



Treatt PLC - TET

PLACING TO RAISE £21.6 MILLION
Released 07:00 28-Nov-2017



RNS Number : 6617X

Treatt PLC

28 November 2017

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TREATT PLC

("Treatt", the "Company" or the "Group")

Proposed placing to raise £21.6 million to accelerate US expansion and help fund UK site development and relocation

Treatt, the manufacturer and supplier of innovative ingredient solutions for the flavour, fragrance, beverage and consumer products industries, is pleased to announce that it has conditionally raised approximately £21.6 million (before expenses) by placing 5,265,500 Placing Shares at a price of 410.0 pence per Placing Share with new and existing institutional investors in order to help fund the acceleration of the Group's US expansion plans and its UK site relocation and expansion to deliver a new UK facility capable of supporting Treatt's future growth plans.

Treatt's audited results for the year ended 30 September 2017 have also been announced today in a separate release.

Highlights

- 2022 growth plan in place, driven by continued focus on citrus, sugar reduction and tea ingredient solutions
- Proposed placing of 5,265,500 Placing Shares at a price of 410.0 pence per Placing Share raising gross proceeds of approximately £21.6 million
- Net proceeds of the Placing will be used to part fund the acceleration of the Group's US expansion plans and its UK site relocation and expansion
- The expansion in the US is expected to allow the Group to enhance the Group's technical capabilities and customer engagement facilities

- In the UK, the relocation and expansion is expected to not only significantly improve client interaction and production capabilities but, over the medium term, drive further margin growth through a number of operational efficiencies and technical improvements
- Non-binding bank commitments have been received for a new US\$11 million US Construction to Term Loan and a £15 million UK revolving credit facility to support the financing of the Group's capital investment programme
- The Placing is conditional on, *inter alia*, the shareholders of Treatt passing a resolution to authorise the directors to disapply pre-emption rights in respect of certain of the Placing Shares which is to be proposed at a general meeting of the Company to be held on 18 December 2017 and admission of the Placing Shares to the Premium listing segment of the Official List of the Financial Conduct Authority and to the London Stock Exchange's main market for listed securities taking place on 19 December 2017
- Investec is acting as sole bookrunner and broker in connection with the Placing

Daemmon Reeve, Treatt's Chief Executive Officer commented:

"We are delighted with the support that we have received from both new and existing institutional shareholders. Alongside the debt financing we expect to obtain, the net funds will accelerate our US expansion plans and our UK site relocation to deliver a new UK facility capable of supporting the Group's future growth plans."

A circular, extracts of which are set out below, containing the Notice of General Meeting, convened for 2.30 p.m. on 18 December 2017, will be sent to shareholders today, outlining the terms of the Placing and convening the General Meeting at which the Resolution will be proposed. A copy of the Circular will shortly be made available on the Company's website, www.treatt.com, and in accordance with LR 9.6.1, a copy of the Circular will be submitted to the National Storage Mechanism and will shortly be available for inspection at www.morningstar.co.uk/uk/NSM.

This Announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulations (EU) No. 596/2014 ("MAR") and is disclosed in accordance with the Company's obligations under Article 17 of MAR. In addition, market soundings (as defined in MAR) were taken in respect of the Placing with the result that certain persons became aware of inside information (as defined in MAR), as permitted by MAR. This inside information is set out in this Announcement. Therefore, those persons that received inside information in a market sounding are no longer in possession of such inside information relating to the Company and its securities.

For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this Announcement is being made on behalf of the Company by Anita Steer, Group Legal Counsel and Company Secretary.

Enquiries:

Treatt plc +44 (0)1284 702500
 Daemmon Reeve - Chief Executive Officer
 Richard Hope - Chief Financial Officer

Investec Investment Banking – Sole Bookrunner and Broker +44 (0)20 7597 5970
 Patrick Robb
 David Anderson
 Alex Wright
 Robert Baker
 Stephanie Cornish

About the Group

Treatt is a global supplier of innovative ingredient solutions for the flavour, fragrance and multinational consumer product industries, particularly in the beverage sector. Renowned for its technical expertise and knowledge of ingredients, their origins and market conditions, Treatt is recognised as a leader in its field.

The Group employs over 300 staff in Europe, North America, Africa and Asia and has manufacturing facilities in the UK, USA and Kenya.

Earthoil is the personal care ingredients division of Treatt, which specialises in pure and organic fair trade essential and cold pressed vegetable seed oils, offering a broad spectrum of natural raw materials for cosmetic applications.

For further information about the Group, visit www.treatt.com and www.earthoil.com.

This Announcement should be read in its entirety. In particular, you should read and understand the information provided in the "Important Notices" section below.

The Appendix to this Announcement (which forms part of this Announcement) sets out the terms and conditions of the Placing. Persons who have chosen to participate in the Placing, by making an oral or written offer to subscribe for Placing Shares, will be deemed to have read and understood this Announcement in its entirety (including the Appendix) and to be making such offer on the terms and subject to the conditions herein, and to be providing the representations, warranties, agreements, acknowledgements and undertakings contained in the Appendix.

IMPORTANT NOTICES

This announcement is not an offer of securities for sale, or solicitation of an offer to purchase securities, in the United States. The Placing Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**") or with any securities regulatory authority of any state or jurisdiction of the United States, and may not be offered, sold or transferred, directly or indirectly, in the United States unless the Placing Shares are registered under the US Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, in each case in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offering of the Placing Shares in the United States.

This Announcement may contain "forward-looking statements" with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition, performance, strategic initiatives, objectives and results. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "seek", "may", "could", "outlook" or other words of similar meaning. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond the control of the Company including, amongst other things, United Kingdom domestic and global economic business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities, the effect of competition, inflation, deflation, the timing effect and other uncertainties of potential future acquisitions, fluctuations in the property market for the price of land, the effect of tax and other legislation and other regulations in the United Kingdom, the effect of volatility in the equity, capital and credit markets on the Company's profitability and ability to access capital and credit, a

decline in the Company's credit ratings; the effect of operational risks; and the loss of key personnel. As a result, the actual future financial condition, performance and results of the Company may differ materially from the plans, goals and expectations set forth in any forward-looking statements. You should not place undue reliance on forward-looking statements. Any forward-looking statements made in this Announcement by or on behalf of the Company speak only as of the date they are made. Except as required by applicable law or regulation, the Company expressly disclaims any obligation or undertaking to publish any updates or revisions to any forward-looking statements contained in this Announcement to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. The price of the shares and any income from them may go down as well as up and investors may not get back the full amount invested on disposal of such shares.

This Announcement does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in the Placing Shares.

Investec Bank plc is authorised by the Prudential Regulatory Authority ("**PRA**") and regulated in the United Kingdom by the PRA and the Financial Conduct Authority and is acting exclusively for the Company and no one else in connection with the Placing and will not be responsible to anyone (including any Placees) other than the Company for providing the protections afforded to its customers or for providing advice in relation to the Placing or any other matters referred to in this Announcement.

