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AFH Financial Group Plc  
20 March 2017

THIS ANNOUNCEMENT, INCLUDING THE APPENDICES AND THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL. PLEASE SEE THE IMPORTANT NOTICES AT THE END OF THIS ANNOUNCEMENT.

20 March 2017

AFH FINANCIAL GROUP PLC

("AFH" or the "Company")

#### Proposed Placing

AFH Financial Group plc, a leading financial planning led investment management firm, today announces that it proposes to raise gross proceeds of up to £10 million through the placing of new Ordinary Shares in the capital of the Company at a price of 175 pence per Ordinary Share (the "**Placing Price**"). Provided that excess demand for the Placing exists, Alan Hudson, Chief Executive Officer of the Company, has agreed to sell up to 1,000,000 existing Ordinary Shares owned by him, at the Placing Price, to raise gross proceeds of up to £1.75 million.

#### Summary of the Placing

- Placing to raise gross proceeds of up to £10 million for the Company at 175 pence per new Ordinary Share
- Net proceeds of the Placing to be used to execute the Company's acquisition pipeline and for general corporate purposes
- Placing by way of an accelerated bookbuild
- Books are open with immediate effect

## Reasons for the Placing and Use of Proceeds

Since 31 October 2016, the Company has announced five acquisitions paying a combined £2 million in initial cash consideration. The core business continues to perform in line with expectations with strong recurring revenue and further additions to funds under management. As at 1 March 2017, the Company had cash balances of £4.1 million and remains fully funded to satisfy the deferred consideration liabilities of announced acquisitions to date as they fall due.

The Board believes that the opportunity exists to acquire appropriately priced businesses and that the net proceeds of the Placing will provide the Company with a strong platform to finance such acquisition opportunities as well as providing funds for general corporate purposes. The near-term pipeline is particularly attractive, with four potential deals currently at various stages of the due diligence and engagement process. In addition to these four potential deals, the Company continues to assess other potential acquisitions to further accelerate its growth.

## Details of the Placing

Liberum Capital Limited is acting as nominated adviser, broker and sole bookrunner in connection with the Placing.

The Placing is being conducted by way of an accelerated bookbuild process and will be launched immediately following the release of this announcement and will be made available to eligible new and existing institutional investors. The book will close at the sole discretion of Liberum.

The Placing is subject to the terms and conditions set out in Appendix I to this announcement (which, together with the definitions set out in Appendix II, forms part of this announcement, such announcement and Appendices together being, this "**Announcement**"). The Placing is not underwritten. The Company and Liberum reserve the right to increase or decrease the size of the Placing in their absolute discretion.

A further announcement will be made on the closing of the bookbuild process, which is expected later today.

By choosing to participate in the Placing and by making an oral and/or written legally binding offer to acquire Placing Shares, investors will be deemed to have read and understood this Announcement in its entirety, including Appendix I, and to be making such offer on the terms and subject to the conditions contained herein and to be making the representations, warranties, undertakings and acknowledgements contained in Appendix I to this Announcement.

The Placing is conditional on, amongst other things, the approval by Shareholders of the resolutions to be put to the General Meeting. The new Ordinary Shares, when issued, will be fully paid and will rank pari passu in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date

of issue. Application will shortly be made for the new Ordinary Shares to be admitted to trading on the AIM market of London Stock Exchange plc.

Appendix I and Appendix II set out further information relating to the Placing and the terms and conditions of the Placing.

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

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### Important Notices

This announcement is released by AFH Financial Group plc and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 ("**MAR**"), encompassing information relating to the Placing described above, and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

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 the Board of the Company.

### Important Information

This Announcement contains (or may contain) certain forward-looking statements with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition and performance and which involve a number of risks and uncertainties. The Company cautions readers that no forward-looking statement is a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", or other words of similar meaning. By their nature, forward-looking statements involve risk and uncertainty because they relate to future

events and circumstances, including, but not limited to, economic and business conditions, the effects of continued volatility in credit markets, market-related risks such as changes in the price of commodities or changes in interest rates and foreign exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under International Financial Reporting Standards ("**IFRS**") applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS, the outcome of pending and future litigation or regulatory investigations, the success of future explorations, acquisitions and other strategic transactions and the impact of competition. A number of these factors are beyond the Company's control. As a result, the Company's actual future results may differ materially from the plans, goals, and expectations set forth in the Company's 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 the FCA, the London Stock Exchange or applicable law, the Company expressly disclaims any obligation or undertaking to release publicly 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.

This Announcement is for information purposes only and shall not constitute an offer to buy, sell, issue, or subscribe for, or the solicitation of an offer to buy, sell, issue, or subscribe for any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

The Placing Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, delivered or transferred, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Company does not intend to register any portion of the Placing in the United States or to conduct a public offering of securities in the United States.

This Announcement does not contain an offer or constitute any part of an offer to the public within the meaning of Sections 85 and 102B of the FSMA or otherwise. This Announcement is not an "approved prospectus" within the meaning of Section 85(7) of FSMA and a copy of it has not been, and will not be, delivered to the FCA in accordance with the Prospectus Rules or delivered to any other authority which could be a competent authority for the purpose of the Prospectus Directive. Its contents have not been examined or approved by the London Stock Exchange plc, nor has it been approved by an "authorised person" for the purposes of Section 21 of FSMA. This Announcement is being distributed to persons in the United Kingdom only in circumstances in which section 21(1) of the FSMA does not apply.

