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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) No. 596/2014

FOR IMMEDIATE RELEASE

18 October 2019

RECOMMENDED CASH ACQUISITION

of

Murgitroyd Group PLC

by

Project Petra Bidco Limited

a newly incorporated entity indirectly controlled by funds managed by Sovereign Capital Partners LLP

to be effected by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2006

Summary

- The Board of Bidco and the Murgitroyd Directors are pleased to announce that they have reached agreement on the terms of a recommended cash offer, to be made by Bidco to acquire the entire issued and to be issued share capital of Murgitroyd.
- Bidco is a newly-incorporated entity indirectly controlled by funds managed by Sovereign Capital Partners LLP.
- Under the terms of the Acquisition, each Scheme Shareholder will be entitled to receive:

for each Scheme Share held	675 pence in cash
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- The Acquisition values the entire issued and to be issued share capital of Murgitroyd at approximately £62.8 million, representing a valuation of 13.8x EV/EBITDA for the financial year ended 31 May 2019 (based on net debt as at 31 May 2019) and a valuation of 20.5x P/E for the financial year ended 31 May 2019.
- The Cash Consideration:
 - represents a premium of approximately 6.3 per cent. to the closing price of 635 pence per Murgitroyd Share on the Last Practicable Date;
 - represents a premium of approximately 19.4 per cent. to the volume weighted average price per Murgitroyd Share during the three month period ended on 14 October 2019 (the last business day prior to the commencement of the Offer Period);

- represents a premium of approximately 39.0 per cent. to the volume weighted average price per Murgitroyd Share during the twelve month period ended on 14 October 2019; and
- is equivalent to the closing price of 675 pence per Murgitroyd Share on 14 October 2019.
- The Acquisition is intended to be effected by means of a scheme of arrangement under Part 26 of the Companies Act (or if Bidco elects, with the consent of the Panel, by way of a Takeover Offer) and will be subject to approval of the Scheme at the Court Meeting and the Special Resolution at the General Meeting.

Recommendation

- The Murgitroyd Directors, who have been so advised by Deloitte and Nplus1 Singer as to the financial terms of the Acquisition, unanimously consider the terms of the Acquisition to be fair and reasonable. In providing their advice to the Murgitroyd Directors, Deloitte and Nplus1 Singer have taken into account the commercial assessments of the Murgitroyd Directors. Deloitte and Nplus1 Singer are providing independent financial advice to the Murgitroyd Directors for the purposes of Rule 3 of the Code.
- Accordingly, the Murgitroyd Directors intend to recommend unanimously that Murgitroyd Shareholders vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting as they have irrevocably undertaken to do (or procure to be done) in respect of their own beneficial holdings (or the shareholdings they control), amounting to 2,799,301 Murgitroyd Shares in aggregate and representing in aggregate approximately 31.1 per cent. of the Murgitroyd Voting Shares.

Irrevocable Undertakings and support for the Acquisition

- In addition to the irrevocable undertakings given by the Murgitroyd Directors referred to above, Bidco has received irrevocable undertakings from one other Murgitroyd Shareholder to vote (or to procure the voting) in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer) in respect of a total of 387,526 Murgitroyd Shares, representing, in aggregate, approximately 4.3 per cent. of the existing Murgitroyd Voting Shares in issue as at the Last Practicable Date.
- All of the irrevocable undertakings received, in respect of a total of 3,186,827 Murgitroyd Shares representing in aggregate approximately 35.4 per cent., remain binding in the event of a higher offer being received for the Murgitroyd Shares.
- In addition, Bidco and/or Sovereign have received letters of intent from certain other Murgitroyd Shareholders to vote (or to procure the voting) in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer) in respect of a total of 1,753,072 Murgitroyd Shares, representing, in aggregate, approximately 19.5 per cent. of the Murgitroyd Voting Shares in issue as at the Last Practicable Date.
- Therefore, as at the date of this Announcement, Bidco has received irrevocable undertakings or letters of intent in respect of a total of 4,939,899 Murgitroyd Shares representing approximately 54.8 per cent. of the Murgitroyd Voting Shares in issue as at the Last Practicable Date. Full details of the irrevocable undertakings and letters of intent are set out in Appendix III to this Announcement.

Scheme Document

- The Scheme Document will include further information about the Acquisition, together with notices of the Court Meeting and the General Meeting and the expected timetable of the Scheme, and will specify the actions recommended to be taken by Murgitroyd Shareholders. The Scheme Document will be sent to Murgitroyd Shareholders as soon as reasonably practicable and, in any event (save with the consent of the Panel), within 28 days of this Announcement and will be made available by Murgitroyd and Bidco at www.murgitroydgroup.com and www.sovereigncapital.co.uk (subject to certain restrictions in relation to persons in Restricted Jurisdictions).
- The Acquisition will be conditional, amongst other things, on the following matters:
 - the approval of the Scheme by a majority in number of Murgitroyd Shareholders entitled to vote at the Court Meeting, either in person or by proxy, representing at least 75 per cent. in value of the Murgitroyd Shares voted;
 - the approval by Murgitroyd Shareholders representing at least 75 per cent. of the votes cast on the Special Resolution;
 - the sanction of the Scheme by the Court;
 - the Scheme becoming Effective by no later than the Long Stop Date;
 - the approval of the Acquisition by IPReg; and
 - the satisfaction (or waiver) of the other Conditions listed in Appendix I.

Comments on the Acquisition

Commenting on the Acquisition, Ian Murgitroyd, Chairman of Murgitroyd said:

“Almost 20 years since Murgitroyd Shares were admitted to trading on AIM, the Board of Murgitroyd is pleased to have reached agreement on an offer which provides an opportunity to engineer an orderly ownership transition for all shareholders in the Murgitroyd Group and the certainty of an immediate cash return which fairly reflects the near term prospects for the group. Sovereign’s evident commitment to support the Murgitroyd Group as it continues to invest to build scale in a fast-changing market and the particular importance attached by them to the skills and experience of the Murgitroyd Group employees and management team were key factors in the Murgitroyd Directors’ considerations. I am delighted to confirm that the Board intends unanimously to recommend the offer to shareholders.”

General

This summary should be read in conjunction with, and is subject to, the full text of this Announcement (including its Appendices).

The Acquisition will be subject to the Conditions and further terms set out in Appendix I to this Announcement and to the full terms and conditions which will be set out in the Scheme Document. Appendix II to this Announcement contains the sources of and bases of calculation for certain information contained in this Announcement. Appendix III to this Announcement contains a summary of the irrevocable undertakings received in relation to the Acquisition. Appendix IV to this Announcement contains definitions of certain expressions used in this summary and in this Announcement.

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Nadja Vetter

DWF Law LLP is providing legal advice to Bidco and Sovereign. Burness Paull LLP is providing legal advice to Murgitroyd.

Important notices

Zeus Capital, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser to Bidco and Sovereign and for no one else in connection with the Acquisition or any matters referred to in this Announcement and will not be responsible to anyone other than Bidco and Sovereign for providing the protections afforded to its clients nor for providing advice in relation to the Acquisition, the contents of this Announcement or any other matters referred to in this Announcement. Neither Zeus Capital, nor any of its affiliates, owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Zeus Capital in connection with the Acquisition, the contents of this Announcement or any other matters referred to in this Announcement or otherwise.

Spectrum is acting exclusively as financial adviser to Bidco and Sovereign and for no one else in connection with the Acquisition or any matters referred to in this Announcement and will not be responsible to anyone other than Bidco and Sovereign for providing the protections afforded to its clients nor for providing advice in relation to the Acquisition, the contents of this Announcement or any other matters referred to in this Announcement.

Nplus1 Singer, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as financial adviser to Murgitroyd and for no one else in connection with the Acquisition or any matters referred to in this Announcement and will not be responsible to anyone other than Murgitroyd for providing the protections afforded to its clients nor for providing advice in relation to the Acquisition, the contents of this Announcement or any other matters referred to in this Announcement.

Deloitte is acting for Murgitroyd and no-one else in connection with the Acquisition and will not be responsible to anyone other than Murgitroyd for providing the protections offered to clients of Deloitte or for providing advice in relation to the Acquisition. Deloitte is authorised and regulated in the United Kingdom by the Financial Conduct Authority in respect of regulated activities. Deloitte can be contacted at its principal office: 1 New Street Square, London EC4A 3HQ.

This Announcement is for information purposes only and is not intended to and does not constitute, or form part of, any offer, invitation, inducement or the solicitation of an offer to purchase or otherwise acquire, subscribe for, sell or otherwise dispose of or exercise rights in respect of any securities, or the solicitation of any vote or approval of an offer to buy securities in any jurisdiction (pursuant to the Acquisition or otherwise) nor shall there be any sale, issuance or transfer of any securities pursuant to the Acquisition in any jurisdiction in contravention of any applicable laws.

The Acquisition will be made solely by means of the Scheme Document (or, if the Acquisition is implemented by way of a Takeover Offer, any document by which the Takeover Offer is made), which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Scheme and the Special Resolution proposed at the General Meeting. Any decision, vote or other response in respect of the Acquisition should be made only on the basis of information contained in the Scheme Document (or, if the Acquisition is implemented by way of a Takeover Offer, any document by which the Takeover Offer is made). Murgitroyd will prepare the Scheme Document to be distributed to Murgitroyd Shareholders at no cost to them. Murgitroyd Shareholders are advised to read the formal documentation in relation to the Acquisition carefully once it becomes available because it will contain important information relating to the Acquisition.

This Announcement does not constitute a prospectus or a prospectus equivalent document.

This Announcement has been prepared for the purpose of complying with Scots law and the Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

No person should construe the contents of this announcement as legal, financial or tax advice and any interested person should consult its own advisers in connection with such matters.

Overseas jurisdictions

The release, publication or distribution of this Announcement in certain jurisdictions other than the United Kingdom may be restricted by law and the ability of Murgitroyd Shareholders who are not resident in the United Kingdom to participate in the Acquisition may be restricted by the laws and/or regulations of those jurisdictions. In particular, the ability of persons who are not resident in the United Kingdom to vote their Scheme Shares with respect to the Scheme at the Court Meeting or with respect to the Special Resolution at the General Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the Court Meeting and/or General Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Therefore, any persons who are subject to the laws and regulations of any jurisdiction other than the United Kingdom or Murgitroyd Shareholders who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements in their jurisdiction. To the fullest extent permitted by applicable law, the Bidco Group and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. Any failure to comply with the applicable requirements may constitute a violation of the laws and/or regulations of any such jurisdiction.

The Acquisition will not be made, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws of that jurisdiction and no person may vote in favour of the Acquisition by any use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Announcement and any formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The receipt of cash pursuant to the Acquisition by Murgitroyd Shareholders in overseas jurisdictions may be a taxable transaction under applicable national, state and local, as well as foreign and other tax laws. Each such Murgitroyd Shareholder is urged to consult their independent professional adviser regarding the tax consequences of accepting the Acquisition.

Further details in relation to Murgitroyd Shareholders in overseas jurisdictions will be contained in the Scheme Document.

Notice to US investors

Murgitroyd Shareholders in the United States should note that the Acquisition relates to the securities of a company organised under the laws of Scotland and is proposed to be effected by means of a scheme of arrangement under the Companies Act. This Announcement, the Scheme Document and certain other documents relating to the Acquisition have been or will be prepared in accordance with Scots law, the Code and UK disclosure requirements, format and style applicable to a scheme of arrangement, all of which differ from those in the United States. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Acquisition

is subject to the disclosure requirements of and practices applicable in the United Kingdom under the Code to schemes of arrangement, which differ from the disclosure requirements of the United States tender offer and proxy solicitation rules. However, Bidco reserves the right to implement the Acquisition by means of a Takeover Offer for the entire issued share capital of Murgitroyd as an alternative to a scheme of arrangement.

The information contained in this document has neither been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon the fairness or merits of the proposal contained in this document or determined the adequacy or accuracy of the information contained herein. Any representation to the contrary is a criminal offence in the United States.

Murgitroyd's financial statements, and all financial information that is included in this Announcement or that may be included in the Scheme Document, or any other documents relating to the Acquisition, have been prepared in accordance with International Financial Reporting Standards and may not be comparable to financial statements of companies in the United States or other companies whose financial statements are prepared in accordance with US generally accepted accounting principles. US generally accepted principals differ in certain respects from International Financial Reporting Standards. None of the financial information in this document has been audited in accordance with the auditing standards generally accepted in the US or the auditing standards of the Public Company Accounting Oversight Board of the US.

If Bidco were to elect to implement the Acquisition by means of a Takeover Offer, such Takeover Offer would be made in compliance with applicable US securities laws and regulations, including to the extent applicable, Section 14(e) of the US Exchange Act and Regulation 14E thereunder, and in accordance with the Code. Such a Takeover Offer would be made in the United States by Bidco and no one else. Accordingly, the Acquisition would be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under US domestic tender offer procedures and law.

