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FURTHER, THIS ANNOUNCEMENT IS MADE FOR INFORMATION PURPOSES ONLY AND DOES NOT CONSTITUTE AN OFFER TO SELL OR ISSUE OR SOLICITATION TO BUY, SUBSCRIBE FOR OR OTHERWISE ACQUIRE SHARES IN AB DYNAMICS PLC IN ANY JURISDICTION IN WHICH ANY SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL.

For Immediate Release

6 December 2016

AB Dynamics plc
(“ABD” or the “Company”)

**Proposed Placing to raise £5.4 million, Sale of Existing Ordinary Shares
and
Offer for Subscription to raise up to £1.0 million**

AB Dynamics plc (AIM: ABDP) the designer, manufacturer and supplier of advanced testing systems and measurement products to the global automotive industry is pleased to announce that the Company is carrying out a Placing of new Ordinary Shares at a price of 475 pence per share to raise gross proceeds for the Company of approximately £5.4 million.

The Placing will be conducted by way of an accelerated bookbuild process which will be launched immediately following this announcement, in accordance with the terms and conditions set out in the Appendix to this announcement. Cantor Fitzgerald is acting as sole bookrunner in connection with the Placing.

A Placing Agreement has been entered into today between the Company, Cantor Fitzgerald and Cairn in connection with the Placing. The Company has also been advised that the Selling Shareholders are willing to sell, in aggregate, up to 150,000 Existing Ordinary Shares in the Company to satisfy any additional demand pursuant to the Placing. Accordingly, a Selling Shareholders' Agreement is expected to be entered into shortly after publication of this announcement between certain Selling Shareholders (including Anthony Best, Chairman of the Company), the Company and Cantor Fitzgerald in respect of the potential placing of the Sale Shares at the Placing Price.

The Placing Price represents a discount of approximately 6 per cent. to the price of 505 pence per Existing Ordinary Share, being the average closing price for the preceding 5 business days prior to this announcement.

The final number of Placing Shares will be agreed by Cantor Fitzgerald and ABD at the close of the book build, and the result of the Placing will be announced as soon as practicable thereafter. The timing for the close of the bookbuild and allocation of the Placing Shares shall be at the discretion of Cantor Fitzgerald, in consultation with the Company.

In addition, in order to provide Shareholders who do not take part in the Placing with an opportunity to participate in the proposed issue of new Ordinary Shares, the Company is providing all Qualifying Participants with the opportunity to subscribe for an aggregate of up to 210,526 Offer Shares, to raise up to £1 million before expenses (the “Offer”).

The proposed issue of the New Ordinary Shares and the Offer Shares pursuant to the Fundraising are within the Company's existing allotment authorities and neither the Placing nor the Offer are underwritten.

The Group

ABD is a leading designer, manufacturer and provider of advanced testing and measurement products to global OEMs, Tier 1s and test houses. The Group has successfully developed a suite of market leading products to test vehicle dynamics and safety, and now regularly supplies all of the top twenty global automotive manufacturers, including Honda, Toyota, Ford and Volkswagen.

In the five years to 31 August 2016, the Group's reported revenue and operating profit has grown at a compound rate of 23.1% and 24.9% per annum respectively, reflecting a growing demand for the Group's products. In the financial year ended 31 August 2016, revenues increased 23.9% to £20.5 million and adjusted operating profit grew 22.7% to £4.65 million.

The markets in which the Group operates are driven by research and development spending of its automotive OEM customers who continue to develop vehicles that are better and safer to drive, through the adoption of increasingly sophisticated technology. Vehicle complexity is increasing rapidly and there is an established requirement for faster and more efficient ways to develop these new vehicles. In this context, significant interest is now being shown in virtual prototyping and advanced simulation equipment as the industry moves towards a longer term goal of fully automated vehicles. The Board believes that ABD is well positioned to satisfy this demand as an established and leading designer, manufacturer and provider of integrated test, measurement and simulation solutions.

Background to and reasons for the Fundraising

The Board anticipates that a significant portion of the Group's existing funds will be required for completion of a new manufacturing facility, together with existing research and development commitments. The Group has a track record of increasing research and development expenditure in order to develop new products and solutions to take advantage of growing opportunities across its target markets. The net proceeds of the Placing, together with the Group's existing cash resources, will be used to support and further advance the future growth and development of the Group:

- by accelerating existing development programmes and projects for new products, including simulator development, new specialised lab and track testing equipment and growth areas such as autonomous vehicles and virtual vehicle testing;
- by investing in technical and commercial centres in Japan, Korea, Germany and the US. The Board believe these centres will provide the Group greater control over the Group's routes to market and will facilitate deeper relationships with its customers;
- by investing in additional facilities. The Group has purchased land adjacent to its new manufacturing facility in order to build an approximately 20,000 square feet factory dedicated to the Group's simulator business. With the benefit of the Placing proceeds, the Board expect that this building, which will cost approximately £2.2 million, will now be operational in mid-2018, some 18 months earlier than expected; and
- for general working capital purposes.

To the extent that funds are raised pursuant to the Offer, these will be used to further augment the Group's general working capital position.

Tim Rogers, Chief Executive Officer of ABD, said:

“The Group has delivered strong growth over the past 5 years reflecting the Group’s ability to successfully develop high quality products and solutions for the automotive industry. The completion of our new 33,000 square feet manufacturing facility in 2017 will provide important additional capacity and is expected to deliver increased production efficiencies.