This Announcement is directed only at: (a) persons in member states of the European Economic Area who are qualified investors within the meaning of article 2(1)(e) of the Prospectus Directive ("**Qualified Investors**") and (b) if in the United Kingdom, persons who (i) have professional experience in matters relating to investments who fall within the definition of "**investment professionals**" in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), or are high

net worth companies, unincorporated associations or partnerships or trustees of high value trusts as described in article 49(2) of the Order and (ii) are "qualified investors" as defined in section 86 of FSMA and (c) otherwise, to persons to whom it may otherwise be lawful to communicate it (all such persons together being referenced to as "**Relevant Persons**"). Any investment in connection with the Placing will only be available to, and will only be engaged with, relevant persons. Any person who is not a Relevant Person should not act or rely on this Announcement or any of its contents.

This Announcement has been issued by and is the sole responsibility of the Company. 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 Liberum or by any of its affiliates or agents 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 therefor is expressly disclaimed.

Liberum, which is authorised and regulated in the United Kingdom by the FCA, is acting as broker and sole bookrunner for the Company and for no-one else in connection with the Placing, and Liberum will not be responsible to anyone other than the Company for providing the protections afforded to its customers or for providing advice to any other person in relation to the Placing or any other matter referred to herein.

The distribution of this Announcement and the offering of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company or Liberum that would permit an offering of such shares or possession or distribution of this Announcement or any other offering or publicity material relating to such shares in any jurisdiction where action for that purpose is required. Persons into whose possession this Announcement comes are required to inform themselves about, and to observe such restrictions.

The Placing Shares to which this Announcement relates may be illiquid and / or subject to restrictions on their resale. Prospective purchasers of the Placing Shares should conduct their own due diligence on the Placing Shares. If you do not understand the contents of this Announcement you should consult an authorised financial adviser.

The information in this Announcement may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever. Any forwarding, distribution, dissemination, reproduction, or disclosure of this information in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the U.S. Securities Act or the applicable laws of other jurisdictions.

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

Appendix I

Terms and Conditions of the Placing

**IMPORTANT INFORMATION FOR PLACEEES ONLY REGARDING THE PLACING.**

**THIS ANNOUNCEMENT, INCLUDING THE APPENDICES (TOGETHER, THE "ANNOUNCEMENT") AND THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, CANADA, AUSTRALIA, JAPAN OR ANY JURISDICTION IN WHICH THE SAME WOULD BE UNLAWFUL. PERSONS INTO WHOSE POSSESSION THIS ANNOUNCEMENT (INCLUDING THE APPENDICES) COMES ARE REQUIRED BY THE COMPANY AND LIBERUM TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.**

THIS ANNOUNCEMENT DOES NOT ITSELF CONSTITUTE AN OFFER OR INVITATION TO UNDERWRITE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS ANNOUNCEMENT AND THE TERMS AND CONDITIONS SET OUT IN THIS APPENDIX ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT PERSONS WHO ARE: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA ("EEA") WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(1)(E) OF EU DIRECTIVE 2003/71/EC AND AMENDMENTS THERETO (THE "**PROSPECTUS DIRECTIVE**") ("**QUALIFIED INVESTORS**"), (B) IF IN THE UNITED KINGDOM, PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS WHO FALL WITHIN THE DEFINITION OF "INVESTMENT PROFESSIONALS" IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "**ORDER**"), OR ARE HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS OR PARTNERSHIPS OR TRUSTEES OF HIGH VALUE TRUSTS AS DESCRIBED IN ARTICLE 49(2) OF THE ORDER AND (II) ARE "QUALIFIED INVESTORS" AS DEFINED IN SECTION 86 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, AS AMENDED ("**FSMA**"), AND (C) OTHERWISE, TO PERSONS TO WHOM IT MAY OTHERWISE BE LAWFUL TO COMMUNICATE IT TO (EACH A "**RELEVANT PERSON**"). NO OTHER PERSON SHOULD ACT OR RELY ON THIS ANNOUNCEMENT AND PERSONS DISTRIBUTING THIS ANNOUNCEMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. BY ACCEPTING THE TERMS OF THIS ANNOUNCEMENT YOU REPRESENT AND AGREE THAT YOU ARE A RELEVANT PERSON. THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS ANNOUNCEMENT (INCLUDING THIS APPENDIX) AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATE IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS ANNOUNCEMENT (INCLUDING THIS APPENDIX) DOES NOT ITSELF CONSTITUTE AN OFFER TO SELL OR ISSUE OR THE SOLICITATION OF AN OFFER TO BUY OR ACQUIRE ANY SECURITIES IN THE COMPANY.

**EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF A SUBSCRIPTION FOR THE PLACING SHARES.**

Persons (including individuals, funds or otherwise) 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, 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 this Appendix, unless the context otherwise requires, "**Placee**" means a Relevant Person (including individuals, funds or others) by whom or on whose behalf a commitment to subscribe for Placing Shares has been given. 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 in the Placing 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 which has implemented the Prospectus Directive other than Qualified Investors or in circumstances in which the prior consent of Liberum 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;
3. (a) (i) it is not in the United States and (ii) it is not acting for the account or benefit of a person in the United States, unless in the case of this clause (ii), acting with investment discretion for such person or, if such person is a corporation or partnership, the person agreeing to purchase the Placing Shares is an employee of such person authorised to make such purchase; (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; (c) it is otherwise acquiring the Placing Shares in an "offshore transaction" meeting the requirements of Regulation S under the Securities Act; or (d) it is a "qualified institutional buyer" (a "**QIB**") (as defined in Rule 144A under the Securities Act) and it has duly executed an investor letter in a form provided to it and delivered the same to Liberum or its affiliates;
4. it is acquiring the Placing Shares for its own account or is acquiring the Placing Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties, indemnities, acknowledgements and agreements contained in this Announcement; and
5. it understands (or, if acting for the account of another person, such person understands) the resale and transfer restrictions set out in this Appendix.

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

### Details of the Placing

Liberum has entered into the Placing Agreement with AFH Financial Group plc under which, subject to the conditions set out in that agreement, Liberum will agree to use its reasonable endeavours to procure subscribers and/or purchasers for the Placing Shares at the Placing Price.

The Placing is conditional upon the Placing Agreement becoming unconditional in all respects.

The Placing Shares will, when issued, rank *pari passu* in all respects with the existing issued Ordinary Shares, including the right to receive dividends and other distributions declared, made or paid following Admission.

### **Application for admission to trading**

Application will be made to the London Stock Exchange for admission of the new Ordinary Shares ("**Admission**") to trading on AIM. It is expected that Admission will become effective and that dealings in the Placing Shares will commence on AIM at 8.00 a.m. on 11 April 2017.

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

Liberum is arranging the Placing as agent for and on behalf of the Company and the Selling Shareholder. Participation in the Placing will only be available to Placees who may lawfully be, and are, invited to participate by Liberum.

The number of Placing Shares to be issued will be agreed between Liberum and the Company following completion of a bookbuilding exercise by Liberum (the "**Bookbuild**"). The number of Placing Shares will be announced on a Regulatory Information Service following the completion of the Bookbuild.

Liberum will determine in its absolute discretion the extent of each Placee's participation in the Placing, which will not necessarily be the same for each Placee and this will be confirmed orally or in writing by Liberum as agent of the Company ("**Confirmation**"). No element of the Placing will be underwritten. Confirmation will constitute an irrevocable legally binding commitment upon that person (who will at that point become a Placee) to subscribe for the number of Placing Shares allocated to it at the Placing Price on the terms and conditions set out in this Appendix (a copy of the terms and conditions having been provided to the Placee prior to or at the same time as such oral or written confirmation) and in accordance with the Company's articles of association. For the avoidance of doubt, the Confirmation constitutes each Placee's irrevocable legally binding agreement, subject to the Placing Agreement not having been terminated, to pay the aggregate settlement amount for the Placing Shares to be subscribed for by that Placee regardless of the total number of Placing Shares (if any) subscribed for by any other investor(s).

Liberum reserves the right to scale back the number of Placing Shares to be subscribed by any Placee in the event of an oversubscription under the Placing. Liberum also reserves the

right not to accept offers for Placing Shares or to accept such offers in part rather than in whole.

Each Placee will be required to pay to Liberum, on the Company's behalf, the Placing Price for each Placing Share agreed to be acquired by it under the Placing in accordance with the terms set out herein. Each Placee's obligation to acquire and pay for Placing Shares under the Placing will be owed to Liberum and the Company. Each Placee has an immediate, separate, irrevocable and binding obligation, owed to Liberum, to pay to it (or as it may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares such Placee has agreed to subscribe for. Each Placee will be deemed to have read and understood the Appendices in their entirety, to the participating in the Placing upon the terms and conditions contained in the Appendices, and to be providing the representations, warranties, agreements, acknowledgements and undertakings, in each case as contained in the Appendices. To the fullest extent permitted by law and applicable FCA rules (the "**FCA Rules**"), neither (i) Liberum, (ii) any of its respective directors, officers, employees or consultants, or (iii) to the extent not contained within (i) or (ii), any person connected with Liberum as defined in the FCA Rules ((i), (ii) and (iii) being together "affiliates" and individually an "affiliate"), shall have any liability to Placees or to any person other than the Company in respect of the Placing.

Irrespective of the time at which a Placee's participation in the Placing is confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under 'Registration and Settlement'.

Completion of the Placing will be subject to the fulfilment of the conditions referred to below under 'Conditions of the Placing' and to the Placing not being terminated on the basis referred to below under 'Termination of the Placing Agreement'. In the event that the Placing Agreement is not entered into or does not otherwise become unconditional in any respect or, after having been entered into, is terminated, the Placing will not proceed and all funds delivered by the Placee to Liberum in respect of the Placee's participation will be returned to the Placee at the Placee's risk without interest.

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 otherwise be capable of rescission or termination by the Placee.

By participating in the Placing, each Placee is deemed to have read and understood this Announcement, including the Appendices, 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 the Appendices.

To the fullest extent permissible by law, neither the Company, Liberum nor any of their affiliates shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, neither Liberum nor any of its affiliates shall have any liability (including to the extent permissible by law, any fiduciary duties) in respect of Liberum's conduct of the Bookbuild or of such alternative method of effecting the Placing as Liberum and the Company may agree.