The receipt of cash pursuant to the Acquisition by a Murgitroyd Shareholder in the United States as consideration for the transfer of its Murgitroyd Shares pursuant to the Scheme will likely be a taxable transaction for United States federal income tax purposes and under any applicable United States state and local income tax laws. Each Murgitroyd Shareholder in the United States is urged to consult his independent professional tax or legal adviser immediately regarding the US federal, state and local income and non-income tax consequences of the Acquisition applicable to him as well as any consequences arising under the laws of any other taxing jurisdiction.

It may be difficult for Murgitroyd Shareholders in the United States to enforce their rights and claims arising out of the US federal securities laws, since Bidco and Murgitroyd are located in a country other than the US, and some or all of their officers and directors are residents of countries other than the US. Murgitroyd Shareholders in the United States may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

In accordance with normal UK practice and consistent with Rule 14e-5(b) under the US Exchange Act, Bidco, certain affiliated companies and their nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, shares in Murgitroyd outside such a Takeover Offer during the period in which such a Takeover Offer would remain open for acceptance. If such purchases or arrangements to purchase were to be made, they would occur outside the US either in the open market at prevailing prices or in private

transactions at negotiated prices and would comply with applicable law, including to the extent applicable, the US Exchange Act and the Code. Any information about such purchases or arrangements to purchase will be disclosed as required in the United Kingdom, will be reported to a Regulatory Information Service of the London Stock Exchange and will be available on the London Stock Exchange website at www.londonstockexchange.com. This information will be publicly disclosed in the US to the extent that such information is made public in the UK.

Forward Looking Statements

This Announcement contains certain statements about Topco, Bidco and Murgitroyd that are, or may be deemed to be, "forward-looking statements" which are prospective in nature. All statements other than statements of historical fact, are or may be deemed to be, forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and are therefore subject to known and unknown risks and uncertainties which could cause actual results, performance or events to differ materially from the future results, performance or events expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", "targets", "aims", "projects", "goal", "objective", "outlook", "risks", "seeks" or words or terms of similar substance or the negative thereof, as well as variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might", "probably" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.

Such forward-looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this Announcement. Any forward-looking statements made in this Announcement on behalf of Topco, Bidco or Murgitroyd are made as of the date of this Announcement based on the opinions and estimates of directors of Topco, Bidco and Murgitroyd, respectively. Each of Topco, Bidco and Murgitroyd and their respective members, directors, officers, employees, advisers and any person acting on behalf of one or more of them, expressly disclaims any intention or obligation to update or revise any forward-looking or other statements contained in this Announcement, whether as a result of new information, future events or otherwise, except as required by applicable law. Neither Topco, Bidco, Murgitroyd nor their respective members, directors, officers or employees, advisers or any person acting on their behalf, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur.

No forward-looking or other statements have been reviewed by the auditors of Topco, Bidco or Murgitroyd. All subsequent oral or written forward-looking statements attributable to Topco, Bidco, Murgitroyd or to any of their respective members, directors, officers, advisers or employees or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above.

Rounding

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

No profit forecasts or estimates

Nothing in this Announcement is intended or shall be deemed to be a forecast, projection or estimate of the future financial performance of Topco, Bidco or Murgitroyd for any period and no statement in this Announcement should be interpreted to mean that cash flow from operations, earnings, or earnings per share or income for the current or future financial years would necessarily match or exceed the historical published cash flow from operations, earnings, earnings per share or income of Murgitroyd.

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company; and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) of the Code applies must be made by no later than 3:30 p.m. (London time) on the 10th Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3:30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company; and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8 of the Code. A Dealing Disclosure by a person to whom Rule 8.3(b) of the Code applies must be made by no later than 3:30 p.m. (London time) on the Business Day following the date of the relevant dealing.

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

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

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

Publication on website and availability of hard copies

A copy of this Announcement and the display documents required to be published pursuant to Rules 26.1 and 26.2 of the Code will be made available free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Murgitroyd's website at www.murgitroydgroup.com by no later than 12 noon (London time) on the Business Day following this Announcement. Neither the content of any website referred to in this Announcement nor the content of any website accessible from hyperlinks is incorporated into, or forms part of, this Announcement.

Any person who is required to be sent a copy of this Announcement under the Code, and who has not received a hard copy of it, may request a hard copy of this Announcement (and any information incorporated by reference in this Announcement) by submitting a request by telephone to Link Asset Services on +44 (0)37 1664 0321 during normal business hours. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Save as otherwise referred to above, a hard copy of this Announcement will not be sent unless requested. Any such person may also request that all future documents, announcements and information in relation to the Acquisition should be sent to them in hard copy form.

Relevant securities in issue

In accordance with Rule 2.9 of the Code, Murgitroyd confirms that, as at the Last Practicable Date, its current issued share capital comprises 9,009,347 ordinary shares of 10 pence each. Murgitroyd does not hold any Murgitroyd Shares in treasury. The International Securities Identification Number for Murgitroyd Shares is GB0031067456.

Electronic communications

Please be aware that all addresses, electronic addresses (if any) and certain other information provided by the Murgitroyd Shareholders, persons with information rights and other relevant persons for the receipt of communications from Murgitroyd may be provided to offerors (including Bidco) during the Offer Period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c) of the Code.

General

If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor or independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriate authorised independent financial adviser.

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FOR IMMEDIATE RELEASE

18 October 2019

RECOMMENDED CASH ACQUISITION

of

Murgitroyd Group PLC

by

Project Petra Bidco Limited

a newly formed company indirectly controlled by funds managed by Sovereign Capital Partners LLP

to be effected by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2006

1. Introduction

The Board of Bidco and the Murgitroyd Directors are pleased to announce that they have reached agreement on the terms of a recommended cash offer, to be made by Bidco to acquire the entire issued and to be issued share capital of Murgitroyd. The Acquisition is intended to be effected by means of a scheme of arrangement under Part 26 of the Companies Act.

2. The Acquisition

Under the terms of the Acquisition, which shall be subject to the satisfaction (or waiver, if permitted) of the Conditions and further terms set out in Appendix I to this Announcement and to be set out in the Scheme Document, Scheme Shareholders shall be entitled to receive:

for each Scheme Share held 675 pence in cash

The Acquisition values the entire issued and to be issued share capital of Murgitroyd at approximately £62.8 million, representing a valuation of 13.8x EV/EBITDA for the financial year ended 31 May 2019 (based on net debt as at 31 May 2019) and a valuation of 20.5x P/E for the financial year ended 31 May 2019.

The Cash Consideration:

- represents a premium of approximately 6.3 per cent. to the closing price of 635 pence per Murgitroyd Share on the Last Practicable Date;

- represents a premium of approximately 19.4 per cent. to the volume weighted average price per Murgitroyd Share during the three month period ended on 14 October 2019 (the last business day prior to the commencement of the Offer Period);
- represents a premium of approximately 39.0 per cent. to the volume weighted average price per Murgitroyd Share during the twelve month period ended on 14 October 2019; and
- is equivalent to the closing price of 675 pence per Murgitroyd Share on 14 October 2019.

3. Conditions to the Acquisition

The Acquisition will be subject to the Conditions and further terms set out in Appendix I to this Announcement and which will be set out in the Scheme Document, including:

- the approval of the Scheme by a majority in number of Murgitroyd Shareholders entitled to vote at the Court Meeting, either in person or by proxy, representing at least 75 per cent. in value of the Scheme Shares voted;
- the approval by Murgitroyd Shareholders representing at least 75 per cent. of the votes cast on the Special Resolution;
- the sanction of the Scheme by the Court;
- the Scheme becoming Effective by no later than the Long Stop Date;
- the approval of the Acquisition by IPReg; and
- the satisfaction of the other Conditions listed in Appendix I to this Announcement.

4. Background to and reasons for the Acquisition

Bidco believes that Murgitroyd has a number of highly attractive investment characteristics:

- outstanding reputation as shown by Murgitroyd receiving the highest ranking in the Financial Times 2019 survey of Europe's leading patent law firms;
- provider of both attorney-led IP services as well as IP support services, with further opportunities to expand service provision across the IP value chain; and
- a track record of executing and integrating acquisitions globally.

Bidco intends to support the Murgitroyd management team in the sustained growth of Murgitroyd by providing the backing to pursue a 'buy-and-build' strategy alongside the continued organic expansion of Murgitroyd's client base, helping to achieve greater global presence. Bidco will also support Murgitroyd management to continue to develop its technology platform and support service offerings.

Sovereign Capital Partners LLP has significant prior experience in the business support services sector, most recently through its investments in Premier Park, Utility Bidder, Arachas, and Asset Control, and has a strong track record in scaling companies globally both organically and via executing strategic acquisitions.

Bidco believes that, with the support of Sovereign and together with the continuing participation of the incumbent senior management team and staff, Murgitroyd is well positioned to capitalise on the significant growth opportunities available in its end markets including the identification and execution of buy-and-build opportunities.

5. Recommendation by the Murgitroyd Directors

The Murgitroyd Directors, who have been so advised by Deloitte and Nplus1 Singer as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing their advice to the Murgitroyd Directors, Deloitte and Nplus1 Singer have taken into account the commercial assessments of the Murgitroyd Directors. Deloitte and Nplus1 Singer are providing independent financial advice to the Murgitroyd Directors for the purposes of Rule 3 of the Code.

Accordingly, the Murgitroyd Directors intend to recommend unanimously that Murgitroyd Shareholders vote or procure votes in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting, as the Murgitroyd Directors have irrevocably undertaken to do (or procure to be done) in respect of their own beneficial holdings (or shareholdings they control) of 2,799,301 Murgitroyd Shares (representing, in aggregate, approximately 31.1 per cent. of the Murgitroyd Shares in issue on the Last Practicable Date).

6. Background to and Reasons for the recommendation

It has now been 18 years since the share capital of Murgitroyd was first admitted to trading on AIM, over which period Murgitroyd has earned a reputation as a steady and reliable performer, delivering a total return for shareholders (including dividends) over the period since admission of approximately 615 per cent. Throughout the five financial years ended 31 May 2019, the Murgitroyd Group reported EBITDA within a range of £4.0m and £4.8m. This has been reflected in share price performance, with Murgitroyd Shares having traded substantially within the range of 450 pence to 650 pence per share since June 2014; and, over the same period, the Group's progressive dividend policy has generated an increasing proportion of total shareholder return.

In recent months, as further explained under "Current trading and prospects of Murgitroyd" below, the Murgitroyd Group has experienced increased levels of activity, partly reflecting the acquisition of Chapman IP in February of this year and partly as a result of a growing case-load from major US-based corporates, including a new retained advisory relationship. While this and other client relationships have the potential to deliver significant growth in the future, there is uncertainty at the current time as to how these will actually develop.

Recent Murgitroyd Group trading statements have however also referenced both macro-economic and political uncertainties, including Brexit, and these represent a volatile backdrop against which to assess whether the recent upturn in trading activity is likely to become embedded and to engage in forward business planning. Furthermore, the impact of technology on customer behaviours which, as with other segments of the professional services sector, is an increasing feature of service delivery within the IP services segment, requires the Group to continue to invest pre-emptively both in operating systems and processes and in business development headcount, primarily in the US, with a view to generating growth and defending the Murgitroyd Group's existing market position. This necessary investment is difficult to balance with the imperative to maximise near term profitability, which is a feature of life on public markets.

The Murgitroyd Directors are also conscious that, AIM-quoted status notwithstanding, the market in Murgitroyd Shares is relatively illiquid (average daily volumes traded during the twelve month period ended 14 October 2019 were only 6,894 shares) and that the Murgitroyd family remains far and away the largest shareholder block on the Murgitroyd register. The Murgitroyd family's aggregate holding represents approximately 35.3 per cent. of the Murgitroyd Shares currently in issue, of which Murgitroyd Group founder

and Chairman Ian Murgitroyd's personal beneficial holding is approximately 26.7 per cent. As time passes, engineering an orderly ownership transition has become an increasingly important strategic priority for the Murgitroyd Group and, in late 2017, the then Board of Murgitroyd initiated a private sale process with a view to procuring an offer or offers for the Company. This process (which did not involve Bidco) did not result in a proposed offer on terms which both commanded the support of the family and which the Murgitroyd Board was willing to recommend and was terminated in September 2018.

