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4 June 2020

Stobart Group Limited
("Stobart Group", the "Company" or the "Group")

Proposed Firm Placing and Placing and Open Offer to raise gross proceeds of between £80 million and £100 million

Stobart Group, the aviation and energy group, today announces its intention to raise gross proceeds of between £80 million and £100 million by way of a Firm Placing and Placing and Open Offer (together, the "**Capital Raise**") of new ordinary shares in the capital of the Company (the "**New Shares**") at a price between 35 and 40 pence per New Share.

The Firm Placing and the Placing will be conducted through an accelerated bookbuilding process (the "**Bookbuild**"), which will be launched immediately following this announcement. The Firm Placing and the Placing are subject to the terms and conditions set out in Appendix III to this announcement (which forms part of this announcement). The final price per New Share (the "**Offer Price**") will be determined following closing of the Bookbuild.

Canaccord Genuity Limited ("**Canaccord**") is acting as Joint Sponsor, Joint Global Co-ordinator, Joint Bookrunner and Corporate Broker and UBS AG London Branch ("**UBS**") is acting as Joint Sponsor, Joint Global Co-ordinator, Joint Bookrunner and Financial Adviser (together the "**Joint Bookrunners**").

The Capital Raise will be fully underwritten by the Joint Bookrunners on closing of the Bookbuild.

Reasons for the Capital Raise

A detailed operational and financial review was conducted during 2019 which set out a clear path to maximising long term value for the Group's shareholders. As a result, the Group announced in November 2019 it would be suspending its dividend and that it had commenced a process to obtain new long-term debt to fund its growth investment programme. In parallel, as announced on 17 March 2020, the Group explored the option of raising financing through the sale of a minority investment in London Southend Airport.

The Group progressed both of these processes as planned and was on track to enter into an enlarged debt facility ahead of the FY19/20 results, as well as being engaged in advanced discussions in relation to an investment in London Southend Airport. However, the negative impact from the COVID-19 pandemic on both Flybe and the wider Group caused disruption to this process, removing the ability for the Group to secure this funding.

The Group has taken a series of mitigating actions to help preserve cash flow through this period of uncertainty, however with the business currently suffering from the severe negative impacts of the pandemic, the Group requires additional liquidity both to fund the Group's short-term cash obligations and to enable it to build a strong foundation from which it can return the Aviation business to growth and deliver on its longer-term strategic ambitions.

Key Highlights

- Intention to raise gross proceeds of between £80 million and £100 million through a Firm Placing and Placing and Open Offer at the Offer Price;
- Entry into an amended Facility Agreement comprising the original £80.0 million revolving credit facility and a new £40.0 million revolving credit facility;
- The Group intends to use the net proceeds from the Capital Raise for general corporate purposes, including:
 - Repayment of certain amounts drawn under the RCF
 - Short-term stabilisation and maintenance: support the Aviation and Energy business as the Stobart Group rebuild top-line revenues and work through COVID-19 recovery, and Stobart Air funding requirements.
 - Selective investment: airport infrastructure for post COVID-19 world to establish platform for "best customer experience".
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- The Company intends to raise approximately 80 per cent. of the gross proceeds of the Capital Raise through the Firm Placing at the Offer Price to certain institutional investors.
- Approximately 20 per cent. of the Capital Raise is expected to be raised through the Placing, pursuant to which the Joint Bookrunners intend to conditionally place the Open Offer Shares with certain institutional investors at the Offer Price, subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer.

- The Capital Raise will be fully underwritten by the Joint Bookrunners on closing of the Bookbuild and is conditional upon, among other things, the approval of Shareholders at a general meeting of the Company which will take place at 10.00 a.m. on 25 June 2020.
- The Directors intend to subscribe for an aggregate of approximately £356,000 of New Shares, through the Firm Placing and including their commitment to take up their pro rata entitlements under the Open Offer in full.
- The Company's largest shareholder, Toscafund Asset Management LLP has given a letter of intent confirming that they intend to vote, in aggregate, 89,640,562 Existing Shares representing approximately 23.93 per cent. of the Company's existing issued share capital as at 29 May 2020 (being the latest practicable date prior to the date of this announcement), in favour of the Resolutions to be proposed at the General Meeting on which they are permitted to vote.
- Qualifying Shareholders will be offered the opportunity to apply for Excess Open Offer Shares at the Offer Price through the Excess Application Facility pursuant to the Open Offer.
- Following completion of the Bookbuild, the Company will publish a press announcement setting out the Offer Price (the "Pricing Announcement") and a Prospectus in connection with the Capital Raise and will convene a General Meeting to approve certain matters necessary to implement the Capital Raise.

Bookbuild

The Firm Placing and the Placing are being conducted by way of the Bookbuild on the Company's behalf by the Joint Bookrunners. The Bookbuild will open with immediate effect following this announcement. The Firm Placed Shares and Open Offer Shares, when issued, will be fully paid and will rank *pari passu* in all respects with the Existing Shares.

The Bookbuild is expected to close no later than 7.00 a.m. on 5 June 2020, subject to acceleration. Timing of the closing of the Bookbuild and allocations are at the discretion of the Joint Bookrunners and the Company. Details of the results of the Firm Placing and the Placing will be announced as soon as practicable after the close of the Bookbuild.

If a Placee is entitled to participate in the Open Offer by virtue of being a Qualifying Shareholder it will be able to apply to subscribe for Open Offer Shares under the terms and conditions of the Open Offer. Unless otherwise agreed with the Joint Bookrunners, any participation by a Placee as a Qualifying Shareholder in the Open Offer will not reduce such Placee's commitment in respect of its participation in the Firm Placing and/or Placing.

The Firm Placing and Placing are subject to the terms and conditions set out in Appendix II to this announcement (which forms part of this announcement).

Capitalised terms used but not otherwise defined in the text of this announcement are defined in Appendix II of this announcement.

Expected Timetable of Principal Events

Record Date for entitlements under the Open Offer	close of business on 3 June 2020
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Announcement of the Capital Raise	4.35 p.m. on 4 June 2020
Announcement of the results of the Firm Placing through a Regulatory Information Service	7.00 a.m. 5 June 2020
Ex-entitlement date for the Open Offer	5 June 2020
Publication and posting of the Prospectus and Application Form	5 June 2020
Open Offer Entitlements and Excess Open Offer Entitlements enabled in CREST and credited to stock accounts of Qualifying CREST Shareholders in CREST	8 June 2020
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess Open Offer Entitlements from CREST	4.30 p.m. on 18 June 2020
Latest time and date for depositing Open Offer Entitlements and Excess Open Offer Entitlements into CREST	3.00 p.m. on 19 June 2020
Latest time and date for splitting of Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 22 June 2020
Latest time and date for electronic proxy appointments or receipt of form of proxy	10.00 a.m. on 23 June 2020
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 24 June 2020
Announcement of the results of the Placing and Open Offer through a Regulatory Information Service	7.00 a.m. on 25 June 2020
General Meeting	10.00 a.m. on 25 June 2020
Results of General Meeting announced through a Regulatory Information Service	25 June 2020
Admission of, and dealings commence in, the Firm Placed Shares and the Open Offer Shares	8.00 a.m. on 29 June 2020
CREST members' accounts credited in respect of New Shares in uncertificated form	From 8.00 a.m. on 29 June 2020
Expected dispatch of definitive share certificates for New Shares in certificated form	Within 14 days of Admission

Notes:

(1) References to times in this announcement are to London time unless otherwise indicated.

(2) The ability to participate in the Placing and Open Offer is subject to certain restrictions relating to Shareholders with registered addresses outside the United Kingdom, details of which are set out in the prospectus expected to be published by the Company on 5 June 2020.

This announcement contains inside information for the purposes of article 7 of EU Regulation 596/2014. The person who arranged the release of this announcement on behalf of the Company was Louise Brace, Company Secretary.

For further information, please contact:

Stobart Group Limited

Charlie Geller, Communications Director

C/o Newgate Communications

Canaccord Genuity Limited (Joint Sponsor, Joint Bookrunner, Joint Global Co-ordinator and Corporate Broker to Stobart Group)

+44 (0) 20 7523 8300

Adam James / Andrew Potts / Angelos Vlatakis / Chris Robinson

UBS AG London Branch (Joint Sponsor, Joint Bookrunner, Joint Global Co-ordinator and Financial Adviser to Stobart Group)

+44 (0)20 7567 8000

David James / Ian Hart / Alex Bloch / Alistair Smith

Important notices

This announcement has been issued by and is the sole responsibility of the Company. The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may or should be placed by any person for any purpose whatsoever on the information contained in this announcement or on its accuracy or completeness. The information in this announcement is subject to change.

This announcement is not a prospectus but an advertisement. Neither this announcement nor anything contained in it shall form the basis of, or be relied upon in conjunction with, any offer or commitment whatsoever in any jurisdiction. Investors should not acquire any Shares referred to in this announcement except on the basis of the information contained in the Prospectus to be published by the Company in connection with the Capital Raise.

Copies of the Prospectus when published will be available on the Company's website at www.stobartgroup.co.uk/investors. Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this announcement. The Prospectus will provide further details of the New Shares being offered pursuant to the Capital Raise.

This announcement does not contain or constitute an offer for sale or the solicitation of an offer to purchase securities in the United States. The New Shares, Open Offer Entitlements and Excess Open Offer Entitlements have not been and will not be registered under the US Securities Act of 1933 (the "**Securities Act**") or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred

or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from or in a transaction not subject to the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the New Shares in the United States. None of the New Shares, Open Offer Entitlements, Excess Open Offer Entitlements, this announcement or any other document connected with the Capital Raise has been or will be approved or disapproved by the United States Securities and Exchange Commission or by the securities commissions of any state or other jurisdiction of the United States or any US regulatory authority, nor have any of the foregoing authorities has passed upon or endorsed the merits of the offering of the New Shares, Open Offer Entitlements, or Excess Open Offer Entitlements or the accuracy or adequacy of this announcement or any other document connected with the Capital Raise. Any representation to the contrary is a criminal offence in the United States.

This announcement is for information purposes only and is not intended to and does not constitute or form part of any offer or invitation to sell, allot or issue, or any offer or invitation to purchase or subscribe for, New Shares, or to take up any entitlements to New Shares, in any jurisdiction or any solicitation to purchase or subscribe for, any securities in the United States or Australia, Canada, Hong Kong, Japan, the People's Republic of China, the Republic of South Africa (the "**Excluded Territories**") or in any jurisdiction to whom or in which such offer or invitation is unlawful, nor does the fact of its distribution form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment whatsoever with respect to such securities, the Company or otherwise.

The distribution of this announcement into jurisdictions other than the United Kingdom may be restricted by law, and, therefore, persons into whose possession this announcement comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of such jurisdiction. In particular, subject to certain exceptions, this announcement, the Prospectus (once published) and the Application Forms (once printed) should not be distributed, forwarded to or transmitted in or into the United States or any Excluded Territory.

Recipients of this announcement and/or the Prospectus should conduct their own investigation, evaluation and analysis of the business, data and property described in this announcement and/or if and when published the Prospectus. This announcement does not constitute a recommendation concerning any investor's options with respect to the Capital Raise. The price and value of securities can go down as well as up. Past performance is not a guide to future performance. The contents of this announcement are not to be construed as legal, business, financial or tax advice. Each Shareholder or prospective investor should consult his, her or its own legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice.

Notice to all investors

Canaccord Genuity Limited ("**Canaccord**") is authorised and regulated by the Financial Conduct Authority ("**FCA**") in the United Kingdom. UBS AG London Branch ("**UBS**" and together with Canaccord, the "**Joint Bookrunners**") is authorised and regulated by the Financial Market Supervisory Authority in Switzerland, and it is authorised by the Prudential Regulation Authority ("**PRA**") and subject to regulation by the FCA and limited regulation by the PRA in the United Kingdom.

Canaccord and UBS are each acting exclusively for the Company and no one else in connection with the Capital Raise or any other matter referred to in this announcement and will not be responsible to anyone other than the Company for providing the protections afforded to their

respective clients or for providing advice in connection with the Capital Raise and/or any other matter referred to in this announcement.

No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by the Joint Bookrunners or by any of their respective affiliates or agents (or any of their respective directors, officers, employees or advisers) for the contents of the information contained in this announcement, or any other written or oral information made available to or publicly available to any interested party or its advisers, or any other statement made or purported to be made by or on behalf of either Joint Bookrunner or any of their respective affiliates in connection with the Company, the New Shares or the Capital Raise and any responsibility therefor is expressly disclaimed. The Joint Bookrunners and each of their respective affiliates accordingly disclaim all and any liability, whether arising in tort, contract or in respect of any statements or other information contained in this announcement and no representation or warranty, express or implied, is made by either Joint Bookrunner or any of their respective affiliates as to the accuracy, completeness or sufficiency of the information contained in this announcement.

No person has been authorised to give any information or to make any representations other than those contained in this announcement, the Prospectus and the Application Forms, and, if given or made, such information or representations must not be relied on as having been authorised by the Company or Canaccord and UBS.

In connection with the Capital Raise, the Joint Bookrunners may release communications to the market as to the extent to which the book is "covered". A communication that a transaction is, or that the books are, "covered" refers to the position of the order book at that time. It is not an assurance that the books will remain covered, that the transaction will take place on any terms indicated or at all, or that if the transaction does take place, the securities will be fully distributed by the Joint Bookrunners.

In connection with the Capital Raise, each of their Joint Bookrunners and any of their respective affiliates, acting as investors for their own accounts, may take up a portion of the shares in the Capital Raise as a principal position and in that capacity may retain, purchase, sell, offer to sell for their own accounts such shares and other securities of the Company or related investments in connection with the Capital Raise or otherwise. Accordingly, references in the Prospectus to the Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, the Joint Bookrunners and any of their respective affiliates acting as investors for their own accounts. Except as required by applicable law or regulation, the Joint Bookrunners do not propose to make any public disclosure in relation to such transactions.

Cautionary statement regarding forward-looking statements

This announcement contains forward-looking statements, including with respect to financial information, that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "will", "may", "should", "would", "could", "is confident", or other words of similar meaning. Undue reliance should not be placed on any such statements because they speak only as at the date of this announcement and, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Company's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. No representation or warranty is made that any forward-looking statement will come to pass.

You are advised to read the Prospectus when published and the information incorporated by reference therein in their entirety, and, in particular, the section of the Prospectus headed "Risk Factors", for a further discussion of the factors that could affect the Group's future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements, including statements regarding prospective financial information, in this announcement may not occur. These statements are not fact and should not be relied upon as being necessarily indicative of future results, and readers of this announcement are cautioned not to place undue reliance on the forward-looking statements, including those regarding prospective financial information.

No statement in this announcement is intended as a profit forecast, and no statement in this announcement should be interpreted to mean that underlying operating profit for the current or future financial years would necessarily be above a minimum level, or match or exceed the historical published operating profit or set a minimum level of operating profit.

Neither the Company nor any of Canaccord or UBS are under any obligation to update or revise publicly any forward-looking statement contained within this announcement, whether as a result of new information, future events or otherwise, other than in accordance with their legal or regulatory obligations (including, for the avoidance of doubt, the Prospectus Regulation Rules, the Listing Rules and Disclosure Guidance and Transparency Rules). Subject to the Prospectus Regulation Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules, the issue of this announcement shall not, in any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this announcement or that the information in it is correct as at any subsequent date.

Information to Distributors

Solely for the purposes of the product governance requirements contained within (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the MiFID II Product Governance Requirements), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the New Shares have been subject to a product approval process, which has determined that the New Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Shares may decline and investors could lose all or part of their investment; the New Shares offer no guaranteed income and no capital protection; and an investment in the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Capital Raise. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation

to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the New Shares and determining appropriate distribution channels.

Stobart Group Limited

Proposed Firm Placing and Placing and Open Offer to raise gross proceeds of between £80 million and £100 million

1. Introduction

Stobart Group, the aviation and energy group, today announces its intention to raise gross proceeds of between £80 million and £100 million by way of a Firm Placing and Placing and Open Offer.

The Capital Raise will be fully underwritten by the Joint Bookrunners on closing of the Bookbuild, subject to, and in accordance with, the terms and conditions of the Placing Agreement.

The Company has also announced that it has entered into an amended Facility Agreement comprising the original £80.0 million revolving credit facility under which the Group is fully drawn ("**Facility A**") and a new £40.0 million revolving credit facility ("**Facility B**"). Under Facility B, the Group can draw up to £10.0 million during the period commencing 5 June 2020 up to and including the date of Admission, subject to certain liquidity conditions. Pursuant to the terms of Facility B, the Group will use a portion of the proceeds of the Capital Raise (up to £10.0 million) to repay the amount drawn under Facility B as at the date of Admission within three Business Days of that date. Following such repayment, the Group can draw down under Facility B subject to conditions.

The Board believes the Capital Raising to be in the best interests of Shareholders as a whole and this announcement will explain why the Board unanimously recommends that Shareholders should vote in favour of the Resolutions, as each Director has committed to do so in respect of his or her own legal and beneficial holdings of Shares.

2. Background to and reasons for the Capital Raise

Over the past few years, the Group has been focused on growing its two principal activities to reposition it as a high-quality infrastructure business, focused on the aviation and energy-from-waste sectors. The Group has been committed to establishing London Southend Airport as a major London airport and creating a high-margin renewable waste wood fuel business. Investment in accelerating the growth of the Aviation and Energy divisions has been financed through the use of debt facilities, cash resources and non-core asset sales.

Stobart Aviation

Stobart Aviation owns and operates London Southend Airport and provides management services to the Tees Valley Combined Authority in respect of the Teesside International Airport. In addition, Stobart Aviation Services, one of the businesses within the division, provides check-in, baggage handling and cargo services for 16 airlines at London Stansted, London Southend, Manchester, Edinburgh and Glasgow airports. The Group also operates Stobart Jet Centre, which provides services to the private aviation market.

Stobart Aviation's principal asset is London Southend Airport, which has been rated the best London airport in 2019 for the sixth consecutive year in the Which? Airport Passenger Survey and was the United Kingdom's fastest growing airport in 2019 according to CAA data. The airport is served by easyJet, Ryanair and Wizz Air, amongst others, and in early 2020 served approximately 40 destinations across Europe and the United Kingdom.

London Southend Airport made considerable progress toward its strategic ambitions during FY19/20. Passenger numbers increased 43 per cent. to 2.14 million in FY19/20 (FY18/19: 1.49 million). In addition, in 2019 the Group signed an agreement with a global logistics customer to

provide facilities and expertise to support the import and export of goods at London Southend Airport.

Once the unprecedented effects of COVID-19 have subsided, the Directors believe that low-cost carriers ("**LCCs**") will benefit from their lower cost bases and will likely return to normalised operations faster than non-LCCs. The Directors believe that LCCs will likely be focused on seeking a low cost base for operations and hub capacity at suitable prices and service levels.

The pace at which this capacity is required will largely depend on the demand from passengers to return to international travel, the ability of airlines to react to that demand and the preparedness of airports to respond to the changing expectations of passengers and airlines alike. Airports will be expected to provide clean, secure and spacious environments in which passengers are not expected to gather in confined retail spaces, where cleaners are highly visible and where people can move through central search areas efficiently. The Directors believe that London Southend Airport has an opportunity therefore to make use of significant unutilised space and enhanced technology, provide a cost-efficient base for airlines given the airport's lower capital expenditure to date, and deliver a passenger-focused experience for its customers.

