

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser. The whole of this document should be read. You should be aware that investment in the Company is speculative and involves a high degree of risk.

If you have sold or otherwise transferred all of your Existing Ordinary Shares in The Stanley Gibbons Group plc prior to 8.00 a.m. on 14 March 2016 (the date upon which the Existing Ordinary Shares were marked 'ex' the entitlement to the Open Offer by the London Stock Exchange plc), please immediately forward this document, together with the accompanying Application Form (in respect of shares held in certificated form) and the Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. Such documents should, however, not be forwarded to or transmitted into any jurisdiction outside of the UK. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. If you have sold or transferred only part of your holding of Existing Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

This document is not a prospectus for the purposes of the Prospectus Rules and has not been drawn up in accordance with the Prospectus Rules. Accordingly, this document has not been, and will not be, reviewed or approved by the Financial Conduct Authority of the United Kingdom ("FCA"), pursuant to sections 85 and 87 of FSMA, The London Stock Exchange plc or any other authority or regulatory body in any jurisdiction.

The Directors, whose names appear on page 7, and the Proposed Director, accept responsibility both individually and collectively for all the information contained in this document. To the best of the knowledge and belief of the Directors and the Proposed Director (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange plc for the New Ordinary Shares to be admitted to trading on AIM.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange plc has not itself examined or approved the contents of this document.

It is expected that admission to AIM will become effective and dealings in the New Ordinary Shares will commence on AIM on 1 April 2016 at 8.00 a.m.

The Stanley Gibbons Group Plc

(Incorporated in the Island of Jersey with registered number 13177)

Firm Placing of 92,300,000 New Ordinary Shares at 10 pence per share

**Placing and Open Offer of 37,696,286 New Ordinary Shares
at 10 pence per share**

and

Notice of Extraordinary General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out in Part 1 of this document and in particular paragraph 9 which recommends that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting.

This document is being sent to all Shareholders, but in relation to those Shareholders who are not Qualifying Shareholders (which means certain shareholders resident outside of the United Kingdom) it is being sent to them for information purposes only to enable them to exercise their rights as shareholders *vis-a-vis* the Extraordinary General Meeting to be held.

This document does not constitute an offer for sale or an invitation to subscribe for, or the solicitation of an offer to buy or subscribe for, New Ordinary Shares to any person in any jurisdiction where such an offer or solicitation is unlawful and, subject to certain exceptions, is not for distribution in or into the United States, Australia, Canada, South Africa, New Zealand or Japan. The New Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States. or qualify for distribution under any of the relevant securities laws of Canada, Australia, New Zealand, South Africa or Japan. The relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada; no document in relation to the Firm Placing, the Placing and Open Offer has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission; and no registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the Firm Placing, the Placing and Open Offer and any person (including, without limitation, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action. Subject to very limited exceptions, the New Ordinary Shares may not, directly or indirectly, be offered or sold within any territory other than the United Kingdom or offered or sold to a person within any territory other than the United Kingdom. Any failure to comply with these restrictions may constitute a violation of the securities law of any jurisdiction. Persons (including, without limitation, nominees and trustees) receiving this document and/or an Application Form should not, in connection with the Open Offer, distribute or send this document and/or the Application Form into any jurisdiction when to do so would, or might contravene local securities laws or regulations or be contrary to the terms and conditions of the Open Offer. The New Ordinary Shares will on allotment rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Existing Ordinary Shares after Admission.

finnCap, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and no-one else in connection with the Fundraising and Admission. finnCap will not regard any other person as its customer or be responsible to any other person for providing the protection afforded to customers of the Company nor for providing advice in relation to the transactions and arrangements detailed in this document. finnCap's responsibilities as nominated adviser and broker under the AIM Rules are owed solely to the London Stock Exchange plc and are not owed to the Company or to any of its directors or to any person whether in respect of such person's decision to acquire Ordinary Shares in relation to any part of this document or otherwise. finnCap is not making any representation or warranty, express or implied, as to the accuracy, completeness or fairness in this document and finnCap accepts no responsibility or liability for this document and accordingly disclaims all and any liability, whether arising in tort, contract or otherwise, which it might otherwise be found to have in respect of this document.

The Open Offer closes at 10.00 a.m. on 30 March 2016. If you are a Qualifying Shareholder and wish to apply for New Ordinary Shares under the Open Offer you should follow the procedure set out in Part 2 of this document and, if you are a Qualifying Non-CREST Shareholder, complete and return the accompanying Application Form together with your appropriate remittance. Qualifying CREST Shareholders will not receive an Application Form, but will receive instead a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlements which will be enabled for settlement on 15 March 2016. If you do not wish to participate in the Open Offer then you should not return your Application Form or send a USE instruction through CREST. Applications under the Open Offer may only be made by the Qualifying Shareholders originally entitled thereto or by persons becoming so entitled, by virtue of a *bona fide* market claim arising out of the sale or transfer of Ordinary Shares prior to the date on which the Ordinary Shares are marked 'ex' the entitlement by the London Stock Exchange.

If the Basic Entitlements are for any reason not enabled by 3.00 p.m. or such later time as the Company may decide on 15 March 2016, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Basic Entitlements credited to his stock account in CREST. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST Sponsors regarding the action to be taken in connection with this document and the Open Offer. Applications for Excess Entitlements pursuant to the Excess Application Facility may be made by Qualifying Shareholders provided that their Basic Entitlement has been taken up in full and subject to being scaled back in accordance with the provisions of this document.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

If Qualifying Shareholders have any queries on the procedure for acceptance and payment, or to receive another Application Form they should contact Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Copies of this document will be available free of charge during normal business hours only on weekdays (excluding public holidays) from the date hereof until the Open Offer closes on 30 March 2016 and available for a period of twelve months from the date of this document on the Company's website www.stanleygibbonsplc.com free of charge in accordance with the requirements of Rule 26 of the AIM Rules for Companies.

No person has been authorised to make any representations on behalf of the Company concerning the Firm Placing, the Placing and the Open Offer which are inconsistent with the statements contained in this document and any such representations, if made, may not be relied upon as having been authorised. No person should construe the contents of this document as legal, tax or financial advice and recipients of this document should consult their own advisers as to the matters described in this document.

FORWARD-LOOKING STATEMENTS

This document contains "forward-looking statements" which includes all statements other than statements of historical fact including, without limitation those regarding the Company's financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "might", "anticipates", "would", "could" or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules.

JERSEY COMPANY LAW

A copy of this document has been delivered to the registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and the registrar has given, and has not withdrawn, consent to its circulation.

The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 2 of the Control of Borrowing (Jersey) Order 1958 to the issue of securities in the Company.

It must be distinctly understood that, in giving these consents, neither the registrar of companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Company or for the correctness of any statements made, or opinions expressed, with regard to it.

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

It should be remembered that the price of securities and the income from them can go down as well as up.

CONTENTS

	<i>Page</i>
FUNDRAISING STATISTICS	5
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	6
DIRECTORS AND ADVISORS	7
PART 1 LETTER FROM THE CHAIRMAN OF THE COMPANY	8
PART 2 DETAILS OF THE OPEN OFFER	18
PART 3 ADDITIONAL INFORMATION	36
PART 4 DEFINITIONS	43
PART 5 NOTICE OF EXTRAORDINARY GENERAL MEETING	47

FUNDRAISING STATISTICS

Closing Price ¹	23.00 pence
Issue Price	10.00 pence
Number of Existing Ordinary Shares in issue on the Record Date	47,120,357
Number of Firm Placing Shares	92,300,000
Number of Open Offer Shares	37,696,286
Open Offer Basic Entitlement	8 Open Offer Shares for every 10 Existing Ordinary Shares
Number of New Ordinary Shares	129,996,286
Enlarged Issued Share Capital immediately following the Fundraising	177,116,643
Gross proceeds of the Fundraising	£13.0 million
Estimated net proceeds of the Fundraising receivable by the Company	£12.3 million
Percentage of the enlarged issued share capital of the Company that the New Ordinary Shares will represent	73.4 per cent.

Notes

- (1) Closing Price¹ on 11 March 2016, being the last practicable Business Day prior to the publication of this document.
- (2) Statistics are prepared on the basis that no Ordinary Shares will be issued following the date of this document and before the completion of the Open Offer.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2016

Record Date and time for entitlements under the Open Offer	5.00 p.m. on 9 March
Announcement of the Firm Placing and the Placing and Open Offer	14 March
Dispatch of this document, the Forms of Proxy to Qualifying Shareholders and Application Forms to Qualifying Non-CREST Shareholders	14 March
Existing Ordinary Shares marked 'ex' entitlement by the London Stock Exchange	14 March
Basic Entitlements and Excess Entitlements credited to CREST accounts of Qualifying CREST Shareholders	15 March
Recommended latest time and date for requesting withdrawal of Basic Entitlements and Excess Entitlements from CREST	4.30 p.m. on 23 March
Latest time and date for depositing Basic Entitlements and Excess Entitlements into CREST	3.00 p.m. on 24 March
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 28 March
Latest time and date for receipt of completed Application Forms from Qualifying Shareholders and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 30 March
Latest time and date for receipt of Forms of Proxy for the Extraordinary General Meeting	10.00 a.m. on 28 March
Extraordinary General Meeting	10.00 a.m. on 30 March
Announcement of result of the Extraordinary General Meeting	30 March
Expected date of Admission and commencement of dealings in New Ordinary Shares	1 April
Expected date for CREST accounts to be credited with New Ordinary Shares	1 April
Share certificates in relation to New Ordinary Shares (where applicable) dispatched by	8 April

Notes

Save for the date of publication of this document, each of the times and dates above are subject to change. Any such change, including any consequential change in the Fundraising Statistics above, will be notified to Shareholders by an announcement on a Regulatory Information Service. Certain events in the timetable above are conditional upon, *inter alia*, the approval of the Resolutions. All times are London times and each of the times is subject to change.

DIRECTORS AND ADVISORS

Directors	Martin Bralsford Michael Hall Donal Duff Martin Magee Simon Perrée Clive Jones	<i>(Non-Executive Chairman)</i> <i>(Chief Executive)</i> <i>(Chief Finance Officer)</i> <i>(Non-Executive Director)</i> <i>(Non-Executive Director)</i> <i>(Non-Executive Director)</i>
Proposed Director	Clive Whiley	<i>(Director)</i>
Company Secretary	Richard Purkis	
Registered Office	2nd Floor Minden House Minden Place St Helier Jersey JE2 4WQ	
Telephone	+44 (0)1534 766 711	
Company website	www.stanleygibbonsplc.com	
Financial Adviser and Broker	finnCap Ltd 60 New Broad Street London EC2M 1JJ	
UK Legal Advisers to Stanley Gibbons	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU	
Jersey Legal Advisers to Stanley Gibbons	Mourant Ozannes 22 Grenville Street St Helier Jersey JE2 4LR	
Legal Advisers to the Financial Adviser and Broker	Rosenblatt Solicitors 9-13 St Andrew Street London EC4A 3AF	
Registrar and Receiving Agent	Capita Asset Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	

PART 1

LETTER FROM THE CHAIRMAN OF THE COMPANY

THE STANLEY GIBBONS GROUP PLC

(Incorporated in the island of Jersey with Registered Number 13177)

Directors

Martin Bralsford (*Chairman*)
Michael Hall (*Chief Executive*)
Donal Duff (*Chief Finance Officer*)
Martin Magee (*Director*)
Simon Perrée (*Director*)
Clive Jones (*Director*)

Registered Office:

2nd Floor
Minden House
Minden Place
St Helier
Jersey
JE2 4WQ

Proposed Director

Clive Whiley

11 March 2016

Dear Shareholder,

**Firm Placing of 92,300,000 New Ordinary Shares at 10 pence per New Ordinary Share
Placing and Open Offer of 37,696,286 New Ordinary Shares at 10 pence per New Ordinary Share
and
Notice of Extraordinary General Meeting**

1. Introduction

The Company announced on 23 February 2016 that it proposed to raise approximately £10 million in order to repay debt, support a rationalisation exercise, complete the integration of previous acquisitions and to provide the additional working capital necessary to allow the Company the financial flexibility to trade efficiently during this period. The Company also announced its intention to undertake the Fundraising in a manner that recognises the pre-emption rights of existing shareholders insofar as is possible. Accordingly, the Company has today announced that it proposes to raise £13 million (£12.3 million net of expenses) by way of the Firm Placing and the Placing and Open Offer. The Directors have decided, in consultation with its major Shareholders, to increase the Fundraising from £10 million to £13 million in order to provide further headroom to complete the rationalisation exercise.

The Fundraising has been conditionally underwritten by finnCap. The Firm Placing is not subject to clawback. Certain major Shareholders have given undertakings to finnCap and the Company to, where permitted in accordance with the terms of the Open Offer, subscribe for 13,432,681 Open Offer Shares which represents these Shareholders' Basic Entitlements. The 13,432,681 Open Offer Shares taken up by those Shareholders will set off their subscriptions for the corresponding number of Placing Shares. The remaining 24,263,605 Placing Shares are subject to clawback to satisfy valid applications from Qualifying Shareholders under the Open Offer.

The purpose of this document is to provide information on the Company's current financial and trading position, to explain why the Board considers that the Fundraising is in the best interests of Shareholders and to provide you with details of and to seek your approval to implement the Fundraising. The Directors and the Proposed Director have subscribed for 3,100,000 Firm Placing Shares.

The details of the Firm Placing and the Placing and Open Offer are set out below, and the steps required for Qualifying Shareholders to participate in the Open Offer are set out in Part 2 of this document.

The Directors, who have also explored other funding options, believe that the Fundraising is essential to the Company as it will enable it to repay the short-term loans that have been made available to it by its bank since 30 September 2015, when the Company experienced some unexpected and difficult trading conditions and circumstances, and will provide it with the additional funding, which, together with the Company's core borrowings, will ensure that it has adequate financial resources to execute its development plan. The Directors have concluded that none of the other funding options considered would enable the Company to achieve these key objectives. Shareholders' attention is drawn to paragraph 3 of this Part 1 of this document which provides details of the Company's current banking arrangements and of funding and facilities that will be available to the Group following the Fundraising.