The Board has identified a number of exciting opportunities capable of delivering substantial growth over the medium term. The Fundraising will enable us to accelerate our already identified new product and development programmes to capture this potential.

The additional investment in new premises for our simulator business reflects our growing confidence in the potential for AB Dynamics in this rapidly growing market.

We are excited by this next chapter in the Group’s development.”

For further information please contact:

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Prior to publication, certain information contained within this Announcement was deemed to constitute s inside information for the purposes of Article 7 of EU Regulation 596/2014 (“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. Due to the publication of this Announcement, 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.

Details of the Placing

The Placing is expected to raise approximately £5.0 million net of expenses. The issue and allotment of the New Shares pursuant to the Placing will not exceed the Company's existing authorities and therefore does not require Shareholder approval. Pursuant to the Placing Agreement, Cantor Fitzgerald has conditionally agreed, as agent of the Company, to use its reasonable endeavours to procure Places for the New Shares. In addition, pursuant to the Selling Shareholders Agreement, the Selling Shareholders are expected to conditionally agree to sell the Sale Shares and Cantor Fitzgerald will agree to use its reasonable endeavours to procure Places for such Sale Shares at the Placing Price.

The Placing is conditional upon, *inter alia*:

- Placing Admission becoming effective on or before 8.00 a.m. on 9 December 2016 (or such later time and/or date as the Company and Cantor Fitzgerald may agree, but in any event by no later than 8.00 a.m. on 16 December 2016).
- the Placing Agreement and the Selling Shareholders Agreement having been entered into and neither agreement having been terminated prior to Placing Admission.
- the Selling Shareholders Agreement having become unconditional in all respects (save for Placing Admission and any condition relating to the Placing).

The Placing will be conducted by way of an accelerated bookbuild process which will be launched immediately following this announcement in accordance with the terms and conditions set out in the Appendix to this announcement. It is envisaged that the bookbuild will be closed no later than 4.30 p.m. London time today, 6 December 2016. Details of the number of Placing Shares and the gross proceeds of the Placing will be announced as soon as practicable after the closing of the bookbuild.

Details of the Offer

Alongside the Placing, the Company is proposing to raise a further amount of up to approximately £1.0 million before expenses pursuant to the Offer. The proposed issue price of 475 pence per Offer Share is the same price as the price at which the New Ordinary Shares are to be issued pursuant to the Placing.

The Offer comprises an offer to Qualifying Participants of up to 210,526 Offer Shares with the aggregate consideration to be received by the Company limited to £1.0 million, being the Offer Maximum. Qualifying Participants can apply for as many Offer Shares as they wish. However, the Directors reserve the right to exercise their absolute discretion in the allocation of successful applications, including, without limitation, to ensure no Offer Shares are issued so as to exceed the Offer Maximum.

The Offer is only open to Qualifying Participants and, save as set out in the preceding paragraph, there is no maximum or minimum subscription per applicant. No Qualifying Participant may subscribe for Offer Shares in excess of the Offer Maximum. Multiple applications may be submitted. Qualifying Participants who are joint Shareholders may only apply for Offer Shares as joint applicants.

The Offer is conditional on Offer Admission occurring on 28 December 2016 (or such later date, being not later than 4 January 2017, as the Company may decide). If Offer Admission has not occurred by such time and date, applications are expected to be returned without interest by crossed cheque in favour of the applicant(s) (at the applicant's risk) through the post as soon as practicable. Any interest earned on the application monies will be retained for the benefit of the Company. The Offer will close at 11.00 a.m. on 20 December 2016 unless previously closed or extended. The Offer is not being underwritten. The Circular, Application Form and accompanying procedure for application will set out, in detail, how Qualifying Participants may participate under the Offer.

In order to apply for Offer Shares, Qualifying Participants should complete the Application Form in accordance with the instructions set out in the Circular and Application Form expected to be published and posted to Shareholders later today.

Expected Timetable of Principal Events

Offer Record Date	5 December 2016
Announcement of the Placing	6 December 2016
Announcement of the Offer and posting of the Circular and Application Form	6 December 2016
Admission of the New Ordinary Shares to AIM	9 December 2016
CREST accounts expected to be credited for the New Ordinary Shares in uncertificated form	9 December 2016
Expected date for posting of share certificates for the New Ordinary Shares in certificated form	16 December 2016
Latest time and date for receipt of completed Application Forms and payment in full under the Offer	11.00 a.m. on 20 December 2016
Announcement of the result of the Offer	21 December 2016
Admission of the Offer Shares to AIM	28 December 2016
CREST accounts expected to be credited for the Offer Shares in uncertificated form	28 December 2016
Expected date for posting of share certificates for the Offer Shares in certificated form	9 January 2017

If any of the details contained in the timetable above should change, the revised time and dates will be notified to Shareholders by means of a Regulatory Information Service (as defined in the AIM Rules) announcement.

In this document, all references to times and dates are to times and dates in London, United Kingdom.