Stobart Energy

The Directors believe that the Group is the United Kingdom's largest supplier of waste wood fuel to UK biomass energy plants, with long-term exclusive contracts in place with some of the largest biomass energy plants in the United Kingdom. Bioenergy (including waste wood fuel) is Britain's second largest source of renewable electricity (behind wind), generating more than 11 per cent. of the United Kingdom's electricity in 2019 (according to UK Department for Business, Energy & Industrial Strategy statistics).

As at the date of this announcement, the Group supplies more than 15 large, and a significant number of smaller, biomass energy plants in the United Kingdom and Ireland, all of which have successfully completed commissioning and are fully operational. With the biomass energy plants operating more consistently as a result of completing commissioning, the Group was able to supply 1.5 million tonnes of waste wood fuel in FY19/20, representing an increase of 11.5 per cent. on the previous year (FY18/19: 1.3 million).

Non-core operating divisions

The Group has three non-core operating divisions: Stobart Rail & Civils, Stobart Investments and Stobart Infrastructure. These divisions consist of non-core businesses and assets, and the Group aims to divest all of them within the next three years, other than Carlisle Lake District Airport, with an aim of realising value over time from a position of strength when market conditions are right.

Recent Developments

Whilst the Group's two core operating divisions performed broadly in line with management expectations in FY19/20, the COVID-19 pandemic has significantly impacted the Group's revenue and costs in the first three months of FY20/21, in particular in the Stobart Aviation and Stobart Energy operating divisions.

Stobart Aviation

Passenger numbers at London Southend Airport fell from approximately 5,500 passengers per day to nearly zero over the course of March 2020 and aircraft movements (i.e. landings or take-offs) fell from approximately 50 to fewer than 10 per day in the same period. Passenger numbers remain near zero and aircraft movements (primarily relating to logistics) remain near 10 as at the date of this announcement, and the Group expects this to continue until at least the end of September 2020 (and until the end of March 2021 under a 'reasonable worst case scenario'), with

a slow recovery until the end of February 2021 (or until end of June 2021 under a ‘reasonable worst case scenario’). This has driven both aeronautical and non-aeronautical revenue to virtually zero, with the exception of logistics and some long-term parking income. At the same time, the Group has been required to continue to fund its largely fixed cost base in regulated areas including security, air traffic control and fire safety to support logistics operations. Furthermore, the Stobart Aviation operating division experiences marked seasonality, with most of its profits coming from the summer months, which are set to be significantly affected by the COVID-19 pandemic.

In addition, on 5 March 2020 Flybe announced it had entered into Administration, and on 10 March 2020 Flybe’s parent company, Connect Airways, also entered into Administration. The Group has a 30 per cent. ownership stake in Connect Airways, and Flybe accounted for approximately six per cent. of the passenger traffic at London Southend Airport in FY19/20.

As at the date of this announcement, the operations of London Southend Airport’s airline partners are, for the most part, still suspended, with airlines taking the opportunity to ground fleets at London Southend Airport. Over 15 aircraft are currently parked on the airport’s stands, which generates approximately £5,000 to £10,000 per week.

The airport’s global logistics customer, which imports and exports goods to and from the United Kingdom, continues to operate as normal. The importance of maintaining the logistics network in the United Kingdom means that people working in that operation have been given “key worker” status. Strict safety protocols and procedures are in place across the Group’s locations in order to protect people still at work, including aircraft cleaning after every flight and separation of flight and ground crews. The Group is also undertaking a variety of pro bono activities to support community groups and furloughed staff.

Stobart Energy

Stobart Energy is currently maintaining its operations as biomass energy plants continue to require waste wood fuel in order to service the United Kingdom’s electricity needs. The importance of supplying fuel to support these plants and ensuring the waste supply chain continues to function has meant drivers and associated employees have been assigned “key worker” status.

The key risk to Stobart Energy’s ongoing operations is the availability of waste wood. The COVID-19 pandemic has led to a significant slowdown in construction activity, a 75 per cent. decrease in commercial and industrial waste arisings year-on-year and the closure of household waste and recycling centres. Without these key sources of supply, the Group’s inbound waste wood supply decreased as much as 80 per cent. year-on-year, although is starting to recover. The profitability of the Group’s production of waste wood fuel is, in part, related to the gate fees it charges to third parties for taking waste wood from them. The low supply of available waste wood is negatively impacting gate fee pricing and may continue to do so for an extended period and may result in an inability of the Group to fulfil its requirements under its supply agreements with its biomass energy plant customers.

As a result, the Group has issued force majeure notices to many its biomass energy plant customers pursuant to the terms of certain of its supply agreements. The Group is working with its customers to discuss options around supply and determine future volumes for when lockdown restrictions are relaxed, and the Group has developed volume models to help support these discussions.

The Group is engaged with the UK Government to request the reopening of household waste and recycling centres and recommend that all available waste wood is prioritised for the use in biomass energy plants. The Group, along with its biomass energy plant customers, is also engaged with the UK Government to extend the expiration of the ROC subsidy scheme beyond

the current expiration date in 2037 to compensate for the COVID-19 related slowdown in production.

The Group aims to identify a strategic buyer or infrastructure investor to monetise Stobart Energy in the next 18-24 months in order to fund future growth at London Southend Airport.

Stobart Rail & Civils

In FY19/20 Stobart Rail & Civils traded below expectations, in part due to delays in Network Rail awarding contracts at the start of its Control Period 6 and the Group's continued exposure to a poor performing legacy project. In the first three months of FY20/21 the division has been negatively impacted by the closure of certain work sites due to the COVID-19 pandemic. As a result of the recent poor performance, the Group is actively engaging to exit the Rail & Civils business within the next six months. There are currently 26 open contracts including 12 operationally live projects. The Directors expect all of these to be substantially concluded in the next six months.

Group COVID-19 response

Given the pressure on the Group's revenue and balance sheet, the Group has implemented the following measures to manage costs and preserve liquidity:

- The Group has frozen all capital expenditure other than where it is considered critical for safety reasons and has deferred all discretionary spend.
- The Group has utilised the UK Government's Job Retention Scheme to put on furlough approximately 50 per cent. of the Group's approximately 1,550 employees as of 1 April 2020. All employees in continuing roles that allow them to work from home are doing so.
- The Directors and members of the Management Board have agreed to 20 per cent. pay reductions and all other non-furloughed management have accepted 10 per cent. pay reductions.
- A recruitment freeze has been in place since early March 2020 and all variable pay awards have been deferred to August 2020 at the earliest.
- The Group has utilised a number of measures made available by the UK Government to help conserve cash.

The Group also announced on 6 April 2020 that it withdrew all previously made financial guidance.

New revolving credit facility

The Company has entered into an amended Facility Agreement comprising the original £80.0 million revolving credit facility under which the Group is fully drawn (Facility A) and a new £40.0 million revolving credit facility (Facility B). Under Facility B, the Group can draw up to £10.0 million during the period commencing 5 June 2020 up to and including the date of Admission, subject to certain liquidity conditions. Pursuant to the terms of Facility B, the Group will use a portion of the proceeds of the Capital Raise (up to £10.0 million) to repay the amount drawn under Facility B as at the date of Admission within three Business Days of that date. Following such repayment, the Group can draw down under Facility B subject to conditions.

Stobart Air and Propius

On 27 April 2020, the Group announced it had reached agreement with the administrators of Connect Airways to acquire Stobart Air and Propius, and the Group now holds a 40 per cent. voting and 75 per cent. economic interest in Everdeal, the ultimate holding company of both

businesses, and a 15 per cent. shareholding in the company that holds the remaining 60 per cent. voting interest and 25 per cent. economic interest in Everdeal, Everdeal Employees 2019 Limited.

This provides the Group with an effective indirect economic interest of 78.75 per cent. in Stobart Air and Propius. This structure was in place prior to the Group's disposal of Stobart Air and Propius and is required to ensure that Stobart Air meets the requirements of its Air Operator Certificate to operate out of Ireland.

Propius is an aircraft leasing business that leases eight ATR aircraft, and leases those aircraft on to Stobart Air. Stobart Air is a regional airline that has operated under the Aer Lingus brand through a franchise relationship since 2010 and also provides private charter flights and wet-leasing services whereby it provides an aircraft, complete crew, maintenance and insurance (ACMI) to other airlines.

The businesses were owned previously by the Group, which entered into an agreement to sell the businesses to Connect Airways in February 2019 (the Connect Sale). The Group is a guarantor for various obligations of Propius following a sale and leaseback of aircraft arrangement which was entered into by Propius in April 2017, including maintenance commitments under the aircraft leases. Guarantees were also granted by the Group with respect to the obligations owed by Stobart Air arising under the franchise agreement with Aer Lingus and certain fuel and currency hedging arrangements entered into when the businesses were under the Group's ownership. These guarantees were required to remain with the Group following the completion of the Connect Sale, as the holders of the guarantees were not prepared to see them released in view of the perceived covenant quality of Connect Airways. As part of the Connect Sale, it was also agreed that the Group would continue to make repayments of a loan in respect of aircraft maintenance reserves advanced by Propius over time rather than in a single payment at completion.

The Board reviewed the options available to the Company in relation to the future of Stobart Air and Propius during this unprecedented time. This included allowing the businesses to enter some form of insolvency process and a range of ways to support them going forward particularly in light of the strong relationship which exists between the Group and Aer Lingus. The Board concluded that the best course of action financially for the Company and its Shareholders was for it to buy back Stobart Air and Propius. This action will give the Group considerable influence over the pre-existing obligations it has in respect of those businesses. The intention is that the Group will continue its current positive dialogue with Aer Lingus to conclude a long-term franchise extension, as the current franchise agreement term expires on 31 December 2022, and ensure that the businesses are put on a sound financial footing.

The Group's aviation strategy has not changed as a result of this transaction and the Company will work with Aer Lingus to identify a new financial partner to support the business for the future with the Group exiting its involvement in a controlled way at the appropriate time.

The consideration for the Stobart Air and Propius acquisition is a payment of up to £8.55 million on the following basis:

- an initial consideration of £300,000 paid in cash at completion;
- a deferred consideration of £2 million to be paid no later than 15 December 2020; and
- a contingent deferred consideration up to a maximum of £6.25 million based on the value achieved (after disposal costs) on a realisation of value in respect of one or both of the businesses by the Group prior to 31 December 2023, by reference to:
 - 75 per cent. of the first £5 million of value being a payment of up to £3.75 million;
 - 50 per cent. of the next £5 million of value being a payment of up to £2.5 million; and

- any value above £10 million is retained by the Group.

The Group expects to fund the operations of Stobart Air and Propius over the period through to achieving positive cash flow. The businesses have actively sought to reduce their cash requirements during the COVID-19 period and the Group expects to fund approximately €25 million over the period to 31 December 2021, including the lease payments discussed below.

As part of the acquisition, a €20 million loan by the Group to the holding company of Stobart Air and Propius, and subsequently novated from the Group to Connect Airways in connection with the sale of Stobart Air and Propius to Connect Airways, will be novated back to the Group. This is included within the overall consideration referred to above and the loan became an intra-Group matter following the acquisition.

The value of the combined gross assets of Stobart Air and Propius as at 31 August 2019 was £91.2 million. While valuation work in respect of the Group's acquisition of Stobart Air and Propius in April 2020 is currently in progress, the value of assets acquired is likely to be significantly lower than that as at 31 August 2019. Propius has annual commitments (guaranteed by the Group) under aircraft leases totalling \$15.4 million per annum until April 2027 with a break clause in April 2023 if the Aer Lingus franchise is not extended beyond December 2022, on payment of a break fee of \$21.2 million plus associated break fee finance costs. The lease payments falling due within the 12 months following the acquisition are reflected in the funding requirement for Stobart Air and Propius of €25 million referred to above. The combined profits before tax for Stobart Air and Propius for the year ended 28 February 2019 were £5.5 million.

Sale of the Stobart and Eddie Stobart brands

As announced on 21 May 2020, the Group has sold the Eddie Stobart and Stobart trademarks and designs to Eddie Stobart for a total consideration of £10 million. The Company will put forward a resolution at a general meeting of Shareholders to change its corporate name prior to 28 February 2021.

Until completion of the sale, the Group owned the Eddie Stobart and Stobart trademarks and designs and all associated intellectual rights. In February 2014, the Group entered into an agreement to licence the Eddie Stobart trademarks and designs to Eddie Stobart in consideration of a £13.7 million premium fee as part of the initial partial sale of the Eddie Stobart business. That 15-year licence agreement provided the first six years to 29 February 2020 royalty free.

From 1 March 2020, a licence fee of £3 million per annum became payable until February 2029. However, that agreement was terminable by Eddie Stobart on six months' written notice. The annual licence fee was also conditional on Eddie Stobart achieving certain performance targets. If Eddie Stobart did not achieve these performance targets in any given year, the £3 million licence fee was to accrue and only become payable at subsequent dates once these performance targets had been achieved.

The sale of the Eddie Stobart and Stobart trademarks and designs resulted in an immediate cash receipt. It will also have the effect of helping investors and stakeholders to more easily differentiate between Eddie Stobart's business and Stobart Group's aviation and energy businesses through Stobart Group transitioning to a different name.

The consideration for the sale is £10.0 million, of which £6.0 million was received on completion, £2.5 million is payable on or before 1 December 2020 and £1.5 million is payable 36 months following completion of the sale. The cash consideration will be used for general working capital purposes.

The Company will change its name prior to February 2021. However, there are a number of Stobart divisions that will continue to use the brand for up to 36 months after completion and this will be licenced on a royalty free basis from Eddie Stobart.

Stobart Air may continue to use its name so long as it is owned by the Group. If the Group sells the Stobart Air business, it must use reasonable endeavours to procure a change of name as part of that sale.

3. Reasons for the Capital Raise

A detailed operational and financial review was conducted during 2019 which set out a clear path to maximising long term value for the Group's shareholders. As a result, the Group announced in November 2019 it would be suspending its dividend and that it had commenced a process to obtain new long-term debt to fund its growth investment programme. In parallel, as announced on 17 March 2020, the Group explored the option of raising financing through the sale of a minority investment in London Southend Airport.

The Group progressed both of these processes as planned and was on track to enter into an enlarged debt facility ahead of the FY19/20 results, as well as being engaged in advanced discussions in relation to an investment in London Southend Airport. However, the negative impact from the COVID-19 pandemic on both Flybe and the wider Group caused disruption to this process, removing the ability for the Group to secure this funding.

The Group has taken a series of mitigating actions to help preserve cash flow through this period of uncertainty, however with the business currently suffering from the severe negative impacts of the pandemic, the Group requires additional liquidity both to fund the Group's short-term cash obligations and to enable it to build a strong foundation from which it can return the Aviation business to growth and deliver on its longer-term strategic ambitions.

The Group continues to have confidence in the long-term growth prospects of the business. The Group owns and operates two valuable growth businesses in London Southend Airport and Stobart Energy, and the Group will be well-positioned to benefit from the normalisation in operations.

4. Use of proceeds

The Group intends to use the net proceeds as follows: (i) within three Business Days of Admission, up to £10.0 million of the net proceeds of the Capital Raise will be used to repay the amount drawn down under Facility B as at that date, and (ii) under the terms of the Facility Agreement, the remaining portion of the net proceeds will be used to reduce the drawn amount under Facility A (which was fully drawn at £80.0 million as at 1 June 2020). Following these payments under its facilities, which will have the effect of reducing the Group's interest expense payable on those amounts, the Group will have immediate access to the undrawn funds under Facility A. The Group intends to draw down such funds as and when they are needed for its working capital requirements, which are set forth in the following table.

By its nature, the information in the following table involves risks and uncertainties because it relates to events and depends on circumstances that may or may not occur in the future, in particular given the risks and uncertainties related to the COVID-19 pandemic.

10 months to 28 February 2021	FY21/22⁽¹⁾	To end of FY21/22⁽¹⁾
	(£ millions)	

Opening balance	8	31 - 51	8
Gross proceeds of the Capital Raise	80 - 100	0	80 - 100
Approximate expenses of the Capital Raise	7	0	7
Approximate net proceeds of the Capital Raise	73 - 93	0	73 - 93
Available proceeds from Facility B between 5 June 2020 and Admission	10	0	10
Repayment of Facility B ⁽²⁾	(10)	0	(10)
Approximate net proceeds of the Capital Raise following repayment of Facility B	73 - 93	0	73-93
Asset finance repayments ⁽³⁾	(13)	(13)	(26)
Lease payments.....	(4)	(5)	(9)
Interest payments	(7)	(9)	(16)
Debt, leases and asset financing	(24)	(27)	(51)
London Southend Airport capital expenditure	(10)	(10)	(20)
Energy capital expenditure.....	(2)	(2)	(4)
Other capital expenditure.....	0	(5)	(5)
Available asset financing ⁽³⁾	10	12	22
Capital expenditure net of asset financing	(2)	(5)	(7)
Stobart Air acquisition	(2)	0	(2)
Stobart Air lease payments (Propius and other lease payments) ⁽⁴⁾	(18)	(27)	(45)
Stobart Air operating cash flow	3	20	23
Stobart Air	(17)	(7)	(24)
Other cash inflows / (outflows) including working capital	(7)	9	2
Approximate residual balance	31 - 51	1 - 21	1 - 21

Notes:

- (1) Assuming the Facility Agreement is refinanced in full prior to its termination on 31 January 2022.
- (2) Assuming that the Company has drawn down the full £10.0 million available under Facility B between 5 June 2020 and Admission.
- (3) Asset financing is used to fund the purchase of small scale assets with security provided over the specific asset being purchased. Assets include plant and equipment for Aviation (e.g. scanners, radars, fire engines) and trucks and trailers for Energy. The Group has existing asset financing facilities in place of which £42 million was drawn at 29 February 2020. Facilities are held with a number of banks including HSBC, Lombard, Lloyds, Scania Finance and Barclays. £22 million of planned capital expenditure has been identified as eligible for asset financing, which can be funded using pre-existing facilities. Given the existing repayment profile, the Directors do not expect this to result in an increased net exposure in total asset financing.
- (4) Stobart Air lease payments include the \$15.4 million per annum lease cost commitments highlighted at the time of acquiring Stobart Air and Propius as well as other lease commitments.

In addition to the net proceeds of the Capital Raise, the Group will also have access to the £40.0 million available under Facility B from Admission, subject to draw down conditions. The Directors do not expect to utilise Facility B until FY21/22 other than the draw down of up to £10 million as described in the table above.

5. Terms of the Capital Raise and the New Shares

The Company is proposing to raise gross proceeds of between £80 million and £100 million by way of a Firm Placing and Placing and Open Offer, at an Offer Price of between 35 and 40 pence

per New Share. The Firm Placing and Placing and Open Offer is conditional, among other things, on the passing of the Resolutions, which will be sought at the General Meeting.

The Directors have given careful consideration as to how to structure the proposed issuance of equity and have concluded that a Placing and Open Offer and Firm Placing is the most suitable option available to the Company and its Shareholders at this time.

Subject to completion of the Bookbuild, the Joint Bookrunners have agreed to underwrite the settlement of the Firm Placed Shares and conditionally placed Open Offer Shares placed with Placees procured through the Bookbuild, on the terms and subject to the conditions in the Placing and Open Offer Agreement.