2. Background to and Reasons for the Fundraising

The Company reported in its interim statement issued in November 2015 that like-for-like turnover in the first half of the year was 21 per cent. down on the same period in the previous year and that trading profits were £0.5 million compared with £6.1 million in respect of the same period in the previous year largely owing to both lower sales volumes and lower margins in the philatelic businesses, which, in turn, was partly as a consequence of the management changes and distractions caused by the efforts to integrate the acquisitions made during the previous two years. At the time of writing the interim statement, the Board had expected that the second half of the year would see improved trading levels as the impact of the acquisitions took effect. In fact, as announced on 23 February 2016, the sale of rare collectibles to high net worth clients has been at a lower level than expected. Of more concern is the performance of the Group's interiors division, in which sales and profitability have declined markedly through the course of 2015/16 particularly in the last four months. Following its acquisition of Mallett plc in October 2014, the Company learned that government regulators in the United States were investigating transactions that had occurred since 1 January 2010 involving a former client of Mallett Inc., Mallett's New York-based subsidiary. The former client is not a related person or affiliate of the Group. Further details of this matter are disclosed in Part 3 of this document. Additionally, the integration of recent acquisitions has not achieved the level of cost savings that is required and the Group has continued to invest in its new online collectibles marketplace. As a result of these factors, the Directors now believe that for the year to 31 March 2016, the Group will report an adjusted loss before tax of between £1.0 million and £2.0 million. This puts the Group's financial resources under severe pressure.

Since 30 September 2015, our bank has made available an overdraft facility of £6.0 million to the Group. This facility is repayable by 31 March 2016 and is expected to be substantially drawn before completion of the Fundraising. As explained below, the Company will need to repay this overdraft and invest additional funds in rationalising the business and in completing the integration of the acquired businesses.

The Board has also decided that the management team will benefit from the assistance of specialist expertise in doing this and, with this in mind, conditional on the passing of the Resolutions, intends to appoint Clive Whiley as a director. The Company has secured the services of Evolution of which he is managing director, on a 12 month contract from December 2015 to advise and assist the Board and executive management with a root and branch review of every facet of the Group's business, an assessment of the banking and fundraising options and completion of the rationalisation and integration of the Noble and Mallet acquisitions. Mr Whiley has significant experience in both corporate restructurings and in managing integration programmes following corporate acquisitions. Currently, in addition to being managing director of Evolution, he is Chief Executive of Camper & Nicholsons Marinas Limited, and a non-executive director of its holding company, Camper & Nicholsons Marina Investments Limited. Mr Whiley was appointed as Chief Executive of Camper & Nicholsons Marinas Limited in December 2012 at the request of its major shareholders in order to oversee a repositioning of that company's businesses, which process was successfully concluded last year.

In late December 2015, Evolution commenced a full review of the Stanley Gibbons business, which it will complete over the next 90 days and will agree a comprehensive strategy with the Board for:

- transforming the Group into a business which is capable of trading profitably on a continuing and reasonably predictable basis, i.e. not relying on one-off or very material sales or other trading events to achieve profitability;
- ensuring that the Group is able to operate within its available funding resources, i.e. developing coherent and reliable plans for all the activities within the Group, including the ability to access a wider customer base on a capital-light foundation;

- identifying areas of activity which are not being operated efficiently or, due to capital constraints, are not being exploited at all and making such changes to those activities as are necessary to enable them to contribute to the profits of the Group or formulate disposal or winding-up strategies for such activities; and
- identifying and executing a series of short-term actions which will reduce the current cash burn as soon as possible and allow the short-term bank loans to be repaid and for a more appropriate long-term funding arrangement to be put in place than currently exists (“30 Day Action Plan”).

Evolution has already undertaken a preliminary review of the businesses and of the funding of the Group and is confident that significant efficiencies can be introduced very quickly and that, with adequate funding, most of the original aspirations on which the Noble and Mallett acquisitions were founded can be achieved.

As a consequence of Evolution’s initial findings, the Board believes that, having repaid the temporary borrowings of £6.0 million, thereby reducing the Group’s debt to a level more commensurate with the trading profits and cash generation that can be achieved over the course of the next 12 months, and with the continued support of the management and employees:

- the Group will be able to complete the rationalisation and integration of the Group’s various activities;
- the benefits of the business improvements referred to above can be harvested;
- the Group should be able to achieve annualised cost savings of not less than £5.0 million and that from this normalised position the Board believes it will be both profitable and cash generative and therefore be able to pursue other improvements and growth opportunities that will enhance shareholder value;
- the Group will also consider whether there are opportunities to exploit the geographical and product gaps within the core stamp and coin divisions, which have become apparent in recent years, partly benefiting from an increased interest in rare collectibles by high net worth individuals as an alternative investment;
- a return to more disciplined buying and selling strategies which should help to improve the stock profile, restore the stock turnover to more normalised levels and thereby reduce the holding costs; and
- the Board believes that there is increasing interest in the collectibles markets in parts of the world outside of the Group’s existing areas of operation, which are principally the United Kingdom and the United States of America, although it has a small sales presence in Hong Kong and in Singapore. There is, in particular, fast growing interest from the Asian markets, in all types of high quality collectibles as has been evidenced by the considerable interest and high prices being generated at collectibles auctions held in Hong Kong on 15-17 January 2016 which grossed over HK\$100 million. World records were broken for both a stamp essay and a die proof of any country and one of China’s most famous philatelic rarities realised a record price of HK\$6.24 million. The Company will work to identify a cost-effective method to enter these markets and is in discussions with a potential partner in this respect.

The Board is of the opinion that the Fundraising is not only in the best interests of the Company but essential to the business as it will also allow a clear focus on a corporate development plan, which is designed to optimise the value of the Company’s principal assets as the Board seeks to restore Shareholder value. As announced on 13 January 2016, the Board has considered a number of fundraising alternatives to reinforce the Company’s working capital position and, at that time, believed that an equity raise might be comparatively unattractive if done at a discount to the Group’s net asset value. However, the continuing difficult trading conditions and the increasing urgency for the Company to secure additional funding has left little choice but to proceed with the Fundraising, notwithstanding the significant discount to the prevailing market price. The Fundraising has been conditionally underwritten and therefore the Board believes that it provides the Company with a certainty of funds that could not be assured from the other funding alternatives considered. Furthermore, the Board believes that the proposed structure of the Fundraising, namely the Firm Placing and the Placing and Open Offer, provides the Company with its best chance of raising the funding that it needs in a manner that enables all existing Shareholders, should they so wish, to participate. The Open Offer and Excess Application Facility means that, to the extent that a Qualifying Shareholder has taken up its Basic Entitlement in full and applies for and is allocated the maximum Excess Entitlement, it will suffer no dilution as a result of the Fundraising.

3. Funding

The Company currently has outstanding core loans and overdraft facilities, which are fully drawn, amounting to £19.5 million. Owing to the adverse trading experienced since 30 September 2015, as explained above, the Company has received additional facilities from its bank in order to meet its short term obligations and to fund the unforeseen losses that it has been incurring. These facilities were in the form of an overdraft which is repayable on 31 March 2016 and which the Company anticipates will be substantially drawn as to £6.0 million by completion of the Fundraising.

Accordingly, following completion of the Fundraising, approximately £6.0 million will be used to repay the temporary funding. As a result of the sharp decline in the trading performance, the Company has agreed with its bank a revision in the ongoing banking covenants relating to the borrowings and facilities that will remain in place until 31 May 2018. The facilities will, for the first 15 months, be subject only to certain asset cover covenants and from 30 June 2017 will also be subject to certain earnings covenants formulated by reference to the budgets for 2017/18. The management, taking into account the change in trading circumstances and having regard to the revised profit and cashflow expectations believes that the current structure of the lending package may not be appropriate for the longer term. The management therefore intends, and the bank has agreed in principle, to explore a more appropriate borrowing structure once the changes explained in paragraph 2 above have been implemented and the effect of the changes has begun to be visible in the profit and cash generation.

The existing borrowings and facilities, all of which are secured and guaranteed by various members of the Group comprise:

- a £9.5 million fully drawn loan facility, amortising at £500,000 per quarter from 31 March 2017 but subject to earlier part-repayment in the event of a major asset disposal;
- a £10.0 million fully drawn revolving credit/overdraft facility available until 31 May 2018; and
- a £6.0 million overdraft facility expiring on the earlier of 31 March 2016 and completion of the Fundraising.

4. Board and Management

Following the Fundraising and the re-profiling of the banking arrangements the Company's financial stability will be assured and the management will be better able to address improvements to its trading performance. In order to achieve an effective turnaround of the business Michael Hall will concentrate his attentions on reinforcing Stanley Gibbons' standing in the market, focusing on sales in the Company's core market and extending its reach geographically. As announced on 23 February 2016, Clive Whiley will join the Board with effect from completion of the Fundraising and will continue to oversee the review of Group overheads which remain a critical component of the re-launch of the Company.

Martin Bralsford has indicated that he wishes to step down from the Board and will do so after completion of the Fundraising as soon as a suitable new Chairman has been identified.

The longer term requirements and roles within the Board and executive management team will be reviewed as part of Evolution's ongoing 90 day review of strategy.

5. Profit forecast for the year ending 31 March 2016 and Prospects

As explained above, the Group has continued to experience lower trading activity during the last 6 months and now expects to report an adjusted loss before tax of between £1.0 million and £2.0 million for the year ending 31 March 2016, with the actual outcome being very dependent on the results of some major auction events this month.

As explained above, the Company has already started to take the actions necessary, through the 30 Day Action Plan, to restore the Group to profitability and to reduce the financial pressures from which it is suffering. These initiatives have included an immediate review of the operating overheads within the interiors division, the utilisation of the Group's property resources and commercialisation of the online marketplace and it is expected that within the next 12 months these initiatives will lead to a significant improvement in annualised profitability. The initiatives will ensure alignment of expenses with the Group's more predictable income streams without undermining the impact of material one-off sales which the Group will be better able to

pursue. However, the Company's income will continue to include some sporadic but material sales with the consequence that there will be times when the trading performance will be difficult to predict. Accordingly, the Board's expectation of the Company's performance for the current financial year, coupled with the estimated annualised cost savings outlined at paragraph 2 above, should not be taken to provide meaningful guidance of the Board's expectations for the overall financial performance in coming years.

The Board notes that the audit report to the financial statements for the year ended 31 March 2015 contained an emphasis of matter with respect to a balance of receivables. Whilst the amount is being collected slowly a significant balance remains outstanding and overdue.

6. Use of Proceeds

The gross proceeds of the Fundraising, amounting to £13.0 million will be used as follows:

Action	<i>£ million</i>
Repayment of bank extension	up to 6.00
Working capital and restructuring costs	c. 6.30
Adviser fees, banking arrangement fees	c. 0.70
Total	13.00

7. Fundraising

The Company proposes to raise £13.0 million (£12.3 million net of expenses) by the issue of 129,996,286 New Ordinary Shares by way of the Firm Placing and the Placing and Open Offer, each at an issue price of 10 pence per New Ordinary Share. The New Ordinary Shares will represent 73.4 per cent. of the Enlarged Issued Share Capital. finnCap, as agent of the Company, has conditionally placed the New Ordinary Shares at the Issue Price pursuant to the Underwriting Agreement.

Qualifying Shareholders are being offered the right to subscribe for Open Offer Shares in accordance with the terms of the Open Offer. Qualifying Shareholders are not being offered the right to subscribe for the Firm Placing Shares.

The Board considers the Firm Placing and the Placing and Open Offer to be an appropriate fundraising structure, providing certainty of funds to complete the plans outlined above whilst providing existing Shareholders with the opportunity to participate in the Fundraising through the Open Offer. Indeed, if Qualifying Shareholders are issued their full Basic Entitlements and receive their full Excess Entitlements, they will not suffer any dilution as a consequence of the Fundraising.

The terms and conditions of the Firm Placing and the Placing and Open Offer are set out in Part 2 of this document.

All elements of the Fundraising have the same Issue Price. The issue price of 10 pence per New Ordinary Share represents a 56.5 per cent. discount to the Closing Price of 23.00 pence per Existing Ordinary Share on 11 March 2016 (being the latest practicable date prior to the publication of this document). The Issue Price has been set by the Directors following their assessment of market conditions and following discussions with a number of institutional investors. The Directors are in agreement that the level of discount and method of issue are appropriate to secure the investment necessary.

The Fundraising has been conditionally underwritten by finnCap. Further details of the terms of the Underwriting Agreement are set out in Part 3 of this document.

Firm Placing

finnCap, as agent for the Company and pursuant to the Underwriting Agreement, has conditionally placed the Firm Placing Shares at the Issue Price to raise gross proceeds of £9.2 million. The Firm Placing Shares represent approximately 71.0 per cent. of the New Ordinary Shares and have been placed with institutional and other investors, including certain of the Directors and the Proposed Director. The Firm Placing Shares are not subject to clawback.

Placing and Open Offer

The Directors recognise the importance of pre-emption rights to Shareholders and consequently 37,696,286 Open Offer Shares are being offered to existing Shareholders by way of the Open Offer. The Open Offer provides Qualifying Shareholders with an opportunity to participate in the Fundraising by subscribing for their respective Basic Entitlements and Excess Entitlements.

As part of the Placing and Open Offer, finnCap as agent for the Company and pursuant to the Underwriting Agreement has conditionally placed the Placing Shares with Placees who have agreed to subscribe for the Placing Shares at the Issue Price. Shareholders should note that certain major Shareholders have given undertakings to finnCap and the Company to, where permitted in accordance with the terms of the Open Offer, subscribe for 13,432,681 Open Offer Shares which represents these Shareholders' Basic Entitlements. The 13,432,681 Open Offer Shares taken up by these Shareholders will be set off their subscription for the corresponding number of Placing Shares. The remaining 24,263,605 Placing Shares are subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer.