The approach from Bidco which has culminated in the Acquisition provides that opportunity to engineer an orderly ownership transition for all shareholders in the Murgitroyd Group and the certainty of the immediate cash return under the Acquisition. The Murgitroyd Directors' conclusion is that the Cash Consideration fairly reflects the near term prospects for the Group and represents attractive value for Murgitroyd Shareholders. The Murgitroyd Directors have also taken into account the following additional factors:

- their belief that operating under private equity ownership will provide the Murgitroyd Group with enhanced operational and financial flexibility enabling it more easily to continue to invest to build scale in a fast-changing market;
- the fact that Bidco attaches particular importance to the skills and experience of the Murgitroyd Group employees and management team and its belief that their continuing commitment will be a key factor in maximising the opportunities available to the Murgitroyd Group in the future under the ownership of Bidco;
- the fact that the Murgitroyd family has agreed to provide irrevocable undertakings to vote (or to procure the voting) in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer) in respect of their entire holdings of Murgitroyd Shares, totalling 3,181,802 Murgitroyd Shares and representing, in aggregate, approximately 35.3 per cent of the Murgitroyd Voting Shares in issue at the Last Practicable Date; and
- in light of the relative lack of liquidity (and therefore relative volatility) in Murgitroyd Shares, their view that average share price performance over an extended period is a better yardstick of underlying trading valuation than the spot price on any given day. The Acquisition represents a premium of 19.4 per cent. to the volume weighted average price per Murgitroyd Share during the three month period ended on 14 October 2019, being the last business day prior to the commencement of the Offer Period and 39.0 per cent. to the volume weighted average price per Murgitroyd Share during the twelve month period ended on the 14 October 2019.

Accordingly, taking into account the factors outlined above, the Murgitroyd Directors believe that Murgitroyd Shareholders should have the opportunity to realise their investment in Murgitroyd on the terms proposed by Bidco.

7. Irrevocable Undertakings

In addition to the irrevocable undertakings given by the Murgitroyd Directors referred to above, Bidco has received irrevocable undertakings from one other Murgitroyd Shareholder to vote (or to procure the voting) in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer) in respect of a total of 387,526 Murgitroyd Shares, representing, in

aggregate, approximately 4.3 per cent. of the Murgitroyd Voting Shares in issue as at the Last Practicable Date.

All of the irrevocable undertakings received, in respect of a total of 3,186,827 Murgitroyd Shares representing in aggregate approximately 35.4 per cent., remain binding in the event of a higher offer being received for the Murgitroyd Shares.

In addition, Bidco and/or Sovereign have received letters of intent from certain other Murgitroyd Shareholders to vote (or to procure the voting) in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer) in respect of a total of 1,753,072 Murgitroyd Shares, representing, in aggregate, approximately 19.5 per cent. of the Murgitroyd Voting Shares in issue as at the Last Practicable Date.

Therefore, as at the date of this Announcement, Bidco has received irrevocable undertakings or letters of intent in respect of a total of 4,939,899 Murgitroyd Shares representing approximately 54.8 per cent. of the Murgitroyd Voting Shares in issue as at the Last Practicable Date.

Further details of these irrevocable undertakings and letters of intent, including the circumstances in which they may lapse, are set out in Appendix III to this Announcement.

8. Information on Sovereign Capital Partners LLP and the Bidco Group

Sovereign Capital Partners LLP

Sovereign, which is owned and controlled by its partners, including Andrew Hayden as managing partner, is a UK based private investment firm focused on mid-market leveraged buyouts of UK and European based companies. Sovereign specialises in 'buy & build' strategies and partners with investee companies and their management teams to help accelerate growth, both organically and through acquisitions. Sovereign is authorised and regulated by the Financial Conduct Authority.

Sovereign was established in 2001 and since that time has raised and managed £1.04 billion of funds, with commitments from international investors, including endowment funds, family offices and fund of funds. Sovereign invests in the education, healthcare services and business support services sectors and there are currently 15 platform investments in its portfolio.

Sovereign has raised a number of funds in their chosen sectors and has a successful track record in backing management teams and their staff to build high quality businesses and delivering returns to investors. Sovereign typically invests capital in each business, partnering management teams to help them achieve significant growth through both organic roll-out and acquisition. Alongside this, its in-house research team helps portfolio companies to source strategic acquisitions that will extend the company's service offering and geographic coverage.

Sovereign takes majority stakes and appoints representatives to the boards of all its investments to monitor each investment and represent its interests. Sovereign investment entities follow a typical private equity buyout structure, which include a mixture of equity funding and loan notes. Sovereign has been actively investing in the business support sector since 2001 and as of 30 September 2019 has deployed over £305 million to businesses within the support service sector.

Bidco Group

Bidco is a private company limited by shares, incorporated on 24 September 2019 under the laws of England and Wales for the purposes of implementing the Acquisition. It is indirectly owned and controlled by Sovereign Capital IV Limited Partnership ("**SCIV LP**") a fund managed on a discretionary basis by BB Shelf 4 LLP which in turn is controlled by Sovereign. At the time of this announcement, the directors of Bidco are Jeremy Morgan and Jonathan Thorne. Following completion of the Acquisition, it is intended that the directors of Bidco will be George Edward Murgitroyd, Gordon Stark and Keith Young.

Shortly following completion of the Acquisition, certain other persons and managers connected to Sovereign (together the "**Sovereign Co-Investors**") will become investors in the Bidco Group. BB Shelf 4 LLP is authorised and regulated by the Financial Conduct Authority. Sovereign's control of Bidco is via a series of intermediate holding companies, Topco, Midco 1 and Midco 2.

Neither Topco, Midco 1, Midco 2 or Bidco has traded since their incorporation and the only obligations each has entered into are in connection with implementing the Acquisition.

Further details of the Bidco Group are set out in Appendix V of this Announcement.

9. Information on Murgitroyd

Murgitroyd is one of the largest groups of patent and trade mark attorneys in Europe, with over 70 patent and trade mark professionals and more than 200 staff based in 18 offices throughout Europe and internationally, specialising in the provision of a wide range of intellectual property services. Murgitroyd was originally founded in 1975 and was admitted to trading on AIM in November 2001.

Murgitroyd's core service offering comprises patent, trade mark and design clearances, protection, enforcement, commercialisation and maintenance; IP strategy and portfolio management; copyright advisory; domain name protection strategy; IP audit, litigation support and licensing; IP portfolio monetisation; and patent box advisory. In addition, the Murgitroyd Group offers a number of global support services, including patent renewals/annuities, European patent validation, translation, IP searches, paralegal services, global IP filing, patent drawings and IP due diligence.

In recent years, Murgitroyd has sustained a programme of investment in order to reshape the Murgitroyd Group's processes and systems to position it for growth. This programme has involved the continued development of its core technology platform to drive workflow automation and process efficiency, coupled with a growth of the Murgitroyd Group's paralegal function. The Murgitroyd Group has also driven a number of resourcing initiatives to underpin growth, including investment in growing business development teams in the US and, more recently, in the UK and Europe, and continued investment in staff development and retention, driven by culture, training and communication. In 2016, the Murgitroyd Group acquired certain trade and assets in Managua, Nicaragua, which extended the Murgitroyd Group's global support services capability, enabling it to provide services at substantially reduced cost.

Murgitroyd's office network now comprises 18 offices in 10 countries and the Board continues to review the potential to expand beyond its current core office network in Europe and the US. The current geographic spread ensures that Murgitroyd is well placed to support clients to manage Brexit-induced change and to continue to represent its clients in Europe in respect of their IP rights, as it has been doing since the referendum on the UK's membership of the European Union.

In February 2019, the Murgitroyd Group acquired Chapman IP, a European patent and trade mark attorney

practice based in Southampton, with a particular focus on providing IP services to the engineering, electronics, materials science, chemistry, software and IT, technology and creative services sectors, further strengthening its UK practice.

10. Current trading and prospects of Murgitroyd

On 17 September 2019, Murgitroyd announced its audited results for the financial year ended 31 May 2019.

In the full year to 31 May 2019, the Murgitroyd Group reported revenues of £48.0m (2018: £44.6m) and profit before tax of £4.16m (2018: underlying profit before tax of £4.08m), an increase of 2 per cent., in line with market expectations.

Reported basic earnings per Murgitroyd Share for the year ended 31 May 2019 were 11.9 per cent. higher year-on-year at 33.2 pence (2018, after exceptional item: 29.7 pence). Earnings were again strongly weighted towards the second half of the financial year, consistent with recent years.

The results statement noted that the Murgitroyd Group's trading performance in the early part of the current financial year has been strong. Since that date, the Murgitroyd Group has continued to experience increased levels of activity and it therefore remains well placed to deliver on its expectations for the financial year as a whole.

11. Directors, management, employees, pensions, research and development, locations of business and strategic plans

As set out in paragraph 4 of this Announcement, Bidco intends to support Murgitroyd's management to develop the Company by way of investment in staff and operational capacity to support the expansion of Murgitroyd's global operations and service offerings and by investing in the development of Murgitroyd's technology platforms, all with the aim of continuing to provide the highest quality of service to its clients.

Bidco intends to support Murgitroyd's management in pursuing a 'buy and build' strategy by identifying, assessing and financing the acquisition of complementary companies which are perceived to be value-enhancing to the overall Murgitroyd proposition likely by enhancing Murgitroyd's offering through adding new geographies and/or services.

Bidco believes that, under private ownership and supported by Sovereign's expertise and access to capital, Murgitroyd would be better able to invest in its staff, technology platforms and operational capacity. These investments would better allow Murgitroyd to capitalise on additional growth opportunities that may arise from expanding its range of service offerings and further increasing its service quality. Bidco also intends to actively monitor acquisition opportunities as they arise and pursue them with Murgitroyd where appropriate.

Bidco recognises the contribution made by the Murgitroyd management team in developing the Company and attaches great importance to their skills and experience. Bidco intends to support the wider Murgitroyd management team in the execution of their long-term strategy as set out above.

Bidco does not intend to effect any headcount reductions within Murgitroyd as a result of the Acquisition and expects that existing employees of Murgitroyd will continue to contribute to Murgitroyd's ongoing success. Bidco confirms that, following the Scheme becoming Effective, the existing contractual and statutory employment rights, including in relation to pensions, of Murgitroyd's management and employees will be fully safeguarded in accordance with applicable law. Bidco does not intend to make any material change to the conditions of employment or in the balance of skills and functions of the management and employees of Murgitroyd. Bidco does not intend to make any changes with regards to Murgitroyd's existing pension

schemes. Bidco has not entered into, and has not had discussions on proposals to enter into, any form of incentivisation or any other arrangements with the management and employees of Murgitroyd.

It is intended that each of the non-executive directors of Murgitroyd (being Ian Murgitroyd, Willie MacDiarmid, Mark Kemp-Gee, John Reid and Helga Chapman) will resign upon and with effect from the Effective Date (or, in the event that the Acquisition is implemented by a Takeover Offer, upon or shortly following the Takeover Offer becoming or being declared wholly unconditional). Accordingly, Mark Kemp-Gee has withdrawn his previously stated intention to stand down from the Murgitroyd Board at the forthcoming Murgitroyd annual general meeting convened for 31 October 2019.

Following the Scheme becoming Effective, Bidco does not intend to make any restructurings or changes in location of Murgitroyd's headquarters and headquarter functions, operations and places of business. Bidco does not intend to make any changes in respect of the redeployment of Murgitroyd's fixed assets or the research and development functions of Murgitroyd.

Shortly after the Scheme becoming Effective, Bidco intends to partially refinance its investment in Murgitroyd using additional debt facilities. The introduction of such facilities, if put in place, will not cause any changes to the operational structure of the business or any of the other matters outlined above.

No statements in this paragraph 11 are "post-offer undertakings" for the purposes of Rule 19.5 of the Code.

Response from the Murgitroyd Directors

The Murgitroyd Directors welcome Bidco's stated intentions concerning Murgitroyd management and employees, locations of business and strategic plans. In particular, the Murgitroyd Directors are pleased that Bidco does not intend to initiate any headcount reductions within Murgitroyd as a result of the Acquisition. The Murgitroyd Directors also welcome Bidco's confirmation that, following completion of the Acquisition, the existing contractual and statutory employment rights of all Murgitroyd management and employees will be fully safeguarded in accordance with applicable law.

12. Financing arrangements

The Cash Consideration payable by Bidco to Murgitroyd Shareholders pursuant to the Acquisition will be funded through a combination of loan notes and share subscriptions.

An amount equal to the Cash Consideration will be drawn down from the Sovereign Investors and the majority of these funds will be subscribed by the Sovereign Investors for the issue of loan notes by Midco 1, with the balance being subscribed by the Sovereign Investors for shares in Topco. The funds will be loaned down by Topco and Midco 1 to Midco 2 and Bidco pursuant to certain intra-group loan agreements.

Zeus Capital, in its capacity as the financial adviser to Bidco, is satisfied that sufficient resources are available to Bidco to enable it to satisfy in full the Cash Consideration.

13. Structure of the Acquisition and the Scheme Document

Scheme

It is intended that the Acquisition will be effected by a Court-sanctioned scheme of arrangement between Murgitroyd and the Scheme Shareholders under Part 26 of the Companies Act. Bidco reserves the right to elect to implement the Acquisition by way of a Takeover Offer (with the consent of the Panel).

The purpose of the Scheme is to enable Bidco to become the owner of the whole of the issued and to be issued Murgitroyd Shares.