DEFINITIONS

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

“Act”	the Companies Act 2006 (as amended)
“AIM”	the AIM market of the London Stock Exchange plc
“AIM Rules”	the AIM Rules for Companies and/or the AIM Rules for Nominated Advisers as applicable, published by the London Stock Exchange
“Applicant”	a Qualifying Participant who lodges an Application Form under the Offer
“Application Form”	the application form relating to the Offer to be provided to Shareholders together with the Circular for use by Qualifying Participants to apply for Offer Shares pursuant to the Offer
“Board”	The board of directors of the Company
“CAGR”	compound annual growth rate
“Cairn”	Cairn Financial Advisers LLP
“Cantor Fitzgerald”	Cantor Fitzgerald Europe
“in certificated form”	in relation to a share or other security, a share or other security that is not in uncertificated form, that is not in CREST
“CFE Affiliate”	any company, partnership, entity or other person controlled by Cantor Fitzgerald, LP (excluding BGC Partners, Inc. and its subsidiaries); and for this purpose, a company, partnership, entity or other person shall be deemed to control another company, partnership, entity or person if the former company, partnership, entity or person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the other company, partnership, entity or person, whether through ownership of voting securities or partnership interests or representation on its board of directors or similar governing body, by contract or otherwise
“Circular”	the circular to be posted to Shareholders in connection with the Offer on or around 6 December 2016
“CREST”	the relevant system (as defined in the CREST Regulations 2001) for the paperless settlement of trades and the holding of uncertificated securities, operated by Euroclear, in accordance with the same regulations
“CREST Manual”	the rules governing the operation of CREST, as published by Euroclear
“CREST member”	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
“CREST participant”	a person who is, in relation to CREST, a system participant (as

	defined in the CREST Regulations)
“CREST payment”	shall have the meaning given in the CREST Manual issued by Euroclear
“CREST Regulations”	the Uncertified Securities Regulations 2001 (SI 2001 No. 3875), as amended
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member (which includes all CREST Personal Members)
“EU”	the European Union
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Existing Ordinary Shares”	the 17,764,578 Ordinary Shares in issue as at the date of this Announcement being the entire issued share capital of the Company prior to the Fundraising
“FCA”	the Financial Conduct Authority of the UK
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Fundraising”	the Placing and the Offer
“London Stock Exchange”	London Stock Exchange plc
“Long Stop Date”	16 December 2016
“member account ID”	the identification code or number attached to any member account in CREST
"New Shares" or “New Ordinary Shares”	the new Ordinary Shares to be subscribed for by Placees pursuant to the Placing
“OEM”	original equipment manufacturer
“Offer”	the conditional invitation to Qualifying Participants to apply for the Offer Shares at the Placing Price on the terms and conditions outlined in the Circular and the Application Form
“Offer Admission”	admission of the Offer Shares to trading on AIM becoming effective in accordance with the AIM Rules
"Offer Shares"	the 210,526 Ordinary Shares to be offered to Qualifying Participants pursuant to the Offer
“Offer Maximum”	the aggregate maximum subscription under the Offer (before expenses) of £1 million
"Order"	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005
"Ordinary Shares"	ordinary shares of 1p each in the capital of the Company

"Overseas Shareholders"	Shareholders with registered addresses, or who are citizens or residents of, or incorporated in, countries outside of the United Kingdom
"Placing"	the conditional placing of the Placing Shares at the Placing Price by Cantor Fitzgerald as agent for and on behalf of the Company and the Selling Shareholders pursuant to the terms of the Placing Agreement and the Selling Shareholders' Agreement
"Placing Admission"	admission of the New Shares to trading on AIM becoming effective in accordance with the AIM Rules
"Placing Agreement"	the agreement dated 6 December 2016 between the Company, Cantor Fitzgerald and Cairn relating to the Placing and the Offer, details of which are set out in this Announcement
"Placing Price"	475 pence
"Placing Shares"	the New Shares and the Sale Shares
"Qualifying Participants"	subject to any restrictions imposed on Overseas Shareholders, holders of Existing Ordinary Shares whose names appear on the register of members of the Company on the Record Date as holders of Existing Ordinary Shares and who are eligible to be offered Offer Shares under the Offer in accordance with the terms and conditions set out in the Circular and the Application Form
"Registrar", "Receiving Agent" or "Share Registrars"	Share Registrars Limited The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR
"Restricted Jurisdictions"	the United States, Australia, Canada, Japan and any other jurisdiction where the extension or availability of the Offer would breach any applicable law
"Sale Shares"	the existing Ordinary Shares to be sold by the Selling Shareholders to certain Places pursuant to the Placing
"Securities Act"	the United States Securities Act of 1933, as amended
"Selling Shareholders"	together Mr. Anthony Best and Mr. Stephen Neads, who will sell the Sale Shares conditional on Placing Admission to Places pursuant to the Placing
"Selling Shareholders' Agreement"	the agreement expected to be entered into today between the Company, Cantor Fitzgerald and the Selling Shareholders relating to the Placing, details of which are set out in this Announcement
"Shareholders"	registered holders of Ordinary Shares
"UK"	the United Kingdom of Great Britain and Northern Ireland
"uncertificated" or "in uncertificated form"	a share or other security 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 and the District of Columbia

A reference to £ is to pounds sterling, being the lawful currency of the UK.

APPENDIX - TERMS AND CONDITIONS OF THE PLACING

TERMS AND CONDITIONS OF THE PLACING

FOR INVITED PLACEES ONLY – IMPORTANT INFORMATION

This Announcement, including this Appendix and the information contained herein is restricted and is not for publication, release or distribution in or into the United States, Canada, Australia, Japan, Singapore, the Republic of South Africa, or any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

Each Placee should consult with its own advisers as to legal, tax, business and related aspects of any subscription for and/or purchase of Placing Shares.