The Firm Placing is expected to settle simultaneously with the Placing and Open Offer on 29 June 2020 and is conditional on, among other things:

- (a) Shareholder approval of the Resolutions at the General Meeting; and
- (b) the Placing Agreement having become or been declared unconditional in all respects and the Placing Agreement not having been terminated by the Underwriters in accordance with its terms.

If Admission of the Firm Placed Shares does not take place on or before 8.00 a.m. on 29 June 2020 (or such later date as the Company and the Joint Bookrunners may agree, not being later than 8.00 a.m. on 6 July 2020), the Firm Placing will not proceed and subscription monies will be refunded to Firm Placees by cheque or CREST payment, as appropriate (at the Firm Placees' risk).

The New Shares to be issued pursuant to the Firm Placing and Placing and Open Offer will, following Admission, rank *pari passu* in all respects with the Existing Shares and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the Ordinary Shares after Admission.

Application will be made to the FCA for the New Shares proposed to be issued in connection with the Firm Placing and Placing and Open Offer to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on its Main Market for listed securities. It is expected that Admission will become effective, and that dealings in the New Shares will commence, at 8.00 a.m. on or around 29 June 2020.

Firm Placing

Approximately 80 per cent. of the Firm Placing and Placing and Open Offer will be placed pursuant to the Firm Placing. The Firm Placed Shares are not to be offered first to Shareholders generally. The Board has undertaken discussions with key Shareholders in relation to the Firm Placing. The Firm Placed Shares are not subject to clawback under, nor do they form part of, the Open Offer.

Subject to completion of the Bookbuild, the Joint Bookrunners have agreed to underwrite the settlement of the Firm Placed Shares and conditionally placed Open Offer Shares placed with Placees procured through the institutional Bookbuild, on the terms and subject to the conditions in the Placing and Open Offer Agreement. With effect from the completion of the Bookbuild and subject to the execution by the Company and the Joint Bookrunners of the terms of subscription setting out, among other things, the final number of the Firm Placed Shares and the Open Offer Shares to be issued and the final Offer Price following completion of the Bookbuild (the "Terms of Subscription") Terms of Subscription, to the extent that any Firm Placee procured by the Joint Bookrunners fails to take up any or all of the Firm Placed Shares which have been allocated to it or which it has agreed to take up at the Offer Price, each of the Joint Bookrunners has agreed, on the terms and subject to the conditions set out in the Placing Agreement, to take up such Firm Placed Shares at the Offer Price in equal proportions. This underwriting commitment is conditional

on the Placing Agreement becoming fully unconditional and not having been terminated in accordance with its terms.

The Firm Placed Shares, when issued and fully paid, will be identical to, and rank *pari passu* with, the Existing Shares in respect of all dividends or other distributions declared, made or paid after Admission. Firm Placees will not be able to participate in the Open Offer with respect to the Firm Placed Shares.

Placing and Open Offer

Approximately 20 per cent. of the Firm Placing and Placing and Open Offer will be placed conditionally with Conditional Placees. The Joint Bookrunners intend, pursuant to the Placing Agreement, to conditionally place all of the Open Offer Shares at the Offer Price with institutional investors. The commitments of the Conditional Placees will be subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer. Subject to waiver or satisfaction of the conditions relating to Admission and the Placing and Open Offer not being terminated, any Open Offer Shares which are not applied for in the Open Offer through valid applications received from Qualifying Shareholders will be issued to the Conditional Placees procured by the Joint Bookrunners. Certain Conditional Placees who are existing Shareholders of the Company, at the absolute discretion of the Joint Bookrunners, may be offered the opportunity to offset their Placing commitments against the Open Offer Shares validly taken up and paid for under the Open Offer.

The Joint Bookrunners, as agents for the Company, have made arrangements to conditionally place the Open Offer Shares with institutional investors at the Offer Price. The Open Offer Shares will be subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer. Subject to the waiver or satisfaction of the conditions and the Placing Agreement not being terminated in accordance with its terms, any Open Offer Shares not subscribed for under the Open Offer will be issued to Placees procured by the Joint Bookrunners.

With effect from the completion of the Bookbuild and subject to the execution by the Company and the Joint Bookrunners of the Terms of Subscription, to the extent that any Conditional Placee procured by the Joint Bookrunners fails to take up any or all of the Open Offer Shares which have been allocated to it or which it has agreed to take up at the Offer Price, each of the Joint Bookrunners has agreed, on the terms and subject to the conditions set out in the Placing Agreement, to take up such Open Offer Shares at the Offer Price in equal proportions. This underwriting commitment is conditional on the Placing Agreement becoming fully unconditional and not having been terminated in accordance with its terms.

Subject to the fulfilment of the conditions set out below and in the terms and conditions of the Open Offer and, in the case of Qualifying Non-CREST Shareholders, the terms and conditions in the Application Form, Qualifying Shareholders will be given the opportunity to subscribe for New Shares pro rata to their existing shareholdings at the Offer Price on the basis of a ratio determined at the close of the Bookbuild.

Fractions of Ordinary Shares will not be issued and each Qualifying Shareholder's entitlement under the Open Offer will be rounded down to the nearest whole number.

Shareholders who have sold or otherwise transferred all of their Existing Shares before the entitlement date will not be entitled to participate in the Open Offer.

The New Shares will not be made available in whole or in part to the public except under the terms of the Open Offer. Subject to certain exceptions, the Open Offer will not be made to Shareholders in the United States or in other Excluded Territories. Accordingly, subject to certain

exceptions, Application Forms will not be sent to and Open Offer Entitlements will not be credited to the accounts of Shareholders in the United States or in Excluded Territories.

Shareholders should note that the Open Offer is not a rights issue. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market on behalf of or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer, but will be subscribed for under the Conditional Placing for the benefit of the Company.

Full terms and conditions of the Open Offer will be contained in the Prospectus which is expected to be published by the Company on or around 5 June 2020 following approval by the FCA in accordance with the Prospectus Rules and, in respect of Qualifying Non-CREST Shareholders, in the Application Form.

6. Intentions of the Directors

The Directors, who beneficially hold in aggregate 697,839 Existing Shares, representing approximately 0.19 per cent. of the Company's existing issued ordinary share capital as 9 May 2020 (being the latest practicable date prior to the date of this announcement), each have committed to vote their Existing Shares in favour of the Resolutions.

In addition, each of the Directors has committed to take up their Open Offer Entitlements in full and to subscribe for New Shares in the Firm Placing for a total investment (including under the Open Offer) of approximately £356,000.

7. Letter of intent

The Company's largest shareholder, Toscafund Asset Management LLP has given a letter of intent confirming that they intend to vote, in aggregate, 89,640,562 Existing Shares representing approximately 23.93 per cent. of the Company's existing issued share capital as at 29 May 2020 (being the latest practicable date prior to the date of this announcement), in favour of the Resolutions to be proposed at the General Meeting on which they are permitted to vote.

8. Current trading and prospects in respect of the Group

Management's current expectations in respect of its future business operations are set forth in the following table. By their nature, these expectations involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These risks are heightened as a result of the uncertainties resulting from the COVID-19 pandemic. As a result of these risks and uncertainties, the Directors have considered a range of operating scenarios with regard to the impact of COVID-19 and the Group's recovery.

	Management's current expectations
London Southend Airport ⁽¹⁾	
Zero passengers until end of	September 2020

Passenger numbers at budgeted level by end of Stobart Energy ⁽²⁾	February 2021
70% reduction in waste wood supply until the end of	June 2020
Waste wood supply at budgeted level by end of Stobart Air ⁽³⁾	February 2021
Minimal passengers until end of	July 2020
Passenger numbers return to pre-COVID-19 levels by end of	March 2021

Notes:

(1) London Southend Airport uses, on average, £1.3 million of cash per month while closed for passengers. The Directors believe the airport will achieve cash break-even (after capital expenditure) on a scenario of approximately 2.3 million—2.6 million annual passengers, assuming historical spending behaviour by passengers.

(2) Stobart Energy is already returning to normalised operations. The Directors believe that Stobart Energy will achieve cash break-even on a scenario of delivering 1.1 million tonnes of waste wood fuel per year.

(3) Stobart Air and Propius had a cash outflow in May 2020 of €3.5 million, and the Directors believe that such cash outflow in June 2020 will be €5.5 million. On average, the businesses use approximately €3.5 million of cash per month when closed for passengers (other than “Public Service Obligation” routes). The Directors believe that Stobart Air will achieve cash break-even in January 2021—March 2021 based on the expectations set forth in this table and assuming the COVID-19-related disruption dissipates.

The Directors believe a flexible approach to capital expenditure at London Southend Airport is key to the Group’s post-COVID-19 recovery. The following table sets forth the Group’s planned capital expenditure for the periods indicated.

	FY20/21	FY21/22	FY22/23	Total
	(£ millions)			
Regulatory and maintenance	1.7	0.0	5.5	7.2
Immediate investments	7.3	0.0	0.0	7.3
Growth: Passenger experience	0.0	0.0	7.3	7.8
Growth: Arrivals terminal extension	1.0	0.0	2.4	3.4
Growth: Departures terminal extension	0.0	0.0	3.8	3.8
Growth: Car park	0.0	3.9	5.8	9.6
Growth: Hotel	0.0	6.1	6.4	12.5
Growth: Airline capacity	0.0	0.0	0.3	0.3
Growth: Other	0.0	0.0	1.2	1.2
Total	<u>10.0</u>	<u>10.4</u>	<u>32.6</u>	<u>53.0</u>

9. Dividends and dividend policy

The Group is focused on strengthening its balance sheet and maximising the capital available for the further development of its growth businesses. It is therefore the Directors’ intention to retain

the Group's cash flow to achieve these objectives. The Directors intend to review the Company's dividend policy on an ongoing basis and restore dividends at the point at which the Group becomes significantly cash generative at an operating level, subject to investment requirements to maximise shareholder returns.

In addition, under the terms of the Facility Agreement, if the Capital Raise completes successfully, the Company will be unable to pay or declare any dividends until 30 November 2021, and between 1 December 2021 and termination of the Facility Agreement the Company's ability to pay or declare dividends will be subject to a leverage ratio test, as described in more detail in the Prospectus.

11. Working Capital

The Prospectus will contain a statement that the Company is of the opinion that, taking into account the net proceeds of the Capital Raise, the Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of this announcement.

Assumptions in respect of the impact of COVID-19

The COVID-19 pandemic and the attendant public health interventions to combat the virus have caused considerable disruption to business globally. There is significant uncertainty as to the size and duration of this disruption. In preparing its working capital statement, the Company has prepared a 'reasonable worst case scenario' to reflect the impact of the COVID-19 pandemic. The uncertainties created by the COVID-19 pandemic make the construction of a 'reasonable worst case scenario' uniquely challenging.

The Company has made its working capital statement based on a model that has sufficient headroom to cover the 'reasonable worst case scenario', which includes the following principal COVID-19 pandemic-related assumptions:

- Until the end of March 2021, there will be no passenger airline activity at London Southend Airport, compared to an average of 178,526 passengers per month in the corresponding period in FY19/20. Between April 2021 and the end of June 2021, there will be a phased recovery in passenger airline activity at the airport with an average of 153,433 passengers per month during that period, compared to an average of 202,856 passengers per month in the corresponding period in FY19/20.
- Until the end of December 2020, Stobart Aviation Services will not generate revenue at Manchester or Stansted airports as a result of those airports being closed. By the end of January 2021 flights at those airports will return to pre-COVID-19 levels.
- As a result of the Aviation-related assumptions discussed above, for the period April 2020 to March 2021, Stobart Aviation revenues will be 41 per cent. of the corresponding period in the previous year.
- Between April 2020 and the end of June 2020, Stobart Energy will supply on average 56,000 tonnes of waste wood fuel per month to its biomass energy plant customers, compared to an average of 116,000 tonnes per month in the corresponding period in FY19/20, due to an inability to access sufficient waste wood. Between July 2020 and the end of August 2020, there will be a phased recovery in waste wood supply and gate fees. During this two month period of recovering activity levels, Stobart Energy will supply on average 135,000 tonnes of waste wood fuel per month to its biomass energy plant customers, compared to an average of 125,000 tonnes per month in the corresponding period in FY19/20 (such corresponding period having been negatively impacted by plant capacity).

- As a result of the waste wood fuel supply assumptions discussed above, from November 2020 until February 2021 Stobart Energy revenues will be 91.3 per cent. of the corresponding period in FY19/20.
- Stobart Air operates minimal flights until the end of September 2020, after which operations recommence and increase such that passenger numbers return to pre-COVID-19 levels by March 2021.
- Employees being furloughed under the UK Government's Job Retention Scheme during the period of reduced activity remain in place until September 2020.

The working capital statement to be contained in the Prospectus will be prepared in accordance with the ESMA Recommendations (ESMA/2013/319), and the technical supplement to the FCA Statement of Policy published on 8 April 2020 relating to the COVID-19 crisis.

12. Importance of vote

Shareholders are asked to vote in favour of the Resolutions at the General Meeting in order for the Capital Raise to proceed. The Directors believe that successful completion of the Capital Raise is required to fund the Group's short-term working capital requirements, avoid an event of default under Facility B and allow the Group to survive the short-term difficulties through the current COVID-19 crisis and position the Group to deliver its medium-term growth strategies.

The Group has an £80.0 million revolving credit facility (Facility A), which was drawn at £75.0 million as at 29 February 2020. The COVID-19 pandemic has significantly impacted the Group's revenue and costs in the first three months of FY20/21, in particular in the Stobart Aviation and Stobart Energy operating divisions. As a result, the Group has drawn down the remaining £5.0 million since year-end to meet its short-term working capital requirements and has also implemented the following measures to manage costs and preserve liquidity:

- The Group has frozen all capital expenditure other than where it is considered critical for safety reasons and has deferred all discretionary spend.
- The Group has utilised the UK Government's Job Retention Scheme to put on furlough approximately 50 per cent. of the Group's approximately 1,550 employees as of 1 April 2020. All employees in continuing roles that allow them to work from home are doing so.
- The Directors and members of the Management Board have agreed to 20 per cent. Pay reductions and all other non-furloughed management have accepted 10 per cent. pay reductions.
- A recruitment freeze has been in place since early March 2020 and all variable pay awards have been deferred to August 2020 at the earliest.
- The Group has utilised a number of measures made available by the UK Government to help conserve cash.

In addition, the Group also has a new £40.0 million revolving credit facility (Facility B). Under Facility B, the Group can draw up to £10.0 million during the period commencing 5 June 2020 up to and including the date of Admission, subject to certain liquidity conditions. Pursuant to the terms of Facility B, the Group will use a portion of the proceeds of the Capital Raise (up to £10.0 million) to repay the amount drawn under Facility B as at the date of Admission within three Business Days of that date. Following such repayment, the Group can draw down under Facility B subject to conditions, as detailed in the Prospectus. If the Capital Raise does not complete successfully, immediate payment of amounts then due under Facility A and Facility B would be

required. Unless the Group is able to agree short-term relief with the lenders and certain of its other stakeholders, the Company does not expect that the Group would be able to obtain the funds necessary to pay all due amounts, and Administration (or equivalent local law procedures) would therefore become reasonably likely for the Company and key trading companies in the Group at that time.

The Directors believe that any potential remedial actions, such as refinancing or disposals of assets, would not be achievable in the required timeframe. In addition, as the Group has already implemented significant cost savings following the outbreak of COVID-19, the Directors believe that no further significant cost savings are likely possible to avoid Administration (or equivalent local law procedures) in the event that the Capital Raise does not successfully complete.

Consequently, if the Capital Raise does not successfully complete, the Directors expect that Administration (or equivalent local law procedures) of the Company and of certain key trading companies in the Group would be reasonably likely shortly thereafter. Shareholders would likely lose all or a substantial part of their investment in the Company as a result.

Accordingly, it is critical that Shareholders vote in favour of the Resolutions, as the Directors consider the Capital Raise to represent the best transaction possible for the Company, Shareholders and its stakeholders as a whole in the current circumstances.

13. Recommendation and voting intentions

The Board believes the Capital Raise and the Resolutions to be in the best interests of the Shareholders as a whole.

Accordingly, the Board unanimously recommends that the Shareholders vote in favour of the Resolutions to be proposed at the General Meeting to approve the Capital Raise, as the Directors each intend to do in respect of their own legal and beneficial holdings, amounting to 697,839 Existing Shares (representing approximately 0.19 per cent. of the Company's existing issued ordinary share capital as at 29 May 2020 (being the latest practicable date prior to the date of this announcement)).

APPENDIX I

EXTRACTS OF CERTAIN ADDITIONAL INFORMATION TO BE INCLUDED IN THE PROSPECTUS

Overview

Stobart Group is a UK infrastructure group with operations across the United Kingdom in the aviation, biomass energy and civil engineering industries. The Group's operations are organised across two core and three non-core operating divisions.

The Group's core operating divisions are:

- **Stobart Aviation**—The Group owns and operates London Southend Airport and provides management services to the Tees Valley Combined Authority in respect of the Teesside International Airport. In addition, Stobart Aviation Services, one of the businesses within the division, provides check-in, baggage handling and cargo services for 16 airlines at London Stansted, London Southend, Manchester, Edinburgh and Glasgow airports. Stobart Aviation accounted for £56.8 million of total revenue (before adjustments and eliminations) in FY19/20.
- **Stobart Energy**—The Directors believe that the Group is the United Kingdom's largest supplier of waste wood fuel to UK biomass energy plants, with long-term exclusive contracts in place with some of the largest biomass energy plants in the United Kingdom. The Group has contracts in place to supply 1.7 million tonnes of waste wood fuel and in FY19/20 supplied 1.5 million tonnes. Stobart Energy accounted for £76.3 million of total revenue (before adjustments and eliminations) in FY19/20.

The Group's non-core operating divisions are:

- **Stobart Rail & Civils**—The Group is an established provider of rail and non-rail civil engineering services in the United Kingdom. Stobart Rail & Civils accounted for £41.5 million of total revenue (before adjustments and eliminations) in FY19/20. As a result of recent poor performance, the Group is actively engaging to exit the Rail & Civils business within the next six months. There are currently 26 open contracts including 12 operationally live projects. The Directors expect all of these to be substantially concluded in the next six months.
- **Stobart Investments**—The Group holds an 11.8 per cent. stake in Eddie Stobart Logistics plc and a 19.5 per cent. stake in luggage transportation company, AirportR. The Group holds a 30 per cent. stake in Connect Airways, and on 10 March 2020 Connect Airways, which owns Flybe, entered into Administration following Flybe entering into Administration on 5 March 2020.

In addition, on 27 April 2020, the Group announced it had reached agreement with the administrators of Connect Airways to acquire Stobart Air and Propius, and the Group now holds a 40 per cent. voting and 75 per cent. economic interest in Everdeal, the ultimate holding company of both businesses, and a 15 per cent. shareholding in the company that holds the remaining 60 per cent. voting interest and 25 per cent. economic interest in Everdeal, Everdeal Employees 2019 Limited. Stobart Investments accounted for £2.1 million of total revenue (before adjustments and eliminations) in FY19/20.