Under the Scheme, the Scheme Shares will be transferred to Bidco in consideration for which the Scheme Shareholders will receive the Cash Consideration on the basis set out in paragraph 2 of this Announcement. The Scheme will be subject to the Conditions and further terms referred to in Appendix I to this Announcement and to be set out in the Scheme Document. The Acquisition will lapse if the Scheme does not become Effective by the Long Stop Date.

Approval at the Court Meeting and the General Meeting

In order to become Effective, the Scheme requires:

- (a) the approval of a majority in number of the Murgitroyd Shareholders entitled to vote, representing not less than 75 per cent. in value of the Murgitroyd Shares voted, either in person or by proxy, at the Court Meeting. At the Court Meeting, voting will be by poll and not on a show of hands and all Murgitroyd Shareholders appearing on Murgitroyd's register of members at the Voting Record Time will be entitled to vote at the Court Meeting and to cast one vote for each Scheme Share held;
- (b) the approval of not less than 75 per cent. of the votes cast, either in person or by proxy, of the Special Resolution to be proposed at the General Meeting (to be held directly after the Court Meeting) for the purposes of implementing the Scheme, including to approve amendments to Murgitroyd's articles of association to ensure that any Murgitroyd Shares issued after the approval of the Scheme at the Court Meeting and the Scheme Record Time will be: (i) subject to the Scheme; and (ii) automatically acquired by Bidco (or its nominee(s)) on the same terms as under the Scheme. This will avoid any person (other than Bidco, its nominee(s) or the Sovereign Investors) being left with Murgitroyd Shares after the Effective Date. At the General Meeting, all Murgitroyd Shareholders appearing on Murgitroyd's register of members at the Voting Record Time will be entitled to vote on the Special Resolution and to cast one vote for each Murgitroyd Share held; and
- (c) all of the other Conditions to be satisfied or (where applicable) waived.

For the avoidance of doubt, the Conditions described in paragraphs (a) and (b) cannot be waived.

Application to the Court to sanction the Scheme

Once the necessary approvals have been obtained at the Murgitroyd Meetings, and the other Conditions have been satisfied or (where applicable) waived (save for the Conditions set out at paragraphs 1 and 2 of Part A of Appendix I to this Announcement), in order for the Scheme to be capable of becoming Effective, it must be sanctioned by the Court at the Scheme Court Hearing.

The Scheme will only become Effective once a copy of the Scheme Court Order is delivered to the Registrar of Companies.

Lapsing of the Acquisition

The Acquisition will lapse if, amongst other things:

- (a) the approval of the requisite majority of Murgitroyd Shareholders at the Court Meeting is not obtained on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document (or such later date, if any, as Bidco and Murgitroyd may agree and the Court may allow);

- (b) the approval of the requisite majority of Murgitroyd Shareholders to pass the Special Resolution to be proposed at the General Meeting is not obtained on or before the 22nd day after the expected date of the General Meeting to be set out in the Scheme Document (or such later date, if any, as Bidco and Murgitroyd may agree and the Court may allow); or
- (d) the sanction of the Scheme by the Court (without modification or with modification on terms acceptable to Bidco and Murgitroyd) and the delivery of a copy of the Scheme Court Order to the Registrar of Companies does not take place by the Long Stop Date.

Scheme becoming Effective

Upon the Scheme becoming Effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting, or whether they voted in favour of or against the Scheme.

The cash consideration due to Scheme Shareholders will be dispatched no later than 14 days after the Effective Date. Upon the Scheme becoming Effective, certificates in respect of Scheme Shares will cease to be valid and entitlements to Scheme Shares held within the CREST system, or any other analogous system, will be cancelled.

Scheme Document

The Scheme Document will include full details of the Scheme, together with notices of the Court Meeting and the General Meeting and the expected timetable for the Scheme, and will specify the action to be taken by Murgitroyd Shareholders.

It is expected that the Scheme Document, together with the Forms of Proxy, will be dispatched to Murgitroyd Shareholders within 28 days of the date of this Announcement, unless Bidco and Murgitroyd otherwise agree, and the Panel consents, to a later date.

General

The Scheme will be governed by Scots law. The Scheme will be also subject to the applicable requirements of the Code, the Panel and the Financial Conduct Authority.

14. Murgitroyd Unapproved Share Schemes

To the extent that share options granted under the Murgitroyd Unapproved Share Schemes have not lapsed they will become exercisable as a result of the Court sanctioning the Scheme. Participants in the Murgitroyd Unapproved Share Schemes will be contacted regarding the effect of the Acquisition on their rights under the Murgitroyd Unapproved Share Schemes and will be provided with further details concerning the proposals which will be made to them in due course. Details of the proposals will be set out in the Scheme Document and on separate letters to be sent to the participants in the Murgitroyd Unapproved Share Schemes.

15. Interests of Bidco and Sovereign in Murgitroyd Shares

Bidco will make a public Opening Position Disclosure setting out details required to be disclosed by it under Rule 8.1(a) of the Code.

As at the Last Practicable Date, neither Bidco, Sovereign or SCIV LP held any Murgitroyd Shares.

Save as referred to above and in respect of the irrevocable undertakings referred to in paragraph 7 of this Announcement, as at the Last Practicable Date neither Bidco, nor any of its respective directors, nor, so far as

Bidco is aware, any person acting in concert (within the meaning of the Code) with Bidco had: (i) any interest in or right to subscribe for Murgitroyd Shares; nor (ii) any short positions in respect of relevant Murgitroyd Shares (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell, any delivery obligation or right to require another person to purchase or take delivery; nor (iii) borrowed or lent any Murgitroyd Shares (including, for these purposes, any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code); nor (iv) is a party to any dealing arrangement of the kind referred to in Note 11 on the definition of acting in concert in the Code.

In the interests of secrecy prior to this Announcement, it has not been practicable for Bidco to make enquiries of all of its concert parties in advance of the release of this Announcement. Therefore, if Bidco becomes aware, following the making of such enquiries, that any of its concert parties have any such interests in relevant securities of Murgitroyd, all relevant details in respect of Bidco's concert parties will be included in Bidco's Opening Position Disclosure in accordance with Rule 8.1(a) and Note 2(a)(i) on Rule 8 of the Code, which must, unless there are no such interests of which Bidco is aware, be made on or before 12 noon (London time) on 29 October 2019, the tenth Business Day following commencement of the Offer Period.

"Interests in securities" for these purposes arise, in summary, when a person has long economic exposure, whether absolute or conditional, to changes in the price of securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person will be treated as having an "interest" by virtue of the ownership, voting rights or control of securities, or by virtue of any agreement to purchase, option in respect of, or derivative referenced to, securities.

16. Acquisition related arrangements

Confidentiality agreement

Sovereign and Murgitroyd entered into a confidentiality agreement on 8 August 2019 (the "**Confidentiality Agreement**") pursuant to which Sovereign has undertaken to keep confidential (on its own behalf and as agent for certain representatives), information relating to Murgitroyd and/or the Acquisition, to use such information solely for the agreed purposes in relation to the Acquisition and not disclose it to third parties (other than to authorised recipients) unless required by law or regulation.

Pursuant to the terms of the Confidentiality Agreement, Sovereign has also agreed to customary standstill arrangements pursuant to which, without the prior written consent of Murgitroyd, it and any persons acting in concert with it will not acquire Murgitroyd Shares or any interest in Murgitroyd Shares for 12 months following the date of the Confidentiality Agreement. These restrictions fall away upon the Murgitroyd Directors agreeing to recommend an offer for the Company by Bidco, as is set out in this Announcement. If the Acquisition does not complete, the confidentiality obligations shall remain in force for a period of 2 years from the date of the Confidentiality Agreement.

17. Cancellation of admission to trading and re-registration

It is intended that, prior to the Scheme becoming Effective, an application will be made to the London Stock Exchange for admission of the Murgitroyd Shares to trading on AIM to be cancelled on or shortly after the Effective Date. The last day of dealings in, and for registration of transfers of, Murgitroyd Shares (other than registration of the transfers of the Scheme Shares to Bidco pursuant to the Scheme) is expected to be at the close of business on the Business Day immediately prior to the Effective Date and no transfers will be registered after 6.00 p.m. on that date. No dealings in Murgitroyd Shares will be registered after this date.

On the Effective Date, Murgitroyd will become a wholly-owned subsidiary of Bidco and share certificates in respect of the Murgitroyd Shares will cease to be valid and should be destroyed. In addition, entitlements to Murgitroyd Shares held within the CREST system will be cancelled on or shortly after the Effective Date.

Shortly after the Effective Date, it is intended that Murgitroyd will be re-registered as a private limited company pursuant to the relevant provisions of the Companies Act.

18. Documents available on website

Copies of the following documents will, in accordance with Rule 26.2 of the Code, be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Murgitroyd's website at www.murgitroydgroup.com by no later than 12 noon (London time) on the Business Day following the date of this Announcement until the end of the Offer Period:

- a copy of this Announcement;
- the irrevocable undertakings and letters of intent referred to in paragraph 7 of this Announcement;
- the written consents of each of Zeus Capital, Spectrum, Nplus1 Singer and Deloitte referred to in paragraph 21 below; and
- the confidentiality agreement described in paragraph 16 of this Announcement.

19. Dividends

On 21 February 2019, Murgitroyd declared an interim dividend of 7.0 pence per Murgitroyd Share, which was paid to Murgitroyd Shareholders on 22 March 2019. On 17 September 2019, Murgitroyd released its final results for the year ended 31 May 2019, within which the Murgitroyd Board announced a proposed final dividend of 15.0 pence per Murgitroyd Share (the "**Final Dividend**") payable to Murgitroyd Shareholders on the register as at close of business on 11 October 2019 (the "**Record Date**"), which remains subject to approval by Murgitroyd Shareholders at the Murgitroyd 2019 annual general meeting convened for 31 October 2019. Subject to such shareholder approval, Murgitroyd Shareholders on the register at the Record Date will be entitled to receive and retain the Final Dividend.

If any further dividend and/or other form of capital return or distribution is authorised, declared, made or paid or becomes payable in respect of the Scheme Shares on or after 18 October 2019 and prior to the Effective Date (other than the Final Dividend), the Cash Consideration payable for each Scheme Share shall be reduced by an amount equivalent to the gross amount of any such dividend and/or other form of capital return or distribution.

If the Cash Consideration for each Scheme Share is reduced by the amount of any further dividend and/or other form of capital return or distribution that has not been paid:

- (a) any reference in this Scheme to the Cash Consideration payable under the Scheme shall be deemed a reference to the Cash Consideration as so reduced;
- (b) Scheme Shareholders appearing on the register of members at the relevant record time as determined by the Murgitroyd Directors will be entitled to receive and retain that dividend and/or other form of capital return or distribution in respect of the Scheme Shares they hold; and
- (c) the exercise of such rights shall not be regarded as constituting any revision or variation of the terms of the Scheme.

To the extent that any such dividend and/or capital return and/or distribution is declared, made, paid or becomes payable and it is: (i) transferred pursuant to the Scheme on a basis which entitles Bidco to receive and retain it; or (ii) cancelled in full prior to payment, the Cash Consideration to be delivered by Bidco will not be subject to change in accordance with this paragraph 19.

20. General

The Acquisition and the Scheme will be subject to the Conditions and certain further terms set out in Appendix I to this Announcement and to the full terms and conditions to be set out in the Scheme Document. Appendix II to this Announcement contains the sources and bases of certain information contained in this Announcement. Appendix III to this Announcement contains a summary of the irrevocable undertakings received in relation to the Acquisition. Appendix IV to this Announcement contains the definitions of certain terms used in this Announcement. Appendix V to this Announcement contains further information on Bidco.

Bidco reserves the right, subject to the prior consent of the Panel, to elect to implement the Acquisition by way of a Takeover Offer for the entire issued and to be issued share capital of Murgitroyd, as an alternative to the Scheme. In such an event, such offer will be implemented on the same terms (subject to appropriate amendments described in paragraph 9 of Part B of Appendix I to this Announcement), so far as applicable, as those which would apply to the Scheme.

If the Acquisition is effected by way of a Takeover Offer and such offer becomes or is declared unconditional in all respects and sufficient acceptances are received, Bidco intends to exercise its rights to apply the provisions of Chapter 3 of Part 28 of the Companies Act to acquire compulsorily the remaining Murgitroyd Shares in respect of which the Takeover Offer has not been accepted.

Investors should be aware that Bidco may purchase Murgitroyd Shares otherwise than under any Takeover Offer or scheme of arrangement relating to the Acquisition, such as privately negotiated purchases.

The availability of any such Takeover Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Such persons should inform themselves about and observe any applicable requirements.

The aggregate fees and expenses which are expected to be incurred by Murgitroyd in connection with the Acquisition are estimated to amount to approximately £1.5 million (excluding applicable VAT).

