Excluded Territory, nor have you mailed, transmitted or otherwise distributed or forwarded any such document in or into an Excluded Territory; (ii) you are not and were not located in an Excluded Territory at the time you accepted the Application Form or at the time you returned the Application Form; and (iii) if you are acting in a fiduciary, agency or other capacity as an intermediary, then either (A) you have full investment discretion with respect to the Open Offer Shares covered by the Application Form or (B) the person on whose behalf you are acting was located outside an Excluded Territory at the time he or she instructed you to submit the Application Form.

If you are unable to provide such representations and warranties you will be deemed not to have validly submitted an application for Open Offer Shares, save in the discretion of the Company and subject to certain conditions.

You should note that applications will be irrevocable. The Company reserves the right (but shall not be obliged) to treat any application not strictly complying in all respects with the terms and conditions of application as nevertheless valid. If you do not wish to apply for Open Offer Shares under the Open Offer you should not complete or return the Application Form.

If you have any questions relating to the procedure for acceptance, please telephone Share Registrars Limited on +44 1252 821 390 . Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Share Registrars Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

- b. Action to be taken if you have Open Offer Entitlements and Excess Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer
  - i. General

Save as provided in paragraph 6 of this Part IV in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlements equal to the maximum number of Open Offer Shares to which he is entitled under the Open Offer. Qualifying CREST Shareholders may also apply for Open Offer Shares in excess of their Open Offer Entitlement under the Excess Application Facility. Further details of Excess Offer Entitlements can be found in paragraph 4.2(j) of this Part IV.

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

If for any reason the Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 8.00 a.m. or such later time as the Company may decide, on 5 January 2018, an Application Form will be sent out to each

Qualifying CREST Shareholder in substitution for the Open Offer Entitlements and Excess Open Offer Entitlements credited to his stock account in CREST. In these circumstances the expected timetable as set out in this Circular will be adjusted as appropriate and the provisions of this Circular applicable to Qualifying non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive Application Forms.

Qualifying CREST Shareholders who wish to apply for some or all of their entitlements to Open Offer Shares (including any applications for Excess CREST Open Offer Entitlements) should refer to the CREST Manual for further information on the CREST procedures referred to below. If you have any questions relating to the procedure for acceptance, please telephone Share Registrars Limited on +44 1252 821 390 . Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Share Registrars Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

**ii. Procedure for application and payment**

The Open Offer Entitlements and Excess Open Offer Entitlements will have a separate ISIN and constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess Open Offer Entitlements may only be made by the Qualifying CREST 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 Open Offer Entitlement(s) will thereafter be transferred accordingly.

**iii. USE instructions**

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

1. the crediting of a stock account of the Receiving Agent under the Participant ID and Member Account ID specified below, with the number of Open Offer Entitlements or Excess CREST Open Offer Entitlements corresponding to the number of Open Offer Shares applied for (subject to paragraph 4.2(j) of this Part IV); and
2. 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 or Excess Shares referred to in sub-paragraph (i) above.

**iv. Content of USE instructions in respect of Open Offer Entitlements**

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

1. the number of Open Offer Shares for which application is being made (and hence the number of Open Offer Entitlement(s) being delivered to the Receiving Agent);
2. the ISIN of the Open Offer Entitlements, which is GB00BYVZ8H45 ;
3. the Participant ID of the accepting CREST member;
4. the Member Account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;

5. the Participant ID of Share Registrars Limited, in its capacity as a CREST receiving agent, which is R054;
6. the Member Account ID of Share Registrars Limited in its capacity as a CREST receiving agent, which is 7RA36 in respect of the Open Offer Entitlement;
7. the amount payable by means of a CREST payment on settlement of the USE instruction, which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
8. the intended settlement date, which must be on or before 11.00 a.m. on 29 December 2017; and
9. the Corporate Action Number for the Open Offer, which 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 29 December 2017.