Subject to the fulfilment of the conditions set out below and in Part 2 of this document, Qualifying Shareholders are being given the opportunity to subscribe for Open Offer Shares under the Open Offer at the Issue Price, payable in full on application and free of all expenses, pro rata to their existing shareholdings on the following basis:

8 Open Offer Shares for every 10 Existing Ordinary Shares

held by Qualifying Shareholders and registered in their name at the Record Date.

Open Offer Entitlements under the Open Offer will be rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will not be allocated and will be disregarded. Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their Basic Entitlement.

If you have sold or otherwise transferred all of your Existing Ordinary Shares after the ex-entitlement Date, you are not entitled to participate in the Open Offer.

The Open Offer is not a rights issue. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim raised by Euroclear's Claims Processing Unit. Qualifying Non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should be aware that under the Open Offer, unlike in a rights issue, any New Ordinary Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer, but will be placed with Placees pursuant to the Underwriting Agreement, and the net proceeds will be retained, for the benefit of the Company.

Application has been made for the Open Offer Entitlements of Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Open Offer Entitlements will be admitted to CREST on 15 March 2016. The Open Offer Entitlements will also be enabled for settlement in CREST on 15 March 2016 to satisfy bona fide market claims only. Applications through the CREST system may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Further details of the Open Offer and the terms and conditions on which it is being made, including the procedure for application and payment, are contained in Part 2 of this document and for Qualifying Non-CREST Shareholders on the accompanying Application Form. To be valid, Application Forms (duly completed) and payment in full for the Open Offer Shares applied for must be received by Capita Asset Services, Corporate Actions, the Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by no later than 11.00 a.m. on 30 March 2016.

Qualifying Non-CREST Shareholders will have received an Application Form with this document which sets out their maximum entitlement to Open Offer Shares as shown by the number of Basic Entitlements allocated to them.

Qualifying Shareholders are also being given the opportunity, provided that they take up their Basic Entitlements in full, to apply for Excess Entitlements through the Excess Application Facility.

To enable the Company to benefit from applicable exemptions to the requirement under the Prospectus Rules to prepare a prospectus in connection with the Open Offer, a maximum of 37,696,286 Open Offer Shares, representing a total consideration of approximately £3.8 million will be made available to Qualifying Shareholders under the Open Offer, which will be conducted on the basis of 8 Open Offer Shares for every 10 Existing Ordinary Shares held at the Record Date. The Open Offer is restricted to Qualifying Shareholders in order to enable the Company to benefit from exemptions from securities law requirements in certain jurisdictions outside the United Kingdom.

Excess Application Facility

The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Basic Entitlements in full, to apply for Excess Entitlements to the extent that if a Qualifying Shareholder has taken up its Basic Entitlements in full and applies for and is allocated the maximum Excess Entitlements it will suffer no dilution as a result of the Fundraising. Qualifying Non-CREST Shareholders who wish to apply to acquire more than their Basic Entitlements should complete the relevant sections on the Application Form. Qualifying CREST Shareholders will have Excess Entitlements credited to their stock account in CREST and should refer to paragraph 3(f) of Part 2 of this document for information on how to apply for Excess Entitlements pursuant to the Excess Application Facility. Applications for Excess Entitlements will be satisfied only and to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Basic Entitlements and may be scaled back at the Company's absolute discretion.

Once subscriptions by Qualifying Shareholders under their Basic Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether or not to meet any applications for Excess Entitlements in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all. Application will be made for the Basic Entitlements and Excess Entitlements in respect of Qualifying CREST Shareholders to be admitted to CREST. It is expected that New Ordinary Shares issued pursuant to subscriptions by Qualifying Shareholders exercising their Basic Entitlements and Excess Entitlements will be admitted to CREST at 8.00 a.m. on 1 April 2016. Such New Ordinary Shares will also be enabled for settlement in CREST at 8.00 a.m. on 1 April 2016. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. Qualifying Non-CREST Shareholders will receive an Application Form with this document which sets out their entitlement to Open Offer Shares as shown by the number of Basic Entitlements allocated to them. Qualifying Non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded.

Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlements on 15 March 2016. Qualifying CREST Shareholders should note that although the Basic Entitlements and Excess Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of their Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. If applications are made for less than all of the Open Offer Shares available, then the lower number of Open Offer Shares will be issued and any outstanding Basic Entitlements will lapse.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part 2 of this document. For Qualifying Non-CREST Shareholders, completed Application Forms, accompanied by full payment, should be returned by post, or by hand (during normal business hours only), to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive as soon as possible and in any event so as to be received no later than 11.00 a.m. on 30 March 2016. For Qualifying CREST Shareholders the relevant CREST instructions must have been settled as explained in this document by no later than 11.00 a.m. on 30 March 2016.

Basis of allocation under the Fundraising

The Placing may be scaled back at the Company's absolute discretion in order to satisfy valid applications by Qualifying Shareholders under the Open Offer. The Open Offer is being made on a pre-emptive basis to Qualifying Shareholders. Any New Ordinary Shares that are available under the Open Offer and are not taken up by Qualifying Shareholders pursuant to their Open Offer Entitlements will be reallocated to the Placing.

The number of Placing Shares to be clawed back from Placees to satisfy valid applications by Qualifying Shareholders under the Open Offer will be calculated pro rata to each Placee's commitment to subscribe for Placing Shares. Placees should note that certain major shareholders have given irrevocable commitments to where permitted in accordance with the terms of the Open Offer, subscribe for their Basic Entitlements amounting to 13,432,681 Open Offer Shares and therefore the pro rata allocation of Placing Shares not subject to valid clawback will be calculated excluding these commitments.

Other Information relating to the Fundraising

Each of the placing of the Firm Placing Shares, the Placing Shares and the issue of the Open Offer Shares is conditional, *inter alia*, upon Admission becoming effective by no later than 8.00 a.m. on 1 April 2016 (or such later time and/or date as finnCap and the Company may agree being no later than 8.00 a.m. on 22 April 2016). The Placing is conditional on completion of the Open Offer.

The Open Offer is subject to the satisfaction, amongst other matters, of the following conditions on or before 1 April 2016 (or such time and date being no later than 8.00 a.m. on 22 April 2016, as the Company may decide):

- Admission becoming effective by 8.00 a.m. on 1 April 2016 (or such later time or date not being later than 8.00 a.m. on 22 April 2016 as the Company may decide);
- the Underwriting Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms; and
- the Resolutions having been duly passed without amendment at the Extraordinary General Meeting.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 1 April 2016 (or such later time and date as the Company may decide being no later than 8.00 a.m. on 22 April 2016), the Open Offer will lapse and application monies will be returned by post to the Applicant(s) at the Applicant's risk and without interest, to the address set out in the Application Form, within 14 days thereafter.

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of Admission.

Settlement and dealings

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that such Admission will become effective and that dealings will commence at 8.00 a.m. on 1 April 2016. Further information in respect of settlement and dealings in the New Ordinary Shares is set out in paragraph 7 of Part 2 of this document.

Overseas Shareholders

Certain Overseas Shareholders may not be permitted to subscribe for Open Offer Shares pursuant to the Open Offer and should refer to paragraph 6 of Part 2 of this document.

Extraordinary General Meeting

An Extraordinary General Meeting of the Company will be held at Banjo Jersey, 8 Beresford Street, St Helier, Jersey JE2 4WN at 10.00 a.m. on 30 March 2016 for the purpose of considering and, if thought fit, adopting the Resolutions at the Extraordinary General Meeting or any adjournment thereof.

Resolution 1 will be proposed as a special resolution and increases the Company's authorised share capital.

Resolution 2 will be proposed as an ordinary resolution (and is conditional on the passing of Resolution 1) and authorises the Directors to allot and issue the New Ordinary Shares pursuant to the Fundraising. The authority granted by the resolution, if passed, will be in addition to, and will not revoke or supersede, the authority to allot Ordinary Shares granted to the Directors at the annual general meeting of the Company held on 29 July 2015.

Resolution 3 will be proposed as a special resolution (and is conditional on the passing of Resolution 2) and empowers the Directors to allot and issue New Ordinary Shares pursuant to the authority granted by Resolution 2 free of the pre-emption rights contained in the articles of association of the Company. The power granted by the resolution, if passed, will be in addition to, and will not revoke or supersede, the power to allot Ordinary Shares on a non pre-emptive basis granted to the Directors at the annual general meeting of the Company held on 29 July 2015.

Please check that you have received the following with this document:

- a Form of Proxy for use in respect of the Extraordinary General Meeting; and
- a reply-paid envelope for use in connection with the return of the Form of Proxy (in the UK and Jersey only).

Whether or not you propose to attend the Extraordinary General Meeting in person, you are strongly encouraged to complete, sign and return your Form of Proxy in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received, by post or, during normal business hours only, by hand at Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF by no later than 11.00 a.m. on 28 March 2016 (or, in the case of an adjournment of the Extraordinary General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

This will enable your vote to be counted at the Extraordinary General Meeting in the event of your absence. The completion and return of the Form of Proxy or the use of the CREST Proxy Voting service will not prevent you from attending and voting at the Extraordinary General Meeting, or any adjournment thereof, in person should you wish to do so.

Action to be taken in respect of the Open Offer

If you are a Qualifying Non-CREST Shareholder you will find an Application Form accompanying this document which gives details of your Basic Entitlement (i.e. the number of Open Offer Shares available to you). If you wish to apply for Open Offer Shares under the Open Offer, you should complete the enclosed Application Form in accordance with the procedure set out at paragraph 3(i) of Part 2 of this document and on the Application Form itself and post it in the accompanying envelope (for use within the UK only), or return it by hand (during normal business hours only), together with payment in full in respect of the number of Open Offer Shares applied for to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive as soon as possible and in any event so as to be received no later than 11.00 a.m. on 30 March 2016, having first read carefully Part 2 of this document and the contents of the Application Form. If you are a Qualifying CREST Shareholder, no Application Form will be sent to you. As a Qualifying CREST Shareholder you will receive a credit to your appropriate stock account in CREST in respect of your Basic Entitlement. You should refer to the procedure set out at paragraph 3(ii) of Part 2 of this document.

The latest time for applications to be received under the Open Offer is 11.00 a.m. on 30 March 2016. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your Basic Entitlement or your Basic Entitlement has been credited to your stock account in CREST. The procedures for application and payment are set out in Part 2 of this document. Further details also appear on the Application Form which has been sent to Qualifying Shareholders. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

If you are in any doubt as to the procedure for acceptance, please contact Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England

and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

If you are in any doubt as to the contents of this document and/or the action you should take, you are recommended to seek your own personal financial advice from an independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the UK or, if you are outside the UK, from an appropriately authorised independent financial adviser, without delay.

Your attention is drawn to the Additional Information set out in Part 3 of this document. Shareholders should read the whole of this document and not rely solely on the summary information in this letter.

8. Related Party Transactions

The following Directors and Proposed Director will be subscribing for Firm Placing Shares (the “Participating Directors”):

<i>Director/Proposed Director</i>	<i>Ordinary Shares held prior to the Fundraising</i>	<i>Ordinary Shares subscribed for in the Firm Placing</i>	<i>Ordinary Shares held following the Fundraising</i>	<i>Percentage of the Enlarged Issued Share Capital held</i>
Martin Bralsford	204,800	550,000	754,800	0.43%
Mike Hall	227,648	1,000,000	1,227,648	0.69%
Donal Duff	100,000	750,000	850,000	0.48%
Martin Magee	9,456	50,000	59,456	0.03%
Simon Perrée	52,400	250,000	302,400	0.17%
Clive Whiley (via Zodiac Executive Pension Scheme)	–	500,000	500,000	0.28%

The Participating Directors will not be applying for their Basic or Excess Entitlements in the Open Offer.

The Independent Director, being Clive Jones who is not subscribing for Firm Placing Shares, having consulted with finnCap, considers that the participation of the above Directors and the Proposed Director in the Firm Placing is fair and reasonable insofar as Shareholders are concerned.

Henderson Global Investors Limited (“Henderson”) and Fidelity Investments Limited (“Fidelity”) currently hold 8,026,772 Ordinary Shares (17.0 per cent) and 4,712,035 Ordinary Shares (10.0 per cent.) respectively, making them substantial shareholders in the Company for the purpose of the AIM Rules. Henderson and Fidelity are subscribing for 37,725,800 and 9,200,000 Firm Placing Shares respectively and therefore this constitutes a related party transaction under the AIM Rules. Following the Fundraising, Henderson will hold 52,173,990 Ordinary Shares (29.5 per cent. of the Enlarged Issued Share Capital) and Fidelity will hold 17,681,663 Ordinary Shares (10.0 per cent. of the Enlarged Issued Share Capital). The Directors consider, having consulted with finnCap, that the participation of Henderson and Fidelity in the Firm Placing is fair and reasonable insofar as Shareholders are concerned.

9. Recommendation

The Directors are satisfied that the terms of the Fundraising are in the best interests of the Company and Shareholders as a whole and, accordingly, the Directors recommend that all Shareholders vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting, as they intend to do in respect of their own beneficial holdings which amount to, in aggregate, 594,304 Ordinary Shares, representing 1.3 per cent. of the Company’s issued share capital.

The Directors and the Proposed Director have subscribed for in aggregate 3,100,000 Firm Placing Shares.

Yours faithfully,

Martin Bralsford
Chairman

PART 2

DETAILS OF THE OPEN OFFER

1. Introduction

The Open Offer has been structured so as to allow Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price *pro rata* to their existing holdings. Qualifying Shareholders will be able to apply for their Basic Entitlements. Qualifying Shareholders will also be entitled, provided they have taken up their Basic Entitlements in full, to apply under the Excess Application Facility such that, to the extent that if a Qualifying Shareholder has taken up its Basic Entitlement in full and applies for and is allocated the maximum Excess Entitlement it will suffer no dilution as a result of the Fundraising. To the extent that Open Offer Shares are not applied for under the Open Offer, either by way of Basic Entitlements or Excess Entitlement such Open Offer Shares shall be placed or subscribed for as Placing Shares by finnCap pursuant to the terms of the Underwriting Agreement.