21. Consents

Zeus Capital has given and has not withdrawn its written consent to the issue of this Announcement with the inclusion therein of the references to its name in the form and context in which it appears.

Spectrum has given and has not withdrawn its written consent to the issue of this Announcement with the inclusion therein of the references to its name in the form and context in which it appears.

Nplus1 Singer has given and has not withdrawn its written consent to the issue of this Announcement with the inclusion therein of the references to its name in the form and context in which it appears.

Deloitte has given and has not withdrawn its written consent to the issue of this Announcement with the inclusion therein of the references to its name in the form and context in which it appears.

Enquiries:

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Zeus Capital (Financial Adviser to Bidco and Sovereign)

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Murgitroyd

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Nplus1 Singer (Financial Adviser, Joint Rule 3 Adviser and Broker to Murgitroyd)

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TB Cardew (Public Relations Advisers to Murgitroyd)

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Nadja Vetter

DWF Law LLP is providing legal advice to Bidco and Sovereign. Burness Paull LLP is providing legal advice to Murgitroyd.

Further Information

Zeus Capital, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser to Bidco and Sovereign and for no one else in connection with the Acquisition or any matters referred to in this Announcement and will not be responsible to anyone other than Bidco and Sovereign for providing the protections afforded to its clients nor for providing advice in relation to the Acquisition, the contents of this Announcement or any other matters referred to in this Announcement. Neither Zeus Capital, nor any of its affiliates, owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Zeus Capital in connection with the Acquisition, the contents of this Announcement or any other matters referred to in this Announcement or otherwise.

Spectrum is acting exclusively as financial adviser to Bidco and Sovereign and for no one else in connection with the Acquisition or any matters referred to in this Announcement and will not be responsible to anyone other than Bidco and Sovereign for providing the protections afforded to its clients nor for providing advice in relation to the Acquisition, the contents of this Announcement or any other matters referred to in this Announcement.

Deloitte is acting for Murgitroyd and no-one else in connection with the Acquisition and will not be responsible to anyone other than Murgitroyd for providing the protections offered to clients of Deloitte or for providing advice in relation to the Acquisition. Deloitte is authorised and regulated in the United Kingdom by the Financial Conduct Authority in respect of regulated activities. Deloitte can be contacted at its principal office: 1 New Street Square, London EC4A 3HQ.

Nplus1 Singer, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as financial adviser to Murgitroyd and for no one else in connection with the Acquisition or any matters referred to in this Announcement and will not be responsible to anyone other than Murgitroyd for providing the protections afforded to its clients nor for providing advice in relation to the Acquisition, the contents of this Announcement or any other matters referred to in this Announcement.

This Announcement is for information purposes only and is not intended to and does not constitute, or form part of, any offer, invitation, inducement or the solicitation of an offer to purchase or otherwise acquire, subscribe for, sell or otherwise dispose of or exercise rights in respect of any securities, or the solicitation of any vote or approval of an offer to buy securities in any jurisdiction (pursuant to the Acquisition or otherwise) nor shall there be any sale, issuance or transfer of any securities pursuant to the Acquisition in any jurisdiction in contravention of any applicable laws.

The Acquisition will be made solely by means of the Scheme Document, (or, if the Acquisition is implemented by way of a Takeover Offer, any document by which the Takeover Offer is made) which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Scheme. Any decision, vote or other response in respect of the Acquisition should be made only on the basis of information contained in the Scheme Document (or, if the Acquisition is implemented by way of a Takeover Offer, any document by which the Takeover Offer is made). Murgitroyd will prepare the Scheme Document, to be distributed to Murgitroyd Shareholders at no cost to them. Murgitroyd Shareholders are advised to read the formal documentation in relation to the Acquisition carefully once it becomes available because it will contain important information relating to the Acquisition.

This Announcement does not constitute a prospectus or a prospectus equivalent document.

This Announcement has been prepared for the purpose of complying with Scots law and the Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

No person should construe the contents of this announcement as legal, financial or tax advice and any interested person should consult its own advisers in connection with such matters.

Overseas jurisdictions

The release, publication or distribution of this Announcement in certain jurisdictions other than the United Kingdom may be restricted by law and the ability of Murgitroyd Shareholders who are not resident in the United Kingdom to participate in the Acquisition may be restricted by the laws and/or regulations of those jurisdictions. In particular, the ability of persons who are not resident in the United Kingdom to vote their Scheme Shares with respect to the Scheme at the Court Meeting or with respect to the Special Resolution at the General Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the Court Meeting and/or General Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Therefore, any persons who are subject to the laws and regulations of any jurisdiction other than the United Kingdom or Murgitroyd Shareholders who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements in their jurisdiction. To the fullest extent permitted by applicable law, the Bidco Group and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. Any failure to comply with the applicable requirements may constitute a violation of the laws and/or regulations of any such jurisdiction.

The Acquisition will not be made, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws of that jurisdiction and no person may vote in favour of the Acquisition by any use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Announcement and any formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The receipt of cash pursuant to the Acquisition by Murgitroyd Shareholders in overseas jurisdictions may be a taxable transaction under applicable national, state and local, as well as foreign and other tax laws. Each such Murgitroyd Shareholder is urged to consult their independent professional adviser regarding the tax consequences of accepting the Acquisition.

Further details in relation to Murgitroyd Shareholders in overseas jurisdictions will be contained in the Scheme Document.

Notice to US investors

Murgitroyd Shareholders in the United States should note that the Acquisition relates to the securities of a company organised under the laws of Scotland and is proposed to be effected by means of a scheme of arrangement under the Companies Act. This Announcement, the Scheme Document and certain other documents relating to the Acquisition have been or will be prepared in accordance with Scots law, the Code and UK disclosure requirements, format and style applicable to a scheme of arrangement, all of which differ from those in the United States. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Acquisition

is subject to the disclosure requirements of and practices applicable in the United Kingdom under the Code to schemes of arrangement, which differ from the disclosure requirements of the United States tender offer and proxy solicitation rules. However, Bidco reserves the right to implement the Acquisition by means of a Takeover Offer for the entire issued share capital of Murgitroyd as an alternative to a scheme of arrangement.

The information contained in this document has neither been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon the fairness or merits of the proposal contained in this document or determined the adequacy or accuracy of the information contained herein. Any representation to the contrary is a criminal offence in the United States.

Murgitroyd's financial statements, and all financial information that is included in this Announcement or that may be included in the Scheme Document, or any other documents relating to the Acquisition, have been prepared in accordance with International Financial Reporting Standards and may not be comparable to financial statements of companies in the United States or other companies whose financial statements are prepared in accordance with US generally accepted accounting principles. US generally accepted principals differ in certain respects from International Financial Reporting Standards. None of the financial information in this document has been audited in accordance with the auditing standards generally accepted in the US or the auditing standards of the Public Company Accounting Oversight Board of the US.

If Bidco were to elect to implement the Acquisition by means of a Takeover Offer, such Takeover Offer would be made in compliance with applicable US securities laws and regulations, including to the extent applicable, Section 14(e) of the US Exchange Act and Regulation 14E thereunder, and in accordance with the Code. Such a Takeover Offer would be made in the United States by Bidco and no one else. Accordingly, the Acquisition would be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under US domestic tender offer procedures and law.

The receipt of cash pursuant to the Acquisition by a Murgitroyd Shareholder in the United States as consideration for the transfer of its Murgitroyd Shares pursuant to the Scheme will likely be a taxable transaction for United States federal income tax purposes and under any applicable United States state and local income tax laws. Each Murgitroyd Shareholder in the United States is urged to consult his independent professional tax or legal adviser immediately regarding the US federal, state and local income and non-income tax consequences of the Acquisition applicable to him as well as any consequences arising under the laws of any other taxing jurisdiction.

It may be difficult for Murgitroyd Shareholders in the United States to enforce their rights and claims arising out of the US federal securities laws, since Bidco and Murgitroyd are located in a country other than the US, and some or all of their officers and directors are residents of countries other than the US. Murgitroyd Shareholders in the United States may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

In accordance with normal UK practice and consistent with Rule 14e-5(b) under the US Exchange Act, Bidco, certain affiliated companies and their nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, shares in Murgitroyd outside such a Takeover Offer during the period in which such a Takeover Offer would remain open for acceptance. If such purchases or arrangements to purchase were to be made, they would occur outside the US either in the open market at prevailing prices or in private

transactions at negotiated prices and would comply with applicable law, including to the extent applicable, the US Exchange Act and the Code. Any information about such purchases or arrangements to purchase will be disclosed as required in the United Kingdom, will be reported to a Regulatory Information Service of the London Stock Exchange and will be available on the London Stock Exchange website at www.londonstockexchange.com. This information will be publicly disclosed in the US to the extent that such information is made public in the UK.

Forward Looking Statements

This Announcement contains certain statements in relation to Bidco and Murgitroyd that are, or may be deemed to be, "forward-looking statements" which are prospective in nature. All statements other than statements of historical fact, are or may be deemed to be, forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and are therefore subject to known and unknown risks and uncertainties which could cause actual results, performance or events to differ materially from the future results, performance or events expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", "targets", "aims", "projects", "goal", "objective", "outlook", "risks", "seeks" or words or terms of similar substance or the negative thereof, as well as variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might", "probably" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.

Such forward-looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this Announcement. Any forward-looking statements made in this Announcement on behalf of Bidco or Murgitroyd are made as of the date of this Announcement based on the opinions and estimates of directors of Bidco and Murgitroyd, respectively. Each of the Bidco and Murgitroyd and their respective members, directors, officers, employees, advisers and any person acting on behalf of one or more of them, expressly disclaims any intention or obligation to update or revise any forward-looking or other statements contained in this Announcement, whether as a result of new information, future events or otherwise, except as required by applicable law. Neither Bidco and Murgitroyd nor their respective members, directors, officers or employees, advisers or any person acting on their behalf, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur.

No forward-looking or other statements have been reviewed by the auditors of Bidco or Murgitroyd. All subsequent oral or written forward-looking statements attributable to Bidco, Murgitroyd or their respective members, directors, officers, advisers or employees or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above.

Rounding

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

No profit forecasts or estimates

Nothing in this Announcement is intended or shall be deemed to be a forecast, projection or estimate of the future financial performance of Bidco or Murgitroyd for any period and no statement in this Announcement should be interpreted to mean that cash flow from operations, earnings, or earnings per share or income for the current or future financial years would necessarily match or exceed the historical published cash flow from operations, earnings, earnings per share or income of Murgitroyd.

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) of the Code applies must be made by no later than 3:30 p.m. (London time) on the 10th Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3:30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8 of the Code. A Dealing Disclosure by a person to whom Rule 8.3(b) of the Code applies must be made by no later than 3:30 p.m. (London time) on the Business Day following the date of the relevant dealing.

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

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

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

Publication on website and availability of hard copies

A copy of this Announcement and the display documents required to be published pursuant to Rules 26.1 and 2.62 of the Code will be made available free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Murgitroyd's website at www.murgitroydgroup.com by no later than 12 noon (London time) on the Business Day following this Announcement. Neither the content of any website referred to in this Announcement nor the content of any website accessible from hyperlinks is incorporated into, or forms part of, this Announcement.

Any person who is required to be sent a copy of this Announcement under the Code, and who has not received a hard copy of it, may request a hard copy of this Announcement (and any information incorporated by reference in this Announcement) by submitting a request by telephone to Link Asset Services on +44 (0)37 1664 0321 during normal business hours. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Save as otherwise referred to above, a hard copy of this Announcement will not be sent unless requested. In accordance with Rule 30.3 of the Code, any such person may also request that all future documents, announcements and information in relation to the Acquisition should be sent to them in hard copy form.

Relevant securities in issue

In accordance with Rule 2.9 of the Code, Murgitroyd confirms that, as at the Last Practicable Date, its current issued share capital comprises 9,000,347 ordinary shares of 10 pence each. Murgitroyd does not hold any Murgitroyd Shares in treasury. The International Securities Identification Number for Murgitroyd Shares is GB0031067456.

Electronic communications

Please be aware that all addresses, electronic addresses (if any) and certain other information provided by the Murgitroyd Shareholders, persons with information rights and other relevant persons for the receipt of communications from Murgitroyd may be provided to offerors (including Bidco) during the Offer Period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11 of the Code.

General

If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor or independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriate authorised independent financial adviser.

Appendix I
Conditions and Further Terms of the Acquisition and the Scheme

Part A: Conditions of the Acquisition

Long Stop Date

1. The Acquisition is conditional upon the Scheme becoming unconditional and becoming Effective, subject to the Code, by no later than 5p.m. on the Long Stop Date or such later date (if any) as Bidco and Murgitroyd may agree and (if required) the Panel and the Court may allow.