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

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

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

Proposed placing to raise £21.6 million to accelerate US expansion and help fund UK site development and relocation

Introduction

Treant, the manufacturer and supplier of innovative ingredient solutions for the flavour, fragrance, beverage and consumer products industries, is pleased to announce that it has conditionally raised approximately £21.6 million (before expenses) by placing 5,265,500 Placing Shares at a price of 410.0 pence per Placing Share with new and existing institutional investors in order to part fund the acceleration of the Group's US expansion plans and its UK site relocation and expansion to deliver a new UK facility capable of supporting Treant's future growth plans.

Strategy

As previously announced, the Group met its 2020 strategic objectives three years early. This was achieved, in part, through changes made to the Group's customer engagement model which has seen the Group aim to become a partner of choice with both new and existing customers. This new customer engagement model is focused on peer-to-peer working and knowledge sharing, and has enabled the Group to leverage its strong technical capability to deliver its higher margin products and solutions into these new and existing customers. The percentage of the Group's revenue derived from added-value products has grown from 66.0 per cent. in the financial year ended 30 September 2015 to 67.7 per cent. in the financial year ended 30 September 2017.

These changes to the Group's customer engagement model have resulted in sustained revenue and profit growth and margin improvement. The Group now has a well-diversified blue-chip customer base where the Group's top ten customers for the financial year ended 30 September 2017 represented approximately 40 per cent. of Group revenues. Approximately half of the Group's total sales for the same period were made directly to end-user manufacturers, with the balance sold indirectly via flavour and fragrance houses.

Building on this strategic initiative and the Group's strong financial performance, the Board has now approved its strategic plan to drive the business through to 2022. The new strategic plan will see particular focus on the Group's key product categories of citrus, sugar reduction and tea. Further information on these key product categories is set out below:

Citrus

Citrus remains the Group's largest product category. From the Group's diverse product portfolio, it is able to offer natural and synthetic citrus products which are helping to drive multiple new business wins and create significant additional market opportunities.

Sugar reduction

The sugar reduction market has seen strong growth over the last few years, driven by the global shift towards the health-conscious consumer, and in part by government intervention, such as the UK Government's impending levy on drinks containing added sugar (the "**Sugar Tax**"). The Directors believe that the Group is well placed to assist its customers in this evolving regulatory and consumer environment with its product portfolio which includes products with the natural flavour of sugar but without any carbohydrates or calories. The Group has been working closely with its established customers in this market and continues to win new business from global fast-moving consumer goods ("**FMCG**") businesses, which see reducing sugar formulations in their beverages as a high priority.

Tea

In addition to its new business wins within the citrus and sugar reduction markets, the Group has had particular success with its higher margin product portfolio created for the ready-to-drink ("**RTD**") tea

market, seeing noteworthy wins with multiple global FMCG businesses and flavour and fragrance houses. The global RTD tea market has increased by over 40 per cent. in size between 2011 and 2016.

In addition to these key product categories, the Group will continue to work with other synthetic and natural flavours, essential oils and cosmetic ingredients. The Group will also look to explore potential new growth areas such as the RTD coffee market.

Final Results

The Company has today also separately announced its final results for the financial year ended 30 September 2017. Highlights of the results are set out below:

Financial highlights:

	Financial year ended 30 September 2017	Financial year ended 30 September 2016	Change
Revenue	£109.6m	£88.0m	+24.5%
Gross margin	24.5%	23.2%	+130bps
Operating profit*	£13.8m	£9.5m	+44.6%
Adjusted profit before tax*	£12.9m	£8.8m	+45.7%
Adjusted basic earnings per share*	18.29p	12.84p	+42.4%

* Excluding exceptional items from the financial year ended 30 September 2016.

Operational highlights:

- New business wins with global FMCG businesses
- 2020 strategic plan delivered three years early
- New five-year strategy now in place
- Continued focus on key growth drivers of citrus, tea and sugar reduction solutions
- Good progress made in regard to the Group's UK site relocation and US expansion

Prospects

The Group has had an encouraging start to the new financial year ending 30 September 2018 with both the UK and US currently tracking on plan. Furthermore, with order books up compared with the same time last year, the Group continues to perform in line with the Board's expectations for the full year.

Background to and reasons for the Placing

With a growth plan focused on investing in the proven opportunities within citrus, sugar reduction and tea ingredient solutions, the Group proposes to:

- increase its research and development capabilities;
- develop new opportunities with its established customers;
- maintain its performance culture and employee engagement strategy, which the Directors see as key to the further success of the Group; and
- target important strategic markets of China and India, where the Group currently has only a fledgling presence, whilst continuing to expand its existing footprint in North America.

To support this growth strategy, which sees Earthoil as no longer core to the Group's operations, and to create a scalable business for the longer term, the Directors consider that appropriate levels of capital investment will be required to modernise the Group's operations, including developing an environment to promote its partnership-based client approach, and enhance its technical capabilities to drive product innovation, margin and operational efficiencies. Investment will also be required to increase capacity at the Group's facilities to meet expected customer demand.

The Group now plans to undertake a capital investment programme of approximately £46 million, with approximately US\$14 million being used to expand the Group's US operations and approximately £35 million (net) being invested into the Group's UK relocation and expansion plan. Further details on the investment programme are set out below.

US site expansion

The continued success of the Group's US operations has meant that it has outgrown its existing facilities. As such, the Group's US facility needs to be expanded, not only to meet greater client demand for the Group's products, but also to enhance the Group's technical capabilities and facilities to support such growth.

The planned expansion of the Group's US facility will involve a repeat of the capacity increase successfully completed by the Group in 2011/12, thereby doubling the Group's production capacity for its tea and sugar reduction products in the US.

The investment in the US is estimated to be approximately US\$14 million, of which US\$10.8 million is expected to be invested during the financial year ending 30 September 2018 with the remaining US\$3.2 million to be invested in the financial year ending 30 September 2019. Construction at the Group's existing site has commenced with completion expected in late 2018. No down-time at the existing facility is expected during the construction process. The Directors expect that the modular design of the new development leaves the ability to add further capacity in the future.

UK site relocation

As set out in the Company's results for the financial year ended 30 September 2016, which were announced in November 2016, the Group has been at its existing site at Bury St Edmunds, Suffolk, since 1971 and although the Group has continuously adapted the site over the years, the Directors consider the six sub-optimal buildings to be no longer fit for purpose.

The Group's growing business needs to operate from a site which is fit for purpose for the future, where it can quickly adapt to the ever-changing regulatory environment and to help attract and retain the right talent into the business in order to continue to drive growth and innovation in its marketplace.

As such, over the course of the last financial year, the Group has been progressing with detailed plans and the planning application process for the relocation to a brand new purpose-built science-led facility on the Suffolk Business Park in Bury St. Edmunds to create a scalable business for the longer term. Outline planning permission for the Group's new ten-acre site has been granted, the land acquired and the detailed planning application submitted. Construction on the new site is expected to begin, subject to planning permission, in mid-2018 with the site expected to become operational by late 2019.

To help minimise the challenges involved and the potential impact on the operations of the business as a result of the UK relocation and expansion, the management team have been planning the details of this project for over two years.