- **Stobart Infrastructure**—The Group holds a portfolio of non-strategic property and infrastructure assets, including the Carlisle Lake District Airport, with a book value of £47.3 million as at 29 February 2020. The Group aims to divest all of its non-core assets within the next three years, other than Carlisle Lake District Airport, with the aim of realising value over time from a position of strength when market conditions are right. Stobart Infrastructure accounted for £2.8 million of total revenue (before adjustments and eliminations) in FY19/20.

Competitive Strengths and Long-term Strategy

The Group expects that the key competitive strengths set out below will help the Group to realise its strategic goals and reinforce its competitive position.

• **Owner and operator of key London Southend Airport**—Once the unprecedented effects of COVID-19 have subsided, the Directors believe that low-cost carriers (LCCs) will benefit from their lower cost bases and will likely return to normalised operations faster than non-LCCs. The Directors believe that LCCs will likely be focused on seeking a low cost base for operations and hub capacity at suitable prices and service levels. The pace at which this capacity is required will largely depend on the demand from passengers to return to international travel, the ability of airlines to react to that demand and the preparedness of airports to respond to the changing expectations of passengers and airlines alike. Airports will be expected to provide clean, secure and spacious environments in which passengers are not expected to gather in confined retail spaces, where cleaners are highly visible and where people can move through central search areas efficiently. The Directors believe that London Southend Airport has a highly flexible, modular and cost-efficient capital expenditure plan with minimal passenger disruption. The Directors believe that London Southend Airport has an opportunity therefore to make use of significant unutilised space and enhanced technology, provide a cost-efficient base for airlines given the airport's lower capital expenditure to date, and deliver a passenger-focused experience for its customers.

• **Market leading position in the waste wood fuel supply chain**—The Directors believe that the Group is the United Kingdom's largest supplier of waste wood fuel to UK biomass energy plants, and in FY19/20 the Group supplied 1.5 million tonnes of waste wood fuel. Bioenergy (including waste wood fuel) is Britain's second largest source of renewable electricity (according to UK Department for Business, Energy & Industrial Strategy statistics), and the UK Committee on Climate Change has stated that sustainably sourced bioenergy could provide up to 15 per cent. of the United Kingdom's primary energy by 2050. The Group is the exclusive supplier to some of the largest biomass energy plants in the United Kingdom, and the Group does not expect new plants to become operational following the closure of the Renewables Obligations scheme to new participants in September 2018. The Directors consider that it is therefore a mature, highly cash generative and stable business.

• **Experienced management team with a proven track record**—The Group's CEO and CFO have extensive experience in the aviation industry, and they are supported by a senior management team and divisional leadership with a depth of knowledge and experience across all of the Group's industries. The divisional leadership teams maintain strong relationships with key customers, suppliers and other counterparties, and the Group's management structure is aligned to its strategy enabling agile decision making.

The Group has the following strategic goals:

• **Stobart Aviation**—The Group aims to balance commercial revenues with a spacious, convenient, safe and secure environment suitable to address COVID-19 related travel requirements, and to provide its low-cost carrier customers with a low cost base for operations and hub capacity at suitable prices and service levels. The Group is further targeting to deliver £8 Underlying Adjusted EBITDA per passenger in the medium term, which compares to an average of £7.90 for London's airports (excluding Heathrow) and £6.50 the United Kingdom's other large airports. As Underlying Adjusted EBITDA is a non-IFRS measure and therefore is not calculated in a consistent manner by other companies, these averages have been calculated by the Company using publicly available information with certain adjustments applied by the Company.

- **Stobart Energy**—The Group aims to identify a strategic buyer or infrastructure investor to monetise Stobart Energy in the next 18-24 months in order to fund future growth at London Southend Airport.

- **Non-strategic assets**—The Group aims to divest all of its non-core assets within the next three years, other than Carlisle Lake District Airport, with the aim of realising value over time from a position of strength when market conditions are right. Non-core infrastructure assets, other than Carlisle Lake District Airport, had a book value of £38.4 million as at 29 February 2020. The Group has assumed zero proceeds from asset sales in its base case business plan.

Business Operations

The Group's operations are organised across two core and three non-core operating divisions. The core operating divisions are Stobart Aviation and Stobart Energy, and the non-core operating divisions are Stobart Rail & Civils, Stobart Investments and Stobart Infrastructure.

Stobart Aviation

Stobart Aviation's principal asset is London Southend Airport, which has been rated the best London airport in 2019 for the sixth consecutive year in the Which? Airport Passenger Survey and was the United Kingdom's fastest growing airport in 2019 according to CAA data.

In addition, Stobart Aviation Services, which started operations in FY17/18, provides check-in, baggage handling and cargo services for 16 airlines at London Stansted, London Southend, Manchester, Edinburgh and Glasgow airports. The Group also provides management services to the Tees Valley Combined Authority in respect of the Teesside International Airport.

In FY19/20, London Southend Airport (including the hotel and Stobart Jet Centre) accounted for approximately three-quarters of Stobart Aviation's revenue and substantially all of its Underlying Adjusted EBITDA, and Stobart Aviation Services accounted for approximately one-quarter of Stobart Aviation's revenue and generated an Underlying Adjusted EBITDA loss of approximately £1 million.

The Group also owns and operates the Carlisle Lake District Airport, which is operated and accounted for in Stobart Infrastructure, as discussed below.

Revenue generation

The Group's airports generate two types of revenue: aeronautical revenue, which is generated from fees charged to airlines for use of the airports' facilities, and non-aeronautical revenue from a variety of sources. During FY17/18, FY18/19 and FY19/20, the majority of Stobart Aviation's revenue comprised non-aeronautical revenue.

Aeronautical revenue

Aeronautical revenue reflects the tariffs levied by the Group's airports on their airline customers. The tariff structure through which the aeronautical revenue is recovered from airlines includes three key elements:

- **Departing passenger fees**—Fees per passenger are based on the number of passengers on board an aircraft and are levied in respect of all departing passengers. Fees can vary depending on the route and are subject to minimum levels.
- **Landing charges**—Landing charges are levied for substantially all aircraft and are calculated with respect to the weight of the aircraft, as well as other factors such as noise rating and emissions levels.
- **Parking charges**—Aircraft parking charges are levied on aircraft after they have exceeded a minimum parking time.

Non-aeronautical revenue

The Group generates non-aeronautical income from a variety of sources, including:

- the sale of jet fuel to the Group's airline customers;
- concession fees from retail operators;
- revenue generated by the train station at London Southend Airport;
- revenue generated by the hotel at London Southend Airport;
- direct revenue from car parks and advertising;
- the leasing of airport premises such as aircraft hangars, warehouses, cargo storage facilities, maintenance facilities, offices and airline lounges; and
- through Stobart Aviation Services, the provision of check-in, baggage handling and cargo services.

Market Overview

The first three months of FY20/21 have seen unprecedented challenges for the global aviation industry as a result of the COVID-19 pandemic, which has had a material impact on the sector.

However, the UK Government has offered support to business, including aviation, and the Group anticipates that such support will help the industry recover once travel restrictions are lifted in the United Kingdom and abroad.

With a long-term view, the Group considers that the underlying fundamentals of the London aviation market remain strong. The London aviation market is the largest in the world and, over the long term, has continued to grow in excess of UK GDP despite significant constraints at the majority of London airports. As a result, the Directors believe the growth trajectory will resume and continue once the COVID-19 pandemic passes, although there is considerable uncertainty as to the duration and impact of the pandemic. London is the largest metropolitan area in Europe, with over 14 million residents and

in 2018 ranked in the top three visitor destinations in the world by number of visitors. It also serves as a major global international commercial centre.

London metropolitan area air traffic is the busiest in the world with 181 million passengers in 2019 and is 25 per cent. larger than New York, the second busiest city. As a consequence, both the network carriers and low-cost carriers (LCCs) have been growing their capacity. Since 2014, LCCs have added 9.2 million seats (a 32 per cent. increase) to the London market, or the equivalent of 41 daily aircraft (a 27 per cent. increase).

Once the unprecedented effects of COVID-19 have subsided, the Directors believe that LCCs will benefit from their lower cost bases and will likely return to normalised operations faster than non-LCCs. The Directors believe that LCCs will likely be focused on seeking a low cost base for operations and hub capacity at suitable prices and service levels.

The pace at which this capacity is required will largely depend on the demand from passengers to return to international travel, the ability of airlines to react to that demand and the preparedness of airports to respond to the changing expectations of passengers and airlines alike. Airports will be expected to provide clean, secure and spacious environments in which passengers are not expected to gather in confined retail spaces, where cleaners are highly visible and where people can move through central search areas efficiently. The Directors believe that London Southend Airport has an opportunity therefore to make use of significant unutilised space and enhanced

technology, provide a cost-efficient base for airlines given the airport's lower capital expenditure to date, and deliver a passenger-focused experience for its customers.

London Southend Airport

London Southend Airport is located in the county of Essex, England, approximately 36 miles east of central London. The airport has a known catchment area of 8.2 million people and served 1.13 million, 1.49 million and 2.14 million passengers in FY17/18, FY18/19 and FY19/20, respectively.

Underlying Adjusted EBITDA per passenger at London Southend Airport decreased from £4.97 in FY17/18 to £3.17 in FY18/19 primarily due to the fact that Underlying Adjusted EBITDA in FY17/18 included the profit on the sale and leaseback of the hotel at the airport. Underlying Adjusted EBITDA per passenger increased to £4.53 in FY19/20 primarily due to the start of operations with the global logistics customer, more passengers arriving by train, new parking charges and an improved retail offer.

In early 2020, London Southend Airport served approximately 40 destinations across Europe and the United Kingdom with flights operated by easyJet, Ryanair, Loganair, Wizz Air and Flybe, amongst others. Since year-end, Flybe has entered into Administration and ceased flight operations.

In FY19/20, easyJet and Ryanair accounted for, in aggregate, approximately 85 per cent. of the airport's passenger traffic.

London Southend Airport has more than 1,100 square metres of retail space served by seven retail clients operating 10 retail outlets. The largest retail client in London Southend Airport is The Restaurant Group, which operates a number of food concessions and in FY19/20 comprised more than a third of the airport's retail concession fees.

The airport also has a hotel facility on site. The Group sold the hotel to Interstate Hotels & Resorts in FY17/18 pursuant to a sale and leaseback agreement under which the Group continues to operate and generate revenue from the hotel.

In October 2019, the Group announced that it had entered into an initial two-year agreement with a global logistics customer to provide facilities and expertise to support the import and export of goods at London Southend Airport. The Group provides runway access and import/export facilities by converting existing hangarage on the north side of the runway, away from the south-side based commercial passenger operations.

In 2011, the Stobart Rail & Civils operating division built a train station at London Southend Airport which serves central London with up to six trains per hour during peak times. The journey to London takes approximately 52 minutes, and in FY19/20 approximately 30 per cent. of London Southend Airport passengers travelled to/from the airport by train. The Group receives a share of ticket fares from people using the station at London Southend Airport.

The Group also operates the Stobart Jet Centre located at the London Southend Airport, which offers private aviation services. The Stobart Jet Centre had 908, 1,660 and 1,512 movements in FY17/18, FY18/19 and FY19/20.

Passenger experience

The Directors believe that, as a result of COVID-19, airports will be expected to provide clean, secure and spacious environments in which passengers are not expected to gather in confined retail spaces, where cleaners are highly visible and where people can move through central search areas efficiently.

The Directors believe that London Southend Airport has a highly flexible, modular and cost-efficient capital expenditure plan with minimal passenger disruption. The Directors believe that

London Southend Airport has an opportunity therefore to make use of significant unutilised space and enhanced technology, provide a cost-efficient base for airlines given the airport's lower capital expenditure to date, and deliver a passenger-focused experience for its customers.

The enhancements that the Company expects to make to London Southend Airport as a result of COVID-19 include the following:

- Thermal cameras are expected to be installed to monitor passenger temperatures as they approach the entrance to the departure terminal, allowing airport staff to identify potential infected people and take appropriate action. Social distancing markers will be located on the floor. Only passengers and staff will be allowed in the terminal during the short term.
- Face masks will be mandatory on entering the airport and masks will be provided to all passengers that do not have their own. Over 30 hand sanitiser stations and large wipe dispensers will be strategically located throughout the airport journey. The airport's cleaning team will be highly visible.
- Bio shields are expected to be installed to protect passengers and staff when presenting at check-in. Automated self-service check-in and bag drops are expected to be introduced in 2021.
- Passengers will use self-service boarding card machines. The security process will use noncontact CTiX search machines, and advanced baggage scanning devices have now been installed.
- After security, passengers will move through to a large, open-plan departure lounge. The airport will use short-queue departure gates with passengers called to their gate in small groups according to their row number.
- Arriving passengers will be kept separate to departing passengers. Their luggage will be scanned by ultraviolet technology. Security and departures terminal areas are expected to be extended in 2023 following the construction of a new arrivals terminal.

Stobart Aviation Services

Stobart Aviation Services began operating in FY17/18 and provides check-in, baggage handling and cargo services at London Stansted, London Southend, Manchester, Edinburgh and Glasgow airports.

The Group has contracts with 16 airlines, including easyJet, Scandinavian airlines (SAS), Loganair, Wizz, Titan, Ryanair, Norwegian, Eurowings and SN Brussels. The Group's Aviation Services contracts employ cost-plus, fixed cost and price per turn contracts used to appeal to both larger and smaller airlines to be handled on a frequent or ad hoc basis, and the contracts vary in duration, but are typically three to five years.

Teesside International Airport—Strategic Partnership

In March 2019, the Group entered into a strategic partnership with the Tees Valley Combined Authority (TVCA) to provide management services in respect of the Teesside International Airport, for which the Group receives an annual fee. The Group also holds a stake in the airport's holding company, which provides for the Group to share in a portion of the equity.

Teesside International Airport largely serves the private aviation market and also includes a flight school, air ambulance operations, a fire training centre and a base for defence contractors. In early 2020, Teesside International Airport announced that commercial flights would begin to a number of destinations in the United Kingdom and Europe. However, commercial flight operations have been suspended due to the COVID-19 pandemic.

Stobart Energy

The Directors believe that the Group is the United Kingdom's largest supplier of waste wood fuel to UK biomass energy plants, with long-term exclusive contracts in place with some of the largest biomass energy plants in the United Kingdom. The Group has contracts in place to supply 1.7 million tonnes of waste wood fuel and in FY19/20 supplied 1.5 million tonnes. The Group aims to identify a strategic buyer or infrastructure investor to monetise Stobart Energy in the next 18-24 months in order to fund future growth at London Southend Airport.

Biomass energy (including waste wood fuel) is generated using plant-based products, including wood pellets and wood chips, bioenergy crops and agricultural and domestic waste. The plant-based products are processed to create a low-carbon, renewable alternative to fossil fuels. Bioenergy (including waste wood fuel) is Britain's second largest source of renewable electricity (according to UK Department for Business, Energy & Industrial Strategy statistics), and the UK Committee on Climate Change has stated that sustainably sourced bioenergy could provide up to 15 per cent. of the United Kingdom's primary energy by 2050.

The Group offers a range of solutions across the biomass energy supply chain, from commercial waste collection through to producing fuel to a specification and delivering fuel to biomass energy plants using its large logistics function. The Group has expertise in waste wood, virgin wood, refuse derived fuel (RDF) and solid recovered fuel (SRF). Stobart Energy employs more than 350 people, operates 145 walking floor vehicles and operates six large fuel production and storage facilities, with a significant number of other fuel production and storage sites contracted to third parties to operate. The Group supplies more than 15 large, and a significant number of smaller, biomass energy plants in the United Kingdom and Ireland.

The following table sets forth Stobart Energy's actual tonnage of waste wood fuel supplied, revenue, profit before tax from continuing operations and Underlying Adjusted EBITDA for the periods indicated.

	FY19/20	FY18/19	FY17/18
Waste wood fuel supplied ⁽¹⁾	1.5	1.3	0.9
Revenue ⁽²⁾	76,339	65,143	54,697
Profit before tax from continuing operations ⁽²⁾	5,192	5,324	2,343
Underlying Adjusted EBITDA ⁽³⁾	24,166	19,200	12,041

Notes:

(1) Figures represent millions of tonnes of waste wood fuel supplied to third-party biomass energy plants.

(2) Figures are presented in thousands of pounds sterling.

(3) Figures are presented in thousands of pounds sterling. Underlying Adjusted EBITDA is referred to as Underlying EBITDA in the FY18/19 Financial Statements and FY19/20 Financial Statements.

Market and Competition

Gate fees in November 2019 declined significantly due to a combination of a seasonal decline in waste wood supply, demand from UK biomass energy plants peaking and a six-month drop in construction output due to Brexit uncertainties. The COVID-19 pandemic has exacerbated this trend, leading to a significant slowdown in construction activity, a 75 per cent. decrease in commercial and industrial waste arisings year-on-year and the closure of household waste and recycling centres.

Without these key sources of supply, the Group's inbound waste wood supply decreased as much as 80 per cent. year-on-year, although has started to recover.

Pre-COVID-19, approximately five million tonnes of waste wood were produced annually in the United Kingdom, with a large proportion of this used as fuel for biomass energy plants. Supply of timber is generally low in the winter months in the United Kingdom, whilst fuel demand increases during that time due to the cold weather.

In the long term when the market returns to normal, the Group believes that waste wood suppliers will continue to find it cheaper and more environmentally responsible to provide waste wood to biomass energy producers than to send it to landfill.

In addition, accreditation under the Renewables Obligation scheme closed to new biomass energy plants in September 2018. As a result, the Group does not expect any new plants to become operational. The Renewables Obligation scheme will terminate altogether in 2037, although the Group, along with its biomass energy plant customers, is engaged with the UK Government to extend the expiration of the scheme to compensate for the COVID-19 related slowdown in production.

Fuel Production and Storage

The Group operates six large fuel production and storage facilities in England, located at Port Clarence, Pollington, Rotherham, Widnes and two at Tilbury. The facilities receive waste wood and other biomass materials, such as virgin wood, and convert the materials into fuel. Each facility has a dedicated laboratory where qualified technicians measure moisture, particle size and bulk density to monitor energy content and plant suitability to meet customer requirements.

One of the Group's fuel production facilities includes its own port facility to receive raw materials by water, and the Group has port operations in Cardiff and Shoreham as well. The Group also operates a drying facility in Port Clarence to receive and treat virgin wood and other wastes from across the United Kingdom.

The Group's own facilities can store up to 85,000 tonnes of waste wood fuel, which equates to approximately two months' worth of supply. In addition, the Group has a significant number of other fuel production and storage facilities in strategic locations around the United Kingdom that are operated by third-party contractors for supply into UK biomass energy plants. This helps the Group to balance seasonal demand and supply, as supply of timber is generally low in the winter months in the United Kingdom, whilst fuel demand increases during that time due to the cold weather. The Group's national network of fuel production and storage facilities are critical to the operation of many of the United Kingdom's largest biomass energy power plants, which are not always able to store large volumes of processed material at their own sites.