Conditions of the Placing

The obligations of Liberum under the Placing Agreement in respect of the Placing Shares are conditional on, amongst other things:

- (a) the Company having complied with its obligations under the Placing Agreement (to the extent that such obligations fall to be performed prior to Admission);
- (b) the passing of the Resolutions at the General Meeting of the Company being held on 10 April 2017; and
- (c) Admission having occurred not later than 8.00 a.m. on 11 April 2017 or such later date as the Company and Liberum may agree, but in any event not later than 8.00 a.m. on 25 April 2017.

If (i) any of the conditions contained in the Placing Agreement in relation to the Placing Shares are not fulfilled or waived by Liberum by the respective time or date where specified, (ii) any of such conditions becomes incapable of being fulfilled or (iii) the Placing Agreement is terminated in the circumstances specified below, the Placing will not proceed and the Placee's 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.

Liberum, at its discretion and upon such terms as it thinks fit, may waive compliance by the Company with the whole or any part of any of the Company's obligations in relation to the conditions in the Placing Agreement. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement.

None of Liberum, the Company or any other person 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 the 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 Liberum

### **Termination of the Placing Agreement**

Liberum is entitled (but after, where practicable, having consulted with the Company) at any time before Admission, to terminate the Placing Agreement in relation to its obligations in respect of the Placing Shares by giving notice to the Company if, amongst other things:

- (a) the Company fails, in any material respect, to comply with any of its obligations under the Placing Agreement; or
- (b) it comes to the notice of Liberum that any statement contained in the placing documents (the "**Placing Documents**") issued in connection with the Placing was untrue, incorrect or misleading at the date thereof or has become untrue, incorrect or misleading in each case in any respect which Liberum (acting reasonably) considers to be material in the context of the Placing or that any matter which Liberum considers to be material in the context of the Placing has arisen which would, if the Placing were made at that time, constitute a material omission therefrom; or

(c) any of the warranties given by the Company in the Placing Agreement has ceased to be true and accurate in any respect which Liberum (acting reasonably) considers to be material in the context of the Placing by reference to the facts subsisting at the time when notice to terminate is given; or

(d) there happens, develops or comes into effect: i) a general moratorium on commercial banking activities in London declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United Kingdom; or ii) the outbreak or escalation of hostilities or acts of terrorism involving the United Kingdom or the declaration by the United Kingdom of a national emergency or war; or iii) any other occurrence of any kind which in any such case (by itself or together with any other such occurrence) in the reasonable opinion of Liberum is likely to materially and adversely affect the market's position or prospects of the Group taken as a whole; or iv) any other crisis of international or national effect or any change in any currency exchange rates or controls or in any financial, political, economic or market conditions or in market sentiment which, in any such case, in the reasonable opinion of Liberum is materially adverse.

Upon such termination, the parties to the Placing Agreement shall be released and discharged (except for any liability arising before or in relation to such termination) from their respective obligations under or pursuant to the Placing Agreement subject to certain exceptions.

By participating in the Placing, Placees agree that the exercise by Liberum of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of Liberum and that they need not make any reference to Placees and that they shall have no liability to Placees whatsoever in connection with any such exercise or failure so to exercise.

## **No prospectus**

No offering document, prospectus or admission document 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 this Announcement (including the Appendices) released by the Company today, and subject to the further terms set forth in the contract note to be provided to individual prospective Placees.

Each Placee, by accepting a participation in the Placing, agrees that the content of this Announcement (including the Appendices) is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any other information, representation, warranty, or statement made by or on behalf of the Company, Liberum or any other person and none of Liberum nor the Company nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

## **Registration and settlement**

Settlement of transactions in the Placing Shares following Admission will take place within the system administered by CREST, subject to certain exceptions. The Company reserves the right to require settlement for and delivery of the Placing Shares (or a portion thereof) to Placees in certificated form if, in the opinion of Liberum, delivery or settlement is not possible or practicable within the CREST system or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

Participation in the Placing is only available to persons who are invited to participate in it by Liberum.

A Placee's commitment to acquire a fixed number of Placing Shares under the Placing will be agreed orally or in writing with Liberum. Such agreement will constitute a legally binding commitment on such Placee's part to acquire that number of Placing Shares at the Placing Price on the terms and conditions set out or referred to in the Appendices and subject to the Company's Articles of Association.

Following the close of the accelerated bookbuild, each Placee allocated Placing Shares in the Placing will be sent a trade confirmation in accordance with the standing arrangements in place with Liberum, stating the number of Placing Shares allocated to it at the Placing Price, the aggregate amount owed by such Placee to Liberum and settlement instructions.

Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with the standing CREST or certificated settlement instructions that it has in place with Liberum. Settlement should be through Liberum against CREST ID: LBQAQ. For the avoidance of doubt, Placing allocations will be booked with a trade date of 20 March 2017 and settlement date of 11 April 2017. Settlement will take place on a delivery versus payment basis.

The Company will deliver the Placing Shares to the CREST account operated by Liberum as agent for the Company and Liberum will enter their delivery (DEL) instruction into the CREST system. The input to CREST by a Placee of a matching or acceptance instruction will then allow delivery of the relevant Placing Shares to that Placee against payment.

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 Liberum.