The Group expects to benefit significantly from the enhanced capabilities the move will afford the Group. These benefits include:

- (i) a number of operational efficiencies such as improved site logistics, automated warehousing, enhanced technical facilities and 24 hour working;
- (ii) improved technical collaboration, heightened customer experience and a more collaborative environment to drive customer interaction and product innovation;
- (iii) a step-change in capacity; and
- (iv) a modular design to allow future expansion opportunities throughout.

Together, the Directors believe these enhanced capabilities will drive further margin improvement over the medium term, with the Directors targeting a return on investment of 10-15 per cent. three years after relocation.

The net cost of the UK relocation and expansion plan is expected to be approximately £35 million, of which approximately £4 million has already been incurred in the financial year ended 30 September 2017. The remainder of the investment is expected to be phased over the next three financial years as to approximately £14 million, £21 million and £1 million in the financial years ending 30 September 2018, 30 September 2019 and 30 September 2020 respectively. Following the closure of the Group's existing UK site, expected to take place in the financial years ending 30 September 2021 and 2022, the Directors intend to sell the existing site which has a current estimated value of approximately £5 million. These estimated costs include a contingency of 7.5 per cent. and the Group expects to have contracts for the UK site development out to tender in March 2018.

Financing of capital investment programme

The Board is putting in place the required financing to support this capital investment programme including new bank borrowing facilities and raising equity through the Placing (as set out below). This structure reflects the Board's prudent and conservative approach to financing with gearing levels expected to remain within its target gearing of no more than 2.5x net debt/EBITDA. Net debt/EBITDA, during the investment programme, is expected to peak at approximately 1.8x in March 2019, and to reduce quickly thereafter. The Board expects capital expenditure to be phased from January 2018 to June 2019.

The capital investment programme is expected to be funded as follows:

- a new UK five-year revolving credit facility totalling £15 million, for which the Group has already received a non-binding commitment, with a margin of 1.2 per cent. over the London Interbank Offered Rate (“LIBOR”);
- a new US 10-year Construction to Term Loan totalling US\$11 million, for which the Group has already received a non-binding commitment letter, with a margin of 1.25 to 2 per cent. over LIBOR; and
- a conditional placing of 5,265,500 Placing Shares at a price of 410.0 pence per Placing Share, raising net proceeds of approximately £20.8 million.

Whilst the Board is confident that it will be able to secure the necessary debt financing to complete the capital investment programme, should such debt financing not be forthcoming then the Board believes that through careful management of its working capital, internally generated cash flows, together with appropriate extension of the timescales for the UK site relocation and expansion, the Group would be able to complete the investment programme over a longer time period.

Details of the Placing

Under the terms of the Placing, Treatt has conditionally placed 5,265,500 Placing Shares, representing approximately 10.0 per cent. of its current issued ordinary share capital, with new and existing institutional investors at the Placing Price. The Board believes that raising equity finance using the flexibility provided by a non-pre-emptive placing is the most appropriate and optimal structure for the Company at this time. Members of the public are not entitled to participate in the Placing. The Company has conditionally raised approximately £21.6 million (gross) (approximately £20.8 million net) by way of the Placing. The Placing is not being underwritten.

The Placing Price of 410.0 pence represents a discount of approximately 2.4 per cent. to the closing mid-market price of 420.25 pence per Ordinary Share on 27 November 2017, being the latest practicable date prior to the publication of this Announcement.

Pursuant to the terms of the Placing Agreement, Investec has agreed to act as agent for the Company to use its reasonable endeavours to procure Placees for the Placing Shares at the Placing Price. Investec is acting as sole bookrunner and broker in respect of the Placing.

The Placing Shares will rank *pari passu* in all respects with each other and with all other Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission, including the final dividend of 3.35 pence per Ordinary Share declared by the Board on 28 November 2017 in respect of the financial year ended 30 September 2017, subject to its approval by shareholders at the Company's annual general meeting on 26 January 2018.

Applications will be made to the FCA for admission of the Placing Shares to the Premium listing segment of the Official List of the FCA and to the London Stock Exchange for admission to trading on its main market for listed securities. It is expected that Admission will become effective on or around 19 December 2017 and that dealings in the Placing Shares will commence on that date.

Upon Admission, the Enlarged Share Capital will comprise 58,170,670 Ordinary Shares with one voting right per share. The number of shares held in the Company's Employee Benefit Trust and Treatt SIP Trustees Limited, under which voting rights are waived, is 701,154. Therefore, the total number of voting rights in Treatt upon Admission, assuming no other Ordinary Shares are issued by the Company, will be 57,469,516. This figure may be used by shareholders following Admission as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of Treatt under the FCA's Disclosure Guidance and Transparency Rules sourcebook.

The Placing is conditional upon, *inter alia*, the shareholders of Treatt passing the Resolution which is to be proposed at the General Meeting, Admission becoming effective and the Placing Agreement between Treatt and Investec becoming unconditional and not being terminated, in accordance with its terms. The Placing Agreement contains certain warranties and indemnities from the Company in favour of Investec in relation to, *inter alia*, the accuracy of the information in this Announcement, the Circular, certain financial information and other matters relating to the Company and its business. The Placing Agreement is not subject to any right of termination after Admission.

General Meeting

At the Company's annual general meeting on 27 January 2017 (the "AGM"), shareholders were asked to grant authorities in relation to, *inter alia*:

- (i) the general disapplication of pre-emption rights for up to approximately 5 per cent. of the Company's issued share capital (Resolution 12 at the AGM); and
- (ii) the disapplication of pre-emption rights for up to approximately a further 5 per cent. of the Company's issued share capital for a specified capital investment (Resolution 13 at the AGM).

Resolutions 12 and 13 were duly passed by the Company's shareholders at the AGM, however, the wording to Resolution 13, as referenced above, contained an error and cannot be relied upon for the purpose of the Placing. Accordingly, to ensure that the Directors have the appropriate authority to disapply pre-emption rights in respect of the Placing, the General Meeting is being convened.

The Resolution will authorise the Directors to disapply pre-emption rights for up to approximately a further 5 per cent of the Company's issued share capital for a specified capital investment, in substitution for the authority that was obtained at the AGM pursuant to Resolution 13. This authority shall be limited to a maximum aggregate nominal amount of £52,655, representing 2,632,750 new

Ordinary Shares. The Resolution will be proposed as a special resolution. To be passed, the Resolution will require the support of not less than 75 per cent of the total voting rights of shareholders who (being entitled to do so) vote on such resolution (in person or by proxy) at the General Meeting.

The Directors who (directly or indirectly) hold Ordinary Shares have given irrevocable commitments to the Company in respect of their entire legal and beneficial holdings of Ordinary Shares to vote in favour of the Resolution amounting, in aggregate, to 600,737 Ordinary Shares representing approximately 1.15 per cent. of the Company's current issued share capital (excluding Ordinary Shares held in the Employee Benefit Trust and Treatt SIP Trustees Limited, under which voting rights are waived).