Customers and Contracts

The Group supplies more than 15 large, and a significant number of smaller, biomass energy plants in the United Kingdom and Ireland. The Group has contracts in place with all of its large and many of its smaller customers, with an average remaining contract duration of 13 years. By the end of FY19/20, all of the plants currently supplied by the Group had successfully completed commissioning and are fully operational. The Group supplied 1.5 million tonnes of waste wood fuel in FY19/20. As discussed in more detail in "Recent Developments" above, the COVID-19 pandemic has led to a shortage of waste wood supply, which may result in an inability of the Group to fulfil its requirements under its supply agreements with its biomass energy plant customers. As a result, the Group has issued force majeure notices to many of its biomass energy plant customers pursuant to the terms of certain of its supply agreements. The Group is working with its customers to discuss options around supply and determine future volumes for when

lockdown restrictions are relaxed, and the Group has developed volume models to help support these discussions. The Group is engaged with the UK Government to request the reopening of household waste and recycling centres and recommend that all available waste wood is prioritised for the use in biomass energy plants. The Group, along with its biomass energy plant customers, is also engaged with the UK Government to extend the expiration of the ROC subsidy scheme beyond the current expiration date in 2037 to compensate for the COVID-19 related slowdown in production.

The Group's seven largest biomass energy plant customers accounted for approximately 74 per cent. of the tonnage supplied by the Group in FY19/20, and the Group is the exclusive supplier to six of these seven customers.

A majority of the Group's supply agreements with its large biomass energy plant customers contain "take or pay" provisions whereby the plant customer is obligated to pay penalties if it doesn't meet contracted demand levels or a specified percentage thereof. Similarly, the Group is obligated to pay penalties if it cannot supply minimum contracted levels or a specified percentage thereof.

Procurement and Supply

The Group has relationships with over 300 suppliers, ranging from local skip companies to tier 1 waste companies, as well as virgin wood suppliers.

For the collection of waste wood, the Group charges third parties a gate fee for taking wood from them. The Group's gate fees are not contracted with many of its waste wood suppliers, and in many cases such suppliers are not committed to supplying any minimum volume. Therefore, the Group's gate fee revenue is variable and subject to shifts in demand and availability of supply. For example, gate fees in November 2019 declined significantly due to a combination of a seasonal decline in waste wood supply, demand from UK biomass energy plants peaking and a six-month drop in construction output due to Brexit uncertainties. As discussed in more detail in "Recent Developments" above, the COVID-19 pandemic has exacerbated this supply shortage, which is negatively impacting gate fee pricing and may continue to do so for an extended period. Gate fees impact on pricing into the Group's own facilities and the facilities operated by its contracted fuel producers. Therefore, gate fees have a large impact on both the revenue and cost base of the business.

The Group employs an integrated supply chain IT system that provides real-time data to various functions within the business. The system tracks supply from the time of supply order, through the fuel production, transportation and delivery to customers, and it provides detailed management information to enable quick decision-making.

Transport

The Group operates a fleet of 145 walking floor vehicles located in depots across the United Kingdom. The vehicles are specifically designed for the transport of waste wood, virgin wood and RDF. The Group also provides services for the transportation of other waste products, renewable fuels and power plant residues.

The Group operates a rolling three-year replacement programme of its fleet to ensure the fleet is operating with the most efficient and environmentally friendly vehicles available. The Group's drivers undertake regular training including tailored annual appraisals, certificate of professional competence training and career development programmes.

Renewables Obligation Certificates

The Renewables Obligation scheme was introduced in Great Britain in 2002. The scheme is administered by Ofgem, which is Great Britain's government regulator for gas and electricity. A similar scheme operates in Northern Ireland.

Under the scheme, a Renewables Obligation Certificate (ROC) is issued by Ofgem to an operator of an accredited renewable energy generator for every megawatt hour of renewable energy that it generates. The operator then sells its ROCs to electricity suppliers alongside the electricity supplied, thereby allowing the operator to receive a premium in addition to the wholesale electricity price.

Suppliers submit their purchased ROCs to Ofgem to demonstrate compliance with the Renewables Obligation scheme. Non-compliant suppliers must pay a penalty.

Accreditation under the Renewables Obligation scheme closed to new biomass energy plants in September 2018. Of the biomass energy plants with which the Group had supply agreements, all but one completed the commissioning phase before the deadline and have therefore been accredited. The one plant that did not obtain accreditation is not currently operating and has terminated its supply agreement with the Group.

The Renewables Obligation scheme will terminate in 2037. The Group, along with its biomass energy plant customers, is engaged with the UK Government to extend the expiration of the scheme to compensate for the COVID-19 related slowdown in production.

Other Regulatory and Environmental Issues

The Group's fuel production and storage facilities, as well as its industrial scale drying facility, operate under environmental permits issued and regulated by the UK Environment Agency. Compliance under the permits is audited at least once per year by the UK Environment Agency and on a regular basis by the Group's own health, safety, quality and environment team, which reports directly to the Board.

The quality teams in place at each fuel production facility provides customers with advice on the sampling and testing of fuels, the environmental characteristics and the best ways to meet UK and international standards.

The Group also has a number of bespoke permit variations for its fuel production and storage facilities, allowing storage of material in larger stockpiles and longer periods for finished fuel.

Stobart Rail & Civils

The Group is an established provider of rail and non-rail civil engineering projects in the United Kingdom. The Group delivers design, construction, maintenance and enhancement projects, offering complete packages including structures, earthworks and geotechnical, lineside infrastructure, drainage and permanent way works. The division also manages specialist industrial and commercial schemes, including multi-modal distribution warehouses, terminal and office buildings, racecourses, airport aprons, stands and taxiways.

The Group is a key partner to Network Rail, the UK Government-owned entity that owns the rail tracks and infrastructure (including signalling and stations) in the United Kingdom. The Group supports Network Rail through framework contracts in three of the five regions it operates. These three regions cover 75 per cent. of the United Kingdom.

In 2019, the Group became the Civils Partner for the Northern Alliance track renewals programme being managed by Babcock, and the Group also secured a milestone £4.8 million contract with Nexus, a public body that delivers public transport services, following a competitive bid process. As a result, the Group worked alongside Nexus and other key partners and successfully

completed full track renewals across four sites on the Tyne and Wear Metro in the north of England.

Historically, a significant portion of Stobart Rail & Civils' revenue was generated from projects for other Group operating divisions. For example, Stobart Rail & Civils delivered a runway improvement project and new train station at London Southend Airport, constructed the new terminal at Carlisle Lake District Airport and undertakes improvement works at Stobart Energy facilities. In FY18/19, the Group implemented a strategic plan aimed at both increasing work with existing partners and securing new contracts. The following table sets forth Stobart Rail & Civils' internal and external revenue during the periods indicated.

	FY19/20	FY18/19	FY17/18
	(£'000)		
Internal revenue	13,404	20,480	24,701
External revenue	28,077	31,867	16,253
Total revenue ⁽¹⁾	41,481	52,347	40,954

Note:

(1) Total revenue is stated before the elimination of intercompany revenue. Please see Note 3 in the FY19/20 Financial Statements and FY18/19 Financial Statements for further information.

In FY19/20 Stobart Rail & Civils traded below expectations, in part due to delays in Network Rail awarding contracts at the start of its Control Period 6 and the Group's continued exposure to a poor performing legacy project. In the first three months of FY20/21 the division has been negatively impacted by the closure of certain work sites due to the COVID-19 pandemic. As a result of the recent poor performance, the Group is actively engaging to exit the Rail & Civils business within the next six months. There are currently 26 open contracts including 12 operationally live projects. The Directors expect all of these to be substantially concluded in the next six months.

Stobart Air and Propius

On 27 April 2020, the Group announced it had reached agreement with the administrators of Connect Airways to acquire Stobart Air and Propius, and the Group now holds a 40 per cent. voting and 75 per cent. economic interest in Everdeal, the ultimate holding company of both businesses, and a 15 per cent. shareholding in the company that holds the remaining 60 per cent. voting interest and 25 per cent. economic interest in Everdeal, Everdeal Employees 2019 Limited.

This provides the Group with an effective indirect economic interest of 78.75 per cent. in Stobart Air and Propius. This structure was in place prior to the Group's disposal of Stobart Air and Propius and is required to ensure that Stobart Air meets the requirements of its Air Operator Certificate to operate out of Ireland.

Propius is an aircraft leasing business that leases eight ATR aircraft from the GOAL Lessors, and leases those aircraft on to Stobart Air. On 5 April 2017, the Company granted, in favour of each GOAL Lessor, a guarantee of punctual performance and payment in respect of Propius' obligations and liabilities under each lease agreement.

Stobart Air is a regional airline that has operated under the Aer Lingus brand through a franchise relationship since 2010. Prior to the suspension of most of its flights as a result of the COVID-19 pandemic, Stobart Air operated Aer Lingus Regional flights from Dublin, Shannon and Cork to 25 destinations. During the COVID-19 pandemic, Stobart Air has been flying "Public Service Obligation" routes only. The Aer Lingus franchise agreement generated approximately €127 million of revenue for Stobart Air in the year ended 28 February 2019. The franchise agreement

expires on 31 December 2022, and the Group intends to continue its current positive dialogue with Aer Lingus to conclude a long-term franchise extension and ensure that the Stobart Air business is put on a sound financial footing. In the event that Aer Lingus chooses a different airline partner going forward, the Group intends to redeploy the existing fleet with a new partner.

Stobart Air also provides private charter flights and wet-leasing services whereby it provides an aircraft, complete crew, maintenance and insurance (ACMI) to other airlines.

In 2019, Stobart Air carried 1.4 million passengers and was the third largest airline at Dublin Airport, with a nine per cent. share of all Dublin slots. Stobart Air leases a fleet of 15 aircraft (eight from Propius), consisting of 12 ATR 72 600 (2013—17), one ATR 42 600 (2018) and two Embraer E190 (2008). The 13 ATR aircraft are used for the Aer Lingus franchise flights and the two E190 aircraft are non-operational and being returned to their lessors.

The total outstanding financial liability of Stobart Air is \$2.2 million per month for all aircraft leases, including those with Propius. The eight Propius ATR aircraft leases have monthly cash flow payments of \$1.3 million. Stobart Air and Propius had a cash outflow in May 2020 of €3.5 million, and the Directors believe that such cash outflow in June 2020 will be €5.5 million (in the management base case business plan).

Stobart Air uses, on average, €3.5 million of cash per month when closed for passengers (other than “Public Service Obligation” routes). The Directors believe that Stobart Air will achieve cash break-even in January 2021—March 2021 based on the management base case business plan and assuming the COVID-19-related disruption dissipates. Under this base case, the Group expects to fund approximately €25 million in the period to 31 December 2021. Under a ‘reasonable worst case scenario’, the Directors estimate that €40 million would be required to fund the businesses in that period.

The Group aims to manage costs in these businesses whilst passenger volume is reduced with the following measures:

- engine maintenance management in light of operational levels;
- lease payment holidays and deferrals;
- temporary COVID-19 Wage Subsidy Scheme;
- staff pay cuts across the airline;
- airport and supplier negotiation; and
- airline passenger duty payment timing delay.

When passenger volumes recover, the Group aims to manage costs in these businesses with the following measures:

- managing the cost base;
- renegotiate handling terms (and take advantage of Stobart Aviation Services synergies);
- renegotiate other supplier terms where possible;
- review pay scales and structure of the businesses;
- agree the Franchise Agreement extension with Aer Lingus; and
- renegotiate aircraft leases where possible.

If a managed wind down of Stobart Air is required as a result of the non-renewal of the Aer Lingus franchise agreement, such wind down would include the crystallisation of parent guarantees with Aer Lingus of up to a maximum of €18 million, liabilities associated with the Propius aircraft leases

of \$15.4 million per annum, a break fee of \$21.2 million plus associated break fee finance costs (which, once the break fee is paid, would end lease payment obligations to the GOAL Lessors) and \$21 million of maintenance reserve liabilities outstanding against the Propius aircraft. The Group would seek to sell its valuable Dublin Airport slots owned by Stobart Air, would seek a standstill agreement with the GOAL Lessors and Aer Lingus in order to optimise the satisfaction of the liabilities in time and quantum and would seek to redeploy the Propius fleet to another carrier.

Stobart Infrastructure

Stobart Infrastructure holds a portfolio of non-strategic property and infrastructure assets with a book value of £47.3 million as at 29 February 2020 (compared to £82.6 million as at 28 February 2019).

The portfolio includes Carlisle Lake District Airport, the Group's Widnes and Pollington biomass fuel production facilities and a stake in Mersey Bioenergy Holdings Limited, among others.

The Group aims to divest all of its non-core assets within the next three years, other than Carlisle Lake District Airport, with the aim of realising value over time from a position of strength when market conditions are right. Non-core infrastructure assets, other than Carlisle Lake District Airport, had a book value of £38.4 million as at 29 February 2020. The Group has assumed zero proceeds from asset sales in its base case business plan.

Carlisle Lake District Airport

The Group acquired Carlisle Lake District Airport, which largely serves the private aviation market, in 2009. The airport has also housed an air freight distribution centre since 2015, which is leased to Eddie Stobart.

The airport had 15,183, 6,067 and 14,007 movements in FY17/18, FY18/19 and FY19/20. The decline in FY18/19 was due to the airport being closed whilst the new runway was being built.

In 2018, Stobart Rail & Civils completed construction of a new terminal, which began welcoming commercial Loganair flights in July 2019, although these flights were subsequently suspended in late March 2020 due to the COVID-19 pandemic. The Group, along with local government partners, is in discussions with the UK Government with a view to having services to and from the airport designated as "Public Service Obligation" routes and therefore able to benefit from UK Government funding. This would reduce commercial risk to airlines and therefore encourage operations by other carriers. In FY19/20, Carlisle Lake District Airport served approximately 15,000 commercial passengers.

Going forward, the Group plans to explore broadening the airport's non-commercial operations.

Carlisle Lake District Airport's results are accounted for in Stobart Infrastructure due to the infrastructure potential at the site.

Contingent liabilities

Guarantees were given for some Eddie Stobart property leases when that business formed part of the Group. The guarantees remained in place following the Group's partial disposal of Eddie Stobart in 2014. Under the terms of the guarantees, if Eddie Stobart were to default on its rent or rates payments in respect of a guaranteed lease, the Group would be liable to pay the applicable costs until the relevant landlord replaced Eddie Stobart with a new tenant. The Group's maximum potential liability under the guarantees as at 29 February 2020 was approximately £77 million. This liability decreases each year as the various leases near termination until 2034 when the final lease terminates. The maximum liability in any one year, should the risk crystallise, is £6.7 million, which is the annual rent and rates liability if all the properties covered by the guarantee were to

become vacant. The Directors believe that, due to the nature of the properties, it is unlikely that the properties would remain vacant for any significant period of time in the event that Eddie Stobart defaults.

Guarantees have been provided to the airline Stobart Air in relation to jet fuel and foreign exchange hedging contracts. The current exposure on these contracts is approximately €4 million. In addition, a facility provided by Aer Lingus, under which, to date, Stobart Air receives 100 per cent. of ticket revenue in advance of passenger flights, has been guaranteed up to a maximum of €18 million.

Following the sale and leaseback of eight ATR72-600 aircraft in April 2017, the Group provided guarantees over the \$15.4 million annual rentals. These guarantees expire in April 2027, with a break clause in April 2023 if the Aer Lingus franchise is not extended beyond December 2022 requiring payment of a break fee of \$21.2 million plus associated break fee finance costs.

In addition, various legal claims have been made against the Stobart Energy and Stobart Aviation divisions, including the claims against the Stobart Aviation division made under Part 1 of the Land Compensation Act 1973. The Group is vigorously defending all such claims and believes the risk of outflow to be low, although is not classified as remote. The maximum exposure under all such claims against the Stobart Energy and Stobart Aviation divisions is £12.6 million.

Revolving Credit Facilities

On 26 January 2015, the Company and certain of its subsidiaries as original borrowers and original guarantors (collectively, the Obligors) entered into a multicurrency revolving facility agreement with Lloyds Bank plc as arranger and Lloyds Bank plc as agent and security trustee. The facility agreement was amended and restated pursuant to an amendment and restatement agreement dated 28 February 2017, and further amended on 27 June 2017, 30 January 2018, and 27 February 2018, and further amended by amendment and restatement agreements dated 30 July 2018, 23 May 2020 and 4 June 2020 (the Facility Agreement). In the amendment and restatement agreement dated 30 July 2018, AIB Group (UK) plc joined the Facility Agreement as an arranger and a lender

The Facility Agreement provides for borrowings up to an aggregate principal amount of £120,000,000 on a committed basis, comprising the original £80,000,000 revolving credit facility (Facility A) and a new £40,000,000 revolving credit facility (Facility B) pursuant to the amendment and restatement agreement in respect of the Facility Agreement dated 4 June 2020. The funds under Facility A may be applied towards the general corporate purposes of the Group provided that the facility shall not be used to pay any scheduled or other payments due under the aircraft sale and leaseback arrangements entered into with any company managed by GOAL German Operating Aircraft Leasing GmbH & Co. KG and KGAL Group without the prior consent of a majority of the lenders. The funds under Facility B are to be utilised for the general corporate purposes of the Group and in accordance with the Group's short-term cash flow forecasts.

Conditions to Utilisation

The Group is entitled to utilise the Facility A provided that (i) no default, or, in the case of a rollover loan, no event of default is continuing and (ii) certain representations are true in all material respects as at the date of the proposed utilisation.

In respect of Facility B, for the period commencing on 5 June 2020 up to and including the date of Admission (the Initial Drawdown Period), the Group is entitled to utilise Facility B up a maximum of £10,000,000. During the Initial Drawdown Period, the conditions to utilisation include, in addition to the conditions specified above for Facility A, a requirement that (i) Facility A has been

drawn in full; (ii) the Placing Agreement has not been terminated or materially amended and the proposed size of Capital Raise is realising net proceeds at least £70 million; (iii) no notice of termination of the Placing Agreement has been served; (iv) no right has arisen for termination of the Placing Agreement (unless and until that right to terminate has been waived); (v) the Company submits a daily cashflow forecast for the Initial Drawdown Period; and (vi) the maximum amount requested to be drawn in any utilisation request does not exceed the Permitted Initial Utilisation Amount, this being the minimum amount of funding required by the Group to ensure that at all times during the Initial Drawdown Period, there is minimum headroom liquidity of £10,000,000 on each day during such period. Any amounts utilised under Facility B during the Initial Drawdown Period must be repaid in full within three Business Days of the date of Admission.

At any time after the Initial Drawdown Period, the Group shall be entitled to utilise Facility B, subject to the following conditions in addition to the conditions specified above for Facility A: (i) Facility A has been drawn in full; (ii) the Capital Raise has completed with net proceeds of at least £70 million; (iii) the most recently provided cashflow forecast prepared in accordance with the requirements of the requirements of the Facility Agreement (a Cashflow Forecast) indicates that all drawing under Facility B will be capable of being repaid within the earlier of 12 months and the final maturity date; and (iv) the maximum amount requested to be drawn in any utilisation request does not exceed the Permitted Utilisation Amount, this being the minimum amount of funding required by the Group within the two month period following the date of the utilisation request, to ensure that there is minimum headroom liquidity of £10,000,000 during such period.

Maturity and repayment

The Facility Agreement terminates on 31 January 2022 (the **Facility Termination Date**). Subject to the rollover provisions in the Facility Agreement (detailed below), each loan under the Facility must be repaid on the last day of the interest period relating thereto. The interest period in respect of a loan under the Facility A is one, two, three or six months at the election of the borrower upon utilisation.