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

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

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 29 December 2017 in order to be valid is 11.00 a.m. on that day.

v. Contents of USE instructions in respect of Excess CREST Open Offer Entitlements

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

1. the number of Open Offer Shares for which application is being made (and hence the number of Excess CREST Open Offer Entitlement(s) being delivered to the Receiving Agent);
2. the ISIN of the Excess CREST Open Offer Entitlement, which is GB00BYVZ8K73;
3. the CREST participant ID of the accepting CREST member;
4. the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
5. the Participant ID of Share Registrars Limited in its capacity as a CREST receiving agent, which is R054;
6. the Member Account ID of Share Registrars Limited in its capacity as a CREST receiving agent, which is 7RA36;
7. the amount payable by means of a CREST payment on settlement of the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
8. the intended settlement date, which must be on or before 11.00 a.m. on 29 December 2017; and
9. the Corporate Action Number for the Open Offer, which will be available by viewing the relevant corporate action details in CREST.

In order for an application in respect of an Excess CREST Open Offer Entitlement 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 29 December 2017.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) should add the following non-mandatory fields to their USE instruction:

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

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 29 December 2017 in order to be valid is 11.00 a.m. on that day. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlement security.

In the event that Admission of the Open Offer Shares does not become effective by 12 January 2018, the Open Offer will lapse, the Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days. The Open Offer cannot be revoked once the condition has been satisfied.

**vi. Deposit of Open Offer Entitlements into, and withdrawal from, CREST**

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

The holder of an Application Form who is proposing so to deposit the Open Offer Entitlements 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 and Excess Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up such entitlements prior to 3.00 p.m. on 22 December 2017.

In particular, having regard to normal processing times in CREST and on the part of the Registrars, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements in CREST, is 3.00 p.m. on 22 December 2017, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and Excess Open Offer Entitlements from CREST is 4.30 p.m. on 21 December 2017, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and Excess Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements and Excess Open Offer Entitlements prior to 11.00 a.m. on 29 December 2017.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying non-CREST Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Registrar by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" on page 2 of the Application Form, and a declaration to the Company and the Registrar from the relevant CREST member(s) that it/they is/are not citizen(s) or resident(s) of an Excluded Territory and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

**vii. 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 29 December 2017 will constitute a valid application under the Open Offer.

**viii.** 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 29 December 2017. 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.

**ix.** 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:

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

**x.** The Excess Application Facility

Provided that a Qualifying CREST Shareholder chooses to take up their Open Offer Entitlement in full, the Excess Application Facility enables Qualifying CREST Shareholders to apply for Open Offer Shares in excess of their Open Offer Entitlements up to a maximum number of Excess Shares equal to 10 times the total number of Existing Ordinary Shares held in such Qualifying Shareholder's name as at the 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 Record Date, the Qualifying CREST Shareholder should contact Share Registrars Limited by telephone on the number stated in Note (1) on page 3 who will arrange for the additional Excess Shares to be credited to the relevant CREST account of the Qualifying CREST Shareholder. Any such applications will be granted at the absolute discretion of the Company.

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. An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred. Subject as provided in paragraph 6 of this Part IV in relation to certain Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess CREST Open Offer

Entitlement in order for any applications for Excess Shares to be settled through CREST. The credit of such Excess CREST Open Offer Entitlement does not in any way give Qualifying CREST Shareholders a right to the Open Offer Shares attributable to the Excess CREST Open Offer Entitlement as an Excess CREST Open Offer Entitlement is subject to scaling back in accordance with the terms of this Circular.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque. Should a transaction

be identified by the CREST Claims Processing Unit as "cum" the Open Offer Entitlement and the relevant Open Offer Entitlement(s) be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Open Offer Entitlement(s) claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlement credited to CREST, and allocated to the relevant Qualifying Shareholder, will be transferred to the purchaser. Please note that an additional USE instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

Should the Open Offer become unconditional and applications for Open Offer Shares by Qualifying Shareholders under the Open Offer exceed the number of Open Offer Shares being made available, resulting in a scale back of applications under the Excess Application Facility, each Qualifying CREST Shareholder who has made a valid application for Excess Shares under the Excess Application Facility, and from whom payment in full for the Excess Shares has been received, will receive a pounds sterling amount equal to the number of Open Offer Shares validly applied and paid for but which are not allocated to the relevant Qualifying CREST 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.

Fractions of Open Offer Shares will be rounded down to the nearest whole number, aggregated and made available to Qualifying Shareholders under the Excess Application Facility. Fractions of Excess Shares will not be issued under the Excess Application Facility.