Recommendation

The Directors consider the Placing to be in the best interests of the Company and its shareholders as a whole and, accordingly, unanimously recommend that holders of Ordinary Shares vote in favour of the Resolution to be proposed at the General Meeting as they have irrevocably committed to do so in respect of their own beneficial holdings amounting, in aggregate, to 600,737 Ordinary Shares, representing approximately 1.15 per cent. of the current issued share capital of the Company (excluding Ordinary Shares held in the Employee Benefit Trust and Treatt SIP Trustees Limited, under which voting rights are waived).

The Appendix to this Announcement (which forms part of the Announcement) sets out the terms and conditions of the Placing and expressions used in this Announcement shall have the meanings set out in the Definitions section of the Appendix.

Share capital and placing statistics

Number of Ordinary Shares in issue before the Placing	52,905,170
Number of Placing Shares to be issued pursuant to the Placing	5,265,500
Placing Price	410.0 pence
Gross proceeds of the Placing	£21.6 million
Estimated net proceeds of the Placing	£20.8 million
Number of Ordinary Shares in issue immediately following the Placing	58,170,670
Number of Ordinary Shares in issue held in the Employee Benefit Trust and Treatt SIP Trustees Limited, under which voting rights are waived	701,154
Number of voting rights in the Company immediately following the Placing	57,469,516
Placing Shares as a percentage of the Enlarged Share Capital	9.1 per cent.
Options over Ordinary Shares capable of exercise from December 2017	up to 500,000

Expected timetable of principal events

Anticipated date of posting the Circular	28 November 2017
Last time and date for receipt of Proxy Forms and CREST Proxy Instructions	2.30 p.m. on 14 December 2017
General Meeting	2.30 p.m. on 18 December 2017
Admission and dealings in the Placing Shares expected to commence	19 December 2017
Where applicable, expected date for CREST accounts to be credited for Placing Shares in uncertificated form	19 December 2017
Where applicable, expected date for despatch of definitive share certificates in respect of Placing Shares in certificated form	by 3 January 2018

Notes:

1. *Reference to times are to London times unless otherwise stated.*
2. *The dates and times given in this Announcement are based on the Company's current expectations and may be subject to change.*
3. *Any changes to the timetable set out above will be announced via a Regulatory Information Service.*

APPENDIX

TERMS AND CONDITIONS OF THE PLACING

IMPORTANT INFORMATION FOR PLACEEES ONLY REGARDING THE PLACING

THIS ANNOUNCEMENT, INCLUDING THIS APPENDIX (TOGETHER, THE "**ANNOUNCEMENT**") AND THE INFORMATION IN IT, IS RESTRICTED, AND IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA, NEW ZEALAND, JAPAN OR THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL.

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THIS ANNOUNCEMENT, INCLUDING THIS APPENDIX, IS FOR INFORMATION PURPOSES ONLY AND DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY. THIS ANNOUNCEMENT HAS BEEN ISSUED BY AND IS THE SOLE RESPONSIBILITY OF THE COMPANY.

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CONTENTS OF THIS ANNOUNCEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES. NO PUBLIC OFFERING OF SECURITIES IS BEING MADE IN THE UNITED STATES. NO MONEY, SECURITIES OR OTHER CONSIDERATION FROM ANY PERSON INSIDE THE UNITED STATES IS BEING SOLICITED AND, IF SENT IN RESPONSE TO THE INFORMATION CONTAINED IN THIS ANNOUNCEMENT, WILL NOT BE ACCEPTED.

EACH PLACEE SHOULD CONSULT ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN INVESTMENT IN PLACING SHARES. THE PRICE OF ORDINARY SHARES IN THE COMPANY AND THE INCOME FROM THEM (IF ANY) MAY GO DOWN AS WELL AS UP AND INVESTORS MAY NOT GET BACK THE FULL AMOUNT INVESTED ON DISPOSAL OF ORDINARY SHARES.

Persons who are invited to and who choose to participate in the Placing, by making (or on whose behalf there is made) an oral or written offer to subscribe for Placing Shares (each such person whose participation is accepted by Investec in accordance with this Appendix being hereinafter referred to as a "**Placee**" and together, as the "**Placees**"), will be deemed to have read and understood this Announcement, including this Appendix, in its entirety and to be making such offer on the terms and conditions, and to be providing the representations, warranties, acknowledgements, and undertakings contained in this Appendix. In particular, each such Placee represents, warrants and acknowledges that:

1. it is a Relevant Person (as defined above) and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
2. in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Placing Shares acquired by it have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State of the European Economic Area ("**EEA**") which has implemented the Prospectus Directive other than Qualified Investors or in circumstances in which the prior consent of Investec has been given to the offer or resale; or (ii) where Placing Shares have been acquired by it on behalf of persons in any Member State of the EEA other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons; and/or
3. (a) it is not in the United States, (b) it is a dealer or other professional fiduciary in the United States acting on a discretionary basis for a non-US person (other than an estate or trust) in reliance on Regulation S under the Securities Act; or (c) it is otherwise acquiring the Placing Shares in an "offshore transaction" meeting the requirements of Regulation S under the Securities Act.

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

This Announcement does not constitute investment advice or an offer, and may not be used in connection with an offer, to sell or issue or the solicitation of an offer to buy or subscribe for Placing Shares in any jurisdiction in which such offer or solicitation is or may be unlawful. No action has been taken by the Company or Investec that would permit an offering of such securities or possession or distribution of this Announcement or any other offering or publicity material relating to such securities in any jurisdiction where action for that purposes is required. This Announcement and the information contained herein is not for publication or distribution, directly or indirectly, to persons in the United States, Canada, Australia, New Zealand, Japan or the Republic of South Africa or in any jurisdiction in which such publication or distribution is unlawful. Persons into whose possession this Announcement may come are required by the Company to inform themselves about and to observe any restrictions of transfer of this Announcement. No public offer of securities of the Company is being made in the United Kingdom, the United States or elsewhere.

In particular, the Placing Shares referred to in this Announcement have not been and will not be registered under the Securities Act or any laws of, or with any securities regulatory authority of, any

state or other jurisdiction of the United States, and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the securities laws of any state or other jurisdiction of the United States. Furthermore, the Placing Shares have not been recommended by any US federal or state securities commission or regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or confirmed the accuracy or determined the adequacy of this Announcement. Any representation to the contrary is a criminal offence in the United States. The Placing Shares are being offered and sold outside the United States in accordance with Regulation S under the Securities Act.

The Placing Shares will not be lodged with or registered by the Australian Securities and Investments Commission and are not being offered for subscription or sale and may not be directly or indirectly offered, sold, taken up, transferred or delivered in or into Australia or to or for the account or benefit of any person or corporation in (or with a registered address in) Australia. The relevant clearances have not been, and will not be obtained from the Ministry of Finance of Japan and no circular in relation to the Placing Shares has been or will be lodged with or registered by the Ministry of Finance of Japan. The Placing Shares may not therefore be offered, taken up, transferred or sold, directly or indirectly, in or into Japan, its territories and possessions and any areas subject to its jurisdiction or to any resident of Japan. The approval of the South African Exchange Control Authorities has not been, and will not be, obtained in relation to the Placing Shares. The Placing Shares may not therefore be offered, taken up, transferred or sold directly or indirectly in or into South Africa or to a resident of South Africa. The Placing Shares may not be offered, taken up, transferred or sold directly or indirectly in or into Canada or New Zealand or to a resident of Canada or New Zealand.