Each Placee is deemed to agree that, if it does not comply with these obligations, the Company may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for the Company's account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of such Placing Shares on such Placee's behalf.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the trade confirmation is copied and delivered immediately to the relevant person within that organisation. Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so

registered free from any liability to UK stamp duty or stamp duty reserve tax. Placees will not be entitled to receive any fee or commission in connection with the Placing.

## **Representations and warranties**

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) acknowledges, undertakes, represents, warrants and agrees (as the case may be) the following:

That it:

1. represents and warrants that it has read this Announcement, including the Appendix, in its entirety and that its acquisition of Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained herein and undertakes not to redistribute or duplicate this Announcement;
2. acknowledges that it has received this Announcement solely for its use and has not redistributed or duplicated it;
3. acknowledges and agrees that no offering document, prospectus or admission document has been or will be prepared in connection with the Placing and represents and warrants that it has not received a prospectus, admission document or other offering document in connection with the Placing or the Placing Shares;
4. acknowledges that its participation in the Placing shall also be subject to the provisions of the Placing Agreement and the memorandum and articles of association of the Company in force both before and immediately after Admission;
5. acknowledges that the ordinary shares in the capital of the Company are admitted to trading on AIM, and the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of AIM (collectively, the "**Exchange Information**"), which includes a description of the nature of the Company's business and the Company's most recent balance sheet and profit and loss account and that it is able to obtain or access such Exchange Information without undue difficulty and is able to obtain access to such information or comparable information concerning any other publicly traded company without undue difficulty;
6. acknowledges that neither Liberum, nor the Company nor any of their respective affiliates or any person acting on behalf of any of them has provided, 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 Liberum, the Company, any of their respective affiliates or any person acting on behalf of any of them to provide it with any such information;
7. acknowledges that the content of this Announcement is exclusively the responsibility of the Company and that neither Liberum, nor any person acting on its behalf has or shall have any liability for any information, representation or statement contained in this Announcement or any information previously 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 the only information on which it is entitled to rely and on which such Placee has relied in committing itself to subscribe for the Placing Shares is contained in this Announcement and any information previously published by the Company by notification to a Regulatory Information Service, such information being all that 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 Liberum or the Company or their respective affiliates and neither Liberum nor the Company nor their respective affiliates 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 has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing;

8. represents and warrants that it has neither received nor relied on any inside information (as defined in the Market Abuse Regulation) concerning the Company in accepting this invitation to participate in the Placing;

9. acknowledges that neither Liberum nor any person acting on its behalf nor any of their respective affiliates has or shall have any liability for 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;

10. represents and warrants that it has complied with its obligations under the Criminal Justice Act 1993, the Market Abuse Regulation and in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 (as amended), the Terrorism Act 2006 and the Money Laundering Regulations 2007 (the "**Regulations**") and any related or similar rules, regulations or guidelines, issued, administered or enforced by any government agency having jurisdiction in respect thereof and the Money Laundering Sourcebook of the FCA and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;

11. if a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive (including any relevant implementing measure in any member state), represents and warrants that the Placing Shares subscribed for 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 to qualified investors, or in circumstances in which the prior consent of Liberum has been given to the proposed offer or resale;

12. represents and warrants that it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the FSMA;

13. represents and warrants that it 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);

14. 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 FSMA) relating to the Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person;

15. represents and warrants that it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving, the United Kingdom;

16. represents and warrants that it is a person falling within Article 19(5) and/or Article 49(2)(a) to (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or is a person to whom this Announcement may otherwise be lawfully communicated;

17. acknowledges that any offer of Placing Shares may only be directed at persons in member states of the European Economic Area who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive and represents and agrees that it is such a qualified investor;

18. represents and warrants that it and any person acting on its behalf is entitled to subscribe for Placing Shares under the laws of all relevant jurisdictions which apply to it and that it has all necessary capacity and has obtained all necessary consents and authorities 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 honor such obligations, and that its subscription of the Placing Shares will be in compliance with applicable laws and regulations in the jurisdiction of its residence, the residence of the Company, or otherwise.

19. acknowledges and agrees that the Placing Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or jurisdiction of the United States, or the relevant Canadian, Japanese, Australian or South African securities legislation and therefore the Placing Shares may not be offered, sold, transferred or delivered directly or indirectly into the United States, Canada, Japan, Australia or the Republic of South Africa or their respective territories and possessions, except subject to limited exemptions;

20. warrants that it has complied with all relevant laws of all relevant territories, obtained all requisite governmental or other consents which may be required in connection with the Placing Shares, complied with all requisite formalities and that it has not taken any action or omitted to take any action which will or may result in Liberum, the Company or any of their

respective directors, officers, agents, employees or advisers acting in breach of the legal or regulatory requirements of any territory in connection with the Placing;

21. acknowledges and agrees that its purchase of Placing Shares does not trigger, in the jurisdiction in which it is resident or located: (i) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; (ii) any disclosure or reporting obligation of the Company; or (iii) any registration or other obligation on the part of the Company;

22. 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 Liberum may in its discretion determine and without liability to such Placee;

23. acknowledges that neither Liberum nor any of its affiliates, 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 a client of Liberum for the purposes of the Placing and that Liberum has no duties or responsibilities to it for providing the protections afforded to its clients 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;

24. 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 Liberum 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 Liberum in respect of the same on the basis that the Placing Shares will be allotted to the CREST stock account of Liberum who will hold them as nominee on behalf of such Placee until settlement in accordance with its standing settlement instructions;