These Terms and Conditions (the “**Terms and Conditions**”) do not constitute an offer or invitation to acquire, underwrite or dispose of, or any solicitation of any offer or invitation to acquire, underwrite or dispose of, any Ordinary Shares or other securities of the Company to any person in any jurisdiction to whom it is unlawful to make such offer, invitation or solicitation in such jurisdiction. Persons who seek to participate in the Placing must inform themselves about and observe any such restrictions and must be persons who are able to lawfully receive this Announcement in their jurisdiction. In particular, these Terms and Conditions do not constitute an offer or invitation (or a solicitation of any offer or invitation) to acquire, underwrite or dispose of or otherwise deal in any Ordinary Shares or other securities of the Company in the United States, Canada, Australia, Japan, Singapore or the Republic of South Africa, subject to certain limited exemptions.

Members of the public are not eligible to take part in the Placing and each Placee agrees and warrants that it is not acquiring Placing Shares on behalf of members of the public or its Retail clients (as that term is defined in the Rules of the FCA), save where the Placee does so on a fully discretionary basis and without reference to any such Retail clients. In the UK, the Terms and Conditions are directed only at persons whose ordinary activities involve them acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses and who have professional experience in matters relating to investments falling within the definition of 'investment professionals' in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”) or are high net worth body corporates, unincorporated associations or partnerships or trustees of high value trusts as described in Article 49 of the Order or to whom it may otherwise lawfully be communicated (“**Relevant Persons**”).

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.

The Placing Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or under any other securities legislation of any state of the United States or registered or qualified under the applicable securities laws of any province of Canada or Australia, Japan, Singapore or the Republic of South Africa. Accordingly, the Placing Shares may not, subject to certain limited exceptions, be offered or sold, directly or indirectly, within the United States, any province of Canada or Australia, Japan, Singapore or the Republic of South Africa or a national, citizen or resident of any province of Canada or Australia, Japan, Singapore or the Republic of South Africa. The Placing Shares are being offered and sold outside the United States in offshore transactions complying with Regulation S under the Securities Act, which provides an exemption from the requirement to register the offer and sale under the Securities Act.

These Terms and Conditions apply to any person who offers to subscribe for or purchase Placing Shares in the Placing. Each person (a “**Placee**”) to whom these Terms and Conditions apply, as described above, who confirms his agreement, whether by telephone or otherwise, with Cantor Fitzgerald to subscribe for and/or purchase Placing Shares in the Placing, hereby agrees with Cantor Fitzgerald to be legally and irrevocably bound by these Terms and Conditions which will be the Terms and Conditions on which the Placing Shares will be acquired and purchased in the Placing.

Capitalised terms not otherwise defined in this Appendix are as defined in the Announcement relating to the Placing of which this Appendix forms a part.

The Terms and Conditions must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which the Terms and Conditions set out herein relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. A Placee may not assign, transfer, or in any manner, deal with its rights and obligations under the agreement arising from the acceptance of the Placing, without the prior written agreement of Cantor Fitzgerald, in accordance with all relevant requirements.

All times and dates in this Appendix are references to times and dates in London (United Kingdom).

Terms of the Placing

This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. The number of Placing Shares will be agreed between the Company and Cantor Fitzgerald following completion of a bookbuilding exercise by Cantor Fitzgerald (“**Bookbuild**”). The number of Placing Shares will be announced on a Regulatory Information Service following completion of the Bookbuild.

Each Placee's commitment to subscribe for or purchase a fixed number of Placing Shares under the Placing will be agreed orally with Cantor Fitzgerald and such agreement will constitute a binding irrevocable commitment by a Placee, subject to the Terms and Conditions set out in this Appendix, to subscribe or purchase and pay for the relevant number of Placing Shares (the “**Placing Participation**”) at the Placing Price. Such commitment is not capable of termination or rescission by the Placee in any circumstances except fraud. All such obligations are entered into by the Placee with Cantor Fitzgerald acting in its capacity as agent of the Company and the Selling Shareholders and are therefore directly enforceable by the Company and the Selling Shareholders.

After such agreement is entered into, each Placee allocated Placing Shares in the Placing will be sent a confirmatory email stating the number of Placing Shares allocated to it at the Placing Price, the total subscription and/or purchase amount payable to Cantor Fitzgerald and including settlement instructions (the “**Confirmation Note**”).

Each Placee will be deemed to have read this Appendix in its entirety. Cantor Fitzgerald is acting for the Company and the Selling Shareholders and no one else in connection with the Placing and will not regard any other person (whether or not a recipient of these Terms and Conditions) as a client in relation to the Placing and to the fullest extent permitted by law and applicable FCA rules, neither Cantor Fitzgerald nor any of its affiliates will have any liability, obligation or duty to Placees or to any person other than the Company and the Selling Shareholders in respect of the Placing.

The New Shares will, when issued, rank *pari passu* in all respects and form one class with the Existing Ordinary Shares of the Company in issue on Placing Admission, including the right to receive dividends or other distributions, if any. The New Shares will be issued free of any encumbrance, lien or other security interest.

Application for Placing Admission

Application will be made to the London Stock Exchange for Placing Admission. It is anticipated that Placing Admission will become effective at 8.00 a.m. on 9 December 2016 and that dealings in the New Shares will commence at that time and date for normal account settlement.