Scheme Approval

2. The Scheme shall be conditional on the following Conditions:
 - (a) the approval of the Scheme at the Court Meeting (or at any adjournment of any such meeting provided that the Court Meeting may not be adjourned beyond the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document (or such later date, if any, as Bidco and Murgitroyd may agree and the Court may allow)) by a majority in number of the Murgitroyd Shareholders entitled to vote representing 75 per cent. or more in value (or the relevant class or classes thereof, if applicable) present and voting, either in person or by proxy;
 - (b) the Special Resolution required to approve and implement the Scheme as set out in the notice of the General Meeting (including, without limitation, to amend Murgitroyd's articles of association) being duly passed by the requisite majority required to pass such resolution at the General Meeting or at any adjournment of that meeting provided that the General Meeting may not be adjourned beyond the 22nd day after the expected date of the General Meeting to be set out in the Scheme Document (or such later date, if any, as Bidco and Murgitroyd may agree and the Court may allow); and
 - (c) the sanction of the Scheme by the Court (without modification or with modification on terms acceptable to Bidco and Murgitroyd) and the delivery of a copy of the Scheme Court Order to the Registrar of Companies.

In addition, subject as stated in Part B below and to the requirements of the Panel and in accordance with the Code, the Acquisition will be conditional upon the following Conditions and, accordingly, the Scheme Court Order will not be delivered to the Registrar of Companies unless such Conditions have been satisfied or, where relevant, waived:

Regulatory Approval

3. the approval of the Acquisition by IPReg;

Notifications, waiting periods and Authorisations

4. all material notifications, filings or applications which are necessary or are reasonably considered necessary by Bidco having been made in connection with the Acquisition and all necessary waiting periods (including any extensions thereof) under any applicable legislation or regulation of any relevant jurisdiction reasonably deemed necessary having expired, lapsed or been terminated (as appropriate) and all necessary statutory and regulatory authorisations and consents in any relevant jurisdiction having been complied with in each case in respect of the Acquisition and its implementation and all Authorisations reasonably deemed necessary for or in respect of the Acquisition and, except pursuant to Chapter 3 of Part 28 of the Companies Act, the acquisition of any shares or other securities in, or

control or management of, Murgitroyd or any other member of the Murgitroyd Group by any member of the Bidco Group having been obtained from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Murgitroyd Group or the Bidco Group has entered into existing contractual arrangements and all such Authorisations that are necessary to carry on the business of any member of the Murgitroyd Group in any relevant jurisdiction having been obtained and all such Authorisations remaining in full force and effect at the time at which the Acquisition becomes otherwise wholly unconditional and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations in each case to an extent or in a manner which is material in the context of the Acquisition;

General antitrust and regulatory

5. no antitrust regulator or other Third Party having given notice of a decision to take, institute, implement or having threatened any action, proceeding, suit, investigation, enquiry or reference (and in each case, not having withdrawn the same), or having required any action to be taken or otherwise having done anything, or having enacted, made or proposed any statute, regulation, decision, order or change to published practice (and in each case, not having withdrawn the same) and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to, in any case to an extent or in a manner which is or would be material in the context of the Murgitroyd Group taken as a whole or in the context of the Acquisition:
 - (a) require, prevent or materially delay the divestiture or materially alter the terms envisaged for such divestiture by any member of the Bidco Group or by any member of the Murgitroyd Group of all or any material part of their respective businesses, assets or properties or impose any material limitation on the ability of all or any of them to conduct their respective businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof);
 - (b) except pursuant to Chapter 3 of Part 28 of the Companies Act, require any member of the Bidco Group or the Murgitroyd Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Murgitroyd Group or any asset owned by any Third Party (other than in the implementation of the Acquisition);
 - (c) impose any material limitation on, or result in a delay in, the ability of any member of the Bidco Group directly or indirectly to acquire, hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in Murgitroyd or on the ability of any member of the Murgitroyd Group or any member of the Bidco Group directly or indirectly to hold or exercise effectively all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any member of the Murgitroyd Group;
 - (d) otherwise materially adversely affect any or all of the business, assets, profits or trading position of any member of the Murgitroyd Group or any member of the Bidco Group;
 - (e) result in any member of the Murgitroyd Group or any member of the Bidco Group ceasing to be able to carry on business under any name under which it presently carries on business;
 - (f) make the Acquisition, its implementation or the acquisition of any shares or other securities in, or control or management of, Murgitroyd by any member of the Bidco Group void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise, directly or indirectly prevent or

prohibit, materially restrict, restrain, or delay or otherwise materially interfere with the implementation of, or impose additional materially adverse conditions or obligations with respect to, or otherwise materially challenge, impede, interfere or require material amendment of the Acquisition or the acquisition of any shares or other securities in, or control or management of, Murgitroyd by any member of the Bidco Group;

- (g) require, prevent or materially delay a divestiture by any member of the Bidco Group of any shares or other securities (or the equivalent) in any member of the Murgitroyd Group or any member of the Bidco Group; or
- (h) impose any limitation on the ability of any member of the Bidco Group or any member of the Murgitroyd Group to conduct, integrate or co-ordinate all or any part of its business with all or any part of the business of any other member of the Bidco Group and/or the Murgitroyd Group, and all applicable waiting and other time periods (including any extensions thereof) during which any such antitrust regulator or other Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any relevant jurisdiction in respect of the Acquisition or the acquisition of any Murgitroyd Shares or otherwise intervene having expired, lapsed or been terminated;

Certain matters arising as a result of any arrangement, agreement, etc.

- 6. except as Disclosed, there being no provision of any arrangement, agreement, lease, licence, permit or other instrument to which any member of the Murgitroyd Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or subject to or any event or circumstance which, as a consequence of the Acquisition or the proposed acquisition by any member of the Bidco Group of any shares or other securities (or the equivalent) in Murgitroyd or because of a change in the control or management of any member of the Murgitroyd Group or otherwise, would or might reasonably be expected to result in, in each case, to an extent which is material in the context of the Murgitroyd Group as a whole:
 - (a) any monies borrowed by, or any other indebtedness, actual or contingent, of, or any grant available to, any member of the Murgitroyd Group being or becoming repayable, or capable of being declared repayable, immediately or before its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
 - (b) save in the ordinary course of business, the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Murgitroyd Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen) being enforced or becoming enforceable;
 - (c) any such arrangement, agreement, lease, licence, permit or other instrument being terminated or becoming capable of being terminated or materially adversely modified or the rights, liabilities, obligations or interests of any member of the Murgitroyd Group being materially adversely modified or materially adversely affected or any obligation or liability arising or any material adverse action being taken or arising thereunder;
 - (d) any liability of any member of the Murgitroyd Group to make any severance, termination, bonus or other payment to any of its directors, or other officers;

- (e) the rights, liabilities, obligations, interests or business of any member of the Murgitroyd Group or any member of the Bidco Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Murgitroyd Group or any member of the Bidco Group in or with any other person or body or firm or company (or any arrangement or arrangement relating to any such interests or business) being or becoming capable of being terminated, or modified or affected in any materially adverse manner or any material onerous obligation or liability arising or any material adverse action being taken thereunder;
- (f) any member of the Murgitroyd Group ceasing to be able to carry on business under any name under which it presently carries on business;
- (g) the value of, or the financial or trading position of, any member of the Murgitroyd Group being prejudiced or adversely affected; or
- (h) the creation or acceleration of any liability (actual or contingent) by any member of the Murgitroyd Group other than trade creditors or other liabilities incurred in the ordinary course of business or in connection with the Acquisition, and, except as Disclosed, no event having occurred which, under any provision of any arrangement, agreement, licence, permit, lease or other instrument to which any member of the Murgitroyd Group is a party or by or to which any such member or any of its assets are bound, entitled or subject, would or would reasonably be expected to result in any of the events or circumstances as are referred to in Conditions 6(a) to (h).

Certain events occurring since 31 May 2019

- 7. except as Disclosed, no member of the Murgitroyd Group having since 31 May 2019:
 - (a) issued or agreed to issue or authorised or proposed or announced its intention to authorise or propose the issue, of additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Murgitroyd Shares out of treasury (except, where relevant, as between Murgitroyd and wholly-owned subsidiaries of Murgitroyd or between the wholly-owned subsidiaries of Murgitroyd and except for the issue or transfer out of treasury of Murgitroyd Shares on the exercise of employee share options or vesting of employee share awards in the ordinary course under any share option scheme);
 - (b) other than the Final Dividend, recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than dividends (or other distributions whether payable in cash or otherwise) lawfully paid or made by any wholly-owned subsidiary of Murgitroyd to Murgitroyd or any of its wholly-owned subsidiaries;
 - (c) other than pursuant to the Acquisition (and except for transactions between Murgitroyd and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Murgitroyd and transactions in the ordinary course of business) implemented, effected, authorised or announced its intention to implement, effect, authorise or propose any merger, demerger, reconstruction, amalgamation, scheme, commitment or offer or disposal of assets or shares or loan capital (or the equivalent thereof);
 - (d) except for transactions between Murgitroyd and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Murgitroyd and except for transactions in the ordinary course of business disposed of, or transferred, mortgaged or created any security interest over any material asset or any

right, title or interest in any asset or authorised or announced any intention to do so, in any such case to an extent which is material in the context of the Murgitroyd Group taken as a whole;

- (e) (except for transactions between Murgitroyd and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Murgitroyd) issued, authorised or announced an intention to authorise, the issue of or made any change in or to the terms of any debentures or become subject to any contingent liability or incurred or increased any indebtedness, which is material in the context of the Murgitroyd Group taken as a whole or is material in the context of the Acquisition;
- (f) entered into or varied or authorised or announced its intention to enter into or vary any contract, arrangement, agreement, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, unusual or onerous nature or magnitude or which is or which involves or would reasonably be expected to involve an obligation of a nature or magnitude which is or could reasonably be expected to be restrictive on the business of any member of the Murgitroyd Group which, taken together with any other such transaction, arrangement, agreement, contract or commitment, is material in the context of the Murgitroyd Group taken as a whole;
- (g) entered into or materially varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary the terms of any contract, service agreement, commitment or arrangement with any director or, except for salary increases, bonuses or variations of terms in the ordinary course, senior executive of any member of the Murgitroyd Group;
- (h) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit constituting a material change relating to the employment or termination of employment of a material person employed by the Murgitroyd Group which in any case is material in the context of the Murgitroyd Group as a whole, other than in accordance with the terms of the Acquisition or, if required by the Code, as agreed by the Panel and/or Bidco;
- (i) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, except in respect of the matters mentioned in sub-paragraph (a) above, made any other change to any part of its share capital;
- (j) except in the ordinary course of business, waived, compromised or settled any claim which is material or might reasonably be expected to be material in the context of the Murgitroyd Group or in the context of the Acquisition;
- (k) terminated or varied the terms of any agreement or arrangement between any member of the Murgitroyd Group and any other person in a manner which would or might reasonably be expected to have a material adverse effect on the financial position of the Murgitroyd Group taken as a whole;
- (l) made any material alteration to its memorandum or articles of association or other incorporation documents (in each case, other than in connection with the Scheme);
- (m) except in relation to changes made or agreed as a result of, or arising from, changes to legislation, made or agreed or consented to any material change to:
 - (i) the terms of the trust deeds and rules constituting the pension scheme(s) established by any member of the Murgitroyd Group for its directors, employees or their dependants;
 - (ii) the contributions payable to any such scheme(s) or to the benefits which accrue, or to the pensions which are payable, thereunder;

- (iii) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
- (iv) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued, made, agreed or consented to,
which in each case is material in the context of the Murgitroyd Group as a whole;
- (n) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business, in any case which is material in the context of the Murgitroyd Group taken as a whole;
- (o) (other than in respect of a member which is dormant and was solvent at the relevant time or any intra-Murgitroyd Group transactions) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of a receiver, administrator, manager, administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous or equivalent steps or proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed, in each case which is material in the context of the Murgitroyd Group taken as a whole;
- (p) (except for transactions between Murgitroyd and its wholly-owned subsidiaries or between the wholly-owned subsidiaries), made, authorised or announced an intention to propose any change in its loan capital, in any case which is material in the context of the Murgitroyd Group;
- (q) (except for transactions between Murgitroyd and its wholly-owned subsidiaries or between the wholly-owned subsidiaries) entered into, implemented or authorised the entry into, any joint venture, asset or profit sharing arrangement, partnership or merger of business or corporate entities, in any case which is material in the context of the Murgitroyd Group; or
- (r) entered into any agreement, arrangement, commitment or contract or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition 7;

No adverse change, litigation, regulatory enquiry or similar

8. except as Disclosed, since 31 May 2019 there having been:
- (a) no material adverse change and no circumstance having arisen which would or might reasonably be expected to result in any material adverse change in, the business, assets, financial or trading position or profits of any member of the Murgitroyd Group which is material in the context of the Murgitroyd Group taken as a whole or is material in the context of the Acquisition;
 - (b) no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced or instituted by or against or remaining outstanding against or in respect of, any member of the Murgitroyd Group or to which any member of the Murgitroyd Group is or may become a party (whether as claimant, defendant or otherwise) having been threatened, announced, instituted or remaining outstanding by, against or in respect of, any member of the Murgitroyd Group, in each case

which is or might reasonably be expected to have a material adverse effect on the Murgitroyd Group taken as a whole or is material in the context of the Acquisition;