25. 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 agreements shall be governed by and construed in accordance with the laws of England and Wales and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract, 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 Liberum in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;

26. acknowledges that Liberum and its affiliates will rely upon the truth and accuracy of the representations, warranties and acknowledgements set forth herein and which are irrevocable and it irrevocably authorises Liberum to produce this Announcement, pursuant to, in connection with, or as may be required by any applicable law or regulation, administrative or legal proceeding or official inquiry with respect to the matters set forth herein;

27. agrees to indemnify on an after tax basis and hold the Company and Liberum 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 the Appendices and further agrees that the provisions of the Appendices shall survive after completion of the Placing;

28. represents and warrants that it will acquire any Placing Shares subscribed for by it for its account or for one or more accounts as to each of which it exercises sole investment discretion and it has full power to make the acknowledgements, representations and agreements herein on behalf of each such account;

29. acknowledges that its commitment to subscribe for Placing Shares on the terms set out herein and in the relevant contract notes 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. The foregoing representations, warranties and confirmations are given for the benefit of the Company and Liberum. 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 the subscription by it and/or such person direct from the Company for the Placing Shares in question. Such agreement assumes, and is based on a warranty from each Placee, that neither it, nor the person specified by it for registration as holder, of Placing Shares is, or is acting as nominee or agent for, and that the Placing Shares will not be allotted to, a person who is or may be liable to stamp duty or stamp duty reserve tax under any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services). If there are any such arrangements, or the settlement relates to any other dealing in the Placing Shares, stamp duty or stamp duty reserve tax may be payable. In that event the Placee agrees that it shall be responsible for such stamp duty or stamp duty reserve tax, and none of the Company, Liberum shall be responsible for such stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and notify Liberum accordingly;

30. understands that no action has been or will be taken by any of the Company, Liberum or any person acting on behalf of the Company or Liberum 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;

31. in making any decision to subscribe for the Placing Shares, confirms 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 confirms that it is experienced in investing in securities of this nature in this sector and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain a complete loss in connection with the Placing. It further confirms that it relied on 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;

32. represents and warrants that it has (a) made its own assessment and satisfied itself concerning legal, regulatory, tax, business and financial considerations in connection herewith to the extent it deems necessary; (b) had access to review publicly available information concerning the Company that it considers necessary or appropriate and sufficient

in making an investment decision; (c) reviewed such information as it believes is necessary or appropriate in connection with its subscription of the Placing Shares; and (d) made its investment decision based upon its own judgment, due diligence and analysis and not upon any view expressed or information provided by or on behalf of Liberum;

33. understands and agrees that it may not rely on any investigation that Liberum or any person acting on its behalf may or may not have conducted with respect to the Company, or the Placing and Liberum has not made any representation to it, express or implied, with respect to the merits of the Placing, the subscription for the Placing Shares, or as to the condition, financial or otherwise, of the Company, or as to any other matter relating thereto, and nothing herein shall be construed as a recommendation to it to subscribe for the Placing Shares. It acknowledges and agrees that no information has been prepared by Liberum or the Company for the purposes of this Placing;

34. accordingly it acknowledges and agrees that it will not hold Liberum or any of its affiliates or any person acting on their behalf responsible or liable for any misstatements in or omission from any publicly available information relating to the Company or information made available (whether in written or oral form) in presentations or as part of roadshow discussions with investors relating to the Company (the "**Information**") and that neither Liberum nor any person acting on behalf of Liberum makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of such Information or accepts any responsibility for any of such Information;

35. if the Placing Shares were offered to it in the United States, represents and warrants that in making its investment decision, (i) it has consulted its own independent advisers or otherwise has satisfied itself concerning, without limitation, the effects of United States federal, state and local income tax laws and foreign tax laws generally and the US Employee Retirement Income Security Act of 1974, the US Investment Company Act of 1940 and the Securities Act, (ii) it has received all information (including the business, financial condition, prospects, creditworthiness, status and affairs of the Company, the Placing and the Placing Shares, as well as the opportunity to ask questions) concerning the Company, the Placing and the Placing Shares that it believes is necessary or appropriate in order to make an investment decision in respect of the Company and the Placing Shares, (iii) it is aware and understands that an investment in the Placing Shares involves a considerable degree of risk and no US federal or state or non-US agency has made any finding or determination as to the fairness for investment or any recommendation or endorsement of the Placing Shares, and (iv) it is able to bear the economic risk of an investment in the Placing Shares, is able to sustain a complete loss of the investment in the Placing Shares and has no need for liquidity with respect to its investment in the Placing Shares;

36. understands that the Placing Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and accordingly, may not be offered or sold or otherwise transferred in the United States except pursuant to a registration statement under the Securities Act or an exemption from the registration requirements of the Securities Act and, in connection with any such transfer, the Company shall be provided, as a condition to transfer, with a legal opinion of counsel, in form and by counsel reasonably satisfactory to the Company, that no such Securities Act registration is or will be required and with appropriate certifications by the transferee as to appropriate matters.