Subject to certain conditions and exceptions, loans under the Facility may be borrowed, repaid and reborrowed at any time during the availability period under the Facility Agreement. Any amounts prepaid will be applied in prepayment of Facility B in priority to Facility A. All outstanding amounts under the Facility Agreement must be repaid in full on or prior to the termination date.

With respect to Facility B, a cash sweep mechanic shall apply following the Initial Drawdown Period. As evidenced by the most recent Cashflow Forecast, to the extent that cash in the Group is forecast to exceed £10,000,000 on each day of the next two months, the amount by which the cash amount exceeds the Permitted Utilisation Amount shall be applied in prepayment of Facility B.

Interest rates and fees

The loans under the Facility Agreement accrue interest at the percentage rate per annum equal to the aggregate of 5.25 per cent. in respect of Facility A and 5.25 per cent. (with ratchet increases to the margin by 0.5 per cent. per financial quarter after February 2021) in respect of Facility B and LIBOR or, in relation to any loan in euro, EURIBOR (subject to a zero floor).

A commitment fee applies to the Facility A and Facility B at the rate of 35 per cent. of the then applicable margin, being 5.25 per cent. per annum (subject, with respect to Facility B, to ratchet increases by 0.5 per cent. per financial quarter after February 2021) payable on the on the unused and uncanceled amount available from each lender in respect of each facility. The commitment fees are payable in arrears on the last day of each successive period of three months during the term of the Facility Agreement. Customary fees will also be payable to the agent and the security agent during the term of the Facility Agreement.

Guarantees

Each Obligor has provided a continuing guarantee of punctual performance and payment of each Obligor's obligations under the Facility Agreement and related finance documents.

Security

The obligations of the Obligors under the Facility Agreement and related finance documents are secured by the following security documents.

An English-law governed debenture originally dated 26 January 2015 (as supplemented and amended by deeds of accession or release from time to time including a supplemental debenture dated 23 May 2020 and a second supplemental debenture dated 4 June 2020) creating fixed and floating security as applicable over all of the assets of the following chargors:

- Stobart Group Limited
- Stobart Rail Limited
- Westlink Group Limited
- Westlink Holdings Limited
- Stobart Air (UK) Limited
- London Southend Airport Company Limited
- Stobart Properties Limited
- Eddie Stobart Promotions Limited
- Stobart Holdings Limited
- Stobart Energy Limited
- Stobart Biomass Transport Limited
- Stobart Estates Holdings Limited
- Stobart Green Energy Limited
- Stobart Group Brands LLP
- SPD1 Limited
- WADI Properties Limited
- Moneypenny Limited
- Stobart Aviation Limited
- Stobart Aviation Services Limited

Pursuant to an Irish-law governed security assignment agreement dated 23 May 2020, and an Irish-law governed second security assignment dated 4 June 2020, entered into between Stobart Aviation Limited and Lloyds Bank plc as security trustee, Stobart Aviation Limited assigned by way of security, its rights under a deed of assignment in respect of a share mortgage (under which Everdeal 2019 Limited had granted, in favour of Connect Airways Limited, a mortgage over its shares in Everdeal Holdings Limited; Connect Airways Limited had assigned its rights under such mortgage to Stobart Aviation Limited pursuant to the deed of Assignment); and its rights under the share mortgage itself.

Pursuant to an English-law governed charge dated 23 May 2020, and an English-law governed second charge dated 4 June 2020, the following chargors granted security by way of first fixed

charge over all membership interests in Stobart Group Brands LLP and all rights and interest in the Limited Liability Partnership Agreement dated 21 March 2012 entered into, inter alia, by Westlink Holdings Limited and Stobart Group Brands LLP:

- Stobart Holdings Limited
- Stobart Rail Limited
- London Southend Airport Company Limited
- Stobart Energy Limited
- Westlink Holdings Limited.

Pursuant to an Irish-law governed share charge dated 23 May 2020, and an Irish-law governed second charge dated 4 June 2020, Stobart Limited granted a first fixed charge over its shares in Everdeal Employees 2019 Limited.

Pursuant to a Guernsey-law governed security interest agreement dated 4 June 2020, WADI Properties Limited and Estera Nominees (Guernsey) Limited granted a security interest over their respective rights, title and interest in and to the shares in Money Penny Limited.

On 23 May 2020, the chargors, Lloyds Bank plc as security trustee, Lloyds Bank plc and AIB Group (UK) plc as lenders, Lloyds Bank plc as facilities lenders, Lloyds Bank Corporate Markets plc as hedge counterparty and the other parties listed therein, entered into an intercreditor agreement (the Intercreditor Agreement) which, amongst other things, governs the ranking and priority of debt liabilities between each of the creditors, and governs the application of proceeds of enforcement of the security.

Covenants

The Facility Agreement requires the Obligors to comply, and to ensure the compliance by each other member of the Group, with a number of customary undertakings and covenants, which are subject to customary materiality qualifications, exceptions and baskets. These covenants include, among others, the following financial covenants:

- Group Liquidity (as defined in the Facility Agreement) shall not be forecast to be less than £10,000,000:
 - as at the end of each Month for the duration of the Forecast Period (as defined in the Facility Agreement); and
 - as at close of business on each Business Day during the two months immediately following each utilisation of Facility B

(Minimum Liquidity)

- Consolidated EBITDA (as defined in the Facility Agreement), in respect of the periods set forth in the following table, must not be less than the amounts specified in the following table (Minimum EBITDA).

Period	Consolidated EBITDA (£)
Six months ending 31 August 2020	(8,000,000)
Nine months ending 30 November 2020	(7,500,000)
12 months ending 28 February 2021	(6,750,000)

12 months ending 31 May 2021 0

- Cashflow (as defined in the Facility Agreement), in respect of the periods set forth in the following table, must not be less than the amounts specified in the following table (Minimum Cashflow).

Period	Cashflow (£)
Six months ending 31 August 2020	(12,750,000)
Nine months ending 30 November 2020	(32,250,000)
12 months ending 28 February 2021	(44,500,000)
12 months ending 31 May 2021	(49,000,000)
12 months ending 31 August 2021	(32,500,000)
12 months ending 30 November 2021	(13,000,000)

- The ratio of Net Debt to Consolidated EBITDA (as those terms are defined in the Facility Agreement), in respect of the 12 month-period period ending 31 August 2021, must not exceed 9.70:1.00; and in respect of the 12 month-period ending 30 November 2021, must not exceed 7.00:1.00 (Net Leverage).
- The ratio of Consolidated EBITDA to Net Interest Payable (as those terms are defined in the Facility Agreement), in respect of the 12 month-period period ending 31 August 2021, must not be less than 1.50:1.00; and in respect of the 12 month-period ending 30 November 2021, must not be less than 2.25:1.00 (Net Interest Cover).
- The ratio of Fixed Assets to Net Debt (as those terms are defined in the Facility Agreement), in respect of the periods set forth in the following table, must not be less than the ratios specified in the following table (Minimum Asset Cover).

Period	Ratio
Relevant Period ending 31 August 2020	2.00:1.00
Relevant Period ending 30 November 2020	2.00:1.00
Relevant Period ending 28 February 2021	1.60:1.00
Relevant Period ending 31 May 2021	1.40:1.00
Relevant Period ending 31 August 2021	1.40:1.00
Relevant Period ending 30 November 2021	1.30:1.00

The Company must also project to comply with each of the financial covenants outlined above (other than with respect to Minimum Liquidity) with which it is obliged to comply as at each of the next four Quarter Dates (these being 28 February, 31 May, 31 August and 30 November) or, where there are fewer than four Quarter Dates remaining prior to the Termination Date, as at each of the Quarter Dates falling prior to the Termination Date (Look-Forward Compliance).

Under the terms of the Facility Agreement, if the Capital Raise completes successfully, the Company will be unable to pay or declare any dividends until 30 November 2021, and between 1 December 2021 and the Termination Date, the Company's ability to pay or declare dividends will be subject to (i) no default having occurred which is continuing or which would occur as a result of such payment and (ii) maintaining a Net Leverage ratio of less than 2:1, pro forma for such payment.

Events of defaults

The Facility Agreement contains certain customary events of default (subject in certain cases to agreed grace periods, thresholds and other qualifications), including, for example, non-payment, breach of financial covenants and a cross-default to other financial indebtedness of any member of the Group. It will also be an event of default if (i) the Capital Raise has not completed with net proceeds of at least £70 million by 29 June 2020 or it is determined that it will not by such date; (ii) the Placing Agreement is terminated; or (iii) the Company determines that the resolutions described in the Notice of General Meeting contained in this document will not be passed by the Company's shareholders. The occurrence of an event of default which is continuing would allow the lenders under the Facility Agreement to, amongst other things, upon written notice to the Company, accelerate all or part of the outstanding loans, cancel the commitments and declare all or part of the loans payable on demand.

Propius Lease Guarantees

Propius is party to eight lease agreements in respect of eight aircraft with German special purpose companies managed by GOAL German Operating Aircraft Leasing GmbH & Co, KG and KGAL Group (the GOAL Lessors). On 5 April 2017, the Company granted, in favour of each GOAL Lessor, a guarantee of punctual performance and payment in respect of Propius' obligations and liabilities under each lease agreement (the GOAL Guarantees).

Propius' annual commitments (guaranteed by the Company) under the leases total \$15.4 million per annum until the expiry of the leases in April 2027, with a break clause in April 2023, upon payment of a break fee of approx. \$21.2 million plus associated break fee finance costs, if the Aer Lingus franchise is not extended beyond December 2022.

On 27 April 2020, the Group announced it had reached agreement with the administrators of Connect Airways to acquire Stobart Air and Propius, and the Group now holds a 40 per cent. voting and 75 per cent. economic interest in Everdeal, the ultimate holding company of both businesses, and a 15 per cent. shareholding in the company that holds the remaining 60 per cent. voting interest and 25 per cent. economic interest in Everdeal, Everdeal Employees 2019 Limited. This provides the Group with an effective indirect economic interest of 78.75 per cent. in those businesses, providing the Group with considerable influence over the pre-existing obligations.

APPENDIX I

DEFINITIONS

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

Admission	admission of the New Shares to (a) the premium listing segment of the Official List and (b) trading on the London Stock Exchange's main market for listed securities
Application Form	the personalised application form on which Qualifying Non-CREST Shareholders may apply for the New Shares under the Open Offer
Board	the board of directors of the Company
Bookbuild	the accelerated bookbuilding process to be launched immediately following this announcement
Business Day	a day (other than a Saturday or Sunday) on which banks are open for general business in London
Capital Raise	the Placing, the Open Offer and the Firm Placing
CREST	the CREST system (as defined in the CREST Regulations)
CREST member	a person who has been admitted by Euroclear & Ireland Limited as a system-member (as defined in the CREST Regulations)
CREST Regulations	the Uncertificated Securities (Guernsey) Regulations, 2009 (GSI 2009/48)
Directors	the executive directors and non-executive directors of the Company as at the date of this announcement
Excess Application Facility	the facility for Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlements
Excess Open Offer Entitlements	in respect of each Qualifying Shareholder who has taken up his or her Open Offer Entitlement in full, the entitlement (in addition to the Open Offer Entitlement) to apply for Excess Shares, up to a maximum number equal to the number of that Qualifying Shareholder's Open Offer Entitlements, pursuant to the Excess Application Facility, which may be subject to scaling down at the absolute discretion of the Board in consultation with the Joint Bookrunners
Excess Shares	New Shares which may be applied for by Qualifying Shareholders in addition to their Open Offer Entitlements pursuant to the Excess Application Facility
Excluded Territories	Australia, Canada, Hong Kong, Japan, the People's Republic of China and the Republic of South Africa
Existing Shares	the existing Shares in issue immediately preceding the issue of the New Shares
Facility A	the original £80.0 million revolving credit facility under the Facility Agreement, as described in more detail in this announcement

Facility Agreement	the financing agreement entered into by the Company and others on 4 June 2020 that includes the revolving credit facility comprising Facility A and Facility B
Facility B	a new £40.0 million revolving credit facility under the Facility Agreement which is described in more detail in this announcement
FCA	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
Firm Placed Shares	the New Shares which the Company is proposing to issue pursuant to the Firm Placing
Firm Placees	any persons who have agreed or shall agree to subscribe for Firm Placed Shares pursuant to the Firm Placing
Firm Placing	the subscription by the Firm Placees for the Firm Placed Shares
FSMA	the Financial Services and Markets Act 2000, as amended
General Meeting	the general meeting of the Company to be held at 10.00 a.m. on 25 June 2020, notice of which will be set out in the Prospectus
Group	the Company and its subsidiary undertakings and, where the context requires, its associated undertakings
Joint Bookrunners	Canaccord and UBS
London Stock Exchange	London Stock Exchange plc
New Shares	the new Shares which the Company will issue pursuant to the Placing and Open Offer and the new Shares which the Company will issue pursuant to the Firm Placing
Offer Price	the price per New Share, to be determined following closing of the Bookbuild
Official List	the Official List of the FCA
Open Offer	the conditional invitation to Qualifying Shareholders to subscribe for the Open Offer Shares at the Offer Price on the terms and subject to the conditions set out in the Prospectus and, in the case of Qualifying Non-CREST Shareholders only, the Application Form
Open Offer Entitlements	entitlements to subscribe for the Open Offer Shares, allocated to a Qualifying Shareholder pursuant to the Open Offer
Placing	the conditional placing, by the Joint Bookrunners, as agent of and on behalf of the Company, of the Open Offer Shares subject to clawback pursuant to the Open Offer, on the terms and subject to the conditions contained in the Placing Agreement
Placee	any persons who have agreed or shall agree to subscribe for shares pursuant to the Placing
Placing Agreement	the placing agreement entered into between the Company and the Joint Bookrunners on 4 June 2020

Prospectus		the combined prospectus and circular expected to be published by the Company on or around 5 June 2020 in respect of the Capital Raising, together with any supplements thereto
Qualifying Shareholders	CREST	Qualifying Shareholders holding Shares in uncertificated form
Qualifying Shareholders	non-CREST	Qualifying Shareholders holding Shares in certificated form
Qualifying Shareholders		Shareholders on the register of members of the Company on the Record Date with the exclusion of persons with a registered address or located or resident in an Excluded Territory or the United States
Record Date		close of business on 3 June 2020
Resolutions		the resolutions to be proposed at the General Meeting in connection with the Capital Raise
Shareholders		holders of Shares
Shares		ordinary shares of £0.10 each in the capital of the Company having the rights set out in the Company's articles of incorporation

Capital Raise Statistics

Closing price of Existing Shares ⁽¹⁾	66.20 pence
Offer Price for each New Share	35 to 40 pence
Number of Existing Shares in issue at 3 June 2020 ⁽²⁾	374,652,662
Open Offer Entitlement	To be determined at the close of the Bookbuild ⁽²⁾
Number of New Shares to be issued pursuant to the Firm Placing	Approximately 80 per cent. of the New Shares to be issued under the Firm Placing and Placing and Open Offer
Number of New Shares to be issued pursuant to the Placing and Open Offer	Approximately 20 per cent. of the New Shares to be issued under the Firm Placing and Placing and Open Offer
Approximate expected gross proceeds from the Capital Raise	Between £80 million and £100 million

Notes:

(1) The closing price on the London Stock Exchange's Main Market for listed securities on 3 June 2020, being the last Business Day prior to this announcement.

(2) Fractions of New Shares will not be issued to Shareholders in the Open Offer and fractional entitlements under the Open Offer will be rounded down to the nearest whole number of New Shares.

APPENDIX III

TERMS AND CONDITIONS OF THE FIRM PLACING AND PLACING

IMPORTANT INFORMATION ON THE FIRM PLACING AND PLACING FOR INVITED PLACEES ONLY.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE FIRM PLACING OR THE PLACING. THE TERMS AND CONDITIONS SET OUT HEREIN ARE FOR INFORMATION PURPOSES ONLY AND ARE ONLY DIRECTED AT, AND BEING DISTRIBUTED TO: (A) IF IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA ("EEA"), PERSONS WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(E) OF REGULATION (EU) 2017/1129 (THE "**PROSPECTUS REGULATION**") ("**QUALIFIED INVESTORS**"); (B) IF IN THE UNITED KINGDOM, PERSONS WHO ARE QUALIFIED INVESTORS AND FALL WITHIN THE DEFINITION OF "INVESTMENT PROFESSIONALS" IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "ORDER") OR ARE PERSONS FALLING WITHIN ARTICLE 49(2) OF THE ORDER AND WHO ARE QUALIFIED INVESTORS; (C) IF IN THE UNITED STATES, PERSONS REASONABLY BELIEVED TO BE "QUALIFIED INSTITUTIONAL BUYERS" ("**QIBS**") WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"); OR (D) ANY OTHER PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED; AND, IN EACH CASE, WHO HAVE BEEN INVITED TO PARTICIPATE IN THE FIRM PLACING AND/OR THE PLACING BY THE JOINT BOOKRUNNERS (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**").

THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY PERSON WHO HAS RECEIVED OR IS DISTRIBUTING THESE TERMS AND CONDITIONS MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THESE TERMS AND CONDITIONS RELATE IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THESE TERMS AND CONDITIONS DO NOT THEMSELVES CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE SECURITIES MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY IN, INTO OR WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THERE WILL BE NO PUBLIC OFFERING OF THE SECURITIES IN THE UNITED STATES.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN ACQUISITION OF PLACING SHARES (AS SUCH TERM IS DEFINED BELOW).

Unless otherwise defined in these terms and conditions, capitalised terms used in these terms and conditions shall have the meaning given to them in this announcement.

If a person indicates to the Joint Bookrunners that it wishes to participate in the Firm Placing and/or the Placing (together, the “**Equity Placings**”) by making an oral or written offer to acquire Firm Placed Shares pursuant to the Firm Placing and/or Open Offer Shares pursuant to the terms of the Placing (together, the “**Placing Shares**”) (each such person, a “**Placee**”) it will be deemed (i) to have read and understood these terms and conditions in this Appendix and the announcement of which it forms part and the draft prospectus dated 4 June 2020 prepared by, and relating to, the Company (the “**Preliminary Prospectus**”) and the Pricing Announcement in their entirety, (ii) to be participating and making such offer on the terms and conditions contained in this Appendix, and (iii) to be providing the representations, warranties, indemnities, agreements, undertakings and acknowledgements, contained in these terms and conditions in this Appendix.