Any indication in this Announcement of the price at which Ordinary Shares have been bought or sold in the past cannot be relied upon as a guide to future performance. No statement in this Announcement is intended to be a profit forecast and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

The Placing Shares will not be admitted to trading on any stock exchange other than the London Stock Exchange's Main Market for listed securities.

Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this Appendix or the Announcement of which it forms part should seek appropriate advice before taking any action.

Details of the Placing

Investec has entered into the Placing Agreement with the Company under which Investec has, on the terms and subject to the conditions set out therein, undertaken to use its reasonable endeavours to procure, as agent for the Company, subscribers for the Placing Shares at the Placing Price.

The Placing Agreement contains customary undertakings and warranties given by the Company to Investec including as to the accuracy of information contained in this Announcement and the Circular, to matters relating to the Company and its business and a customary indemnity given by the Company to Investec in respect of liabilities arising out of or in connection with the Placing.

The Placing is conditional upon, *inter alia*, the Resolution being passed by the requisite majority at the General Meeting, Admission becoming effective and the Placing Agreement not being terminated in accordance with its terms. A circular explaining the background to and reasons for the Placing, and containing the Notice of General Meeting will be sent to shareholders today. A copy of the Circular and the Notice of General Meeting will also be available from the Company's website at: <https://www.treatt.com/>.

Investec has absolute discretion as to the enforcement of any obligations, undertakings,

representations and warranties of the Company in the Placing Agreement and the making of any amendments to the Placing Agreement.

Investec has no responsibility or liability to the Placees in relation to the exercise of its discretion or in relation to any other right or discretion given to it or which it is entitled to exercise, whether under the Placing Agreement or otherwise.

The Placing Shares will, when issued, be issued free of any right of pre-emption, third-party right or interest, encumbrance, lien or other security interest and credited as fully paid and will rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions (if any) declared, made or paid on or in respect of the Ordinary Shares after Admission, including the final dividend of 3.35 pence per Ordinary Share declared by the Board on 28 November 2017 in respect of the financial year ended 30 September 2017, subject to approval by shareholders at the Company's annual general meeting on 26 January 2018.

The Company, subject to certain exceptions, has agreed not to offer, issue, lend, sell, contract to sell or otherwise dispose of its Ordinary Shares in the period of 180 days from the date of Admission without the prior written consent of Investec.

Applications for Admission

Application will be made to the FCA for Admission to listing and to the London Stock Exchange for Admission to trading. Subject to, *inter alia*, the Resolution being passed, the Company having complied with all its obligations and having satisfied all conditions under the Placing Agreement to be performed on or prior to Admission, it is expected that settlement of the Placing Shares and Admission will become effective on 19 December 2017 and that dealings in the Placing Shares will commence at that time.

Participation in, and principal terms of, the Placing

1. Investec will arrange the Placing as agent for and on behalf of the Company.
2. Investec is authorised in the United Kingdom by the Prudential Regulation Authority ("PRA") and regulated by the FCA and the PRA, and is acting exclusively for the Company and no one else in connection with the matters referred to in this Announcement and will not be responsible to anyone other than the Company for protections afforded to the customers of Investec or for providing advice in relation to the matters described in this Announcement.
3. Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by Investec. Investec and the Company will determine in their absolute discretion the extent of each Placee's participation in the Placing, which will not necessarily be the same for each Placee.
4. This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.
5. The Placing Price will be a fixed price of 410.0 pence per Placing Share.
6. A Placee's commitment to subscribe for a fixed number of Placing Shares will be agreed with and confirmed to it orally by Investec and a Contract Note will be despatched as soon as possible thereafter. The terms of this Appendix will be deemed incorporated by reference therein. The oral confirmation to the Placee by Investec constitutes an irrevocable, legally binding contractual commitment of the Placee in favour of the Company and Investec (as agent for the Company) to subscribe for the number of Placing Shares allocated to it at the Placing Price and on the terms set out in this Appendix and in accordance with the Company's articles of association.

7. An offer to acquire Placing Shares, which has been communicated by a prospective Placee to Investec which has not been withdrawn or revoked prior to publication of this Announcement, shall not be capable of withdrawal or revocation following the publication of this Announcement without the consent of Investec.
8. Except as required by law or regulation, no press release or other announcement will be made by Investec or the Company using the name of any Placee (or its agent), in its capacity as Placee (or agent), other than with such Placee's prior written consent.
9. Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to the Company and Investec, to pay in cleared funds immediately on the settlement date, in accordance with the registration and settlement requirements set out below, an amount equal to the product of the Placing Price and the number of Placing Shares such Placee has agreed to take up and the Company has agreed to allot.
10. Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at the times and on the basis explained below under "Registration and Settlement".
11. All obligations under the Placing will be subject to fulfilment or (where applicable) waiver of, *inter alia*, the conditions referred to below under "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Right to terminate under the Placing Agreement".
12. By participating in the Placing, each Placee agrees that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
13. To the fullest extent permissible by law, none of the Company, Investec or any of their respective affiliates, agents, directors, officers or employees, shall have any liability to Placees nor shall they owe any Placee fiduciary duties in respect of any claim they may have (or to any other person whether acting on behalf of a Placee or otherwise) under these terms and conditions. In particular, none of the Company, Investec or any of their respective affiliates, agents, directors, officers or employees shall have any liability (including to the fullest extent permissible by law, any fiduciary duties) in respect of Investec's conduct of the Placing. Each Placee acknowledges and agrees that the Company is responsible for the allotment of the Placing Shares to the Placees and neither Investec nor any of its affiliates, agents, directors, officers or employees shall have any liability to the Placees for the failure of the Company to fulfil those obligations.

Conditions of the Placing

Investec's obligations under the Placing Agreement are conditional on, *inter alia*:

- (a) the passing of the Resolution at the General Meeting without amendment;
- (b) the Company allotting, subject only to Admission, the Placing Shares in accordance with the Placing Agreement; and
- (c) Admission taking place not later than 8.00 a.m. on 19 December 2017, or such later time and/or date being no later than 8.30 a.m. on 5 January 2018, as the Company may agree with Investec.

Investec's obligations under the Placing Agreement are also conditional on, *inter alia*:

- (a) in the sole judgement of Investec (acting in good faith), the warranties given by the

Company in the Placing Agreement being true and accurate and not misleading (and remaining true and accurate and not misleading if they were repeated at any time before Admission) by reference to the facts then subsisting; and

- (b) in the sole judgment of Investec (acting in good faith), there not having occurred since the date of the Placing Agreement, any adverse change in, or any development which in the sole judgement of Investec, is reasonably likely to involve a prospective adverse change in, or affecting, the condition (financial, operational, legal or otherwise), earnings, business, management, properties, assets, rights, results of operations or prospects of the Group which, in the sole judgement of Investec, is or may be, material in the context of the Group as a whole, whether or not arising in the ordinary course of business (“**Material Adverse Effect**”) and there being no fact, circumstance or development reasonably likely to constitute a Material Adverse Effect (whether or not foreseeable at the date of this agreement).