37. it is not a Plan (which term includes (a) employee benefit plans that are subject to Section 406 of the US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), or plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the US Internal Revenue Code of 1986, as amended (the "**Code**"), (b) plans, individual retirement accounts and other arrangements that are subject to provisions under applicable US federal, state, local or other laws or regulations that are substantially similar to Section 406 of the ERISA or Section 4975 of the Code ("**Similar Laws**") and (c) entities the underlying assets of which are considered to include "plan assets" of such plans, accounts and arrangements) and are not purchasing the Placing Shares on behalf of, or with the "plan assets" of, any Plan.

38. if Placees are purchasing the Placing Shares outside the United States, each Placee (and any person acting on such Placee's behalf) agrees, represents and warrants as follows:

a. it is aware that the Placing Shares are being offered outside the United States in reliance on Regulation S promulgated under the Securities Act;

b. it is, at the time of the offer and acceptance of the Placing Shares, outside the United States for the purposes of Regulation S; and

c. it did not purchase or otherwise acquire the Placing Shares based on or due to directed selling efforts (as defined in Rule 902 under the Securities Act), including based on an advertisement in a publication with a general circulation in the United States, nor has it seen or been aware of any activity that, to its knowledge, constitutes directed selling efforts in the United States.

39. for Placees that are located in the United States, each such Placee (and any person acting on such Placee's behalf) agrees, represents and warrants as follows:

a. it is "qualified institutional buyer" (a "**QIB**"), as defined in Rule 144A under the Securities Act, and (i) if acquiring the Placing Shares as a fiduciary or agent for one or more investor accounts, each owner of such account is a QIB, the Placee has full investment discretion with respect to each account, and has full power and authority to make the acknowledgements, representations and agreements contained herein on behalf of each owner of such account; and (ii) is acquiring the Placing Shares for its own account, or for the account of a QIB for which it has full investment discretion, in each case for investment purposes and not with a view to, or for offer or sale in connection with, any distribution (within the meaning of the United States securities laws) of such Placing Shares;

b. it agrees that the Company may require a certification from it in support of any transfer, in form and substance satisfactory to the Company, and agrees that the Company, the registrar, CREST or any transfer agent may reasonably require additional evidence or documentation supporting compliance with applicable securities laws, and prior to any sale or transfer, the Company may require the delivery of such certifications, notifications, agreements and warranties and legal opinions of duly qualified counsel as it may reasonably require to confirm that the proposed sale or other transfer complies with the foregoing restrictions;

c. it acknowledges that the Company reserves the right to make inquiries of any holder of the Placing Shares or interests therein at any time as to such person's status under US

securities laws, and to require any such person that has not satisfied the Company that such person is holding appropriately under US securities laws to transfer such Placing Shares or interests therein immediately to the Company;

d. it is purchasing the Placing Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Placing Shares in any manner that would violate the Securities Act or otherwise cause the Company's assets to become subject to ERISA;

e. it understands and acknowledges that neither the Company nor any of its respective affiliates, makes any representation as to the availability of any exemption under the Securities Act for the reoffer, resale, pledge or transfer of the Placing Shares;

f. it agrees that the Placing Shares are "restricted securities" for US securities law purposes which may not be deposited into any unrestricted depository facility established or maintained by a depository bank. As such, it agrees not to offer or sell the Placing Shares to any person other than in compliance with the following restrictions which apply to all its Placing Shares and which shall be affixed in the form of a legend to any certificates of Placing Shares:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE (OR ITS PREDECESSOR) HAVE NOT BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION IN THE UNITED STATES, AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED, HEDGED OR OTHERWISE TRANSFERRED, EXCEPT (A) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT (AND IS NOT ACTING IN A PREARRANGED TRANSACTION RESULTING IN THE RESALE OF THESE SECURITIES INTO THE UNITED STATES); (B) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT; (C) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT; OR (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, SUBJECT, IN THE CASES OF CLAUSES (A), (B) AND (C), TO THE RIGHT OF THE ISSUER TO OBTAIN, IF THE ISSUER SO REQUESTS, AN OPINION, IN FORM AND SUBSTANCE AND FROM COUNSEL SATISFACTORY TO THE ISSUER AT THE EXPENSE OF THE HOLDER OF THIS CERTIFICATE, WHICH PROVIDES THAT SUCH OFFER, SALE, PLEDGE, HEDGE OR TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT AND ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION.

EXCEPT AS OTHERWISE DETERMINED BY THE ISSUER, THE SECURITIES REPRESENTED BY THIS CERTIFICATE (OR ITS PREDECESSOR) MAY NOT BE DEMATERIALIZED INTO CREST OR ANY OTHER PAPERLESS SYSTEM UNLESS THE PARTY REQUESTING SUCH DEMATERIALIZATION FIRST OBTAINS A LETTER FROM THE TRANSFERREE STATING THAT SUCH TRANSFERREE IS NOT ACTING IN A PREARRANGED TRANSACTION RESULTING IN THE RESALE OF THESE SECURITIES INTO THE UNITED STATES OR MAKES SUCH OTHER REPRESENTATIONS REQUESTED BY THE ISSUER."