Placing Participation conditions

Each Placee's Placing Participation is in all respects conditional upon, *inter alia*:-

- (i) the Placing Agreement entered into between Cantor Fitzgerald, Cairn and the Company relating to the placing of the New Shares becoming unconditional in all respects and not having been terminated in accordance with its terms;
- (ii) the Selling Shareholders' Agreement to be entered into between Cantor Fitzgerald, the Company and the Selling Shareholders relating to the placing of the Sale Shares becoming unconditional in all respects (save for any condition relating to the Placing Agreement) and not having been terminated in accordance with its terms; and
- (iii) Placing Admission having become effective,

in each case by 8.00 a.m. on 9 December 2016 (or such later time and/or date as the Company and Cantor Fitzgerald agree, but in any event being no later than 8.00 a.m. on 16 December 2016 (the "**Long Stop Date**").

Scaling back

Cantor Fitzgerald (after consulting with the Company) reserves the right to scale back the number of Placing Shares to be subscribed or purchased by any Placee or the number of Placing Shares to be subscribed for or purchased by all Placees in aggregate. The Company and Cantor Fitzgerald also reserve the right not to offer allocations of Placing Shares to any person and not to accept offers to subscribe for or purchase Placing Shares or to accept such offers in part rather than in whole. Cantor Fitzgerald shall be entitled to effect the Placing by such method as it shall in its sole discretion determine in consultation with the Company.

To the fullest extent permissible by law, neither Cantor Fitzgerald or any CFE affiliate, nor any person acting on behalf of any of the foregoing shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, none of the Company, Cantor Fitzgerald nor any CFE Affiliates nor any person acting on behalf of any such person shall have any liability to Placees in respect of Cantor Fitzgerald's conduct of the Placing.

Placing Agreement and Selling Shareholders' Agreement

Pursuant to the Placing Agreement, Cantor Fitzgerald has agreed on behalf of and as agent of the Company, to use its reasonable endeavours to procure persons who will subscribe for the New Shares at the Placing Price, subject to these Terms and Conditions. Pursuant to the Selling Shareholders' Agreement, Cantor Fitzgerald will agree on behalf of and as agent of the Selling Shareholders, to use its reasonable endeavours to procure persons who will purchase the Sale Shares at the Placing Price, subject to these Terms and Conditions. The Placing is **not** underwritten.

Conditions of the Placing

The obligations of Cantor Fitzgerald and Cairn under the Placing are conditional on, *inter alia*:

- (a) the Placing Agreement being entered into by the parties thereto and not having been terminated in accordance with its terms prior to Placing Admission;
- (b) the Selling Shareholders' Agreement being entered into by the parties thereto and not having been terminated in accordance with the terms prior to Placing Admission;
- (c) none of the warranties or undertakings contained in the Placing Agreement and/or the Selling Shareholders' Agreement being untrue, inaccurate or misleading in any material respect at any time before Placing Admission and no fact or circumstance having occurred or arisen which would constitute a material breach of any of the warranties or undertakings on the part of the Company or the Selling Shareholders' respectively contained in the Placing Agreement and/or the Selling Shareholders' Agreement;
- (d) the New Shares having been allotted, subject only to Placing Admission, in accordance with the Placing Agreement; and
- (e) Placing Admission taking place not later than 8.00 a.m. on 9 December 2016 or such later date as the Company and Cantor Fitzgerald may otherwise agree (but not being later than 8.00 a.m. on the Long Stop Date).

If (i) any of the conditions contained in the Placing Agreement in relation to the Placing Shares are not fulfilled or, where applicable, waived by Cantor Fitzgerald and Cairn by the respective time or date where specified (or such later time or date as the Company, Cantor Fitzgerald and Cairn may agree not being later than 16 December 2016), or (ii) the Placing Agreement is terminated as described below, the Placing in relation to the Placing Shares will lapse 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.

Each of Cantor Fitzgerald and Cairn may, in its absolute discretion, waive, or extend the period (up to the Longstop Date) for fulfilment of the conditions in the Placing Agreement, save that the condition set out in paragraph (e) above may not be waived. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement.

The Placing Agreement, contains, *inter alia*, certain warranties and indemnities from the Company for the benefit of Cantor Fitzgerald and Cairn.

Right to terminate under the Placing Agreement

Each of Cantor Fitzgerald and/or Cairn may, in its absolute discretion, terminate its obligations pursuant to the Placing Agreement (i) if any of the warranties given by the Company in the Placing Agreement (a) was not true or accurate or was misleading at the date of the Placing Agreement (b) would not be true and accurate, or would be misleading, if they were to be repeated at any time prior to Placing Admission (by reference to the facts and circumstances in each case then existing), in the case of each of (a) and (b) in a respect which Cantor Fitzgerald and/or Cairn considers to be material in the context of the Placing or the Offer, (ii) in the event of

the failure of the Company to comply in any material respect with its obligations under the Placing Agreement and additionally Cantor Fitzgerald may terminate its obligations pursuant to the Placing Agreement (i) in the event of the occurrence (by itself or together with any other such occurrence which, in the reasonable opinion of Cantor Fitzgerald or Cairn) is likely to materially adversely affect the market position or prospects of the Group when taken as a whole; or (ii) in the event of the occurrence of a 'force majeure' event which, in the reasonable opinion of Cantor Fitzgerald or Cairn, is materially adverse. The exercise by Cantor Fitzgerald or Cairn of any right of termination (or any right of waiver exercisable by Cantor Fitzgerald or Cairn) contained in the Placing Agreement or the exercise of any discretion under the Terms and Conditions set out herein is within the absolute discretion of Cantor Fitzgerald and Cairn and neither Cantor Fitzgerald nor Cairn will have any liability to Placees whatsoever in connection with any decision to exercise or not exercise any such rights.

