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AFH Financial Group Plc
17 March 2016

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17 March 2016

**AFH Financial Group PLC
("AFH", or the "Company")**

This is an announcement of a possible offer under Rule 2.4 of the City Code on Takeovers and Mergers (the "Code"). This announcement is not an announcement of a firm intention to make an offer under Rule 2.7 of the Code and there can be no certainty that any offer will be made.

Approach to Lighthouse Group plc

The Board of AFH notes the recent share price movement of Lighthouse Group plc ("**Lighthouse**") and can confirm that, on 9 March 2016, the Company made an initial approach to the Board of Lighthouse seeking a meeting to discuss a possible offer for the issued and to be issued share capital of Lighthouse. Subsequently on 15 March 2016 the Company submitted an indicative proposal to the Board of Lighthouse seeking its recommendation at a price of 13 pence per Lighthouse share, payable in a mixture of at least 50 per cent. cash and the balance in new shares in AFH and/or convertible loan notes in AFH (the "**Indicative AFH Offer**").

An offer at 13 pence per Lighthouse share would value the entire issued share capital of Lighthouse (including options and LTIPs "in the money") at approximately £17.43 million and would represent a premium of 26.8 per cent. to Lighthouse's share price of 10.25p on 8 March 2016 (being the day before the initial approach to the Board of Lighthouse was made).

Disappointingly, the Board of Lighthouse has informed the Company that they are not prepared to meet to discuss the terms of a possible offer and, on 16 March 2016, Lighthouse's advisers confirmed in writing that the Board of Lighthouse had rejected the Indicative AFH Offer. The Board of AFH is currently considering its next steps in connection with any offer for Lighthouse for which it will require appropriate access

AFH reserves the right to reduce the consideration of any offer by the amount of any special or interim dividend (or other distribution) which is paid or becomes payable by Lighthouse to its shareholders after the date of this announcement other than the final dividend of 0.16 pence per share already declared by Lighthouse and payable on 21 April 2016.

The Indicative AFH Offer was subject to certain pre-conditions, which can be waived, including the unanimous recommendation of any Indicative AFH Offer by the Board of Lighthouse and satisfactory completion of due diligence. Any offer for Lighthouse would be subject, inter alia, to Financial Conduct Authority change of control consent which is not capable of being waived. There can be no guarantee that any offer will be made. The Board of AFH reserves the right to vary the form and/or the mix of the consideration of the Indicative AFH Offer as outlined above. In addition the Board of AFH reserves the right to make an offer at a lower price with the consent of the offeree.

In accordance with Rule 2.6(a) of the Code, AFH must, by not later than 5.00 p.m. on 14 April 2016, either announce a firm intention to make an offer for Lighthouse in accordance with Rule 2.7 of the Code or announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. The deadline will only be extended with the consent of the Panel in accordance with Rule 2.6 (c) of the Code.

In accordance with Rule 26.1 of the Code, a copy of this announcement will be published on the Company's website (www.afhfinancialgroup.com) by no later than 12 noon on 18 March 2016.

A further announcement will be made as appropriate.

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This announcement is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities whether pursuant to this announcement or otherwise.

Allenby Capital Limited, which is authorised and regulated in the United Kingdom by the FCA, is acting as financial adviser to AFH and for no-one else in connection with the contents of this announcement and will not be responsible to anyone other than AFH for providing the protections afforded to its clients or for providing advice in relation to the contents of this announcement or any other matters referred to in this announcement.

Disclosure requirements of the Takeover Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a

securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

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