The Placee agrees, on its own behalf and on behalf of any accounts for which the Placee is acting, that if the Placee should offer, resell, pledge or otherwise transfer any Placing Shares, it will do so only (i) in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S under the Securities Act (and not in a prearranged transaction resulting in the resale of such Placing Shares into the US), (ii) in a transaction meeting the requirements of Rule 144 under the Securities Act, (iii) in accordance with another exemption from the registration requirements of the Securities Act, or (iv) pursuant to an effective registration statement under the Securities Act, provided that the Placee notify the Company of such proposed transaction and that the Placee intends to make such sale in accordance with the terms of this paragraph, and that, such offer, resale, pledge or transfer must, and will, be made in accordance with any applicable securities laws of any US state or other jurisdiction of the US. The Placee understands and acknowledges that any offer, resale, pledge or transfer made other than in compliance with the restrictions contained in this paragraph may not be recognised by the Company;

a. the Placing Shares shall only be eligible for settlement through CREST if approved by the Company and if requested by the Company, the purchaser provides a signed letter addressed to the Company, containing certain representations regarding compliance with United States securities laws;

b. it has not purchased the Placing Shares as a result of "general solicitation" or "general advertising" (within the meaning of Rule 502(c) under the Securities Act), including advertisements, articles, research reports, notices or other communications published in any newspaper, magazine, on a website or in or on any similar media, or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising; and

c. it will inform each purchaser who purchases the Placing Shares from it of the transfer restrictions stated herein and that if in the future such purchaser of Placing Shares decides to offer, resell, pledge, or otherwise transfer such Placing Shares, any offer, resale or transfer must be made in compliance with the Securities Act.

The foregoing representations, warranties and confirmations are given for the benefit of the Company and Liberum.

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 United Kingdom 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 each Placee acknowledges and agrees that Liberum 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.

When a Placee or person acting on behalf of the Placee is dealing with Liberum, any money held in an account with Liberum 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 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 Liberum money in accordance with the client money rules and will be used by Liberum in the course of its own business; and the Placee will rank only as a general creditor of Liberum.

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

Past performance is not a guide to future performance and persons needing advice should consult an independent financial adviser.

## Appendix II

### Definitions

The following definitions apply throughout this Announcement, unless otherwise stated or the context requires otherwise:

"**Admission**" admission of the Placing Shares to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules for Companies;

"**AIM**" the AIM market operated by the London Stock Exchange;

"**AIM Rules for Companies**" the London Stock Exchange's rules and guidance notes contained in its "AIM Rules for Companies" publication relating to companies whose securities are traded on AIM, as amended from time to time;

"**Announcement**" this announcement (including the appendices to this announcement);

"**Articles**" the articles of association of the Company in force on the date hereof;

"**Board**" or "**Directors**" the directors of the Company, or any duly authorised committee thereof;

"**Circular**" the Shareholder circular to be published in connection with the General Meeting;

"**Company**" AFH Financial Group plc;

"**CREST**" the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form;

"**CREST Regulations**" the Uncertificated Securities Regulations 2001 (SI 2001/3755) including any enactment or subordinate legislation which amends or supersedes those regulations and any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force;

"**Euroclear**" Euroclear UK & Ireland Limited, a company incorporated in England & Wales with registered number 02878738, being the operator of CREST;

"**FCA**" the Financial Conduct Authority in its capacity as the competent authority for the purposes of Part VI of FSMA;

"**Form of Proxy**" the form of proxy for use at the General Meeting;

"**FSMA**" the Financial Services and Markets Act 2000 (as amended);

"**General Meeting**" or "**GM**" the general meeting of the Company to be held on or about 10 April 2017;

"**Group**" the Company together with its subsidiaries from time to time;

"**London Stock Exchange**" London Stock Exchange plc;

**"Liberum"** Liberum Capital Limited, Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY;

**"Ordinary Shares"** the ordinary shares of 10 pence each in the share capital of the Company;

**"Placing"** the placing of the Placing Shares at the Placing Price by Liberum as agent for and on behalf of the Company pursuant to the terms of the Placing Agreement;

**"Placing Agreement"** the conditional agreement dated 20 March 2017 between (1) the Company, (2) Liberum relating to the Placing, further details of which are set out in this Announcement;

**"Placing Price"** 175 pence per Placing Share;

**"Placing Shares"** the new Ordinary Shares to be issued by the Company and subscribed for pursuant to the Placing, including, as the context so requires, the Sale Shares;

**"Prospectus Directive"** 2003/71/EC of the European Parliament and Council of 4 November 2003 (as amended) and any relevant implementing measure in each member state of the European Economic Area that has implemented the Prospectus Directive

**"Prospectus Rules"** the rules made for the purposes of Part VI of FSMA in relation to offers of securities to the public and admission of securities to a regulated market;

**"Regulation D"** Regulation D as promulgated under the Securities Act;

**"Regulation S"** Regulation S as promulgated under the Securities Act;

**"Resolutions"** the resolutions required to allot and issue the Placing Shares to be set out in the notice of the General Meeting contained in the Circular;

**"Sale Shares"** certain existing Ordinary Shares to be sold by Alan Hudson pursuant to the Placing;

**"Securities Act"** or **"U.S. Securities Act"** the United States Securities Act of 1933, as amended;

**"Shareholders"** holders of Ordinary Shares, from time to time;

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

**"uncertificated"** or **"in uncertificated form"** recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;

**"US"** or **"United States"** the United States of America, its territories and possessions, any state of the United States of America and the district of Columbia and all other areas subject to its jurisdiction;

**"US Person"** bears the meaning ascribed to such term by Regulation S; and

**"£"** pounds sterling, the lawful currency of the UK from time to time.