The Firm Placing Shares, which represent approximately 71.0 per cent. of the Fundraising, have been placed with institutional and other investors at the Issue Price, are not being offered to Qualifying Shareholders and do not form part of the Open Offer.

The Issue Price of the Open Offer Shares is the same as for the Firm Placing Shares and the Placing Shares and represents a discount of 56.5 per cent. to the closing price of 23.00 pence per Existing Ordinary Share on 11 March 2016 (being the last Business Day before the announcement of the Fundraising).

A summary of the arrangements relating to the Open Offer is set out below. This document and, where relevant, the Application Form contains the formal terms and conditions of the Open Offer.

The latest time for applications under the Open Offer to be received is 11.00 a.m. on 30 March 2016. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your Basic Entitlements under the Open Offer or have Basic Entitlements credited to your stock account in CREST in respect of such entitlement. The procedures for application and payment are further set out below in this Part 2.

2. The Open Offer

The Company hereby invites Qualifying Shareholders to apply, on and subject to the terms and conditions set out herein and in the Application Form (in respect of shares held in certificated form) and subject to the articles of association of the Company, for Open Offer Shares at the Issue Price, free from all expenses, payable in cash in full on application. The closing mid-market price for an Ordinary Share, on 11 March 2016 (being the last practicable date before the publication of this document) was 23.00 pence.

Subject to fulfilment of the conditions set out below and (in respect of Ordinary Shares held in certificated form) in the Application Form, Qualifying Shareholders are being given the opportunity to subscribe for Open Offer Shares at the Issue Price payable in full on application and free of all expenses, *pro rata* to their existing shareholdings, on the basis of:

8 Open Offer Shares for every 10 Existing Ordinary Shares

held at the Record Date. Basic Entitlements and where relevant, Excess Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of Open Offer Shares. Fractions of Open Offer Shares will not be allotted, each Qualifying Shareholder's entitlement being rounded down to the nearest whole number.

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their maximum basic entitlement which, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Basic Entitlements as shown on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Basic Entitlements standing to the credit of their stock account in CREST and, if they so wish, may apply for Open Offer Shares in excess of their Basic Entitlements pursuant to the Excess Application Facility.

The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Basic Entitlements in full, to apply for Excess Entitlements such that to the extent that if a Qualifying Shareholder has taken up its Basic Entitlement in full and applies for and is allocated the maximum Excess Entitlement it will suffer no dilution as a result of the Fundraising. Qualifying Non-CREST Shareholders who wish to apply to subscribe for more than their Basic Entitlements should complete the relevant sections on the Application Form. Qualifying CREST Shareholders will have Excess Entitlements credited to their stock account in CREST and should refer to paragraph 3(ii) of this Part 2 for information on how to apply for Open Offer Shares pursuant to the Excess Application Facility.

Applications for Excess Entitlements will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Basic Entitlements. Once subscriptions by Qualifying Shareholders under their respective Basic Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any applications for Excess Entitlements in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

Any monies paid for applications in excess of their Basic Entitlements which are not so satisfied will be returned to the Applicant (at the Applicant's risk) without interest within 14 days by way of cheque or CREST payment, as appropriate. The action to be taken in relation to the Open Offer depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Basic Entitlements credited to your stock account in CREST in respect of such entitlement.

Not all Shareholders will be Qualifying Shareholders. Overseas Shareholders who are located in, or who are citizens of, or have a registered address in certain overseas jurisdictions (including, without limitation, any Restricted Jurisdiction) will not qualify to participate in the Open Offer. The attention of Overseas Shareholders or any person (including without limitation a custodian, nominee or trustee) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom is drawn to paragraph 6 of this Part 2.

If you have received an Application Form with this document, please refer to paragraphs 3(i) and 4(i) of this Part 2.

If you hold your Ordinary Shares in CREST and have received a credit of Basic Entitlements and Excess Entitlements to your CREST stock account, please refer to paragraphs 3(ii) and 4(ii) of this Part 2 and also to the CREST Manual for further information on the CREST procedures referred to below.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission of the Open Offer Shares will become effective and that dealings for normal settlement in the Open Offer Shares on AIM will commence at 8.00 a.m. on 1 April 2016.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the Open Offer Shares; all of such shares, when issued and fully paid, may be held and transferred by means of CREST.

Application has been made for the Basic Entitlements and Excess Entitlements in respect of Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Basic Entitlements and Excess Entitlements will be admitted to CREST at 8.00 a.m. on 15 March 2016. Such Basic Entitlements and Excess Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 15 March 2016. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Qualifying Non-CREST Shareholders will have received an Application Form with this document which sets out their entitlement to Open Offer Shares as shown by the number of Basic Entitlements allocated to them. Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlements on 15 March 2016.

The Open Offer Shares will be issued fully paid and will be identical to, and rank *pari passu* in all respects with, the Existing Ordinary Shares and will rank *pari passu* for all dividends or other distributions declared,

made or paid after the date of issue of the Open Offer Shares. No temporary documents of title will be issued.

The Basic Entitlements and any Excess Entitlements of Qualifying CREST Shareholders will be registered in uncertificated form and credited to their stock account in CREST. The Basic Entitlements and any Excess Entitlements of Qualifying Non-CREST Shareholders will be registered in certificated form and sent to Qualifying Non-CREST Shareholders. The action to be taken in relation to the Open Offer is described in paragraph 3 below.

The Open Offer is subject to the satisfaction, amongst other matters, of the following conditions on or before 1 April 2016 (or such time and date being no later than 8.00 a.m. on 22 April 2016, as the Company may decide):

- Admission becoming effective by 8.00 a.m. on 1 April 2016 (or such later time or date not being later than 8.00 a.m. on 22 April 2016 as the Company may decide);
- the Underwriting Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms; and
- the Resolutions having been duly passed without amendment at the Extraordinary General Meeting.

It is expected that Admission will occur and dealings in the Open Offer Shares will commence at 8.00 a.m. on 1 April 2016.

If the conditions are not fulfilled on or before 8.00 a.m. on 1 April 2016 (or such later date, time and being not later than 8.00 a.m. on 22 April 2016, as the Company may decide) application monies are expected to be returned without interest by crossed cheque in favour of the Applicant(s) (at the Applicant's risk) by post for Qualifying non-CREST Shareholders and through CREST for Qualifying CREST Shareholders as soon as practicable after that date and any Basic Entitlements or Excess Entitlements admitted to CREST will be disabled.

The Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should also 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 or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer. Qualifying CREST Shareholders should note that although the Basic Entitlements and Excess Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's claims processing unit.

Completed Application Forms (in respect of shares held in certificated form), accompanied by full payment, should be returned by post to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by hand (during normal business hours only) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive as soon as possible and in any event so as to be received no later than 11.00 a.m. on 30 March 2016.

Any Open Offer Shares not taken up under the Open Offer (including under the Excess Application Facility) will be placed by or subscribed for by finnCap as Placing Shares to the extent that they are not placed by finnCap to Placees in the Placing.

The Open Offer Shares will represent approximately 21.3 per cent. of the Enlarged Issued Share Capital.

Further terms of the Open Offer are set out in this Part 2 and, where relevant, in the Application Form.

Before making any decision to acquire Open Offer Shares, you are asked to read and carefully consider all of the information in this document, including in particular the important information set out in the letter from the Chairman in Part 1 of this document, as well as this Part 2.

3. Procedure for Application and Payment

Save as provided in paragraph 6 of this Part 2 in relation to Overseas Shareholders, the action to be taken by you in respect of the Open Offer depends on whether at the relevant time you have an Application Form

in respect of your entitlement under the Open Offer, including the Excess Application Facility, or you have Basic Entitlements and Excess Entitlements credited to your CREST stock account in respect of such entitlement.

Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form on the Record Date and who take up Open Offer Shares under their entitlement will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. Further information on deposit into CREST is set out in paragraph 3(ii)(f) of this Part 2.

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of their Basic Entitlements and Excess Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Basic Entitlements and Excess Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below. If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will make an appropriate announcement to a Regulatory Information Service operated by the London Stock Exchange giving details of the revised dates.

(i) *Qualifying non-CREST Shareholders (Shareholders who hold share certificates and receive an Application Form in respect of their Open Offer Entitlement)*

(a) General

Subject to the provisions set out in this Part 2 in relation to the Overseas Shareholders, Qualifying Non-CREST Shareholders will have received an Application Form enclosed with this document. The Application Form shows the number of Existing Ordinary Shares registered in the relevant Qualifying Non-CREST Shareholder's name at close of on the Record Date.

It also shows the number of Open Offer Shares for which such relevant Qualifying Non-CREST Shareholder is entitled to apply under the Open Offer, calculated on the basis set out in paragraph 2 of this Part 2, above. Qualifying Non-CREST Shareholders may also apply for less than their maximum Basic Entitlements.

The instructions and other terms set out in the Application Form constitute part of the terms of the Open Offer.

The Excess Application Facility enables Qualifying Shareholders who have taken up their full Basic Entitlements to apply for additional Open Offer Shares in excess of their Basic Entitlements such that, to the extent that if a Qualifying Shareholder has taken up its Basic Entitlement in full and applies for and is allocated the maximum Excess Entitlement it will suffer no dilution as a result of the Fundraising. Applications in excess of the Basic Entitlements will only be satisfied to the extent that applications made by other Qualifying Shareholders are less than their full Basic Entitlements and may therefore be scaled down at the Company's sole discretion.

The instructions and other terms which are set out in the Application Form constitute part of the terms of the Open Offer.

(b) Market Claims

Applications for Open Offer Shares (including under the Excess Application Facility) may only be made on the Application Form which is personal to the Qualifying Non-CREST Shareholders(s) named thereon and may not be assigned, transferred or split except in the circumstances described below. The Application Form represents the right to apply for Open Offer Shares and is not a document of title and cannot be separately traded. It is transferable only to satisfy legitimate market claims in relation to market purchases pursuant to the rules of the London Stock Exchange prior to the Existing Ordinary Shares being marked "ex" the entitlement to the Open Offer. Applications may be split or consolidated only to satisfy legitimate market claims up to 3.00 p.m. on 28 March 2016.

Qualifying Non-CREST Shareholders may also apply for Excess Entitlements in excess of their Basic Entitlement to Open Offer Shares by completing Boxes 3 and 4 of the Application Form for the total number of Open Offer Shares for which they wish to make application (including their Basic Entitlement) and

submitting the amount payable on such application. Further details of the Excess Application Facility are set out in paragraph 3(i)(f) of this Part 2.

Any Qualifying Non-CREST Shareholder who has sold or transferred all or part of his holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to the Open Offer, should consult his stockbroker or other professional adviser as soon as possible since the invitation to acquire New Ordinary Shares under the Open Offer may represent a benefit which can be claimed from him by the purchaser or transferee under the rules of the London Stock Exchange. Qualifying Non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send it to the purchaser or transferee or the bank, stockbroker or other agent through whom or by whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however, subject to certain exceptions, be forwarded to or transmitted in or into the United States of America, Australia, Canada, South Africa, New Zealand or Japan. Applications for Open Offer Shares (including under the Excess Application Facility) may only be made on the Application Form and may only be made by the Qualifying Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of existing Ordinary Shares through the market prior to the date upon which the existing Ordinary Shares were marked “ex” the entitlement to the Open Offer by AIM, being 14 March 2016. Application Forms may be split up to 3.00 p.m. on 28 March 2016.

If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 3(ii) below.

A Qualifying Non-CREST Shareholder who does not wish to apply for any of the Open Offer Shares to which he or she is entitled should not return a completed Application Form to Capita Asset Services. However, he or she is strongly encouraged to still complete and return the Form of Proxy to Capita Asset Services.

(c) Application Procedures

Applications for Open Offer Shares (including under the Excess Application Facility) by Qualifying Non-CREST Shareholders may only be made on the Application Form, which is personal to the Qualifying Non-CREST Shareholder(s) named on it and is not capable of being split, assigned or transferred except in the circumstances described below.

Qualifying Non-CREST Shareholders may also apply for Open Offer Shares in excess of their Basic Entitlement to Open Offer Shares up to the maximum amount of their Excess Entitlements by completing Boxes 3 and 4 of the Application Form for the total number of Open Offer Shares for which they wish to make application (including their Basic Entitlement) and submitting the amount payable on such application. Further details on the Excess Application Facility are set out in paragraph 3(i)(f) of this Part 2.

A Qualifying Non-CREST Shareholder who does not wish to apply for any of the Open Offer Shares to which he or she is entitled should not return a completed Application Form to Capita Asset Services. However, he or she is strongly encouraged to still complete and return the Form of Proxy to Capita Asset Services.

If you are a Qualifying Non-CREST Shareholder and wish to apply for all or some of your entitlement to Open Offer Shares under the Open Offer (including any application for any Excess Entitlements under the Excess Application Facility) you should complete and sign the Application Form in accordance with the instructions on it and send it by post or deliver it by hand (during normal business hours only) with the appropriate remittance, to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, UK so as to arrive no later than 11.00 a.m. on 30 March 2016. A reply paid envelope is enclosed for use by Qualifying Non-CREST Shareholders in connection with the Open Offer. Your Application Form will not be valid unless you sign it.

The Application Form represents a right personal to the Qualifying Non-CREST Shareholders to apply to subscribe for Open Offer Shares (including under the Excess Application Facility); it is not a document of title and it cannot be traded. It is assignable or transferable only to satisfy *bona fide* market claims in relation to purchases in the market pursuant to the rules and regulations of the London Stock Exchange.

Application Forms may be split up to 3.00 p.m. on 28 March 2016 but only to satisfy such *bona fide* market claims. Qualifying Non-CREST Shareholders who have before the ex entitlement date sold or transferred all or part of their shareholdings are advised to consult their stockbroker, bank or agent through whom the sale or transfer was effected or another professional adviser authorised under the FSMA as soon as possible, since the invitation to apply for Open Offer Shares (including under the Excess Application Facility) may represent a benefit which can be claimed from them by the purchaser(s) or transferee(s) under the rules of the London Stock Exchange.