**xi. Effect of valid application**

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

1. pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
2. request that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this Circular and subject to the Articles;
3. 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 and Wales;
4. represent and warrant that he is not applying on behalf of any Shareholder, who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of an Excluded Territory and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of this application to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of an Excluded Territory nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
5. represent and warrant that he is not, nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
6. confirm that in making such application he is not relying on any information or representation other than those contained in this Circular and agrees that no person responsible solely or jointly for this Circular or any part thereof or

involved in the preparation thereof, shall have any liability for any information or representation not contained in this Circular and further agree that having had the opportunity to read this Circular he will be deemed to have had notice of all the information concerning the Group contained therein; and

7. represent and warrant that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements and Excess Open Offer Entitlements by virtue of a *bona fide* market claim.

**xii.** Company's discretion as to rejection and validity of applications

The Company may in its sole discretion:

1. treat as valid (and binding on the CREST member concerned) an application which does not strictly comply in all respects with the requirements as to validity set out or referred to in this paragraph 4 of this Part IV;
2. 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;
3. treat a properly authenticated dematerialised instruction (in this sub-paragraph the first instruction) as not constituting a valid application if, at the time at which the Registrar receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or 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
4. 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.

If you have any doubt as to the procedure for acceptance and payment you should contact Share Registrars Limited on +44 1252 821 390 . Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Share Registrars Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

**xiii.** Issue of Open Offer Shares in CREST

Open Offer Entitlements and Excess Open Offer Entitlements held in CREST are expected to be disabled in all respects after the close of business on 29 December 2017. If the condition to the Open Offer described above is 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 instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' Open Offer Entitlements

with effect from the next business day. 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.

#### **4. Money Laundering Regulations**

##### **4.1 Holders of Application Forms**

It is a term of the Open Offer that, in order to ensure compliance with the Money Laundering Regulations (the Regulations), the Registrar may require 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").

The verification of identity requirements pursuant to the Regulations will apply to applications with a value of €15,000 (or its Pound Sterling equivalent) or greater, or to one of a series of linked applications whose aggregate value exceeds that amount, and in the case of such applications verification of the identity of Applicant(s) for Open Offer Shares may be required.

If within a reasonable period of time following a request, for verification of identity, but in any event by 11.00 a.m. on 28 December 2017, the Receiving Agent has not received evidence satisfactory to it, the Company may, in its absolute discretion, elect not to treat as valid the relevant application, in which event the money payable or paid in respect of the application will be returned (without interest and at the Applicant's risk) to the account of the drawee bank or building society from which sums were originally debited (but in each case without prejudice to any rights the Company may have to take proceedings in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid).

In order to avoid this, payment should be made by means of a cheque drawn by and in the name of the Applicant named on the accompanying Application Form or (where an Application Form has been transferred and/or split to satisfy *bona fide* market claims in relation to transfers of Ordinary Shares through the market prior to 3.00 p.m. on 22 December 2017, by the person named in Box K on the Application Form. If this is not practicable and the Applicant uses a cheque drawn on a building society or a banker's draft, the Applicant should:

- (b) ask the building society or bank to endorse on the cheque or draft the name and account number of the person whose building society or bank account is being debited which must be the same name as that printed on the Application Form, such endorsement being validated by a stamp and authorised signature by the building society or bank on the reverse of the cheque or banker's draft;
- (c) if the Applicant is making the application as agent for one or more persons, indicate on the Application Form whether it is a United Kingdom or European Union regulated person or institution (e.g. a bank or broker), and specify its status. If you have any questions relating to the procedure for acceptance, please telephone Share Registrars Limited on +44 1252 821 390 . Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Share Registrars Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes;
- (d) if the Applicant delivers the Application Form by hand, bring with them the appropriate photographic evidence of identity, such as a passport or driving licence; and
- (e) third party cheques may not be accepted unless covered by (a) above.

In any event, if it appears to the Receiving Agent that an Applicant is acting on behalf of some other person, further verification of the identity of any person on whose behalf the Applicant appears to be acting will be required.

Neither the Receiving Agent, nor the Company will be liable to any person for any loss suffered or incurred as a result of the exercise of any discretion to require verification. By lodging an Application Form, each Qualifying Shareholder undertakes to provide evidence of his identity at the time of lodging the

Application Form, or, at the absolute discretion of the Company, at such specified time thereafter as may be required to ensure compliance with the Regulations.