In particular, each such Placee represents, warrants and acknowledges that:

1. it is a Relevant Person and undertakes that it will acquire, hold, manage and dispose of any of the Placing Shares that are allocated to it for the purposes of its business only;
2. in the case of any Placing Shares subscribed for by it as a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation, that (i) the Placing Shares acquired by and/or subscribed for by it in the Equity Placings will not be acquired and/or subscribed for on a discretionary basis on behalf of, nor will they be acquired or subscribed for with a view to their offer or resale to, persons in a member state of the EEA or the UK other than Qualified Investors, or in circumstances which may give rise to an offer of securities to the public other than an offer or resale, in a member state of the EEA which has implemented the Prospectus Regulation, to Qualified Investors, or in circumstances in which the prior consent of the Joint Bookrunners has been given to each such proposed offer or resale; or (ii) where the Placing Shares have been acquired or subscribed for by it on behalf of persons in any member state of the EEA or the United Kingdom other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Regulation as having been made to such persons;
3. it is and, at the time the Placing Shares are acquired, will be either (i) outside the United States, and acquiring the Placing Shares in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act (“Regulation S”) for its own account or purchasing the Placing Shares for an account with respect to which it exercises sole investment discretion; or (ii) a QIB. These terms and conditions do not constitute an offer to sell or issue or the invitation or solicitation of an offer to buy or acquire the Placing Shares in the United States or Australia, Canada, Hong Kong, Japan, the People’s Republic of China, the Republic of South Africa or any other jurisdiction where the extension or availability of the Equity Placing would breach any applicable laws or regulations, and “**Excluded Territories**” shall mean any of them;
4. it understands (or, if acting for the account of another person, such person understands) the resale and transfer restrictions set out in this Appendix; and
5. the Company and the Joint Bookrunners will rely upon the true and accuracy of the foregoing representations, warranties and acknowledgements.

These terms and conditions and the information contained herein are not for release, publication or distribution, directly or indirectly, in whole or in part, in or into the United States or any other Excluded Territory, subject to certain exceptions.

In particular, the Placing Shares referred to in these terms and conditions have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and the Placing Shares may not be offered, sold, transferred or delivered, directly or indirectly in, into or within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Placing Shares are being offered and sold outside the United States in accordance with Regulation S, and in the United States to a limited number of QIBs pursuant to an exemption from registration under the Securities Act in a transaction not involving any public offering. There will be no public offering of the Placing Shares in the United States. The Placing Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, or state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Equity Placings or the accuracy or adequacy of these terms and conditions. Any representation to the contrary is a criminal offence in the United States.

The distribution of these terms and conditions and the offer and/or placing of Placing Shares in certain other jurisdictions may be restricted by law. No action has been or will be taken by the Joint Bookrunners or the Company that would, or is intended to, permit an offer of the Placing Shares or possession or distribution of these terms and conditions or any other offering or publicity material relating to the Placing Shares in any jurisdiction where any such action for that purpose is required, save as mentioned above. Persons into whose possession these terms and conditions come are required by the Joint Bookrunners and the Company to inform themselves about and to observe any such restrictions.

Each Placee's commitments will be made solely on the basis of the information set out in this announcement (including the Appendix), the Preliminary Prospectus and the Pricing Announcement. Each Placee, by participating in the Equity Placings, agrees that it has neither received nor relied on any other information, representation, warranty or statement made by or on behalf of any of the Joint Bookrunners or the Company or any of their respective affiliates. None of the Joint Bookrunners, the Company, or any person acting on such person's behalf nor any of their respective affiliates has or shall have liability for any Placee's decision to accept this invitation to participate in the Equity Placings based on any other information, representation, warranty or statement. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Equity Placings. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

No undertaking, representation, warranty or any other assurance, express or implied, is made or given by or on behalf of any Joint Bookrunner or any of its affiliates, their respective directors, officers, employees, agents, advisers, or any other person, as to the accuracy, completeness, correctness or fairness of the information or opinions contained in the Preliminary Prospectus and the Prospectus (when published), this announcement, the Pricing Announcement or for any other statement made or purported to be made by any of them, or on behalf of them, in connection with the Company or the Equity Placings and no such person shall have any responsibility or liability for any such information or opinions or for any errors or omissions. Accordingly, save to the extent permitted by law, no liability whatsoever is accepted by any of the Joint Bookrunners or any of their respective directors, officers, employees or affiliates or any other person for any loss howsoever arising, directly or indirectly, from any use of this announcement or such information or opinions contained herein or otherwise arising in connection with the Preliminary Prospectus and the Prospectus (when published).

These terms and conditions do not constitute or form part of, and should not be construed as, any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any Placing Shares or any other securities or an inducement or recommendation to enter into investment activity, nor shall these terms and conditions (or any part of them), nor the fact of their distribution, form the basis of, or be relied on in connection with, any investment activity. No statement in this announcement is intended to be nor may be construed as a profit forecast and nor should any such statement be interpreted to mean that the Company's profits or earnings per share for any future period will necessarily match or exceed historical published profits or earnings per share of the Company.

Proposed Firm Placing of Firm Placed Shares and Placing of Open Offer Shares subject to clawback in respect of valid applications by Qualifying Shareholders pursuant to the Open Offer

Placees are referred to these terms and conditions, this announcement, the Preliminary Prospectus and the Pricing Announcement containing details of, *inter alia*, the Equity Placings. These terms and conditions, this announcement, the Preliminary Prospectus and the Pricing Announcement have been prepared and issued by the Company, and each of these documents is the sole responsibility of the Company.

Applications will be made to the FCA for admission of the Placing Shares to listing on the premium listing segment of the Official List of the FCA and to the London Stock Exchange for admission of the Placing Shares to trading on its main market for listed securities.

Firm Placing

The Joint Bookrunners have severally agreed, pursuant to the Placing Agreement, to use reasonable endeavours to procure subscribers for the Firm Placed Shares, as agent for the Company, at the Offer Price. The Firm Placed Shares are not subject to clawback and do not form part of the Placing and Open Offer. The Firm Placing is subject to the same conditions and termination rights which apply to the Placing and Open Offer.

Following the execution of the Terms of Subscription if any Placee fails to take up any or all of the Firm Placed Shares which have been allocated to it or which it has agreed to take up at the Offer Price, the Joint Bookrunners have severally agreed, on the terms and subject to the conditions in the Placing Agreement, to take up such Firm Placed Shares at the Offer Price.

Subject to the conditions below being satisfied, it is expected that Admission will become effective on 29 June 2020 and that dealings for normal settlement in the Firm Placed Shares will commence at 8.00 a.m. on the same day. The Firm Placed Shares, when issued and fully paid, will be identical to, and rank *pari passu* with, the Existing Shares, including the right to receive all dividends and other distributions declared, made or paid on the Existing Shares by reference to a record date on or after Admission.

Placees should note that the Firm Placed Shares do not carry any entitlement to participate in the Open Offer.

The Firm Placing is conditional, *inter alia*, upon:

- (i) the Resolutions being passed by Shareholders at the General Meeting;

- (ii) the Placing Agreement having become unconditional in all respects and not having been terminated by the Joint Bookrunners in accordance with its terms prior to Admission; and
- (iii) Admission becoming effective by not later than 8.00 a.m. on 29 June 2020 (or such later time or date as the Company and the Joint Bookrunners may agree, being not later than (being not later than 6 July 2020).

Conditional Placing and Open Offer

The Joint Bookrunners have severally agreed, pursuant to the Placing Agreement, to use reasonable endeavours to procure subscribers for the Open Offer Shares, as agent for the Company, at the Offer Price. The commitments of Placees in respect of the Open Offer Shares in the Placing (the “Conditional Placees”) are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer. Following the execution of the Terms of Subscription by the Company and the Joint Bookrunners, to the extent that placees cannot be found for the Open Offer Shares which are not applied for in respect of the Open Offer or any Conditional Placee fails to take up any or all of the Open Offer Shares which are not applied for in respect of the Open Offer and which have been allocated to it, the Joint Bookrunners have severally agreed, on the terms and subject to the conditions in the Placing Agreement, to take up such Open Offer Shares at the Offer Price.

Qualifying Shareholders are being given the opportunity to apply for the Open Offer Shares at the Offer Price on and subject to the terms and conditions of the Open Offer, pro rata to their holdings of Existing Shares on the Record Date. Fractions of Open Offer Shares will be rounded down to the nearest whole number. Qualifying Shareholders are also being given the opportunity to apply for Excess Open Offer Shares at the Offer Price through the Excess Application Facility. If applications under the Excess Application Facility are received for more than the number of Excess Open Offer Shares available following take up of Open Offer Entitlements, applications will be scaled back at the absolute discretion of the Company in consultation with the Joint Bookrunners.

The New Shares issued under the Placing and Open Offer, when issued and fully paid, will be identical to, and rank *pari passu* in all respects with, the Existing Shares including the right to receive all dividends and other distributions declared, made or paid on the Existing Shares by reference to a record date on or after Admission.

Subject to the conditions below being satisfied, it is expected that Admission will become effective on 29 June 2020 and that dealings for normal settlement in the Open Offer Shares will commence at 8.00 a.m. on the same day.

The Placing and Open Offer are conditional, inter alia, upon:

- (i) the Resolutions being passed by Shareholders at the General Meeting;
- (ii) the Placing Agreement having become unconditional in all respects and not having been terminated by the Joint Bookrunners in accordance with its terms prior to Admission; and
- (iii) Admission becoming effective by not later than 8.00 a.m. on 29 June 2020 (or such later time or date as the Company and the Joint Bookrunners may agree, being not later than (being not later than 6 July 2020).

The full terms and conditions of the Open Offer will be contained in the Prospectus to be issued by the Company in connection with the Capital Raise and Admission. The Prospectus to be issued by the Company will be approved by the FCA under section 87A of the FSMA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules made under Part VI of the FSMA.

Bookbuild of the Equity Placings

Commencing today, the Joint Bookrunners will be conducting the Bookbuild to determine demand for participation in the Equity Placings. The Joint Bookrunners will seek to procure Placees as agent for the Company as part of this Bookbuild. These terms and conditions give details of the terms and conditions of, and the mechanics of participation in, the Equity Placings.

Principal terms of the Bookbuild

- a. By participating in the Equity Placings, Placees will be deemed (i) to have read and understood this announcement, these terms and conditions in this Appendix, the Preliminary Prospectus and the Pricing Announcement in their entirety and (ii) to be participating and making an offer for any Placing Shares on the terms and conditions in this Appendix, and (iii) to be providing the representations, warranties, indemnities, agreements, undertakings and acknowledgements, contained in this Appendix.
- b. The Joint Bookrunners are arranging the Equity Placings severally, and not jointly, nor jointly and severally, as agents of the Company.
- c. Participation in the Equity Placings will only be available to persons who are Relevant Persons and who may lawfully be, and are, invited to participate by any of the Joint Bookrunners. The Joint Bookrunners and their respective affiliates are entitled to offer to subscribe for Placing Shares as principal in the Bookbuild.
- d. To bid in the Bookbuild, Placees should communicate their bid by telephone or in writing to their usual sales contact at any Joint Bookrunner. Each bid should state the aggregate number of Firm Placed Shares and Open Offer Shares which the Placee wishes to acquire or the total monetary amount which it wishes to commit to acquire Placing Shares at the Offer Price which is ultimately established by the Company and the Joint Bookrunners, or at a price up to a price limit specified in its bid. Allocations of Placing Shares will be made in a combination that reflects an approximately 80:20 ratio of Firm Placed Shares to Open Offer Shares. The Offer Price will be jointly agreed between the Joint Bookrunners and the Company following completion of the Bookbuild and will be payable by the Placees in respect of the Placing Shares allocated to them. Bids may be scaled down by the Joint Bookrunners on the basis referred to in paragraph (k) below.
- e. The Bookbuild is expected to close no later than 7.00 a.m. on 5 June 2020 but may close earlier or later, at the discretion of the Joint Bookrunners and the Company. The timing of the closing of the books and allocations will be agreed between the Joint Bookrunners and the Company following completion of the Bookbuild. The Joint Bookrunners may, in agreement with the Company, accept offers to subscribe for Placing Shares that are received after the Bookbuild has closed.

- f. An offer to subscribe for Placing Shares in the Bookbuild will be made on the basis of these terms and conditions (which shall be deemed to be incorporated in such offer), the Preliminary Prospectus and the Pricing Announcement and will be legally binding on the Placee by which, or on behalf of which, it is made and will not be capable of variation or revocation.
- g. Subject to paragraph (e) above, the Joint Bookrunners reserve the right not to accept an offer to subscribe for Placing Shares, either in whole or in part, on the basis of allocations agreed with the Company and may scale down any offer to subscribe for Placing Shares for this purpose.
- h. If successful, each Placee's allocation will be confirmed to it by the Joint Bookrunners following the close of the Bookbuild. Oral or written confirmation (at the Joint Bookrunners' discretion) from the Joint Bookrunners to such Placee confirming its allocation will constitute a legally binding commitment upon such Placee, in favour of the Joint Bookrunners and the Company to acquire the number of Placing Shares allocated to it (and in the respective numbers of Firm Placed Shares and Open Offer Shares (subject to clawback) so allocated) on the terms and conditions set out herein (which shall be deemed to be incorporated in such legally binding commitment). Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to the Joint Bookrunners, to pay to the Joint Bookrunners (or as the Joint Bookrunners may direct) as agent for the Company in cleared funds an amount equal to the product of the Offer Price and the sum of the number of Firm Placed Shares and, once apportioned after clawback (in accordance with the procedure described in the paragraph entitled "*Placing Procedure*" below), the Open Offer Shares, which such Placee has agreed to acquire.
- j. The Company will make a further announcement detailing the Offer Price and the number of Placing Shares to be issued. It is expected that such announcement will be made as soon as practicable after the close of the Bookbuild.
- k. Subject to paragraphs (g) and (h) above, the Joint Bookrunners reserve the right not to accept bids or to accept bids, either in whole or in part, on the basis of allocations determined at the Joint Bookrunners' discretion and may scale down any bids as the Joint Bookrunners may determine, subject to agreement with the Company. The acceptance of bids shall be at the Joint Bookrunners' absolute discretion, subject to agreement with the Company.
- l. Irrespective of the time at which a Placee's allocation(s) pursuant to the Equity Placings is/are confirmed, settlement for all Placing Shares to be acquired pursuant to the Firm Placing will be required to be made at the time specified and all Placing Shares to be acquired pursuant to the Placing will be required to be made at the later time specified, on the basis explained below under the paragraph entitled "Registration and Settlement".
- m. Commissions are payable to Placees in respect of the Placing, subject to certain exceptions. No commissions are payable to Placees in respect of the Firm Placing or any Open Offer Shares which are subscribed for under the Open Offer.
- n. By participating in the Bookbuild, each Placee agrees that its rights and obligations in respect of the Firm Placing and/or the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee. All

obligations under the Equity Placings will be subject to the fulfilment of the conditions referred to below under the paragraph entitled "*Conditions of the Equity Placings and Termination of the Placing Agreement*".

- o. To the fullest extent permissible by law, no Joint Bookrunner nor any of its affiliates nor any of its or their respective affiliates' agents, directors, officers or employees, respectively, shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, no Joint Bookrunner nor any of its affiliates nor any of its or their respective affiliates' agents, directors, officers or employees, respectively, shall have any liability (including, to the extent permissible by law, any fiduciary duties) to Placees (or to any person whether acting on behalf of a Placee or otherwise) in respect of the Joint Bookrunners' conduct of the Bookbuild or of such alternative method of effecting the Equity Placings as the Joint Bookrunners and the Company may agree.

Conditions of the Equity Placings and Termination of the Placing Agreement

Placees will only be called on to subscribe for Placing Shares if the obligations of the Joint Bookrunners under the Placing Agreement have become unconditional in all respects and the Joint Bookrunners have not terminated the Placing Agreement prior to Admission.

The Joint Bookrunners' obligations under the Placing Agreement in respect of the Firm Placing and the Placing and Open Offer are conditional upon, *inter alia*:

- (a) the Prospectus being approved pursuant to the Prospectus Regulation Rules by the FCA not later than 5.00 p.m. on 5 June 2020;
- (b) Admission occurring not later than 8.00 a.m. on 29 June 2020 (or such later time and/or date (being not later than 8.00 a.m. on 6 July 2020) as the Company and the Joint Bookrunners may agree);
- (c) the passing of the Resolutions (without amendment or with such amendments as the Joint Bookrunners may agree) at the General Meeting on 25 June 2020 (or such later date as the Joint Bookrunners may agree);
- (d) representations and warranties given by the Company to the Joint Bookrunners as contained in the Placing Agreement being true and accurate in all respects and not misleading on and as of the date of the Placing Agreement, the date of the Prospectus, the date of any supplementary prospectus published prior to Admission and Admission, in each case by reference to the facts and circumstances then existing;
- (e) in the opinion of a Joint Bookrunners (acting in good faith), there not having occurred a material adverse change (as such term is defined in the Placing Agreement);
- (f) no event referred to in Article 23 of the Prospectus Regulation arising between the time of publication of the Prospectus and Admission and no supplementary prospectus being published by or on behalf of the Company which the Joint Bookrunners consider (acting in good faith) to be material in the context of the Firm Placing and the Placing and Open Offer or Admission; and

- (h) the Offer Price and the number of New Shares to be issued having been determined and the Terms of Subscription having been executed by the Company and the Joint Bookrunners following completion of the Bookbuild.

The Placing Agreement can be terminated at any time before Admission by the Joint Bookrunners by giving notice to the Company in certain circumstances, including (but not limited to): (a) where any of the relevant Conditions in the Placing Agreement are not satisfied at the required times (unless waived); (b) where there has been a breach by the Company of any of the undertakings in the Placing Agreement which, in the good faith opinion of the Joint Bookrunners, is material in the context of the Group taken as a whole, the Capital Raise, Admission or the underwriting of the New Shares; (c) in the good faith opinion of the Joint Bookrunners, any of the representations and warranties given by the Company in the Placing Agreement is or if repeated at any time up to and including Admission (by reference to the facts and circumstances then existing) would be untrue, inaccurate or misleading, ; or (d) in the good faith opinion of the Joint Bookrunners, there has been a material adverse change.

If any Condition has not been satisfied or waived by the Joint Bookrunners as described below or if the Placing Agreement is terminated, all obligations under these terms and conditions will automatically terminate. By participating in the Equity Placings, each Placee agrees that its rights and obligations hereunder are conditional upon the Placing Agreement becoming unconditional in all respects in respect of the Firm Placing (in respect of Firm Placed Shares subscribed for under the Firm Placing) and/or in respect of the Placing (in respect of Open Offer Shares subscribed for under the Placing) and that its rights and obligations will terminate only in the circumstances described above and will not be capable otherwise of rescission or termination by it after oral or written confirmation by the Joint Bookrunners (at the Joint Bookrunners' discretion) following the close of the Bookbuild.

The Joint Bookrunners may in their absolute discretion in writing waive fulfilment of certain of the Conditions in the Placing Agreement or extend the time provided for fulfilment of such Conditions. Any such extension or waiver will not affect Placees' commitments as set out in these terms and conditions.

By participating in the Equity Placings each Placee agrees that the exercise by the Company or any Joint Bookrunner of any right or other discretion under the Placing Agreement shall be within the absolute discretion of the Company and each Joint Bookrunner (as the case may be) and that neither the Company nor any Joint Bookrunner need make any reference to such Placee (or to any other person whether acting on behalf of any Placee or otherwise) and that neither the Company nor any Joint Bookrunner nor any person acting on their behalf shall have any liability to such Placee (or to any other person whether acting on behalf of any Placee or otherwise) whatsoever in connection with any such exercise or failure so to exercise.

Neither the Company nor any Joint Bookrunner shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision made by the Joint Bookrunners as to whether or not to waive or to extend the time and/or date for the fulfilment of any condition in the Placing Agreement and/or whether or not to exercise any such termination right.