If (i) any of the conditions contained in the Placing Agreement are not fulfilled or waived by Investec in writing by the time or date where specified (or such later time or date as the Company and Investec may agree, not being later than 8.30 a.m. on 5 January 2018), or (ii) the Placing Agreement is terminated as described below, the Placing will lapse and the Placees' rights and obligations hereunder in relation to the Placing Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by the Placee in respect thereof.

Investec may, in its absolute discretion, waive on such terms as it thinks fit any part of any of the Company's obligations in relation to the conditions in the Placing Agreement, save that certain conditions, including the conditions relating to Admission taking place (and the time by which Admission must occur), may not be waived and the period for compliance with such conditions may not be extended. Any such waiver will not affect Placees' commitments as set out in this Announcement.

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

Right to terminate under the Placing Agreement

Investec is entitled in its absolute discretion, at any time on or before Admission, to terminate the Placing Agreement by giving notice to the Company in certain circumstances, including, *inter alia*:

- (a) in the sole judgement of Investec (acting in good faith), any of the warranties in the Placing Agreement would, if repeated at any time up to Admission (by reference to the facts and circumstances then existing), be untrue or inaccurate or misleading;
- (b) in the sole judgement of Investec (acting in good faith), there has been a breach by the Company of its obligations under the Placing Agreement or any applicable law or regulation in respect of the Placing (to the extent such obligations fall to be performed prior to Admission);
- (c) in the sole judgement of Investec (acting in good faith), there has occurred any Material Adverse Effect since the date of the Placing Agreement; or
- (d) there has been a change in national or international monetary, political, financial, or economic conditions; an incident of terrorism, outbreak or escalation of hostilities, war or any other calamity or crisis; a disruption, suspension or material limitation in

trading of securities generally on any stock exchange; any change in currency exchange rates or foreign exchange controls or a material disruption in commercial banking, or any other adverse change (or prospective adverse change) regarding taxation affecting the Ordinary Shares, in each case as would be likely in the sole judgement of Investec (acting in good faith) to prejudice the success of the Placing, dealings in the Ordinary Shares in the secondary market or which makes it, in the sole judgement of Investec (acting in good faith), impractical to proceed with the Placing.

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

No offering document or prospectus

The Placing Shares are being offered to a limited number of specifically invited persons only and will not be offered in such a way as to require an admission document or prospectus in the United Kingdom or in any other jurisdiction. No offering document, admission document or prospectus has been or will be submitted to be approved by the FCA or submitted to the London Stock Exchange in relation to the Placing, and Placees' commitments will be made solely on the basis of the information contained in the Announcement (including this Appendix) and the Exchange Information (as defined further below). Each Placee, by accepting a participation in the Placing, agrees that the content of this Announcement is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any other information (other than the Exchange Information), representation, warranty, or statement made by or on behalf of the Company, Investec, any of their respective affiliates, agents, directors, officers or employees, or any other person and neither Investec, the Company, nor any of their respective affiliates, agents, directors, officers or employees nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received and, if given or made, such information, representation, warranty or statement must not be relied upon as having been authorised by Investec, the Company, or their respective affiliates, agents, officers, directors or employees. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Neither the Company nor Investec are making any undertaking or warranty to any Placee regarding the legality of an investment in the Placing Shares by such Placee under any legal, investment or similar laws or regulations. Each Placee should not consider any information in this Announcement to be legal, tax or business advice. Each Placee should consult its own solicitor, tax adviser and financial adviser for independent legal, tax and financial advice regarding an investment in the Placing Shares. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

Registration and settlement

Settlement of transactions in the Placing Shares (ISIN: GB00BKS7YK08) following Admission will take place within CREST provided that, subject to certain exceptions, Investec and the Company reserves the right to require settlement for, and delivery of, the Placing Shares (or a portion thereof) to Placees by such other means that it deems necessary if delivery or settlement is not possible or practicable within CREST within the timetable set out in this Announcement or would not be consistent with the regulatory requirements in any Placee's jurisdiction.

Each Placee allocated Placing Shares in the Placing will be sent a Contract Note stating the number of Placing Shares allocated to it at the Placing Price, the aggregate amount owed by such Placee to Investec (as agent for the Company) and settlement instructions. Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance

with either the CREST or certificated settlement instructions that it has in place with Investec.

It is expected that settlement in respect of the Placing Shares will be on 19 December 2017 on a T+2 basis in accordance with the instructions set out in the Contract Note.

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

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

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

Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax or securities transfer tax. If there are any circumstances in which any stamp duty or stamp duty reserve tax (together with interest and penalties) is payable in respect of the issue of the Placing Shares, neither Investec nor the Company, nor their respective affiliates, directors, officers or employees shall be responsible for the payment thereof. Placees will not be entitled to receive any fee or commission in connection with the Placing.

Representations, warranties and further terms

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) makes the following representations, warranties, acknowledgements, agreements and undertakings (as the case may be) to the Company and Investec, namely that, each Placee (and any person acting on such Placee's behalf):

1. represents and warrants that it has read and understood the Announcement, including this Appendix, in its entirety and that its subscription of Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained herein and not in reliance on any information given or any representations, warranties or statements made at any time by any person in connection with Admission, the Company, the Placing or otherwise, other than the information contained in this Announcement, and undertakes not to redistribute or duplicate this Announcement or any part of it;
2. acknowledges that no offering document, admission document or prospectus has been or will be prepared in connection with the Placing and represents and warrants that it has not received and will not receive a prospectus, admission document or other offering document in connection therewith;
3. acknowledges that the Ordinary Shares are listed on the premium listing segment of the Official List and are admitted to trading on the London Stock Exchange's Main Market for listed securities, and the Company is therefore required to publish certain business and

financial information in accordance with the Part VI Rules and MAR (collectively "**Exchange Information**"), which includes the Company's most recent balance sheet and profit and loss account and the Company's announcements and circulars published in the last 12 months and that the Placee is able to obtain or access such information or comparable information without undue difficulty;