## 2. Open Offer Entitlements and Excess Open Offer Entitlements in CREST

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

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the Applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the 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 any failure to provide satisfactory evidence.

## 6. Overseas Shareholders

### 6.1. General

The distribution of this Circular and the Application Form and the making or acceptance of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer. The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

No action has been or will be taken by the Company or any other person, to permit a public offering or distribution of this Circular (or any other offering or publicity materials or Application Form(s) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.

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

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

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory. Neither the Company, nor any of its respective representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

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

The Company reserves the right, but shall not be obliged, to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched from an Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or, in the case of a credit of an Open Offer Entitlement (and/or a credit of Excess Open Offer Entitlements) to a stock account in CREST, to a member whose registered address would be in an Excluded Territory or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to paragraphs 6.2 to 6.5 below.

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

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or banker's drafts. The Open Offer Shares have not been and will not be registered under the relevant laws of any Excluded Territory or any state, province or territory thereof and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into any Excluded Territory or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Excluded Territory except pursuant to an applicable exemption.

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

## 6.2. United States

None of the Open Offer Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements have been or will be registered under the US Securities Act or the laws of any state or other jurisdiction of the United States and, therefore, the Open Offer Shares and the Open Offer Entitlements and the Excess Open Offer Entitlements may not be directly, or indirectly, offered for subscription or purchase, taken up, sold, delivered, renounced or transferred in or into the United States except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Open Offer into the United States and, subject to certain exceptions, none of this Circular, the Application Forms or the crediting of Open Offer Entitlements (or Excess Open Offer Entitlements) to a stock account in CREST constitutes or will constitute an offer or an invitation to apply for an offer or an invitation to subscribe for any Open Offer Shares in the United States. Neither this Circular nor an Application Form will (unless an address within the United Kingdom for services of notices has been notified to the Company) be sent to, and no Open Offer Entitlements (or Excess Open Offer Entitlements) will be credited to, a stock account in CREST of any Qualifying Shareholder with a registered address in the United States. Subject to certain exceptions, Application Forms sent from, or post-marked in, the United States will be deemed to be invalid and all persons subscribing for Open Offer Shares and wishing to hold such Open Offer Shares in registered form must provide an address for registration of the Open Offer Shares outside the United States.

### 6.3. Other Excluded Territories

Due to restrictions under the securities laws of the Excluded Territories and subject to certain exemptions, Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Excluded Territories 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 or Excess Open Offer Entitlements.

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

No offer of Open Offer Shares is being made by virtue of this Circular or the Application Forms into any Excluded Territory.

### 6.4. Other overseas territories

Application Forms will be sent to Qualifying non-CREST Shareholders and an Open Offer Entitlement will be credited to the stock account in CREST of Qualifying CREST Shareholders in other overseas territories. Qualifying Shareholders in jurisdictions other than any Excluded Territory 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 Circular 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 United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to apply for Open Offer Shares in respect of the Open Offer.

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

#### 6.5.1. Qualifying non-CREST Shareholders

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company and/or the Receiving Agent that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant Open Offer Shares from within an Excluded Territory; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for Open Offer Shares in respect of the Open Offer or to use the Application Form in any manner in which such person has used or will use it;

(iii) such person is not acting on a nondiscretionary basis on behalf of, a person located within an Excluded Territory or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not subscribing for Open Offer Shares with a view to the offer, sale, re-sale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into an Excluded Territory or any territory referred to in (ii) above. The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or despatched from an Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; (ii) provides an address in any Excluded Territory for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the warranty required by this paragraph (a).

#### 6.5.2. Qualifying CREST Shareholders

A CREST member who makes a valid application either on its own behalf or on behalf of one of its clients in accordance with the procedures set out in this Part IV represents and warrants to the Company that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) neither it nor its client is within an Excluded Territory; (ii) neither it nor its client is in any territory in which it is unlawful to make or accept an offer to subscribe for Open Offer Shares; (iii) it is not accepting on a non-discretionary basis on behalf of, or for the account or benefit of, a person located within an Excluded Territory or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) neither it nor its client is subscribing for any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into an Excluded Territory, or any territory referred to in (ii) above. The Company reserves the right to reject any USE instruction from an Excluded Territory or any territory referred to in (ii) above or by a CREST participant who is acting on a non-discretionary basis on behalf of a person located within an Excluded Territory or any territory referred to in (ii) above.