Withdrawal Rights

Placees acknowledge that their acceptance of any of the Placing Shares is not by way of acceptance of the public offer made in the Prospectus and (if applicable) the Application Form but is by way of a collateral contract and as such section 87Q of the FSMA does not entitle Placees to withdraw in the event that the Company publishes a supplementary prospectus in connection with the Firm Placing and Placing and Open Offer or Admission.

Placing Procedure

Placees shall acquire or subscribe for the Firm Placed Shares and Open Offer Shares to be issued pursuant to the Equity Placings (after clawback) and any allocation of the Firm Placed Shares and Open Offer Shares (subject to clawback) to be issued pursuant to the Equity Placings will be notified to them on or around 25 June 2020 (or such other time and/or date as the Company and the Joint Bookrunners may agree).

Placees will be called upon to subscribe for, and shall subscribe for, the Open Offer Shares only to the extent that valid applications by Qualifying Shareholders under the Open Offer are not received by 11.00 a.m. on 24 June 2020 or if applications have otherwise not been deemed to be valid in accordance with the Prospectus and the Application Form.

Payment in full for any Firm Placed Shares and Open Offer Shares so allocated in respect of the Equity Placings at the Offer Price must be made by no later than 29 June 2020 (or such other date as shall be notified to each Placee by the relevant Joint Bookrunner) on the closing date for the Firm Placing and the closing date for the Open Offer, respectively (or such other time and/or date as the Company and the Joint Bookrunners may agree). The Joint Bookrunners will notify Placees if any of the dates in these terms and conditions should change, including as a result of delay in the posting of the Prospectus, the Application Forms or the crediting of the Open Offer Entitlements in CREST or the production of a supplementary prospectus or otherwise.

Lock-up

The Company has undertaken to the Joint Bookrunners that, between the date of the Placing Agreement and 90 calendar days after Admission, it will not, without the prior written consent of the Joint Bookrunners enter into certain transactions involving or relating to the Shares, subject to certain customary carve-outs agreed between the Joint Bookrunners and the Company.

By participating in the Firm Placing and/or the Placing, Placees agree that the exercise by the Joint Bookrunners of any power to grant consent to waive the undertaking by the Company of a transaction which would otherwise be subject to the lock-up under the Placing Agreement shall be within the absolute discretion of the Joint Bookrunners and that they need not make any reference to, or consult with, Placees and that they shall have no liability to Placees whatsoever in connection with any such exercise of the power to grant consent.

Registration and Settlement

Settlement of transactions in the Placing Shares following Admission will take place within the CREST system, subject to certain exceptions. The Joint Bookrunners and the Company reserve the right to require settlement for, and delivery of, the Placing Shares to Placees by such other means that they deem necessary if delivery or settlement is not possible or practicable within the CREST system within the timetable set out in the Preliminary Prospectus and/or Prospectus or would not be consistent with the regulatory requirements in the Placee's jurisdiction. Each Placee

will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed in accordance with either the standing CREST or certificated settlement instructions which they have in place with the relevant Joint Bookrunner.

Settlement for the Equity Placings will be on a T+2 and delivery versus payment basis and settlement is expected to take place on or around 29 June 2020. Each Placee is deemed to agree that if it does not comply with these obligations, the Joint Bookrunners may sell any or all of the Placing Shares allocated to it on its behalf and retain from the proceeds, for its own account and benefit, an amount equal to the aggregate amount owed by the Placee. By communicating a bid for Placing Shares, each Placee confers on the Joint Bookrunners all such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which the Joint Bookrunners lawfully take in pursuance of such sale. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax which may arise upon any transaction in the Placing Shares on such Placee's behalf.

Acceptance

By participating in the Equity Placings, a Placee (and any person acting on such Placee's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with the Joint Bookrunners and the Company, the following:

1. in consideration of its allocation of a placing participation, to subscribe at the Offer Price for any Placing Shares comprised in its allocation for which it is required to subscribe pursuant to these terms and conditions, subject in respect of the conditional Placing only to clawback of the Open Offer Shares in respect of valid applications from Qualifying Shareholders in the Open Offer;
2. it has read and understood this announcement (including these terms and conditions), the Preliminary Prospectus and the Pricing Announcement in their entirety and that (i) it has neither received nor relied on any information given or any investigations, representations, warranties or statements made at any time by any person in connection with Admission, the Equity Placings, the Company, the New Shares, or otherwise, other than the information contained in this announcement (including these terms and conditions), the Preliminary Prospectus and the Pricing Announcement that in accepting the offer of its placing participation it will be relying solely on the information contained in this announcement (including these terms and conditions), the Preliminary Prospectus and the Pricing Announcement, receipt of which is hereby acknowledged, and undertakes not to redistribute or duplicate such documents;
3. its oral or written commitment will be made solely on the basis of the information set out in this announcement, the Preliminary Prospectus and the Pricing Announcement, such information being all that such Placee deems necessary or appropriate and sufficient to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on any other information given, or representations or warranties or statements made, by or on behalf of any of the Joint Bookrunners or the Company nor any of their respective affiliates and none of the Joint Bookrunners nor the Company nor

- any of their respective affiliates shall be liable for any Placee's decision to participate in the Equity Placings based on any other information, representation, warranty or statement;
4. the content of this announcement, these terms and conditions, the Preliminary Prospectus and the Pricing Announcement are exclusively the responsibility of the Company and agrees that none of the Joint Bookrunners nor any of their affiliates nor any person acting on behalf of any of such persons will be responsible for or shall have liability for any information, representation or statements contained therein or any information previously published by or on behalf of the Company, and none of the Joint Bookrunners nor the Company nor any of their respective affiliates or any person acting on behalf of any such person will be responsible or liable for a Placee's decision to accept its placing participation;
 5. (i) it has not relied on, and will not rely on, any information relating to the Company contained or which may be contained in any research report or investor presentation prepared or which may be prepared by any of the Joint Bookrunners or any of their affiliates; (ii) none of the Joint Bookrunners nor any of their affiliates nor any person acting on behalf of any of such persons has or shall have any responsibility or liability for public information relating to the Company; (iii) none of the Joint Bookrunners nor any of its affiliates nor any person acting on behalf of any of such persons has or shall have any responsibility or liability for any additional information that has otherwise been made available to it, whether at the date of publication of such information, the date of these terms and conditions or otherwise; and that (iv) none of the Joint Bookrunners nor any of their affiliates nor any person acting on behalf of any of such persons makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of any such information referred to in (i) to (iii) above, whether at the date of publication of such information, the date of this announcement or otherwise;
 6. it has made its own assessment of the Company and has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Equity Placings, and has satisfied itself concerning the relevant tax, legal, currency and other economic considerations relevant to its decision to participate in the Firm Placing and/or the Placing;
 7. it is acting as principal only in respect of the Equity Placings or, if it is acting for any other person (i) it is duly authorised to do so and has full power to make the acknowledgements, representations and agreements herein on behalf of each such person, (ii) it is and will remain liable to the Company and the Joint Bookrunners for the performance of all its obligations as a Placee in respect of the Equity Placings (regardless of the fact that it is acting for another person);
 8. it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business; and/or if it is a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation, that (i) the Placing Shares acquired by and/or subscribed for by it in the Equity Placings will not be acquired and/or subscribed for on a non-discretionary basis on behalf of, nor will they be acquired or subscribed for with a view to their offer or resale to, persons in a member state of the EEA or the UK other than Qualified Investors, or in circumstances which may give rise to an offer of securities to the public other than an offer or resale, in a member state of the EEA which has implemented the Prospectus Regulation, to

Qualified Investors, or in circumstances in which the prior consent of the Joint Bookrunners has been given to each such proposed offer or resale; or (ii) where the Placing Shares have been acquired or subscribed for by it on behalf of persons in any member state of the EEA or the United Kingdom other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Regulation as having been made to such persons;

9. if it has received any "inside information" (as defined in EU Regulation No. 596/2014) about the Company in advance of the Equity Placings, it has not (i) dealt in the securities of the Company; (ii) encouraged or required another person to deal in the securities of the Company; or (iii) disclosed such information to any person, prior to the information being made generally available;
10. it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) 2017 Regulations and the Criminal Justice (Money Laundering and Terrorism Financing) Act 2010 and any related or similar rules, regulations or guidelines, issued, administered or enforced by any government agency having jurisdiction in respect thereof (the "**AML Regulations**") and, if it is making payment on behalf of a third party, it has obtained and recorded satisfactory evidence to verify the identity of the third party as may be required by the AML Regulations;
11. it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person;
12. it is not acting in concert (within the meaning given in the City Code on Takeovers and Mergers) with any other Placee or any other person in relation to the Company;
13. it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving the United Kingdom;
14. it and any person acting on its behalf is entitled to acquire the Placing Shares under the laws of all relevant jurisdictions and that it has all necessary capacity and has obtained all necessary consents and authorities to enable it to commit to this participation in the Equity Placings and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in these terms and conditions);
15. unless otherwise agreed by the Company (after agreement with the Joint Bookrunners), it is not, and at the time the Placing Shares are subscribed for and purchased will not be, subscribing for and on behalf of a resident of the United States or any Excluded Territory and further acknowledges that the Placing Shares have not been and will not be registered under the securities legislation of any Restricted Jurisdiction and, subject to certain exceptions, may not be offered, sold, transferred, delivered or distributed, directly or indirectly, in or into those jurisdictions;

16. it does not expect the Joint Bookrunners to have any duties or responsibilities towards it for providing protections afforded to clients under the rules of the FCA Handbook (the "**Rules**") or advising it with regard to the Placing Shares and that it is not, and will not be, a client of any of the Joint Bookrunners as defined by the Rules. Likewise, any payment by it will not be treated as client money governed by the Rules;
17. any exercise by the Joint Bookrunners of any right to terminate the Placing Agreement or of other rights or discretions under the Placing Agreement or the Equity Placings shall be within that the Joint Bookrunners absolute discretion and neither of the Joint Bookrunners shall have any liability to it whatsoever in relation to any decision to exercise or not to exercise any such right or the timing thereof;
18. neither it, nor the person specified by it for registration as a holder of Placing Shares is, or is acting as nominee(s) or agent(s) for, and that the Placing Shares will not be issued to, a person/person(s) whose business either is or includes issuing depository receipts or the provision of clearance services and therefore that the issue to the Placee, or the person specified by the Placee for registration as holder, of the Placing Shares will not give rise to a liability under any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services) and that the Placing Shares are not being acquired in connection with arrangements to issue depository receipts or to issue or transfer Placing Shares into a clearance system;
19. it has the funds available to pay for, and will make payment to the Joint Bookrunners (as the Joint Bookrunners may direct) for, the Placing Shares allocated to it in accordance with the terms and conditions of this announcement on the due times and dates set out in this announcement, failing which the relevant Placing Shares may be sold to or placed with other persons on such terms as the Joint Bookrunners determine in their absolute discretion without liability to the Placee and on the basis that such Placee will remain liable for any shortfall below the net proceeds of such sale and the placing proceeds of such Placing Shares and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to the terms set out or referred to in this announcement) which may arise upon the sale of such Placee's Placing Shares on its behalf;
20. the person who it specifies for registration as holder of the Placing Shares will be (i) itself or (ii) its nominee, as the case may be, and acknowledges that the Joint Bookrunners and the Company will not be responsible for any liability to pay stamp duty or stamp duty reserve tax (together with interest and penalties) resulting from a failure to observe this requirement; and each Placee and any person acting on behalf of such Placee agrees to participate in the Equity Placings on the basis that the Placing Shares will be credited to a CREST stock account of one of the Joint Bookrunners who will hold them as nominee on behalf of the Placee until settlement in accordance with its standing settlement instructions with it;
21. where it is acquiring Placing Shares for one or more managed accounts, it is authorised in writing by each managed account to acquire Placing Shares for that managed account;
22. if it is a pension fund or investment company, its acquisition of any Placing Shares is in full compliance with applicable laws and regulations;

23. it has not offered or sold and will not offer or sell any New Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the FSMA;
24. it has not offered or sold and will not offer or sell any New Shares to persons in any member state of the EEA prior to Admission except to persons whose ordinary activities involve them acquiring, holding, managing or disposing of investments (as principal or agent) for the purpose of their business or otherwise in circumstances which have not resulted and will not result in an offer to the public in any member state of the EEA within the meaning of the Prospectus Regulation;
25. participation in the Equity Placings is on the basis that, for the purposes of the Equity Placings, it is not and will not be a client of either of the Joint Bookrunners and that none of the Joint Bookrunner have any duties or responsibilities to it for providing the protections afforded to their clients nor for providing advice in relation to the Equity Placings nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement or the contents of these terms and conditions;
26. to provide the Joint Bookrunners with such relevant documents as they may reasonably request to comply with requests or requirements that either they or the Company may receive from relevant regulators in relation to the Equity Placings, subject to its legal, regulatory and compliance requirements and restrictions;
27. any agreements entered into by it pursuant to these terms and conditions and any noncontractual obligations arising out of or in connection with such agreement shall be governed by and construed in accordance with the laws of England and Wales and it submits (on its behalf and on behalf of any Placee on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Joint Bookrunners in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;
28. to fully and effectively indemnify and hold harmless the Company and the Joint Bookrunners and each of their respective affiliates (as defined in Rule 501(b) under the Securities Act) and each person, if any, who controls any Joint Bookrunner within the meaning of Section 15 of the Securities Act or Section 20 of the US Securities Exchange Act of 1934, as amended, and any such person's respective affiliates, subsidiaries, branches, associates and holding companies, and in each case their respective directors, employees, officers and agents (each, an "Indemnified Person") from and against any and all losses, claims, damages, liabilities and expenses (including legal fees and expenses) (i) arising from any breach by such Placee of any of the provisions of these terms and conditions and (ii) incurred by any Indemnified Person arising from the performance of the Placee's obligations as set out in these terms and conditions;

29. in making any decision to subscribe for Placing Shares: (i) it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of acquiring the Placing Shares; (ii) it is experienced in investing in securities of this nature and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain a complete loss in connection with, the Placing; (iii) it has relied on its own examination, due diligence and analysis of the Company and its affiliates taken as a whole (including the markets in which the Group operates) and the terms of the Equity Placings (including the merits and risks involved); (iv) it has had sufficient time to consider and conduct its own investigation with respect to the offer and purchase of the Placing Shares, including the legal, regulatory, tax, business, currency and other economic and financial considerations relevant to such investment; and (v) will not look to the Joint Bookrunners, any of their respective affiliates or any person acting on their behalf for all or part of any such loss or losses it or they may suffer;
30. the Joint Bookrunners and the Company and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and undertakings which are irrevocable; and
31. its commitment to acquire Placing Shares will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Firm Placing and/or the Placing, and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's or the Joint Bookrunners' conduct of the Firm Placing and/or the Placing.

Please also note that the agreement to allot and issue Placing Shares to Placees (or the persons for whom Placees are contracting as agent) free of stamp duty and stamp duty reserve tax in the UK relates only to their allotment and issue to Placees, or such persons as they nominate as their agents, direct from the Company for the Placing Shares in question. Furthermore, each Placee agrees to indemnify on an after-tax basis and hold each of the Joint Bookrunners and/or the Company and their respective affiliates harmless from any and all stamp duty, stamp duty reserve tax and all other similar duties or taxes to the extent that such taxes, interest, fines or penalties arise from the unreasonable default or delay of that Placee or its agent or from a breach or inaccuracy of the foregoing representations, warranties, acknowledgements and undertakings of that Placee or its agent. In addition, Placees should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the acquisition by them of any Placing Shares or the agreement by them to acquire any Placing Shares.

Selling Restrictions

By participating in the Equity Placings, a Placee (and any person acting on such Placee's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with the Joint Bookrunners and the Company, the following:

1. it is not a person who has a registered address in, or is a resident, citizen or national of, a country or countries, in which it is unlawful to make or accept an offer to subscribe for Placing Shares;

2. it has fully observed and will fully observe the applicable laws of any relevant territory, including complying with the selling restrictions set out herein and obtaining any requisite governmental or other consents and it has fully observed and will fully observe any other requisite formalities and pay any issue, transfer or other taxes due in such territories;
3. if it is in the United Kingdom, it is a Qualified Investor (i) who has professional experience in matters relating to investments and who falls within the definition of "investment professionals" in Article 19(5) of the Order; or (ii) who falls within Article 49(2) of the Order;
4. if it is in a member state of the EEA, it is a Qualified Investor;
5. it is a person whose ordinary activities involve it (as principal or agent) in acquiring, holding, managing or disposing of investments for the purpose of its business and it undertakes that it will (as principal or agent) acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business, in each case, not with a view to, or for resale in connection with, the distribution thereof, in or into the United States within the meaning of US securities laws;
6. it is and, at the time the Placing Shares are purchased, will be either:
 - (i) outside the United States, acquiring the Placing Shares in an offshore transaction in accordance with Regulation S; not a resident of any Excluded Territory or a corporation, partnership or other entity organised under the laws of any Excluded Territory; subscribing for Placing Shares for its own account (or for the account of its affiliates or funds managed by the Placee or its affiliates with respect to which the Placee either has investment discretion or which are outside the United States); or
 - (ii) a QIB that makes each of the representations, warranties, acknowledgements and agreements set out in paragraph 9 below;
7. none of the Placing Shares have been or will be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;
8. that the offer and sale of the Placing Shares is being made in reliance on an exemption from the registration requirements of the Securities Act and acknowledge and agree that, for so long as the Placing Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, none may be offered, sold or pledged or otherwise transferred except in an offshore transaction in accordance with the applicable requirements of Regulation S or pursuant to another applicable exemption from registration under the Securities Act, and in each case in accordance with any applicable securities laws of any state of the United States and the laws of other jurisdictions. The Placee understand that no representation has been made as to the availability of any exemption under the Securities Act for the reoffer, resale, pledge or transfer of the Placing Shares, which may be further subject to the applicable restrictions on transfer of the Placing Shares set forth in this form of confirmation; and
9. it (on its behalf and on behalf of any Placee on whose behalf it is acting) has (a) fully observed the laws of all relevant jurisdictions which apply to it; (b) obtained all governmental and other consents which may be required; (c) fully observed any other

requisite formalities; (d) paid or will pay any issue, transfer or other taxes; (e) not taken any action which will or may result in the Company or the Joint Bookrunners (or any of them) being in breach of a legal or regulatory requirement of any territory in connection with the Equity Placings; (f) obtained all other necessary consents and authorities required to enable it to give its commitment to subscribe for the relevant Placing Shares; and (g) the power and capacity to, and will, perform its obligations under the terms contained in these terms and conditions.

Miscellaneous

If a Placee is entitled to participate in the Open Offer by virtue of being a Qualifying Shareholder it will be able to apply to subscribe for Open Offer Shares under the terms and conditions of the Open Offer. Unless otherwise agreed with the Joint Bookrunners, any participation by a Placee as a Qualifying Shareholder in the Open Offer will not reduce such Placee's commitment in respect of its participation in the Firm Placing and/or Placing.

The Company reserves the right to treat as invalid any application or purported application for Placing Shares that appears to the Company or its agents to have been executed, effected or dispatched from the United States or any Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Placing Shares in, or in the case of a credit of Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be in, the United States, any Excluded Territory or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

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

Times

Unless the context otherwise requires, all references to time are to London time. All times and dates in these terms and conditions may be subject to amendment. The Joint Bookrunners will notify Placees and any persons acting on behalf of the Placees of any changes.