Qualifying Non-CREST Shareholders who submit a valid application using the Application Form and accompanying payment will (subject to the terms and conditions set out in this Part 2, in the letter from the Chairman of the Company in Part 1, in the Application Form and in the articles of association of the Company) be allocated the Open Offer Shares applied for in full at the Issue Price (subject to the Company's discretion to accept, reject or scale back any application for any Open Offer Shares).

Applications will be irrevocable and, once submitted, may not be withdrawn and their receipt will not be acknowledged. The Company reserves the right to treat any application not strictly complying with the terms and conditions of application as nevertheless valid.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an Applicant (or as the Applicant may direct) will be sent at the Applicant's own risk.

If Open Offer Shares have already been allotted to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque or a duly endorsed banker's draft is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Company shall arrange (in its absolute discretion as to manner, timing and terms) to make arrangements for the sale of such Qualifying Non-CREST Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of Capita Asset Services, the Company or any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholders.

Please note that Capita Asset Services cannot provide financial advice on the merits of the Open Offer or as to whether or not you should take up your entitlement(s) to Open Offer Shares under the Open Offer. If any Application Form is sent by first class post within the United Kingdom, Qualifying Non-CREST Shareholders are recommended to allow at least four Business Days for delivery. The Company may in its absolute discretion elect to accept Application Forms and remittances after 11.00 a.m. on 30 March 2016. The Company may also (in its sole discretion) elect to treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions, or if it does not strictly comply with the terms and conditions of application. Applications will not be acknowledged.

The Company also reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 11.00 a.m. on 30 March 2016 from an authorised person (as defined in FSMA) specifying the number of Open Offer Shares concerned, and undertaking to lodge the relevant Application Form in due course.

(d) *Payments*

All payments must be in pounds sterling and cheques or duly endorsed banker's drafts should be made payable to "Capita Registrars Limited re: THE STANLEY GIBBONS GROUP PLC Open Offer A/C" and crossed "A/C payee only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner. Third party cheques may not be accepted except building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping and endorsing the back of the building society cheque or bankers' draft on the reverse to such effect.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct Capita Asset Services to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be allowed on payments made. It is a term of the Open Offer that cheques shall be honoured on first presentation, and the Company may elect in its absolute discretion to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Application monies will be paid into a separate non-interest bearing bank account pending the Open Offer becoming unconditional. In the event that it does not become unconditional by 8.00 a.m. on 1 April 2016 or such later time and date as the Company may decide (being no later than 22 April 2016), the Open Offer will lapse and application monies will be returned by post to Applicant(s), at the Applicants' risk and without interest, to the address set out on the Application Form, within 14 days thereafter.

The Company shall as soon as possible after 1 April 2016 refund any payment received with respect to an application for a number of Open Offer Shares in respect of a Basic Entitlement which has been rejected in whole or in part by the Company.

(e) Effect of Application

All documents and remittances sent by post by or to an Applicant (or as the Applicant may direct) will be sent at the Applicant's own risk. By completing and delivering an Application Form, you (as the Applicant(s)):

- (i) agree that all applications, and contracts resulting therefrom, under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (ii) confirm to the Company and finnCap that in making the application you are not relying on any information or representation other than that contained in this document, and you accordingly agree that no person responsible solely or jointly for this document or any part thereof shall have any liability for any such information or representation not so contained and that having had the opportunity to read this document you will be deemed to have notice of all the information concerning the Group and the Ordinary Shares contained within this document;
- (iii) represent and warrant to the Company and finnCap that if you have received some or all of your Basic Entitlements from a person other than the Company, you are entitled to apply under the Open Offer in relation to such Basic Entitlements by virtue of a *bona fide* market claim;
- (iv) represent and warrant to the Company and finnCap that you are not a citizen or resident of a Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Shares is prevented by law and are not applying on behalf of, or with a view to the re-offer, re-sale or delivery of Open Offer Shares directly or indirectly in, into or within a Restricted Jurisdiction or to a resident of a Restricted Jurisdiction or to any person you believe is purchasing or subscribing for the purpose of such re-offer, re-sale or delivery;
- (v) represent and warrant to the Company and finnCap that you are not otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of such person(s) on a non-discretionary basis;
- (vi) represent and warrant to the Company and finnCap as follows: (i) you have not received the Application Form or any other document relating to the Open Offer in a Restricted Jurisdiction, nor have you mailed, transmitted or otherwise distributed or forwarded any such document in or into a Restricted Jurisdiction; (ii) you are not and were not located in a Restricted Jurisdiction at the time you accepted the Application Form or at the time you returned the Application Form; and (iii) if you are acting in a fiduciary, agency or other capacity as an intermediary, then either (A) you have full investment discretion with respect to the Open Offer Shares covered by the Application Form or (B) the person on whose behalf you are acting was located outside a Restricted Jurisdiction at the time he or she instructed you to submit the Application Form;
- (vii) request that the Open Offer Shares to which you will become entitled be issued to you on the terms set out in this document and the Application Form, subject to the articles of association of the Company;

- (viii) confirm that in making the application you are not relying on and have not relied on the Company or finnCap or any person affiliated with the Company or finnCap in connection with any investigation of the accuracy of any information contained in this document or your investment decision;
- (ix) represent and warrant to the Company and finnCap that you are not and nor are you applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
- (x) represent and warrant to the Company and finnCap that you have the right, power and authority, and have taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise your rights, and perform your obligations under any contracts resulting therefrom and that you are not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (xi) acknowledge that the Existing Ordinary Shares are admitted to trading on AIM and the Company is therefore required to publish certain business and financial information in accordance with the rules of AIM (the "Exchange Information"), and that you are able to obtain or access the Exchange Information without undue difficulty. None of the Company, finnCap, nor any person acting on their behalf nor any of their respective affiliates nor any of their respective directors, officers, employees, agents, partners or professional advisers has or shall have any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement contained in this document, the Application Form or any other information made available by or on behalf of the Company or made publicly available by the Company on its website, by press release, by public filing or otherwise or any other information, provided that nothing in this paragraph excludes the liability of any person for fraud made by that person; and
- (xii) represent and warrant to the Company and finnCap that the purchase by you of Open Offer Shares does not trigger in the jurisdiction in which you are resident: (a) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; or (b) any disclosure reporting obligation of the Company; or (c) any registration or other obligation on the part of the Company; or (d) the requirement for the Company to take any other action.

If you are unable to provide such representations and warranties you will be deemed not to have validly submitted an application for Open Offer Shares, save in the discretion of the Company and subject to certain conditions.

You should note that applications will be irrevocable. The Company reserves the right (but shall not be obliged) to treat any application not strictly complying in all respects with the terms and conditions of application as nevertheless valid.

If you do not wish to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, you should not complete and return the Application Form. Shareholders are nevertheless requested to complete and return the enclosed Form of Proxy for use at the Extraordinary General Meeting to be held at Banjo Jersey, 8 Beresford Street, St Helier, Jersey JE2 4WN at 10.00 a.m. on 30 March 2016.

If you are in doubt whether or not you should apply for any of the Open Offer Shares under the Open Offer, you should consult your independent financial adviser immediately. For all enquiries in relation to the procedure for application for Qualifying Non-CREST Shareholders under the Open Offer please contact Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot comment on the merits of the Open Offer or provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

(f) The Excess Application Facility

The Excess Application Facility enables Qualifying Shareholders who have taken up their Basic Entitlements in full to apply for additional Open Offer Shares to the extent that if a Qualifying Shareholder has taken up its Basic Entitlement in full and applies for and is allocated the maximum Excess Entitlement it will suffer no dilution as a result of the Fundraising.

Applications for Excess Entitlements will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Basic Entitlements. Once applications by Qualifying Shareholders for their Basic Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any applications for Excess Entitlements in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all. Qualifying Non-CREST Shareholders who wish to apply for additional Open Offer Shares in excess of their Basic Entitlements must complete the Application Form in accordance with the instructions set out on the Application Form.

Should the Open Offer become unconditional and applications for Open Offer Shares exceed the 37,696,286 Open Offer Shares being made available to Qualifying Shareholders as a result of applications made in respect of the Excess Application Facility, resulting in a scaling back of applications, each Qualifying Non-CREST Shareholder who has made a valid application for Open Offer Shares under the Excess Application Facility and from whom payment in full for such Open Offer Shares has been received in cleared funds will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for under the Excess Application Facility but not allocated to the relevant Qualifying Non-CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the Applicant's sole risk.

Fractions of Open Offer Shares will not be issued under the Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number.

(ii) If you have Basic Entitlements and Excess Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer

(a) General

Subject as provided in paragraph 6 of this Part 2 in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Basic Entitlements equal to the maximum number of Open Offer Shares for which he is entitled to apply under the Open Offer. Qualifying CREST Shareholders may also apply for Open Offer Shares in excess of their Basic Entitlement under the Excess Application Facility. Further details of Excess Application Facility can be found in paragraph 3 (ii) (j) of this Part 2.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Basic Entitlements and Excess Entitlements have been allocated.

If for any reason the Basic Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 3.00 p.m. on 15 March 2016 or such later time as the Company may decide, an Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Basic Entitlements and Excess Entitlements credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive Application Forms.

Qualifying CREST Shareholders who wish to apply for some or all of their entitlements to Open Offer Shares (including any applications for Excess Entitlements) should refer to the CREST Manual for further information on the CREST procedures referred to below. If you have any questions relating to the procedure for acceptance, please contact Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot comment on the merits of the Open Offer or provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

If you are a CREST sponsored member you should consult your CREST Sponsor if you wish to apply for Open Offer Shares (including any applications for Excess Entitlements) as only your CREST Sponsor will be able to take the necessary action to make this application in CREST.

(b) *Market claims*

The Basic Entitlements and Excess Entitlements will have separate ISIN/SEDOL numbers and will constitute separate securities for the purposes of CREST. Although Basic Entitlements and Excess Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Basic Entitlements and Excess Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Basic Entitlement will generate an appropriate market claim transaction and the relevant Basic Entitlement(s) and Excess Entitlement(s) will thereafter be transferred accordingly.

(c) *USE Instructions*

Qualifying CREST Shareholders who wish to apply for Open Offer Shares in respect of all or some of their Basic Entitlements and Excess Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST Sponsor sends) an Unmatched Stock Event (“USE”) instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of Capita Asset Services under the participant ID and member account ID specified below, with a number of Basic Entitlements or Excess Entitlements corresponding to the number of Open Offer Shares or Excess Entitlements applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of Capita Asset Services in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares or Excess Entitlements referred to in (i) above.

(d) *Content of USE Instructions in respect of Basic Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear UK & Ireland’s specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Basic Entitlement(s) being delivered to Capita Asset Services as receiving agent);
- (ii) the ISIN of the Basic Entitlement. This is JE00BD6RD735;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Basic Entitlements are to be debited;
- (v) the participant ID of Capita Asset Services, in its capacity as a CREST receiving agent. This is 7RA33;
- (vi) the member account ID of Capita Asset Services, in its capacity as CREST receiving agent. This is 28792THE;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 30 March 2016; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 30 March 2016.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST Sponsors, should note that the last time at which a USE instruction may settle on 30 March 2016 in order to be valid is 11.00 a.m. on that day.

(e) Content of USE Instructions in respect of Excess Entitlements

The USE Instruction must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of Excess Entitlement(s) being delivered to Capita) not exceeding the maximum amount of the Excess Entitlement;
- (ii) the ISIN of the Excess Entitlement. This is JE00BD6RD842;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess Entitlements are to be debited;
- (v) the Participant ID of Capita in its capacity as a CREST receiving agent, which is 7RA33;
- (vi) the CREST member account ID of Capita Asset Services in its capacity as CREST receiving agent, which is 28792THE;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date, which must be before 11.00 a.m. on 30 March 2016; and
- (ix) the Corporate Action Number for the Open Offer, which will be available by viewing the relevant corporate action details in CREST.

In order for an application in respect of an Excess Entitlement under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 30 March 2016.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) should add the following non-mandatory fields to their USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST Sponsors, should note that the last time at which a USE instruction may settle in order to be valid is 11.00 a.m. on 30 March 2016. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess Entitlement security.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 1 April 2016, or such later time and date as the Company may decide (being no later than 22 April 2016), the Open Offer will lapse, the Basic Entitlements and Excess Entitlements admitted to CREST will be disabled and Capita Asset Services will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter. The Open Offer cannot be revoked once all conditions have been satisfied.

(f) Deposit of Basic Entitlements into, and withdrawal from, CREST

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Basic Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Basic Entitlements and Excess Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing so to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Basic Entitlements and Excess Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 30 March 2016.

In particular, having regard to normal processing times in CREST and on the part of Capita Asset Services, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Basic Entitlements in CREST, is 3.00 p.m. on 24 March 2016, and the recommended latest time for receipt by Euroclear UK & Ireland of a dematerialised instruction requesting withdrawal of Basic Entitlements and Excess Entitlements from CREST is 4.30 p.m. on 23 March 2016, in either case so as to enable the person acquiring or (as appropriate) holding the Basic Entitlements and Excess Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Basic Entitlements and Excess Entitlements prior to 11.00 a.m. on 30 March 2016.

Delivery of an Application Form with the CREST Deposit Form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the warranties and representations on page 2 of the Application Form, and a declaration to the Company from the relevant CREST member(s) that it/they is/are not citizen(s) or resident(s) of any of the Restricted Jurisdictions and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(g) Validity of Application

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 30 March 2016 will constitute a valid application under the Open Offer.

(h) CREST Procedures and Timings

CREST members and (where applicable) their CREST Sponsors should note that Euroclear UK & Ireland does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST Sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 30 March 2016. In this connection CREST members and (where applicable) their CREST Sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(i) Incorrect or Incomplete Applications

If a USE instruction includes a CREST payment for an incorrect sum, the Company through Capita Asset Services reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question;
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares and/or Excess Entitlements as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question; and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction refunding any unutilised sum to the CREST member in question (without interest).