By accepting the Placing Shares referred to in the Announcement to which this Appendix is annexed, each Placee agrees that, without having any liability to such Placee, each of Cantor Fitzgerald or Cairn may, in its absolute discretion, exercise the right, (i) to extend the time for fulfilment of any of the conditions in the Placing Agreement and/or the Selling Shareholders' Agreement (provided that Placees' commitments are not extended beyond the Long Stop Date), (ii) to waive, in whole or in part, fulfilment of certain of the conditions; or (iii) to terminate the Placing Agreement and/or the Selling Shareholders' Agreement, where applicable, in each case without consulting Placees (or any of them).

If (i) any of the conditions in the Placing Agreement and/or the Selling Shareholders' Agreement, where applicable, are not satisfied (or, where relevant, waived) or (ii) the Placing Agreement and/or the Selling Shareholders' Agreement, where applicable, are terminated or (iii) the Placing Agreement and the Selling Shareholders' Agreement do not otherwise become unconditional in all respects, the Placing will not proceed and all funds delivered by Placees to Cantor Fitzgerald or the Company pursuant to the Placing and this Appendix will be returned to Placees at their risk without interest, and Placees' rights and obligations under the Placing shall cease and determine at such time and no claim shall be made by Placees in respect thereof.

Registration and Settlement

Settlement of transactions in the Placing Shares (ISIN: GB00B9GQVG73) following Admission will take place within CREST (subject to certain exceptions). If a Placee wishes to receive its Placing Shares in certificated form, it should contact **Kellyann Leeds at Cantor Fitzgerald Europe (+44 (0)20 7894 7913)** as soon as possible after receipt of its Confirmation Note. Cantor Fitzgerald 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.

It is expected that settlement will be on 9 December 2016 in accordance with the instructions set out in the Confirmation 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 three (3) percentage points above The Royal Bank of Scotland plc's base rate, with interest compounded on a daily basis.

Each Placee is deemed to agree that, if it does not comply with these obligations, Cantor Fitzgerald may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for Cantor Fitzgerald'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 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 Cantor Fitzgerald all such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which Cantor Fitzgerald 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 Confirmation 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.

Placees will not be entitled to receive any fee or commission in connection with the Placing.

Further Terms, Confirmations and Warranties

By accepting the Placing Participation referred to in the Confirmation Note, each Placee makes the following confirmations, acknowledgements, representations, warranties and/or undertakings to Cantor Fitzgerald, the Company and the Selling Shareholders, where applicable, and their respective directors, agents and advisers:

- 1 each Placee confirms, represents and warrants that it has read and understood this Announcement (including this Appendix) in its entirety and acknowledges that its Placing Participation will be governed by the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings of this Appendix;
- 2 each Placee acknowledges and agrees that its Placing Participation on the Terms and Conditions set out in this Appendix is legally binding, irrevocable and is not capable of termination or rescission by such Placee in any circumstances;
- 3 each Placee confirms, represents and warrants that it has not relied on, received or requested nor does it have any need to receive, any prospectus, offering memorandum, listing particulars or any other document (other than the Announcement), any information given or any representations, warranties agreements or undertakings (express or implied), written or oral, or statements made at any time by the Company, the Selling Shareholders, Cantor Fitzgerald or, where applicable, by any subsidiary, holding company, branch or associate of the Company, the Selling Shareholders, Cantor Fitzgerald, or any of their respective officers, directors, agents, employees or advisers, or any other person in connection with the Placing, the Company and its subsidiaries or the Placing Shares and that in making its application under the Placing it is relying solely on the information contained in the Announcement and this Appendix and it will not be relying on any agreements by the Company and its subsidiaries the Selling Shareholders, or Cantor Fitzgerald or any director, employee or agent of the Company, Cantor Fitzgerald and, where applicable, the Selling Shareholders other than as expressly set out in this Appendix for which none of the Company, the Selling Shareholders, Cantor Fitzgerald or any of their directors and/or employees and/or person(s) acting on behalf of any of them shall to the maximum extent permitted under law have any liability except in the case of fraud;
- 4 each Placee confirms, represents and warrants that it is sufficiently knowledgeable to understand and be aware of the risks associated with, and other characteristics of, the Placing Shares and,

among others, of the fact that it may not be able to resell the Placing Shares except in accordance with certain limited exemptions under applicable securities legislation and regulatory instruments;