- (c) no enquiry, review or investigation by, or complaint or reference to, any Third Party against or in respect of any member of the Murgitroyd Group having been threatened, announced or instituted or remaining outstanding by, against or in respect of any member of the Murgitroyd Group, in each case which is or might reasonably be expected to have a material adverse effect on the Murgitroyd Group taken as a whole or is material in the context of the Acquisition;
- (d) no contingent or other liability having arisen or become apparent to Bidco (other than in the ordinary course of business) or increased which is reasonably likely to affect adversely the business, assets, financial or trading position or profits of any member of the Murgitroyd Group to an extent which is material in the context of the Murgitroyd Group taken as a whole or is material in the context of the Acquisition; and
- (e) no steps having been taken and no omissions having been made which are reasonably likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Murgitroyd Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which might reasonably be expected to have a material adverse effect on the Murgitroyd Group taken as a whole or is material in the context of the Acquisition;

No discovery of certain matters regarding information, liabilities and environmental issues

- 9. except as Disclosed, Bidco not having discovered, in each case, to an extent which is material in the context of the Murgitroyd Group taken as a whole or in the context of the Acquisition, that:
 - (a) any financial, business or other information concerning the Murgitroyd Group publicly announced before the date of the Announcement or disclosed at any time to any member of the Bidco Group by or on behalf of any member of the Murgitroyd Group before the date of the Announcement is misleading, contains a material misrepresentation of any fact, or omits to state a fact necessary to make that information not misleading (and which was not subsequently publicly corrected before the date of this Announcement or otherwise to Bidco);
 - (b) any member of the Murgitroyd Group is subject to any liability, contingent or otherwise;
 - (c) any past or present member of the Murgitroyd Group has not complied in any material respect with all applicable legislation or regulations of any jurisdiction or any Authorisations relating to the use, treatment, storage, carriage, disposal, discharge, spillage, release, leak or emission of any waste or hazardous substance or any substance likely to impair the environment (including property) or harm human or animal health or otherwise relating to environmental matters or the health and safety of humans, which non-compliance would be likely to give rise to any material liability including any penalty for non-compliance (whether actual or contingent) on the part of any member of the Murgitroyd Group;
 - (d) there has been a disposal, discharge, spillage, accumulation, release, leak, emission or the migration, production, supply, treatment, storage, transport or use of any waste or hazardous substance or any substance likely to impair the environment (including any property) or harm human or animal health which (whether or not giving rise to non-compliance with any law or regulation), would be likely to give rise to any material liability (whether actual or contingent) on the part of any member of the Murgitroyd Group; or

- (e) there is or is reasonably likely to be any obligation or liability (whether actual or contingent) or requirement to make good, remediate, repair, reinstate or clean up any property, currently or previously owned, occupied, operated or made use of or controlled by any past or present member of the Murgitroyd Group (or on its behalf), or in which any such member may have or previously have had or be deemed to have had an interest, under any environmental legislation, common law, regulation, notice, circular, Authorisation or order of any Third Party in any jurisdiction or to contribute to the cost thereof or associated therewith or indemnify any person in relation thereto;

Anti-corruption, sanctions and criminal property

- 10. except as Disclosed, Bidco not having discovered:
 - (a) any past or present member, director, officer or employee of the Murgitroyd Group is or has at any time engaged in any activity, practice or conduct would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other anti-corruption legislation applicable to the Murgitroyd Group; or (ii) any person that performs or has performed services for or on behalf of the Murgitroyd Group is or has at any time engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption legislation applicable to the Murgitroyd Group;
 - (b) any asset of any member of the Murgitroyd Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition);
 - (c) any past or present member, director, officer or employee of the Murgitroyd Group, or any other person for whom any such person may be liable or responsible, has engaged in any business with, made any investments in, made any funds or assets available to or received any funds or assets from: (i) any government, entity or individual in respect of which US or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by applicable US or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control or HM Treasury & Customs; or (ii) any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the European Union or any of their respective member states; or
 - (d) a member of the Murgitroyd Group has engaged in any transaction which would cause any member of the Bidco Group to be in breach of any applicable law or regulation upon its acquisition of Murgitroyd, including the economic sanctions of the United States Office of Foreign Assets Control or HM Treasury & Customs, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the European Union or any of its member states.

PART B: CERTAIN FURTHER TERMS OF THE ACQUISITION

- 1. To the extent permitted by law and subject to the requirements of the Panel in accordance with the Code, Bidco reserves the right to waive:
 - (a) any of the Conditions set out in the above Conditions 1 and 2 only in so far as they relate to the deadlines for the timing of the Court Meeting, the General Meeting and the Scheme Court Hearing respectively. The deadline for the Scheme to become Effective may be extended by agreement between the Company and Bidco (with the Panel's consent and, if required, the Court's approval). If any such deadline is not

met, Bidco will make an announcement by 8.00am on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with Murgitroyd to extend the deadline in relation to the relevant Condition. In all other respects, Conditions 1 and 2 cannot be waived; and

- (b) in whole or in part, all or any of the above Conditions 3 to 10 (inclusive) by no later than 11.59 p.m. on the date immediately preceding the date of the Scheme Court Hearing.
- 2. Bidco will, no later than the time of the Scheme Court Hearing, provide notice in writing to Murgitroyd that either: (i) the Conditions in paragraphs 3 to 10 (above) have each been satisfied or that Bidco has waived or treated as waived such Conditions; or (ii) it intends to invoke or treat as incapable of satisfaction each or any Condition, which will always be subject to the Panel's consent.
- 3. If Bidco is required by the Panel to make a Takeover Offer for Murgitroyd Shares under the provisions of Rule 9 of the Code, Bidco may make such alterations to any of the above Conditions and terms of the Acquisition as are necessary to comply with the provisions of that Rule.
- 4. Bidco will be under no obligation to waive (if capable of waiver) or to treat as fulfilled any of the Conditions by a date earlier than the latest date for the fulfilment of that Condition notwithstanding that the other Conditions of the Acquisition may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
- 5. The Acquisition shall lapse and shall not become Effective if:
 - (a) insofar as the Acquisition or any matter arising from or relating to the Scheme or a Takeover Offer constitutes a concentration with a European community dimension within the scope of the Regulation, the European Commission either initiates proceedings under Article 6(1)(c) of the Regulation or makes a referral to a competent authority in the United Kingdom under Article 9(1) of the Regulation and there is then a CMA Reference; or
 - (b) the Acquisition or any matter arising from or relation to the Scheme or Acquisition becomes subject to a CMA Reference,in each case before the date of the Court Meeting.
- 6. The Murgitroyd Shares to be acquired pursuant to the Acquisition will be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including, without limitation, voting rights and (other than the Final Dividend and subject to paragraph 7 below) the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made, on or after the Effective Date.
- 7. Subject to the terms of the Scheme, if, on or after the date of this Announcement, any dividend or other distribution is announced (excluding the Final Dividend), Bidco reserves the right (without prejudice to any right of Bidco to invoke Condition 7(b) in Part A of this Appendix 1) to reduce the Cash Consideration by the amount of any such dividend or other distribution, in which case: (a) any reference in this Announcement or in the Scheme Document to the Cash Consideration for the Murgitroyd Shares will be deemed to be a reference to the Cash Consideration as so reduced; and (b) the relevant eligible

Murgitroyd Shareholders will be entitled to receive and retain such dividend or distribution. To the extent that any such dividend or distribution announced, declared or paid is: (x) transferred pursuant to the Acquisition on a basis which entitles Bidco to receive the dividend or distribution and to retain it; or (y) cancelled, the Cash Consideration will not be subject to change in accordance with this paragraph. Any exercise by Bidco of its rights referred to in this paragraph shall be the subject of an announcement and the consent of the Panel and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Acquisition.

8. Under Rule 13.5(a) of the Code, Bidco may not invoke a Condition so as to cause the Acquisition not to proceed, to lapse or any offer to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to Bidco in the context of the Acquisition. Conditions 1 and 2 (and any Takeover Offer acceptance condition adopted on the basis specified in paragraphs 3 or 9 of this Part B) are not subject to this provision of the Code.
9. Bidco reserves the right to elect (with the consent of the Panel) to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme. In such event, the Acquisition will be implemented on substantially the same terms (subject to appropriate amendments, including (without limitation) an acceptance condition set at 90 per cent. (or such lesser percentage, being more than 50 per cent., as Bidco may decide and the Panel may agree) of the shares to which such offer relates, so far as applicable) as those which would apply to the Scheme.
10. The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.
11. The Acquisition is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any Restricted Jurisdiction where to do so would violate the laws of that jurisdiction.
12. The Scheme will be governed by laws of Scotland and is subject to the jurisdiction of the Scottish courts and to the Conditions and further terms set out in this Appendix 1. The Acquisition will be subject to the applicable requirements of the Code, the Panel, the AIM Rules, the London Stock Exchange and the Financial Conduct Authority.
13. Each of the Conditions will be regarded as a separate Condition and will not be limited by reference to any other Condition.

Appendix II

Sources of information and bases of calculation

In this Announcement, unless otherwise stated, or the context otherwise requires, the bases and sources used are set out below.

1. Unless otherwise stated, financial information relating to Murgitroyd has been extracted or derived (without any adjustment) from Murgitroyd's audited consolidated financial statements for the financial year ended 31 May 2019.
2. As at the Last Practicable Date, there were 9,009,347 Murgitroyd Shares in issue.
3. There are no Murgitroyd Shares held in treasury.
4. The International Securities Identification Number for the Murgitroyd Shares is GB0031067456.
5. The value of the issued and to be issued share capital of Murgitroyd of £62.8 million on a fully diluted basis has been calculated as being the aggregate of the following:
 - (a) £60.8 million, which has been calculated by multiplying 675 pence per share by 9,009,347 Murgitroyd Shares in issue as at the Last Practicable Date; and
 - (b) £2.0 million, which has been calculated by multiplying 675 pence per share by the 299,000 Murgitroyd Shares expected to be issued pursuant to the Murgitroyd Unapproved Share Schemes.
6. The implied valuation of 13.8x EV/EBITDA for the year ended 31 May 2019 has been calculated on the basis of:
 - (a) implied enterprise value ("EV") of £66.5m, being the sum of the aggregate transaction value of the entire issued and to be issued share capital of Murgitroyd of £62.8m (as described in paragraph 5 above) plus net debt of £3.7m as at 31 May 2019 based on Murgitroyd's audited consolidated financial statements for the financial year ended 31 May 2019; and
 - (b) EBITDA of £4.8m for the year ended 31 May 2019, calculated on the basis of Murgitroyd's audited consolidated financial statements for the financial year ended 31 May 2019, being the sum of:
 - (i) total operating profit of £4.2m; plus
 - (ii) depreciation of property, plant and equipment of £0.4m; plus
 - (iii) amortisation of £0.3m,(together, "EBITDA").
7. The implied valuation of 20.5x P/E for the year ended 31 May 2019 has been calculated on the basis of:
 - (a) the Cash Consideration of 675 pence per Murgitroyd Share ("P"); and
 - (b) fully diluted earnings per share ("E") of 32.97 pence based on Murgitroyd's audited consolidated financial statements for the year ended 31 May 2019.

8. The number of Murgitroyd Voting Shares is 9,009,347 and has been calculated as the 9,009,347 Murgitroyd Shares in issue as at the Last Practicable Date.
9. The total return for shareholders (including dividends) over the period since initial admission of Murgitroyd shares to AIM of approximately 615 per cent. has been calculated by adding the Cash Consideration and all dividends received by Murgitroyd Shareholders since admission to AIM, subtracting the admission price of 121 pence and dividing the resulting figure by the admission price of 121 pence.
10. The average daily volumes of Murgitroyd Shares traded during the twelve month period ended 14 October 2019 of 6,894 have been derived from FactSet as at the Last Practicable Date.
11. Unless otherwise stated, all prices and closing prices for Murgitroyd Shares are closing middle market quotations derived from the Daily Official List published by the London Stock Exchange and all volume weighted average prices for Murgitroyd Shares have been derived from FactSet as at the Last Practicable Date.