### 7. Governing law and jurisdiction

The terms and conditions of the Open Offer as set out in this Circular shall be governed by, and construed in accordance with, the laws of England and Wales. 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 including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer. By taking up Open Offer Shares under the Open Offer in accordance with the instructions set out in this Circular, 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.

### 8. Further information

The attention of Shareholders is drawn to the further information set out in this Circular including the additional information set out in Part V, and the Risk Factors set out in Part II of this Circular and to the terms and conditions set out on the Application Form.

## PART V

### DEFINITIONS

The following words and expressions shall have the following meanings in the document, unless the context otherwise requires:

<b>“Act”</b>	the UK Companies Act 2006, as amended;
<b>“Admission”</b>	admission of the Open Offer Shares (to the extent subscribed for pursuant to the Open Offer) to trading on AIM becoming effective in accordance with the AIM Rules;
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange;
<b>“AIM Rules”</b>	the AIM Rules for Companies and the AIM Rules for Nominated Advisers;
<b>“AIM Rules for Companies”</b>	the rules which set out the obligations and responsibilities in relation to companies whose shares are admitted to AIM as published by the London Stock Exchange from time to time;
<b>“AIM Rules for Nominated Advisers”</b>	the Rules which set out the eligibility, obligations and certain disciplinary matters in relation to nominated advisers as published by the London Stock Exchange from time to time;
<b>“Applicant”</b>	a Qualifying Shareholder or a person entitled by virtue of a bona fide market claim who lodges an Application Form under the Open Offer;
<b>“Application Form”</b>	the application form to be used by Qualifying Non-CREST Shareholders in connection with the Open Offer;
<b>“Articles”</b>	the articles of association of the Company for the time being;
<b>“Basic Entitlement(s)”</b>	the entitlement to subscribe for Open Offer Shares, allocated to an Qualifying Shareholder pursuant to the Open Offer as described in Part IV of this document;
<b>“Board” or “Directors”</b>	the current directors of the Company, whose names are set out on page 7 of this document;
<b>“Business Day”</b>	any day which is not a Saturday, Sunday or a public holiday in the UK;
<b>“CAA”</b>	The Civil Aviation Authority which is the statutory corporation which oversees and regulates all aspects of civil aviation in the United Kingdom
<b>“certificated” or “in certificated form”</b>	not in uncertificated form (that is, not in CREST);

<b>“CH2M”</b>	CH2M, is a global engineering company that provides consulting, design, construction, and operations services for corporations, and federal, state, and local governments
<b>“Company” or “Strat Aero”</b>	Strat Aero plc, a company registered in England and Wales with registered number 9109008;
<b>“CREST”</b>	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form operated by Euroclear UK & Ireland Limited;
<b>“CREST Manual”</b>	the compendium of documents entitled CREST Manual issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms;
<b>“CREST Member”</b>	a person who has been admitted to Euroclear as a member (as defined in the CREST Order);
<b>“CREST Order”</b>	the Companies (Uncertificated Securities) (Jersey) Order 1999 (as amended);
<b>“CREST Participant”</b>	a person who is, in relation to CREST, a participant (as defined in the CREST Order);
<b>“CREST Payment”</b>	shall have the meaning given in the CREST Manual issued by Euroclear;
<b>“CREST Sponsor(s)”</b>	a CREST Participant admitted to CREST as a CREST sponsor;
<b>“CREST Sponsored member(s)”</b>	a CREST Member admitted to CREST as a sponsored member (which includes all CREST Personal Members);
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended;
<b>“Enlarged Ordinary Share Capital”</b>	The 5,264,929,434 Ordinary Shares of the Company in issue upon Admission following completion of Open Offer (assuming full take-up of the Open Offer);
<b>“EU”</b>	the European Union;
<b>“Excess Application Facility”</b>	the arrangement pursuant to which Qualifying Shareholders may apply for any number of Open Offer Shares in excess of their Open Offer Entitlement provided that they have agreed to take up their Open Offer Entitlement in full
<b>“Existing Ordinary Shares”</b>	The existing Ordinary Shares of the Company as at close of business on the Record Date;