- 5 each Placee confirms, represents and warrants, if a company, that it is a valid and subsisting company and has all the necessary corporate capacity and authority to execute its obligations in connection with the Placing Participation and confirms, represents and warrants that any person who confirms to Cantor Fitzgerald on behalf of a Placee an agreement to subscribe for Placing Shares is duly authorised to provide such confirmation to Cantor Fitzgerald;
- 6 each Placee agrees that the exercise by Cantor Fitzgerald of any right of termination or any right of waiver exercisable by Cantor Fitzgerald contained in the Placing Agreement or the Selling Shareholders' Agreement or the exercise of any discretion including (without limitation) the right not to enter into the Placing Agreement or the Selling Shareholders' Agreement is within the absolute discretion of Cantor Fitzgerald and Cantor Fitzgerald will not have any liability to any Placee whatsoever in connection with any decision to exercise or not exercise any such rights. Each Placee acknowledges that if (i) any of the conditions in the Placing Agreement or the Selling Shareholders' Agreement are not satisfied (or, where relevant, waived) or (ii) the Placing Agreement or the Selling Shareholders' Agreement is terminated or (iii) the Placing Agreement or the Selling Shareholders' Agreement does not otherwise become unconditional in all respects, the Placing will lapse and such Placee's rights and obligations in relation to the Placing shall cease and determine at such time and no claim shall be made by any Placee in respect thereof;
- 7 each Placee acknowledges and agrees that Cantor Fitzgerald is not acting for, and that it does not expect Cantor Fitzgerald to have any duties or responsibilities towards, such Placee, including, without limitation, for providing protections afforded to customers or clients of Cantor Fitzgerald under the FCA's Conduct of Business Source Book or advising such Placee with regard to its Placing Participation and that such Placee is not, and will not be, a customer or client of Cantor Fitzgerald as defined by the FCA's Conduct of Business Source Book in connection with the Placing. Likewise, Cantor Fitzgerald will not treat any payment by such Placee pursuant to its Placing Participation as Client Money governed by the FCA's Client Assets Sourcebook;
- 8 each Placee undertakes and agrees that it will be responsible for any stamp duty or stamp duty reserve tax in relation to the New Shares and/or Sale Shares comprised in its Placing Participation and that neither Cantor Fitzgerald nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax in relation to the New Shares and/or Sale Shares comprised in such Placee's Placing Participation;
- 9 each Placee confirms, represents and warrants that it is a Relevant Person and that it may lawfully subscribe for or acquire the Placing Shares comprised in such Placee's Placing Participation and that it has complied with and will comply with all applicable provisions of FSMA with respect to anything done by such Placee in relation to the Placing Shares in, from or otherwise involving, the United Kingdom;
- 10 each Placee acknowledges and agrees that the agreement confirmed by the Confirmation Note is a legally binding contract between it and the Company and/or the Selling Shareholders and the Terms and Conditions of such Placee's Placing Participation will be governed by, and construed in accordance with, the laws of England and Wales to the exclusive jurisdiction of whose courts such Placee irrevocably agrees to submit;

- 11 each Placee agrees that it will ensure delivery and payment is completed in accordance with the settlement instructions set out in the Confirmation Note (or as separately agreed with Cantor Fitzgerald in the case of certificated settlement) and acknowledges and agrees that time shall be of the essence as regards such Placee's obligations pursuant to its Placing Participation;
- 12 each Placee acknowledges and agrees that it is the responsibility of such Placee (if it is outside of the United Kingdom) to satisfy itself that, in doing so, such Placee complies with the laws of any relevant territory in connection with its Placing Participation and that it obtains any requisite governmental or other consents and observes any other applicable formalities;
- 13 each Placee acknowledges and agrees that the Announcement does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, Placing Shares in any jurisdiction in which such an offer or solicitation is unlawful. Accordingly, such Placee acknowledges and agrees that the Placing Shares may not, subject to certain limited exceptions, be offered or sold, directly or indirectly, in or into the United States, any province of Canada or Australia, Japan, Singapore or the Republic of South Africa or offered or sold to, or for the account or benefit of, a national, citizen or resident of the United States, any province of Canada or Australia, Japan, Singapore or the Republic of South Africa, in each case subject to limited exemptions, or any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction;
- 14 each Placee 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, Singapore 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, Singapore or the Republic of South Africa or their respective territories and possessions, subject to limited exemptions, and in the case of the United States, pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act and in compliance with United States securities laws;
- 15 each Placee confirms, represents and 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 its Placing Participation, 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 Cantor Fitzgerald, the Company, the Selling Shareholders 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 or such Placee's Placing Participation;
- 16 each Placee confirms, represents and warrants that its subscription for Placing Shares does not trigger, in the jurisdiction in which such Placee is resident or located: (i) any obligation to prepare or file a prospectus or similar document or any other report with respect to such subscription; (ii) any disclosure or reporting obligation of the Company or the Selling Shareholders; or (iii) any registration or other obligation on the part of Cantor Fitzgerald, the Company or the Selling Shareholders;
- 17 each Placee confirms, represents and warrants it is acting as principal and for no other person and that its Placing Participation will not give any other person a contractual right to require the issue by the Company or transfer by a Selling Shareholder of any Placing Shares;

- 18 each Placee confirms, represents and warrants that in accepting its Placing Participation it is not applying for registration as, or as a nominee or agent for, a person who is or may be a person mentioned in sections 67 to 72 inclusive and sections 93 to 97 inclusive of the Finance Act 1986;
- 19 each Placee confirms, represents and warrants that, to the extent applicable to it, it is aware of its obligations in connection with the Criminal Justice Act 1993, the Terrorism Act 2006, the UK Anti-Terrorism Crime and Security Act 2001, the Money Laundering Regulations 2007, the Proceeds of Crime Act 2002 and the Market Abuse Regulation (EU No 596/2014), it has identified its clients in accordance with the Money Laundering Regulations 2007 and it has complied fully with its obligations pursuant to all such laws and regulations;
- 20 each Placee acknowledges and agrees that all times and dates in this Announcement and the Terms and Conditions set out in this Appendix, may be subject to amendment and that Cantor Fitzgerald will notify it of any such amendments;
- 21 each Placee acknowledges and agrees that no term of the agreement confirmed by the Confirmation Note shall be enforceable under the Contracts (Rights of Third Parties) Act 1999 by any person other than Cantor Fitzgerald or any affiliate of Cantor Fitzgerald or any Indemnified Person (as hereinafter defined);
- 22 each Placee acknowledges that any of its monies held or received by Cantor Fitzgerald will not be subject to the protections conferred by the FCA's Client Money Rules;
- 23 each Placee confirms, represents and warrants that it 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 or to, or for the account or benefit of, US Persons 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 will have the right to obtain, as a condition to transfer, 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 along with appropriate certifications by the transferee as to the 'Accredited Investor' status and/or other appropriate matters;
- 24 each Placee confirms, represents and warrants that it has not distributed, forwarded, transferred or otherwise transmitted this Announcement or any other presentation or offering materials concerning the Placing Shares within the United States, nor will it do any of the foregoing. Such Placee further confirms that it understands that the information in this Announcement, including financial information, may be materially different from any disclosure that would be provided in a US offering;
- 25 each Placee agrees, confirms, represents, warrants and undertakes as follows:-
- 25.1 it is, at the time of the offer and acceptance of the Placing Shares, outside the United States for the purposes of Regulation S;
- 25.2 it will not offer or sell the Placing Shares in the United States absent registration or an exemption from registration under the Securities Act;