(j) The Excess Application Facility

Provided that a Qualifying CREST Shareholder chooses to take up their Basic Entitlement in full, the Excess Application Facility enables Qualifying CREST Shareholders to apply for additional Open Offer Shares in excess of their Basic Entitlements such that to the extent that if a Qualifying Shareholder has taken up its

Basic Entitlement in full and applies for and is allocated the maximum Excess Entitlement it will suffer no dilution as a result of the Fundraising. Any such applications will be granted at the absolute discretion of the Company.

Applications for Excess Entitlements will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Basic Entitlements. Once subscriptions by Qualifying Shareholders under their respective Basic Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

An Excess Entitlement may not be sold or otherwise transferred. Subject as provided in paragraph 6 of this Part 2 in relation to certain Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess Entitlement in order for any applications for Excess Entitlements to be settled through CREST. The credit of such Excess Entitlement does not in any way give Qualifying CREST Shareholders a right to the Open Offer Shares attributable to the Excess Entitlement as an Excess Entitlement is subject to scaling back at the Company's absolute discretion in accordance with the provisions of this document.

To apply for Excess Entitlements pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque. Should a transaction be identified by the CREST Claims Processing Unit as "cum" the Basic Entitlement and the relevant Basic Entitlement(s) be transferred, the Excess Entitlements will not transfer with the Basic Entitlement(s) claim, but will be transferred as a separate claim.

Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess Entitlement credited to CREST, and allocated to the relevant Qualifying Shareholder, will be transferred to the purchaser. Please note that an additional USE instruction must be sent in respect of any application under the Excess Entitlement.

Should the Open Offer become unconditional and applications for Open Offer Shares by Qualifying Shareholders under the Open Offer exceed the number of Open Offer Shares being made available, resulting in a scaling back of applications under the Excess Application Facility, each Qualifying CREST Shareholder who has made a valid application for Open Offer Shares under the Excess Application Facility, and from whom payment in full for the Excess Entitlement has been received, will receive a pounds sterling amount equal to the number of Open Offer Shares validly applied and paid for but which are not allocated to the relevant Qualifying CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest, and at the Applicant's sole risk.

Fractions of Open Offer Shares will not be issued under the Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number.

(k) Effect of Valid Application

A CREST member who makes or is treated as making a valid application in accordance with the above procedures will thereby:

- (i) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to Capita' Asset Service's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (ii) confirm to the Company and finnCap that in making the application you are not relying on any information or representation other than that contained in this document, and you accordingly agree that no person responsible solely or jointly for this document or any part thereof shall have any liability for any such information or representation not so contained and that having had the opportunity to read this document you will be deemed to have notice of all the information concerning the Group contained within this document;
- (iii) request that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the articles of association of the Company;

- (iv) agree that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (v) represent and warrant to the Company and finnCap that he is not applying on behalf of any Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction and he is not applying with a view to reoffering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of this application to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction except where proof satisfactory to the Company has been provided to the Company and that he is able to accept the invitation by the Company of any requirement which it (in its absolute discretion) regards as unduly burdensome, nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (vi) represent and warrant to the Company and finnCap that he is not and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
- (vii) confirm that in making such application he is not relying on any information in relation to the Company other than that contained in publicly available information and agrees that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof, shall have any liability for any such other information and further agrees that he will be deemed to have had notice of all the information concerning the Group contained within this document;
- (viii) represent and warrant to the Company and finnCap that he is the Qualifying Shareholder originally entitled to the Basic Entitlements or that he has received such Basic Entitlements and Excess Entitlements by virtue of a *bona fide* market claim;
- (ix) represent and warrant to the Company and finnCap that you have the right, power and authority, and have taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise your rights, and perform your obligations under any contracts resulting therefrom and that you are not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (x) confirm that in making the application he is not relying on and have not relied on the Company, finnCap or any person affiliated with the Company or finnCap in connection with any investigation of the accuracy of any information contained in this document or your investment decision;
- (xi) acknowledge that the Existing Ordinary Shares are admitted to trading on AIM and the Company is therefore required to publish certain business and financial information in accordance with the rules of AIM (the "Exchange Information"), and that you are able to obtain or access the Exchange Information without undue difficulty. None of the Company, finnCap nor any person acting on their behalf nor any of their respective affiliates nor any of their respective directors, officers, employees, agents, partners or professional advisers has or shall have any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement contained in the Exchange Information, any other information made available by or on behalf of the Company or made publicly available by the Company on its website, by press release, by public filing or otherwise or any other information, provided that nothing in this paragraph excludes the liability of any person for fraud made by that person; and
- (xii) warrant and represent to the Company and finnCap that the purchase by him of Open Offer Shares does not trigger in the jurisdiction in which you are resident: (a) any obligation to prepare or file a prospectus or similar document or any other report with respect to such purchase; or (b) any disclosure reporting obligation of the Company; or (c) any registration or other obligation on the part of the Company; or (d) the requirement for the Company to take any other action.

(l) *Company's discretion as to Rejection and Validity of Applications*

The Company may in its sole discretion:

- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part 2;

- (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST Sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the “first instruction”) as not constituting a valid application if, at the time at which Capita Asset Services receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or Capita Asset Services have received actual notice from CREST of any of the matters specified in Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST Sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST Sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by Registrar in connection with CREST.

(m) *Issue of Open Offer Shares in CREST*

Basic Entitlements and Excess Entitlements held in CREST are expected to be disabled in all respects after 10.00 a.m. on 30 March 2016. If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied. On this day Capita Asset Services will instruct Euroclear UK & Ireland to credit the appropriate stock accounts of such persons with such persons’ Basic Entitlements with effect from the next Business Day. The stock accounts to be credited will be accounts under the same Participant IDs and Member Account IDs in respect of which the USE instruction was given.

4. Money Laundering Regulations

(i) *Holders of Application Forms*

It is a term of the Open Offer that, to ensure compliance with the Money Laundering Regulations 2007, the money laundering provisions of the Criminal Justice Act 1993, Part 5III of the Financial Services and Markets Act 2000 and the Proceeds of Crime Act 2002 (together with the provisions of the Money Laundering Sourcebook of the FCA and the manual of guidance produced by the Joint Money Laundering Steering Group in relation to financial sector firms) (together, the “Regulations”), that Capita Asset Services Agent may, in its absolute discretion, require verification of your identity to the extent that you have not already provided the same. Pending the provision to Capita Asset Services of evidence of your identity, definitive certificates in respect of Open Offer Shares may be retained at its absolute discretion.

If within a reasonable time after a request for verification of identity but in any event by 10.00 a.m. on 30 March 2016, Capita Asset Services has not received evidence satisfactory to it, the Company may, in its absolute discretion, elect not to treat as valid the relevant application, in which event the monies payable on acceptance of the application will, if paid, be returned without interest and net of bank charges at the Applicant’s Risk by cheque to the Applicant(s) to the account of the drawee bank or building society from which sums were originally debited (but in each case without prejudice to any rights the Company may have to take proceedings in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid).

In order to avoid this, payment should be made by means of a cheque drawn by and in the name of the Applicant named on the accompanying Application Form or (where an Application Form has been transferred and/or split to satisfy *bona fide* market claims in relation to transfers of Existing Ordinary Shares through the market prior to 3.00 p.m. on 28 March 2016), by the person(s) named in Box 1 on the Application Form. If this is not practicable and the Applicant uses a cheque drawn on a building society or a banker’s draft, the Applicant should:

- (i) ask the building society or bank to endorse the back of the cheque or draft the name and account number of the person whose building society or bank account is being debited which must be the same name as that printed on the Application Form, such endorsement being validated by a stamp and authorised signature by the building society or bank on the reverse of the cheque or banker's draft;
- (ii) if the Applicant is making the application as agent for one or more persons, indicate on the Application Form whether it is a United Kingdom or European Union regulated person or institution (e.g. a bank or broker), and specify its status. If you have any questions relating to the procedure for acceptance, please contact Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes;
- (iii) if the Applicant delivers the Application Form by hand, bring with them the appropriate photographic evidence of identity, such as a passport or driving licence; and
- (iv) third party cheques may be accepted unless covered by (i) above.

In any event, if it appears to Capita Asset Services that an Applicant is acting on behalf of some other person, further verification of the identity of any person on whose behalf the Applicant appears to be acting will be required.

The verification of identity requirements will not usually apply:

1. if the applicant is an organisation required to comply with the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing);
2. if the acceptor is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
3. if the applicant (not being an applicant who delivers their application in person) makes payment by way of a cheque drawn on an account in the applicant's name;

In other cases the verification of identity requirements may apply.

For applications over £12,500 (being the approximate equivalent to 15,000 Euros), Qualifying non-CREST Shareholders are also requested to submit with the Application Form as documentary evidence of identity and address one certified copy document from each of the following lists (as appropriate):

Personal identity documents (UK resident individuals)

- current signed passport;
- Northern Ireland Voter's Card;
- current full UK driving licence;
- benefits book or original notification letter from the Benefits Agency confirming the right to benefit; or
- HM Revenue & Customs tax notifications e.g. tax assessment, statement of account or notice of coding.

Evidence of address (UK resident individuals)

- recent utility bill or utility statement (mobile telephone bills are not acceptable);
- local authority tax bill (current year);
- current UK driving licence (if not used for evidence of name);
- benefits book or original notification letter from the Benefits Agency confirming the right to benefit (provided one or other has not been used as evidence of personal identity); or
- HM Revenue & Customs correspondence addressed to you at stated address (provided HM Revenue & Customs notifications have not been used as evidence of personal identity).

If you are a corporation, please supply:

- a certified copy of your articles of association or statutes or published accounts or certificate of incorporation or trade register entry or certificate of trade;
- the names, addresses and specimen signatures of all directors; and
- evidence of identity and address as stated above for each director.

All certified documents must be certified by a professional person such as a lawyer or attorney, notary or an official entity such as an embassy, consulate or high commission of the country of issue.

Neither Capita Asset Services nor the Company will be liable to any person for any loss suffered or incurred as a result of the exercise of any discretion to require verification. By lodging an Application Form, each Qualifying Shareholder undertakes to provide evidence of his identity at the time of lodging the Application Form, or, at the absolute discretion of the Company, at such specified time thereafter as may be required to ensure compliance with the Regulations.

(ii) Basic Entitlements and Excess Entitlements in CREST

If you hold your Basic Entitlements or Excess Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Basic Entitlements (and Excess Entitlements) as agent for one or more persons and you are not a United Kingdom or European Union regulated person or institution (e.g. a United Kingdom financial institution), then, irrespective of the value of the application, Capita Asset Services is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact Capita Asset Services before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the Applicant to provide promptly to the Company, finnCap and Capita Asset Services such information as may be specified by Capita Asset Services as being required for the purposes of the Regulations. Pending the provision of evidence satisfactory to Capita Asset Services as to identity, Capita Asset Services may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of any failure to provide satisfactory evidence.

5. Taxation and Stamp Duty

If you are in any doubt as to your tax position you should consult your professional adviser without delay.

6. Overseas Shareholders

In respect of persons not resident in the United Kingdom or who are citizens of countries other than the United Kingdom the Open Offer may be affected by the laws or regulatory requirements of jurisdictions outside the United Kingdom. It is the responsibility of each Overseas Shareholder to satisfy himself/herself as to the full observance of the laws of any relevant jurisdiction in connection with the Open Offer and voting at the Extraordinary General Meeting. No person receiving a copy of this document and/or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him/her nor should he/she in any event use such Application Form unless in the relevant territory such an invitation could lawfully be made to him/her or such Application Form could lawfully be used without compliance with any registration or other legal or regulatory requirements other than any which may have been fulfilled.

In particular, the Open Offer Shares have not been registered under the United States Securities Act of 1933 (as amended) or the relevant securities legislation in Australia, Canada, South Africa, New Zealand or Japan and therefore the Open Offer Shares may not be offered, sold, transferred or delivered directly or indirectly in the United States of America, Australia, Canada, South Africa, New Zealand or Japan or their respective territories and possessions. No application form will be accepted from, any Shareholder who is unable to give the warranty set out in the Application Form or who the Company or its agent has reason to believe is ineligible to apply.

It is the responsibility of any person receiving a copy of this document or an Application Form and wishing to make an application to subscribe for the Open Offer Shares to satisfy himself/herself as to the full observance of the laws and regulatory requirements of any relevant territory, including the obtaining of all necessary governmental or other consents which may be required or observing any other formalities needing to be observed in such territory and the payment of any taxes due in such jurisdiction.

None of the Company, finnCap, nor any of their respective representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

The Company, Capita Asset Services and finnCap reserve the right to treat as invalid any application, or purported application, to subscribe for Open Offer Shares pursuant to the Open Offer which appears to the Company or its agent to have been executed, effected or despatched in a manner which may involve a breach of the securities legislation of any jurisdiction or which does not include the warranties set out in the Application Form. Completion of an Application Form shall constitute a warranty that the Shareholder is eligible to apply.

7. Admission, Settlement and Dealings

New Ordinary Shares

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. Subject to the Fundraising becoming unconditional in all respects, it is expected that Admission will become effective and that dealings in the Open Offer Shares will commence at 8.00 a.m. on 1 April 2016.

Basic Entitlements and Excess Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 30 March 2016 (the latest date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied (expected to be 31 March 2016). On this day, Capita will instruct Euroclear UK & Ireland to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission (expected to be 1 April 2016). The stock accounts to be credited will be accounts under the same participant IDs and member account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Basic Entitlements and Excess Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by Capita in connection with CREST.

For Qualifying Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the Open Offer Shares validly applied for are expected to be dispatched by post by 8 April 2016. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the register. All documents or remittances sent by or to Applicants or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to the Application Form.

8. Dilution

The share capital of the Company in issue at the date of this document will (assuming that all of the Firm Placing Shares, the Placing Shares and the Open Offer Shares are issued) be increased approximately 3.75 times as a result of the Fundraising. Those Shareholders (who are not placees under the Placing) who do take up their Basic Entitlements or Excess Entitlements will suffer a reduction of 73.4 per cent. in their proportionate ownership and voting interest in the ordinary share capital of the Company as represented by their holding of Ordinary Shares immediately following Admission.