4. acknowledges that neither Investec, the Company, nor any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them has provided it, and will not provide it, with any material regarding the Placing Shares or the Company other than this Announcement; nor has it requested any of Investec, the Company, their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them to provide it with any such information and has read and understood the Exchange Information;
5. acknowledges that the content of this Announcement is exclusively the responsibility of the Company, and that neither Investec, its affiliates, agents, directors, officers or employees, nor any person acting on its or their behalf has or shall have any liability for any information, representation or statement contained in this Announcement or any information previously or concurrently published by or on behalf of the Company, and will not be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this Announcement or otherwise. Each Placee further represents, warrants and agrees that it has read this Announcement and the Exchange Information and the only information on which it is entitled to rely and on which such Placee has relied in committing itself to acquire the Placing Shares is contained in this Announcement and any Exchange Information, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on any other information given or representations, warranties or statements made by Investec, the Company or any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them, or, if received, it has not relied upon any such information, representations, warranties or statements (including any management presentation that may have been received by any prospective Placee or any material prepared by the Research Department of Investec (the views of such Research Departments not representing and being independent from those of the Company and the Corporate Finance Department of Investec and not being attributable to the same)), and neither Investec nor the Company will be liable for any Placee's decision to accept an invitation to participate in the Placing based on any other information, representation, warranty or statement. Each Placee further acknowledges and agrees that it may not place the same degree of reliance on this Announcement as it may otherwise place on a prospectus or admission document. Each Placee further acknowledges and agrees that it has relied solely on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing and it will not rely on any investigation that Investec, its affiliates, agents, directors, officers or employees or any other person acting on its or their behalf has or may have conducted;
6. represents and warrants that it has neither received nor relied on any inside information (as defined in MAR) concerning the Company in accepting this invitation to participate in the Placing;
7. acknowledges that Investec does not have any duties or responsibilities to it, or its clients, similar or comparable to the duties of "best execution" and "suitability" imposed by the Conduct of Business Sourcebook in the FCA's Handbook of Rules and Guidance and that Investec is not acting for it or its clients and that Investec will not be responsible for providing protections to it or its clients;
8. acknowledges that neither Investec, its affiliates, agents, directors, officers or employees, nor any person acting on behalf of them has or shall have any liability for the Exchange Information, any publicly available or filed information or any representation relating to the Company, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;

9. neither Investec, its ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding companies, nor any of their respective affiliates, agents, directors, officers or employees shall be liable to Placees for any matter arising out of Investec's role as placing agent or otherwise in connection with the Placing and that where any such liability nevertheless arises as a matter of law each Placee will immediately waive any claim against any of such persons which you may have in respect thereof;
10. represents and warrants that it is not located in the United States;
11. acknowledges that the Placing Shares are being offered and sold only pursuant to Regulation S under the Securities Act in a transaction not involving a public offering of securities in the United States and the Placing Shares have not been and will not be registered under the Securities Act or with any state or other jurisdiction of the United States, nor approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, and that the offer and sale of the Placing Shares to it has been made outside of the United States in an 'offshore transaction' (as such term is defined in Regulation S under the Securities Act) and agrees not to reoffer, resell, pledge or otherwise transfer the Placing Shares except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and otherwise in accordance with any applicable securities laws of any state or jurisdiction of the United States; therefore, it agrees that it will not offer, sell, pledge or otherwise transfer any Placing Shares in the United States unless and until the Placing Shares are registered under the Securities Act (which it acknowledges the Company has no obligation to do) or unless the Placing Shares are offered, sold, pledged or transferred in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and the laws of any state or other jurisdiction of the United States;
12. represents and warrants that neither it, nor the beneficial owner if different of such Placing Shares, will be a resident of Canada, Australia, New Zealand, Japan or the Republic of South Africa;
13. acknowledges and agrees that the relevant clearances have not been and will not be obtained from the securities commission of any province of Canada and that the Placing Shares have not been and will not be registered under the securities legislation of Australia, New Zealand, Japan or the Republic of South Africa and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within those jurisdictions;
14. represents and warrants that the issue to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that the Placing Shares are not being acquired in connection with arrangements to issue depository receipts or to transfer Placing Shares into a clearance system;
15. represents and warrants that: (i) it is aware of and has complied with its obligations under the Criminal Justice Act 1993 and MAR; (ii) in connection with money laundering and terrorist financing, it has complied with its obligations under the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000 (as amended), the Terrorism Act 2006, the Anti-Terrorism Crime and Security Act 2001 and the Money Laundering Regulations 2007; and (iii) it is not a person: (a) with whom transactions are prohibited under the Foreign Corrupt Practices Act of 1977 or any economic sanction programmes administered by, or regulations promulgated by, the Office of Foreign Assets Control of the U.S. Department of the Treasury; (b) named on the Consolidated List of Financial Sanctions Targets maintained by HM Treasury of the United Kingdom; or (c) subject to financial sanctions imposed pursuant to a regulation of the European Union or a regulation adopted by the United Nations (together, the "**Regulations**"); and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third

party as required by the Regulations and has obtained all governmental and other consents (if any) which may be required for the purpose of, or as a consequence of, such purchase, and it will provide promptly to Investec such evidence, if any, as to the identity or location or legal status of any person which Investec may request from it in connection with the Placing (for the purpose of complying with such Regulations or ascertaining the nationality of any person or the jurisdiction(s) to which any person is subject or otherwise) in the form and manner requested by Investec on the basis that any failure by it to do so may result in the number of Placing Shares that are to be purchased by it or at its direction pursuant to the Placing being reduced to such number, or to nil, as Investec may decide in its sole discretion;

16. if a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, represents and warrants that the Placing Shares purchased by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a Member State of the European Economic Area which has implemented the Prospectus Directive other than Qualified Investors, or in circumstances in which the prior consent of Investec has been given to the offer or resale;
17. represents and warrants that it will not make any offer to the public and has not offered or sold and will not offer or sell any Placing Shares to persons in the European Economic Area prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted in and which will not result in an offer to the public in any Member State of the European Economic Area within the meaning of the Prospectus Directive (including any relevant implementing measure in any member state);
18. represents and warrants that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the Placing Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person;
19. represents and warrants that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving, the United Kingdom;
20. if in a Member State of the European Economic Area, unless otherwise specifically agreed with Investec in writing, represents and warrants that it is a Qualified Investor within the meaning of the Prospectus Directive;
21. if in the United Kingdom, represents and warrants that it is a person (i) who has professional experience in matters relating to investments falling within Article 19(1) of the Order; (ii) falling within Article 49(2)(A) to (D) ("High Net Worth Companies, Unincorporated Associations, etc") of the Order; or (iii) to whom this Announcement may otherwise be lawfully communicated;
22. represents and warrants that it and any person acting on its behalf is entitled to acquire the Placing Shares under the laws of all relevant jurisdictions and that it has all necessary capacity and has obtained all necessary consents and authorities and taken any other necessary actions to enable it to commit to this participation in the Placing and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this Announcement) and will honour such obligations;
23. where it is acquiring Placing Shares for one or more managed accounts, represents and warrants that it is authorised in writing by each managed account: (a) to acquire the Placing Shares for each managed account; (b) to make on its behalf the representations, warranties, acknowledgements, undertakings and agreements in this Appendix and the Announcement

of which it forms part; and (c) to receive on its behalf any investment letter relating to the Placing in the form provided to it by Investec;