<b>“Financial Conduct Authority” or “FCA”</b>	the United Kingdom Financial Conduct Authority;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended;
<b>“General Meeting”</b>	a general meeting of the Shareholders called in accordance with the Company’s Articles
<b>“Geocurve”</b>	A subsidiary of Strat Aero PLC. Specialist surveyors and UAV/UAS operators
<b>“Group”</b>	the Company and its subsidiary undertakings;
<b>“HMRC”</b>	Her Majesty’s Revenue & Customs;
<b>“IFRS”</b>	International Financial Reporting Standards as adopted by the European Union;
<b>“ISIN”</b>	international security identification number;
<b>“Issue Price”</b>	0.035 pence per New Ordinary Share;
<b>“Official List”</b>	the list maintained by the UKLA in accordance with section 74(1) of FSMA for the purposes of Part VI of FSMA;
<b>“Open Offer”</b>	the offer to Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price, as described in this document;
<b>“Open Offer Entitlements”</b>	the entitlement of Qualifying Shareholders to subscribe for the Open Offer Shares at the Issue Price allocated to Qualifying Shareholders at the Record Date pursuant to the Open Offer;
<b>“Open Offer Shares”</b>	up to 1,455,026,120 new Ordinary Shares which are being offered to Qualifying Shareholders pursuant to the Open Offer;
<b>“Ordinary Shares”</b>	ordinary shares of 0.01p each in the issued share capital of the Company from time to time;
<b>“Overseas Shareholders”</b>	Shareholders resident in, or citizens of, jurisdictions outside the United Kingdom;
<b>“Peterhouse”</b>	Peterhouse Corporate Finance Limited, the Company’s Sole broker;
<b>“Placees”</b>	any persons who have agreed to subscribe for Placing Shares pursuant to the Placing;
<b>“Placing”</b>	the placing by Peterhouse, as agent of and on behalf of the Company of the Placing Shares at the Issue Price and announced by the Company on 5 December 2017 and completed on 8 December 2017;

<b>“Placing Shares”</b>	the 1,685,714,286 new Ordinary Shares issued pursuant to the Placing and which were admitted to trading on AIM on 8 December 2017;
<b>“Qualifying CREST Shareholders”</b>	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company on the Record Date are held in uncertificated form;
<b>“Qualifying Non-CREST Shareholders”</b>	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company on the Record Date are held in certificated form;
<b>“Qualifying Shareholders”</b>	holders of Existing Ordinary Shares on the Record Date (other than Shareholders resident in or citizens of any Restricted Jurisdiction);
<b>“Record Date”</b>	close of business on 1 December 2017;
<b>“Regulation S”</b>	Regulation S of the Securities Act;
<b>“Restricted Jurisdiction”</b>	any U.S. person (as defined in Regulation S) or any address in the U.S., Canada, Australia, the Republic of South Africa, New Zealand, Japan or any other country outside of the United Kingdom where a distribution may lead to a breach of any applicable legal or regulatory requirements;
<b>“Securities Act”</b>	the U.S. Securities Act of 1933, as amended;
<b>“Shareholders”</b>	the persons who are registered as holders of Ordinary Shares;
<b>“Sterling” or “£”</b>	the legal currency of the UK;
<b>“TIDM”</b>	tradable instrument display mnemonic;
<b>“UAS”</b>	Unmanned Aerial System
<b>“UAV”</b>	Unmanned Aerial Vehicle
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“UKLA”</b>	the United Kingdom Listing Authority, being the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
<b>“Uncertificated” or “in Uncertificated Form”</b>	a share or other security recorded on the relevant register of the relevant company 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>“U.S.” or “US”</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
<b>“U.S Dollars” or “US\$” or “USD” or “cents”</b>	United States Dollars, the formal currency used in the U.S.;
<b>“VAT”</b>	Value Added Tax;

All references in this Document to “£” or “pence” are to the lawful currency of the UK.

All references in this Document to “\$” or “cents” are to the lawful currency of the United States of America.

All references to legislation in this Document are to English legislation unless the contrary is indicated.