PART 3

ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names appear below, the Proposed Director and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, the Proposed Director and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

The Directors of the Company as at the date of this document are:

Martin Bralsford	<i>(Chairman)</i>
Michael Hall	<i>(Director)</i>
Donal Duff	<i>(Director)</i>
Martin Magee	<i>(Director)</i>
Simon Perrée	<i>(Director)</i>
Clive Jones	<i>(Director)</i>

It is proposed that Clive Whiley will be appointed as a director of the Company following the Fundraising.

3. Business of the Group

The Group is comprised of a collective of businesses operating in the global collectibles market

4. Share Capital and Directors' and other Interests

- 4.1 In this paragraph 4, references to "relevant securities" means securities which comprise equity share capital (or derivatives referenced thereto) and securities convertible into, or rights to subscribe for options (including traded options) in respect of any such securities.
- 4.2 At the close of business on 11 March 2016 (being the latest practicable date prior to the publication of this document) there were 47,120,357 Ordinary Shares in issue.
- 4.3 At the close of business on 11 March 2016 (being the latest practicable date prior to the publication of this document) the voting rights (within the meaning of chapter 5 of the DTR) of the Directors and their respective families (as defined in the AIM Rules) all of which are beneficial unless otherwise stated and of connected persons within the meaning of the Act, in the issued Ordinary Shares as at the date of this document, the existence of which is known to, or could, with reasonable diligence, be ascertained by the Directors, together with the percentages which such interests represent of the Ordinary Shares in issue are as follows:

	<i>Number of Ordinary Shares</i>	<i>Per cent. of Ordinary Shares held (%)</i>
Martin Bralsford	204,800	0.43
Michael Hall	227,648	0.48
Donal Duff	100,000	0.21
Martin Magee	9,456	0.02
Simon Perrée	52,400	0.11
Clive Jones	0	0

- 4.4 At the close of business on 11 March 2016 (being the latest practicable date prior to the publication of this document) the Directors held the following options to subscribe for Ordinary Shares:

<i>Director</i>	<i>Date of Grant</i>	<i>Number of Ordinary Shares under option</i>
Martin Bralsford	N/A	0
Michael Hall	27 January 2014	137,741
	10 April 2014	157,977
	30 September 2014	559,174
Donal Duff	27 January 2014	97,796
	10 April 2014	112,164
	30 September 2014	372,782
Martin Magee	N/A	0
Simon Perrée	N/A	0
Clive Jones	N/A	0

- 4.5 The maximum percentage interest in Ordinary Shares of each of the Directors on the basis of their participation in the Firm Placing; and in each case assuming (a) there are no further issues of Ordinary Shares by the Company; and (b) there are no disposals by each of them, will be:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Per cent. of Enlarged Issued Share Capital</i>
Martin Bralsford	762,494	0.43
Michael Hall	1,227,648	0.69
Donal Duff	850,000	0.48
Martin Magee	59,456	0.03
Simon Perrée	302,400	0.17
Clive Jones	0	0.00

- 4.6 At the close of business on 11 March 2016 (being the latest practicable date prior to the publication of this document) other than as set out in paragraph 4(a) above and paragraph 4(f) above and, so far as the Directors are aware, the only persons who are directly or indirectly interested (within in the meaning of Chapter 5 of the DTR) in 3 per cent. or more of the Ordinary Shares are as follows:

<i>Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>Per cent. of Ordinary Shares held</i>
Henderson Global Investors	8,026,772	17.03
FIL Limited	4,712,035	10.00
Richard Griffiths and controlled undertakings	3,702,046	7.86

- 4.7 The Directors of the Company directly or indirectly hold 594,304 Ordinary Shares (1.26 per cent. of the issued share capital).

5. Directors' service agreements, letters of appointment, remuneration and fees

5.1 The services of the Directors are provided to the Group on the following terms:

5.1.1 *Martin Bralsford*

An initial letter of appointment dated 4 October 2007, subject to termination upon at least 3 months' notice, at a current fee of £60,000 per annum.

5.1.2 *Clive Jones*

An initial letter of appointment dated 3 March 2014, subject to termination upon at least 3 months' notice, at a current fee of £35,000 per annum.

5.1.3 *Martin Magee*

An initial letter of appointment dated 1 August 2012, subject to termination upon at least 3 months' notice, at a current fee of £35,000 per annum.

5.1.4 *Simon Perrée*

An initial letter of appointment dated 22 April 2013, subject to termination upon at least 3 months' notice, at a current fee of £35,000 per annum.

5.1.5 *Michael Hall*

A service agreement dated 18 September 2000, subject to termination upon 12 months' notice by either party. The agreement provides for an annual salary of £275,000, membership of a private medical scheme, life assurance cover and company contributions (equating to 10 per cent. of salary) to personal pension plans.

5.1.6 *Donal Duff*

A contract of employment dated 27 February 2009, subject to termination upon 12 months' notice by either party. The agreement provides for an annual salary of £182,500, membership of a private medical scheme, life assurance cover and company contributions (equating to 10 per cent. of salary) to personal pension plans.

5.2 Other than as disclosed in paragraph 5.1 above:

5.2.1 there are no service contracts between any of the Directors and the Company or any of its subsidiaries;

5.2.2 no Director is entitled to commission or profit sharing arrangements;

5.2.3 no service contract or letter of appointment of any Director has been entered into or amended within the period of six months prior to the date of this document; and

5.2.4 other than statutory compensation and payment in lieu of notice, no compensation is payable by the Company or any of its subsidiaries to any Director upon early termination of their appointment.

6. Significant Change

Save as set out in paragraph 2 and 4 of Part 1 of this document, there has been no significant change in the financial or trading position of the Company subsequent to the publication of the interim financial statements of the Company for the six months ended 30 September 2015.

7. Material contracts

7.1 *Underwriting Agreement*

The Company entered into the Underwriting Agreement with finnCap on 11 March 2016 pursuant to which finnCap agreed to use its reasonable endeavours as agent of the Company to (i) procure placees in respect of the Firm Placing Shares pursuant to the Firm Placing and (ii) procure conditional placees in respect of the Placing Shares pursuant to the Placing, but which are subject to clawback in respect of valid applications by Qualifying Shareholders under the Open Offer.

finnCap has underwritten the Fundraising subject to certain conditions.

The obligations on finnCap under the Underwriting Agreement are conditional upon, amongst other things, the passing of the Resolutions at the Extraordinary General Meeting and Admission becoming effective no later than 8.00 a.m. on 1 April 2016 or such later date as finnCap and the Company may agree but in any event being no later than 22 April 2016.

The Underwriting Agreement contains certain warranties and indemnities given by the Company in favour of finnCap and provisions allowing finnCap to terminate the Underwriting Agreement in certain circumstances prior to Admission, in each case customary for an agreement of this type.

Under the Underwriting Agreement, finnCap will receive a fee of £150,000 and a commission of £260,000.

The Company will also pay to finnCap certain costs and expenses incurred in connection with the Fundraising and the AIM application.

7.2 **Engagement Letter with Evolution Securities China Limited**

The Company entered into an engagement letter dated 23 December 2015 (“Commencement Date”) with Evolution pursuant to which the Company has appointed Evolution Securities China Limited (“Evolution”) to *inter alia*, provide management support, assist with raising equity capital and identify joint venture partners to assist in the development of the Company’s overseas business on a non-exclusive basis (the “Services”).

Under the terms of the letter, the Company has agreed to pay a fee of £25,000 plus VAT (if applicable) per month for a minimum of 12 months from the Commencement Date (the “Initial Period”). Upon the completion of an equity fundraise during the Initial Period, the Company has agreed to pay an additional fee of £180,000 plus VAT, if applicable, to be satisfied by the issue of shares to Evolution at the same price as that at which the equity fundraise is executed. If no such equity fundraise is completed during the Initial Period, Evolution shall be entitled to an additional fee of £180,000 plus VAT in cash, immediately following the conclusion of the Initial Period. Evolution is also entitled to be reimbursed for its reasonable out of pocket expenses.

The engagement may be terminated by the Company at any time on not less than one month’s prior written notice, such notice not to expire prior to the end of the Initial Period. Either party shall be entitled to terminate the engagement on the occurrence of, *inter alia*, the following: a material breach of the terms of the engagement by the other party; a fraudulent act by the Company or any of the directors of the Company or by Evolution or any of the directors or officers or employees of Evolution, as the case may be; either party becomes insolvent or has a winding up or a petition is presented for its winding up or administration. In the event that the engagement is terminated by the Company without cause, and within a period of 12 months of the Commencement Date the Company enters into a transaction with an Evolution Investor (being any person or parties on a list maintained by Evolution as previously agreed with the Company), the Company shall be liable to pay Evolution a fee equivalent to 2 per cent. of the value of the transaction with the Evolution Investor.

The aggregate liability of Evolution, including each other member of the group of companies to which Evolution belongs and all of its and their directors, officers and employees shall be limited to the sum of £300,000.

Under the terms of the engagement letter, the Company gives certain indemnities to Evolution in connection with its engagement.

7.3 **Receiving Agent Agreement with Capita Registrars Limited**

The Company entered into a receiving agent agreement with Capita Registrars Limited (“Capita”) dated 18 February 2016 (“Commencement Date”) pursuant to which the Company has appointed Capita to *inter alia*, provide professional advisory services, receiving agency services and additional services in relation to shareholder voting to assist in the Open Offer (the “Services”).

The Company has agreed, *inter alia*, to provide Capita with such assistance to enable Capita to perform its obligations and to promptly instruct third parties to provide Capita with such information, records and other materials as Capita may require.

The agreement takes effect on the Commencement Date and will remain in force, unless terminated earlier, until completion of the Open Offer. The fees payable by the Company include VAT and are set out in a fee schedule appended to the agreement.

Either party shall be entitled to terminate the agreement upon service of written notice to the other on the occurrence of the following: a material breach of the terms of the agreement which is not remedied within 14 days of a receipt of written notice to do so; either party becoming subject to a winding-up, dissolution or administration; or an administrator, administrative receiver or provisional liquidator (or similar officer) being appointed over the whole of or a substantial part of the other party or its assets or undertakings.

The maximum aggregate liability of Capita under or in connection with the agreement, including each other member of the group of companies to which Capita belongs and all of its and their directors, officers and employees shall be limited to the lesser of £250,000 or an amount equal to five (5) times the fee payable to Capita under the agreement.

The Company has agreed to indemnify Capita and its affiliates and its and their directors, officers, employees and agents from and against all losses incurred by the relevant indemnified party in connection with a breach by the Company of the agreement, or in connection with any third party actions relating to or arising from or in connection with the agreement or the services to provided thereunder, except to the extent such losses are determined to have resulted solely from the fraud, wilful default or negligence of the relevant Capita indemnified party.

7.4 **Debt Documentation**

Various members of the Group entered into a term and revolving facilities credit agreement with The Royal Bank of Scotland PLC (the "Bank") on 26 September 2014 (the "Credit Agreement"), the purpose being to consolidate the prior financial indebtedness of the Group, part finance the acquisition of Mallett (completed January 2015) and to provide ongoing liquidity for the general corporate purposes of the Group. Owing to fluctuations in the performance of the business of the Group since October 2014 the Credit Agreement has been amended by various side letters, most recently on 12 February 2016.

The Company has signed a term sheet dated 10 March 2016 with the Bank (the "**Term Sheet**") to further amend and restate the Credit Agreement, the details of which are summarised in the final paragraph of this section 7.4. It is proposed that the Credit Agreement be amended on or prior to the completion of the Fundraising and this will be a condition to Admission.

The debt facilities provided under the Credit Agreement are split between an up to £10,000,000 multicurrency term loan facility (the "Term Loan") and an up to £10,000,000 multicurrency revolving credit facility (the "RCF"). The Term Loan was drawn as a single loan and is to be repaid in equal quarterly instalments spanning the life of the Term Loan, with the last instalment falling due and payable in September 2019. The rate of interest for the Term Loan is the aggregate of (i) LIBOR/EURIBOR (depending on the currency of the drawing) and (ii) margin (being 2.00 per cent. per annum).

The Credit Agreement, as most recently amended, includes obligations, subject to specified exceptions, on the members of the Group in relation to compliance with limited financial covenants (in particular net assets and charged stock cover), financial reporting, obtaining any necessary authorisations in relation to the financing, compliance with laws and maintenance of insurances. The Credit Agreement also contains customary representations, positive and negative undertakings and events of default (including certain restrictions on making acquisitions, disposals, incurrence of financial indebtedness and a negative pledge) and provides for cancellation and/or acceleration on the occurrence of certain events of default and mandatory prepayment on a change of control in certain circumstances.

In addition to the Credit Agreement, Stanley Gibbons Limited, a member of the Group, has entered into a £6 million overdraft facility letter with the Bank dated 12 February 2016, expiring on the earlier of 31 March 2016 and the completion of the Fundraising. The interest rate is 2.00 per cent. per annum over Bank of England base rate.

The obligations of the Group under the Credit Agreement are secured via an English law all assets debenture entered into by the Company and certain other members of the Group in favour of the Bank

(the “Debenture”). As additional collateral for the Bank, various members of the Group have entered into legal charges, further security debentures and omnibus guarantees in favour of the Bank.

The Term Sheet proposes specific commercial changes to the terms of the Credit Agreement summarised above, in particular: a) the termination date will be extended to 31 May 2018 (with all scheduled repayments of the Term Loan currently due between 31 March 2016 and 31 March 2017 being suspended, with a consequential increase in the repayment due on 31 May 2018); b) leverage and fixed charge cover financial covenants to be re-instated and tested quarterly against the Company’s budget with 20 per cent headroom on and from the 12 month financial reporting period ending on 31 March 2018; c) the rate of interest under the Credit Agreement will be revised to the aggregate of: i) LIBOR/EURIBOR (depending on the currency of the drawing); and ii) margin (initially 1.3 per cent. per annum and then, subject to the operation of a leverage based margin ratchet commencing 30 June 2017, specific levels between a ceiling of 2.75 per cent. per annum and a floor of 1.3 per cent. per annum); and d) the Company to deliver a reorganisation and rationalisation plan to the Bank no later than 15 April 2016 and to report on performance against the same on a monthly basis.