- 25.3 it is aware that the Placing Shares are being offered outside the United States in reliance on Regulation S; and
- 25.4 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;
- 26 if it is subscribing for and/or purchasing the Placing Shares in the United Kingdom, each Placee is a person falling within the exemption contained in Section 86(1)(a) of FSMA or falling within one or more of the categories of persons set out in Article 19 (Investment Professionals) or Article 49 (High net worth companies, unincorporated associations etc.) of the Order;
- 27 each Placee confirms, represents and warrants that, in making the investment decision with respect to the Placing Shares, it has:-
- 27.1 not relied on the Company, the Selling Shareholders, Cantor Fitzgerald or any of its respective affiliates or on any document published by any of them;
- 27.2 the ability to bear the economic risk of its investment in the Placing Shares and has no need for liquidity with respect to its investment in the Placing Shares;
- 27.3 such knowledge and experience in financial and business matters that it is capable of evaluating the merits, risks and suitability of investing in the Placing Shares, and is able to sustain a complete loss of any investment in the Placing Shares; and
- 27.4 investigated independently and made its own assessment and satisfied itself concerning the relevant tax, legal, currency and other economic considerations relevant to its investment in the Placing Shares, including any federal, state and local tax consequences, affecting it in connection with its subscription for and/or purchase of and any subsequent disposal of the Placing Shares;
- 28 each Placee acknowledges and agrees that it is not entitled to the protections afforded to clients of Cantor Fitzgerald in connection with the Placing and that neither Cantor Fitzgerald nor any of its affiliates nor any of their respective officers, directors, employees or advisers shall be liable for any losses (including, without limitation, loss of profit, loss of business or opportunity and special interest or consequential losses), damages or costs of the Placee save as a result of fraud or for death or personal injury;
- 29 each Placee acknowledges that the Company, the Selling Shareholders, Cantor Fitzgerald, Euroclear, the Registrar, any transfer agent, any distributors or dealers and their respective affiliates and others will rely on the truth and accuracy of the foregoing warranties, acknowledgements, representations, undertakings and agreements, and agrees to notify the Company and Cantor Fitzgerald promptly in writing if any of its warranties, acknowledgements, representations, undertakings or agreements set out above cease to be accurate and complete and to indemnify and hold harmless on an after-tax basis the Company, the Selling Shareholders, Cantor Fitzgerald and any of their respective officers, directors, agents, employees or advisers (the “**Indemnified Persons**”) from and against any and all loss, damage, liability or expense, including reasonable costs and attorneys’ fees and disbursements,

which an Indemnified Person may incur by reason of, or in connection with, any representation or warranty made by such Placee as set out above not having been true when made, any misrepresentation made or any failure by such Placee to fulfil any of its undertakings or agreements set out above or any other document such Placee provides to the Company, the Selling Shareholders or Cantor Fitzgerald. Such Placee irrevocably authorises each of the Company, the Selling Shareholders and Cantor Fitzgerald to produce a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby;

- 30 each Placee acknowledges that the rights and remedies of Cantor Fitzgerald, the Company and the Selling Shareholders under these Terms and Conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one right or remedy will not prevent the exercise of the other rights and/or remedies; and
- 31 each Placee 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 Cantor Fitzgerald may in its sole discretion determine and without liability to such Placee and such Placee will remain liable 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 (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.

CREST and certificated Placing Shares

New Shares, once issued, will be admitted to CREST with effect from Admission. Placees will receive Placing Shares comprised in their Placing Participation in uncertificated form registered in their CREST member account. If Placees do not provide any CREST details or if Placees provide insufficient CREST details to match within the CREST system to their details, Cantor Fitzgerald may, at its discretion, deliver Placing Shares comprised in any such Placee's Placing Participation in certificated form provided payment has been made in terms satisfactory to Cantor Fitzgerald and all conditions in relation to the Placing have been satisfied or waived.

Responsibility

The Terms and Conditions set out in this Appendix and the Announcement of which it forms part have been issued by the Company and are 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 Cantor Fitzgerald, Cairn or any of their respective directors, officers, employees, affiliates, branches, advisers, consultants or agents or any other person as to or in relation to, the accuracy or completeness of the Announcement and the Appendix or any other written or oral information made available to any placee, or any person acting on such placee's behalf or any of their respective advisers, and any liability therefor is expressly disclaimed.