Appendix III

Irrevocable Undertakings

Director and Connected Parties Irrevocable Undertakings

Name	Number of Murgitroyd Voting Shares in respect of which undertaking is given	Percentage of Murgitroyd Voting Shares at the Last Practicable Date	Number of Options over Ordinary Shares under the Murgitroyd Unapproved Share Schemes
Ian George Murgitroyd	2,406,750	26.7%	N/A
George Edward Murgitroyd	387,526	4.3%	N/A
Elizabeth-Anne Thomson	387,526	4.3%	N/A
Mark Norman Kemp-Gee	5,000	0.06%	N/A
Gordon Drummond Stark	25	0.0003%	150,000
Keith Graeme Young	N/A	N/A	10,000

The undertakings listed above shall cease to be binding only if: (i) any resolution to be proposed at the Court Meeting or the General Meeting is not approved by the requisite majority of the shareholders of the Company at the Court Meeting or at the General Meeting respectively; (ii) the Scheme does not become effective by 31 January 2020; (iii) the Scheme lapses or is withdrawn and there is no announcement of a subsequent offer by 31 January 2020; (iv) if there is a subsequent offer made by Bidco, an announcement of the subsequent offer under rule 2.7 of the Code is not released by such date as Bidco and Murgitroyd may, with the consent of the Panel, agree; or (v) there is a subsequent offer made by Bidco, when the subsequent offer lapses or is withdrawn.

Letters of Intent

Name	Number of Murgitroyd Voting Shares in respect of which the letter of intent is given	Percentage of Murgitroyd Voting Shares at the Last Practicable Date
Schroder Investment Management Limited	614,042	6.8 per cent.
Liontrust Investment Partners LLP	1,139,030	12.6 per cent.

Bidco has received a non-binding letter of intent from Liontrust Investment Partners LLP to cast, or procure the casting of all votes (whether on a show of hands or on a poll and whether in person or by proxy) at any court meeting, general meeting or class meeting convened in connection with the Scheme in favour of the Scheme in respect of the 1,139,030 Murgitroyd Voting Shares, representing approximately 12.6 per cent. of the issued share capital of Murgitroyd as at the Last Practicable Date.

Sovereign has received a non-binding letter of intent from Schroder Investment Management Limited to accept, or procure the acceptance of, the Offer (so far as reasonably practicable and unless and until the Offer lapses or is withdrawn), in respect of 614,042 Murgitroyd Voting Shares, representing approximately 6.8% of the issued share capital of Murgitroyd as at the Last Practicable Date.

Appendix IV

Definitions

"Acquisition"	the proposed recommended acquisition by Bidco of the entire issued and to be issued share capital of Murgitroyd by means of the Scheme, on the terms and subject to the conditions set out in this Announcement and to be set out in the Scheme Document (or the Takeover Offer, under certain circumstances as described in this Announcement)
"Announcement"	means this announcement made pursuant to Rule 2.7 of the Code
"Authorisations"	regulatory authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions or approvals
"Bidco"	Project Petra Bidco Limited, a company incorporated in England and Wales (registered number 12224288) whose registered office address is at 25 Victoria Street, London, SW1H 0EX
"Bidco Group"	Bidco and its subsidiaries, subsidiary undertakings, associated undertakings, holding companies, and their respective subsidiaries, subsidiary undertakings, associated undertakings, holding companies and any other body corporate, partnership, joint venture or person in which Bidco and all such undertakings (aggregating their interests) have a Significant Interest or which have a Significant Interest in Bidco or any other member of the Bidco Group, in each case other than any member of the Murgitroyd Group
"Board"	in relation to Bidco or Murgitroyd, the board of directors of the relevant company
"Business Day"	a day (other than Saturdays, Sundays and public or bank holidays in the UK) on which banks are generally open for business in the City of London
"Cash Consideration"	the consideration of 675 pence per Scheme Share, payable in cash in accordance with the terms of the Acquisition
"Cash Offer"	the offer for the Scheme Shares to be acquired for the Cash Consideration
"CMA Reference"	a reference of the Acquisition to the chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013
"Code"	the City Code on Takeovers and Mergers issued from time to time by the Panel
"Companies Act"	the Companies Act 2006, as amended from time to time

"Competition and Markets Authority"	a UK statutory body established under the Enterprise and Regulatory Reform Act 2013
"Conditions"	the conditions of the Acquisition (including the Scheme) set out in Part A of Appendix I to this Announcement and to be set out in the Scheme Document
"Court"	the Court of Session in Scotland
"Court Meeting"	the meeting(s) of the Scheme Shareholders to be convened by order of the Court pursuant to section 896 of the Companies Act for the purpose of considering, and if thought fit, approving the Scheme (with or without amendment) and any adjournment thereof
"CREST"	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in such Regulations) for the paperless settlement of trades in securities and the holding of uncertificated securities
"Dealing Disclosure"	has the meaning given to it by Rule 8 of the Code
"Deloitte"	Deloitte LLP
"Disclosed"	information which has been either: <ul style="list-style-type: none"> (a) fairly disclosed by, or on behalf of, Murgitroyd to Bidco (or its advisers) in the data room established by Murgitroyd for the purposes of the Acquisition, on or before 5.30 p.m. on the Last Practicable Date; (b) disclosed in the annual report and accounts for Murgitroyd for the financial period ended 31 May 2019; (c) disclosed in any announcement by, or on behalf of, Murgitroyd, and published on the Murgitroyd website, www.murgitroydgroup.com, prior to the publication of this Announcement; (d) disclosed in this Announcement; or (e) fairly disclosed to Bidco (or its respective officers, employees, agents or advisers) in writing on or before the Business Day prior to the date of this Announcement (including all matters fairly disclosed in the written replies, correspondence, documentation and information provided in an electronic data room or sent to any member of the Bidco Group or Sovereign or their affiliates or any of their professional advisers during the due diligence process and whether or not in response to any specific request for information made by any member of the Bidco Group or Sovereign or their affiliates or any of their professional advisers)

"Effective"	the Scheme having become effective in accordance with its terms, upon delivery of the Scheme Court Order to the Registrar of Companies
"Effective Date"	the date upon which the Scheme becomes Effective
"Excluded Shares"	(a) any Murgitroyd shares held by Bidco or, otherwise, directly or indirectly by the Sovereign Investors; and (b) any Murgitroyd Shares held in treasury from time to time
"Financial Conduct Authority"	the UK Financial Conduct Authority or its successor from time to time
"Forms of Proxy"	the forms of proxy for use at the Court Meeting and at the General Meeting which will accompany the Scheme Document
"General Meeting"	the general meeting of Murgitroyd Shareholders (including any adjournment thereof) to be convened in connection with the Scheme, notice of which will be set out in the Scheme Document
"IPReg"	the Intellectual Property Regulation Board in the United Kingdom
"Last Practicable Date"	17 October 2019, being the last practicable date prior to the publication of this Announcement
"Lender"	has the meaning given to it in the Sovereign Facilities Agreement
"London Stock Exchange"	London Stock Exchange plc
"Long Stop Date"	5.00 p.m. on 31 January 2020, or such later date (if any) as may be agreed by Bidco and Murgitroyd (with the consent of the Panel) and the approval of the Court (if such approval is required)
"Midco 1"	Project Petra Midco 1 Limited, a company incorporated in England and Wales (registered number 12237523) whose registered office address is at 25 Victoria Street, London, SW1H 0EX
"Midco 2"	Project Petra Midco 2 Limited, a company incorporated in England and Wales (registered number 12240333) whose registered office address is at 25 Victoria Street, London, SW1H 0EX
"Murgitroyd" or the "Company"	Murgitroyd Group PLC, a company incorporated in Scotland with registered number SC221766, whose registered office is at Scotland House, 165-169 Scotland Street, Glasgow G5 8PL
"Murgitroyd Directors"	the directors of Murgitroyd at the date of this Announcement
"Murgitroyd Group" or "Group"	Murgitroyd and its subsidiaries, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which Murgitroyd and all such undertakings (aggregating their interests) have a Significant Interest
"Murgitroyd Meetings"	the Court Meeting and the General Meeting

"Murgitroyd Share"	an ordinary share of 10 pence in the capital of Murgitroyd
"Murgitroyd Shareholders"	the holders of Murgitroyd Shares from time to time
"Murgitroyd Unapproved Share Schemes"	The Murgitroyd Group PLC Unapproved Employee Share Option Schemes, adopted by the Board of Murgitroyd in 2004 and 2010 respectively
"Murgitroyd Voting Shares"	the Murgitroyd Shares excluding the Excluded Shares
"Nplus1 Singer"	Nplus1 Singer Advisory LLP
"Offer Period"	in relation to the Acquisition, has the meaning given to it in the Code, which period commenced on release of the announcement dated 15 October 2019 pursuant to Rule 2.4 of the Code
"Opening Position Disclosure"	has the meaning given to it in Rule 8 of the Code
"Panel"	the Panel on Takeovers and Mergers
"Registrar of Companies"	the Registrar of Companies in Scotland
"Regulation"	Council Regulation (EC) 139/2004;
"Restricted Jurisdiction"	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if the information concerning the Acquisition is sent or made available to Murgitroyd Shareholders in that jurisdiction
"SCIV LP"	Sovereign Capital IV Limited Partnership, a fund managed on a discretionary basis by BB Shelf 4 LLP which in turn is controlled by Sovereign
"Scheme"	the proposed scheme of arrangement under Part 26 of the Companies Act between Murgitroyd and the Scheme Shareholders to implement the Acquisition with or subject to any modification, addition or condition approved or imposed by the Court (where applicable) and agreed by Murgitroyd and Bidco
"Scheme Court Hearing"	the hearing of the Court to sanction the Scheme under section 899 of the Companies Act
"Scheme Court Order"	the order of the Court sanctioning the Scheme under section 899 of the Companies Act
"Scheme Document"	the document to be despatched to (among others) Murgitroyd Shareholders including, among other things, details of the Scheme required by section 897 of the Companies Act, the full terms and conditions of the Scheme and the notices of the Murgitroyd Meetings
"Scheme Record Time"	the time and date to be specified as such in the Scheme Document or such later time and/or date as Bidco and Murgitroyd may agree
"Scheme Shareholder"	holders of Scheme Shares

"Scheme Shares"	<p>all Murgitroyd Shares:</p> <ul style="list-style-type: none"> (a) in issue at the date of the Scheme Document; (b) issued after the date of the Scheme Document and before the Voting Record Time (if any); and (c) issued at or after the Voting Record Time and before the Scheme Record Time in respect of which the original or any subsequent holders thereof are, or shall have agreed in writing to be, bound by the Scheme (if any), <p>in each case excluding the Excluded Shares</p>
"Significant Interest"	<p>in relation to an undertaking, a direct or indirect interest of 20 per cent. or more of: (i) the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking; or (ii) the relevant partnership interest</p>
"Sovereign" or "SCP"	Sovereign Capital Partners LLP
"Sovereign Investors"	SCIV LP and certain persons and managers connected to SCIV LP
"Special Resolution"	the special resolution to amend the Company's articles of association in connection with the Scheme and to approve the implementation of the Scheme to be considered at the General Meeting
"Spectrum"	Spectrum Corporate Finance Limited
"Takeover Offer"	should the Acquisition be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act, the offer to be made by or on behalf of Bidco to acquire the entire issued and to be issued share capital of Murgitroyd and, where the context requires, any subsequent revision, variation, extension or renewal of such offer and includes any election available thereunder
"Third Party"	each of a central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, environmental body, employee representative body or any other body or person whatsoever performing a similar function in any jurisdiction
"Topco"	Project Petra Topco Limited, a company incorporated in England and Wales (registered number 12236310) whose registered office is at 25 Victoria Street, London, SW1H 0EX, the ultimate holding company of Bidco
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	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 Exchange Act"	the US Securities Exchange Act of 1934, as amended from time to time
"US Securities Act"	the US Securities Act of 1933, as amended
"US Tax Code"	the US Internal Revenue Code of 1986, as amended
"Voting Record Time"	the date and time specified in the Scheme Document by reference to which entitlement to vote at the Court Meeting or the General Meeting (as applicable) will be determined, expected to be 6:00 p.m. on the day which is two Business Days before the date of the Court Meeting or General Meeting (as applicable) or, if the Court Meeting or General Meeting (as applicable) is adjourned, 6:00 p.m. on the day which is two Business Days before the date of such adjourned meeting
"Zeus Capital"	Zeus Capital Limited

For the purposes of this Announcement, "**subsidiary**", "**subsidiary undertaking**", "**undertaking**" and "**associated undertaking**" have the respective meanings given thereto by the Companies Act.

All references to "**pounds**", "**pounds Sterling**", "**Sterling**", "**£**", "**pence**", "**penny**" and "**p**" are to the lawful currency of the United Kingdom.

All the times and/or dates referred to in this Announcement are to those times and/or dates as determined by Greenwich Mean Time, unless otherwise stated.

References to the singular include the plural and vice versa.

APPENDIX V

As Bidco was incorporated on 24 September 2019, no financial information is available or has been published in respect of Bidco and, there are no current ratings or outlooks publicly accorded to Bidco by ratings agencies.

Bidco is a limited liability company incorporated in England and Wales for the purposes of making the Acquisition and is controlled by SCIV LP, a fund managed on a discretionary basis by BB Shelf 4 LLP, which in turn is controlled by Sovereign.