24. undertakes that it (and any person acting on its behalf) will make payment for the Placing Shares allocated to it in accordance with this Announcement on the due time and date set out herein, failing which the relevant Placing Shares may be placed with other subscribers or sold as Investec may in its sole discretion determine and without liability to such Placee and it will remain liable and will indemnify Investec (as agent for the Company) on demand for any shortfall below the net proceeds of such sale and the placing proceeds of such Placing Shares and may be required to bear the liability for any stamp duty or stamp duty reserve tax or security transfer tax (together with any interest or penalties due pursuant to or referred to in these terms and conditions) which may arise upon the placing or sale of such Placee's Placing Shares on its behalf;
25. acknowledges that neither Investec, any of its affiliates, agents, directors, officers or employees, nor any person acting on behalf of any of them, is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be treated for these purposes as a client of Investec and that Investec has no duties or responsibilities to it for providing the protections afforded to its clients or customers or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
26. undertakes that the person whom it specifies for registration as holder of the Placing Shares will be (i) itself or (ii) its nominee, as the case may be. Neither Investec nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to participate in the Placing and it agrees to indemnify the Company and Investec in respect of the same on the basis that the Placing Shares will be allotted to the CREST stock account of Investec who will hold them as nominee on behalf of such Placee until settlement in accordance with its standing settlement instructions;
27. acknowledges that these terms and conditions and any agreements entered into by it pursuant to these terms and conditions and any non-contractual obligations arising out of or in connection with such agreement shall be governed by and construed in accordance with the laws of England and Wales and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter (including non-contractual matters) arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company or Investec in any jurisdiction in which the relevant Placee is incorporated or resident or in which any of its securities have a quotation on a recognised stock exchange;
28. acknowledges that time shall be of the essence as regards to obligations pursuant to this Appendix;
29. agrees that the Company, Investec and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings which are given to Investec on its own behalf and on behalf of the Company and are irrevocable and are irrevocably authorised to produce this Announcement or a copy thereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby;
30. agrees to indemnify on an after-tax basis and hold the Company, Investec and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this

Appendix and further agrees that the provisions of this Appendix shall survive after completion of the Placing;

31. acknowledges that no action has been or will be taken by any of the Company, Investec or any person acting on behalf of the Company or Investec that would, or is intended to, permit a public offer of the Placing Shares in any country or jurisdiction where any such action for that purpose is required;
32. acknowledges that it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for the Placing Shares. It further acknowledges that it is experienced in investing in securities of this nature and in this sector and is aware that it may be required to bear, and it, and any accounts for which it may be acting, are able to bear, the economic risk of, and is able to sustain, a complete loss in connection with the Placing. It has relied upon its own examination and due diligence of the Company and its associates taken as a whole, and the terms of the Placing, including the merits and risks involved;
33. acknowledges that its commitment to subscribe for Placing Shares on the terms set out herein and in the Contract Note will continue notwithstanding any amendment that may in future be made to the terms of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's conduct of the Placing;
34. acknowledges that Investec, or any of its affiliates acting as an investor for their own account may take up shares in the Company and in that capacity may retain, purchase or sell for their own account such shares and may offer or sell such shares other than in connection with the Placing;
35. represents and warrants that, if it is a pension fund or investment company, its purchase of Placing Shares is in full compliance with all applicable laws and regulation; and
36. to the fullest extent permitted by law, it acknowledges and agrees to the disclaimers contained in the Announcement including this Appendix.

The representations, warranties, acknowledgments and undertakings contained in this Appendix are given to Investec and the Company and are irrevocable and shall not be capable of termination in any circumstances.

The agreement to settle a Placee's subscription (and/or the subscription of a person for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to a subscription by it and/or such person direct from the Company for the Placing Shares in question. Such agreement assumes that the Placing Shares are not being subscribed for in connection with arrangements to issue depositary receipts or to transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement relates to any other subsequent dealing in the Placing Shares, stamp duty or stamp duty reserve tax may be payable, for which none of the Company or Investec will be responsible, and the Placee to whom (or on behalf of whom, or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, allotment, issue or delivery of Placing Shares has given rise to such UK stamp duty or stamp duty reserve tax undertakes to pay such UK stamp duty or stamp duty reserve tax forthwith and to indemnify on an after-tax basis and to hold harmless the Company and Investec in the event that any of the Company or Investec has incurred any such liability to UK stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and notify Investec accordingly.

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

Each Placee, and any person acting on behalf of the Placee, acknowledges that Investec does not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement.

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

Each Placee and any person acting on behalf of the Placee acknowledges and agrees that it has neither received nor relied on any inside information (as defined in MAR) concerning the Company in accepting this invitation to participate in the Placing.

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

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

Past performance is no guide to future performance and the value of shares can fluctuate and can go down as well as up, and accordingly on disposal of the Ordinary Shares which you acquired you may not realise the full amount of your investment. Persons needing advice should consult an independent financial adviser.

DEFINITIONS

In this Appendix to the Announcement and, as the context shall admit, in the Announcement:

'Act' means the Companies Act 2006, as amended from time to time;

'Admission' means Admission to listing and Admission to trading;

'Admission to listing' means admission of the Placing Shares to the premium listing segment of the Official List and such admission becoming effective in accordance with the Listing Rules;

'Admission to trading' means admission of the Placing Shares to trading on the London Stock Exchange's Main Market for listed securities and such admission becoming effective in accordance with the Admission and Disclosure Standards;

'Circular' means the circular to be sent to shareholders of the Company today setting out the details of the Placing and incorporating the Notice of General Meeting;

'Contract Note' means the trade confirmation to be sent to each Placee stating the number of Placing Shares allocated to it at the Placing Price, the aggregate amount owed by such Placee to Investec (as agent for the Company) and settlement instructions;

'CREST' means the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations);

'CREST Regulations' means the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time;

'Directors' or **'Board'** means the directors of the Company as at the date of this Announcement;

'Disclosure and Transparency Rules' means the disclosure, guidance and transparency rules sourcebook made pursuant to the FSMA by the FCA as amended from time to time;

'Enlarged Share Capital' means the Company's issued ordinary share capital as enlarged by the Placing;

'FCA' means the UK Financial Conduct Authority in its capacity as the competent authority under the FSMA;

'FSMA' means the Financial Services and Markets Act 2000 (as amended);

'General Meeting' means the general meeting of the Company to be convened at 2.30 p.m. on 18 December 2017 (or any adjournment thereof);

'Investec' means Investec Bank plc;

'Listing Rules' means the listing rules made by the FCA pursuant to Part VI of FSMA;

'London Stock Exchange' means London Stock Exchange plc;

'MAR' means the Market Abuse Regulation (EU) No. 596/2014;

'Notice of General Meeting' means the notice of the General Meeting to be convened for the purposes of considering the Resolution;

'Ordinary Shares' means the ordinary shares of £0.02 each in the capital of the Company;

'Part VI Rules' means the Disclosure and Transparency Rules and the Listing Rules;

'Placing' means the conditional placing of the Placing Shares at the Placing Price by Investec as agent for and on behalf of the Company pursuant to the terms of the Placing Agreement;

'Placing Agreement' means the placing agreement dated 28 November 2017 between the Company and Investec in respect of the Placing;

'Placing Price' means 410.0 pence per Placing Share;

'Placing Shares' means the 5,265,500 new Ordinary Shares to be issued in connection with the Placing;

'Resolution' means the resolution to be proposed at the General Meeting;

'United Kingdom' or **'UK'** means the United Kingdom of Great Britain and Northern Ireland; and

'United States' or **'US'** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.