The Company has also entered into a Guernsey law governed security interest agreement in favour of the Bank.

8. Litigation

Following its acquisition of Mallett plc in October 2014, the Company learned that government regulators in the United States were investigating transactions that had occurred since 1 January 2010 involving a former client of Mallett Inc., Mallett’s New York-based subsidiary. The former client is not a related person or affiliate of the Group. This issue had not been disclosed to the Company by the directors of Mallett plc during the due diligence process prior to the acquisition.

The Group has been cooperating with the U.S. Securities and Exchange Commission (the “SEC”) and the Department of Justice (“DOJ”), who are aware that Mallett’s new owners were not involved in the events underlying the investigation, and there have been discussions with the SEC regarding resolution of these matters. In August 2015, DOJ filed a criminal complaint against the former client, arising in part out of his dealings with Mallett Inc., and on 14 December 2015, a grand jury returned an indictment. The indictment alleges that the former client conspired with an unnamed New York-based employee of Mallett Inc. to defraud a court-appointed receiver and obstruct the administration of justice in the United States.

While the investigations are ongoing, to date, no criminal or civil charges have been filed against Mallett Inc. or any Mallett group employee. The Group has retained the services of special legal counsel to advise it in these matters. The investigations are not being conducted in public, and the Directors cannot predict with certainty whether Mallett Inc. or any other company or person in the Mallett group will be named in civil or criminal claims or litigation as a result of the investigation.

Stephan Ludwig, a former director of The Fine Art Auction Group Limited (“TFAAG”), a subsidiary of the Company, has made claims against TFAAG and Noble Investments (UK) plc, another subsidiary of the Company, for unfair dismissal in connection with the termination of his employment which were lodged with the employment tribunal at the end of January 2016. The claims contend that he was dismissed as a result of a number of protected disclosures he alleged he made between 2014 and his employment coming to an end on 8 September 2015, and quantify a total claim of £307,481. The Directors believe the claims to be without merit. The two subsidiaries of the Company are defending the claims.

9. General

9.1 No inducement fee is payable in respect of the Proposals set out in this document.

10. Documents available on display

Copies of the following documents will be made available on display at the offices of the Company:

- the memorandum and articles of association of the Company;
- the audited consolidated accounts of the Company for the year ended 31 March 2015, the fifteen months ended 31 March 2014 and the year ended 31 December 2012;
- the unaudited interim results of the Company for the six months ended 30 September 2015;
- a copy of this document together with the Notice; and
- the material contracts referred to in paragraph 7 above.

PART 4

DEFINITIONS

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

“Act”	the Companies Act 2006, as amended
“Admission”	admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange from time to time
“Applicant”	a Qualifying Shareholder or a person entitled by virtue of a <i>bona fide</i> market claim who lodges an Application Form under the Open Offer
“Application Form”	the application form to be used by Qualifying Non-CREST Shareholders in connection with the Open Offer
“Basic Entitlement(s)”	the entitlement to subscribe for Open Offer Shares, allocated to an Qualifying Shareholder pursuant to the Open Offer as described in Part 2 of this document
“Business Day”	a day (other than a Saturday or Sunday) on which commercial banks are open for general business in London and Jersey
“Capita Asset Services”	a trading name of Capita Registrars Limited
“certificated form” or “in certificated form”	an Ordinary Share recorded on the Company’s share register as being held in certificated form (namely, not in CREST)
“Circular”	this document containing information about the Fundraising and the Extraordinary General Meeting
“Closing Price”	the closing middle market quotation of an Ordinary Share as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange on 11 March 2016
“Company”	The Stanley Gibbons Group Plc
“CREST”	the operator’s system (as defined in the CREST Order) in respect of which Euroclear is the approved operator (as defined in those regulations)
“CREST Manual”	the compendium of documents entitled CREST Manual issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms
“CREST Member”	a person who has been admitted to Euroclear as a member (as defined in the CREST Order)
“CREST Order”	the Companies (Uncertificated Securities) (Jersey) Order 1999 (as amended)

“CREST Participant”	a person who is, in relation to CREST, a participant (as defined in the CREST Order)
“CREST Payment”	shall have the meaning given in the CREST Manual issued by Euroclear
“CREST sponsor(s)”	a CREST Participant admitted to CREST as a CREST sponsor
“CREST sponsored member(s)”	a CREST member admitted to CREST as a sponsored member (which includes all CREST Personal Members)
“Directors” or “Board”	the directors of the Company as at the date of this document whose names are set out on page 7 of this document, or any duly authorised committee thereof
“DTR”	the Disclosure and Transparency Rules, published by the FCA
“Enlarged Issued Share Capital”	the 177,116,643 Ordinary Shares in issue immediately following Admission
“Euroclear”	Euroclear UK & Ireland Limited
“Excess Application Facility”	the facility pursuant to which Qualifying Shareholders may apply to subscribe for such number of Open Offer Shares in excess of their Basic Entitlements as equals 244.9 per cent. of their Basic Entitlements subject to the terms and conditions set out in Part 2 of this document
“Excess Entitlement(s)”	in respect of a Qualifying Shareholder, the entitlement (provided that the Qualifying Shareholder has agreed to take up its Basic Entitlement in full) to apply for Open Offer Shares in excess of the Basic Entitlement such that, to the extent that if a Qualifying Shareholder has taken up its Basic Entitlements in full and applies for and is allocated the maximum Excess Entitlements it will suffer no dilution as a result of the Fundraising, pursuant to the Excess Application Facility as described in Part 2 of this document
“Existing Ordinary Shares”	the 47,120,357 Ordinary Shares in issue at the date of this document, all of which are admitted to trading on AIM
“Extraordinary General Meeting”	the Extraordinary General Meeting of the Company convened for 10.00 a.m. on 30 March 2016
“FCA”	the UK Financial Conduct Authority
“finnCap”	finnCap Ltd, financial adviser and broker to the Company
“Firm Placing Shares”	92,300,000 new Ordinary Shares to be issued at the Issue Price pursuant to the Firm Placing
“Firm Placing”	the conditional placing of the Firm Placing Shares pursuant to the Underwriting Agreement
“Form of Proxy”	the form of proxy for use in connection with the Extraordinary General Meeting which accompanies this document
“FSMA”	the Financial Services and Markets Act 2000 (as amended from time to time)
“Fundraising”	the Firm Placing and the Placing and Open Offer, as underwritten pursuant to the Underwriting Agreement

“Group”	the Company and its existing subsidiaries and subsidiary undertakings
“Independent Director”	Clive Jones
“ISIN”	International Securities Identification Number
“Issue Price”	10 pence per New Ordinary Share
“Jersey”	The Bailiwick of Jersey
“London Stock Exchange”	London Stock Exchange plc
“Mallett”	Mallett Limited (formerly Mallett plc)
“Member Account ID”	the identification code or number attached to any member account in CREST
“Money Laundering Regulations”	the Money Laundering Regulations 2007 (SI 2007/2157) (as amended)
“New Ordinary Shares”	together, the Firm Placing Shares, the Placing Shares and the Open Offer Shares
“Notice of Extraordinary General Meeting” or “Notice”	the notice of Extraordinary General Meeting set out at the end of this document
“Open Offer”	the offer to Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price, as described in this document
“Open Offer Entitlements”	the entitlement of Qualifying Shareholders to subscribe for the Open Offer Shares at the Issue Price allocated to Qualifying Shareholders at the Record Date pursuant to the Open Offer
“Open Offer Shares”	37,696,286 new Ordinary Shares which are being offered to Qualifying Shareholders pursuant to the Open Offer
“Ordinary Shares”	ordinary shares of 1 pence each in the capital of the Company
“Overseas Shareholders”	Shareholders resident in, or citizens of, jurisdictions outside the United Kingdom and Jersey
“Placees”	any persons who have agreed to subscribe for Placing Shares pursuant to the Placing
“Placing”	the conditional placing of the Placing Shares pursuant to the Underwriting Agreement
“Placing Shares”	37,696,286 new Ordinary Shares (excluding the Firm Placing Shares) which have been conditionally placed in accordance with the terms of the Underwriting Agreement; and which number shall reduce commensurate with the number of Open Offer Shares to be issued
“PBT”	profits before taxation
“Proposals”	the proposals set out in this document including the Firm Placing and Placing and Open Offer
“Proposed Director”	Clive Whiley who it is intended will be appointed as a director of the Company following the passing of the Resolutions
“Prospectus Rules”	the Prospectus Rules published by the FCA

“Qualifying CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company on the Record Date are held in uncertificated form
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company on the Record Date are held in certificated form
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the Record Date (other than Shareholders resident in or citizens of any Restricted Jurisdiction)
“Record Date”	5.00 p.m. on 9 March 2016
“Regulatory Information Service”	a regulatory information service approved by the London Stock Exchange for the purposes of the AIM Rules
“Resolutions”	the resolutions set out in the Notice
“Restricted Jurisdiction(s)”	the United States, Australia, Canada, Japan, New Zealand, the Republic of South Africa and any other jurisdiction where the extension or availability of the Open Offer would breach any applicable law or regulations
“Securities Act”	the US Securities Act of 1933, as amended from time to time and the rules and regulations promulgated thereunder
“Shareholders”	holders of Ordinary Shares
“Underwriting Agreement”	the conditional agreement dated 14 March 2016 between (1) the Company and (2) finnCap relating to the Firm Placing and the Placing and Open Offer
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, each State thereof, its territories and possessions (including the District of Columbia) and all other areas subject to its jurisdiction
“uncertificated” or “in uncertificated form”	an ordinary share recorded on a company’s share register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Order, may be transferred by means of CREST

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

PART 5

THE STANLEY GIBBONS GROUP PLC

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an extraordinary general meeting (the “**Extraordinary General Meeting**”) of The Stanley Gibbons Group plc (“**Company**”) will be held at Banjo Jersey, 8 Beresford Street, St Helier, Jersey JE2 4WN on 30 March 2016 at 10.00 a.m. for the purpose of considering and, if thought fit, adopting the following resolutions at the Extraordinary General Meeting or any adjournment thereof.

To consider, and if thought fit, to pass the following resolution as a Special Resolution:

Increase in authorised share capital

1. THAT, pursuant to Article 38(1)(a) of the Companies (Jersey) Law 1991, as amended, the authorised share capital of the Company be increased from £750,000 divided into 75,000,000 ordinary shares with a par value of £0.01 each to £2,500,000 divided into 250,000,000 ordinary shares with a par value of £0.01 each, and that references in the memorandum and articles of association of the Company be accordingly amended such that:
 - (a) paragraph 6 of the Company’s memorandum of association be deleted in its entirety and replaced with the following as a new paragraph 6: “The capital of the Company is £2,500,000 divided into 250,000,000 Ordinary Shares with a par value of one penny (£0.01) each.”; and
 - (b) paragraph 2.1 of the Company’s articles of association (the “**Articles**”) be deleted in its entirety and replaced with the following as a new paragraph 2.1: “The authorised share capital of the Company is two million five hundred thousand pounds sterling (£2,500,000), divided into two hundred and fifty million (250,000,000) Ordinary Shares with a par value of one penny (£0.01) each.”

To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

Authority to allot Shares

2. THAT, subject to the passing of special resolution numbered 1 in the notice of Extraordinary General Meeting, in accordance with article 2.2(b) of the Articles, the Directors be generally and unconditionally authorised to exercise all powers of the Company to allot and issue up to 129,996,286 ordinary shares of 1p each in the Company (“**Fundraising Shares**”) in connection with the Fundraising (as defined in the Company’s circular dated 11 March 2016). The authority conferred by this resolution is in addition to, and does not revoke or supersede, the authority to allot shares granted to the directors at the Company’s annual general meeting held in 2015.

To consider, and if thought fit, to pass the following resolution as a Special Resolution:

Disapplication of pre-emption rights

3. THAT, subject to the passing of the ordinary resolution numbered 2 in this notice of Extraordinary General Meeting, the Directors be given the general power to allot and issue any of the Fundraising Shares for cash pursuant to the authority conferred by the ordinary resolution numbered 2 in this notice of Extraordinary General Meeting as if the pre-emption rights contained in article 2.7 of the Articles did not apply to any such allotment and issue. The disapplication of pre-emption rights conferred by this resolution is in addition to, and does not revoke or supersede, the disapplication of pre-emption rights approved at the Company’s annual general meeting held in 2015.

by order of the board of Directors of
The Stanley Gibbons Group plc
RK Purkis, *Secretary*
Dated: 11 March 2016

Registered Office Address: 2nd Floor, Minden House, Minden Place, St Helier, Jersey JE2 4WD, Channel Islands.

Notes:

1. A member of the Company entitled to attend and vote at the meeting convened by the notice set out above is entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote on your behalf at a general meeting of the Company.
2. An instrument for the purposes of appointing a proxy is enclosed. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint a person other than the Chairman of the meeting as your proxy, insert their full name in the box on your proxy form. If you sign and return your proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank proxy form. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you must complete a separate Form of Proxy for each proxy. Members can copy their original Form of Proxy, or additional Forms of Proxy can be obtained from Capita Registrars (Jersey) Limited, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF.
4. The return of a completed proxy form, other such instrument or any CREST proxy instruction (as described in paragraph 12 below) does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
5. To direct your proxy how to vote on the resolutions mark the appropriate box on your proxy form with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To be valid any proxy form or other instrument appointing a proxy must be:
 - completed and signed;
 - sent or delivered to Capita Registrars (Jersey) Limited, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF; and
 - received by Capita Registrars (Jersey) Limited no later than 10.00 a.m. on 28 March 2016.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
8. In the case of a member which is a company, your proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer of the Company or an attorney for the Company.
9. Any power of attorney or any other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be included with your proxy form.
10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
11. You may not use any electronic address provided in your proxy form to communicate with the Company for any purposes other than those expressly stated.
12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Extraordinary General Meeting to be held on 30 March 2016 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Capita Asset Services (CREST Participant ID: RA10), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsor or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999.

13. Pursuant to Article 40 of the Companies (Uncertificated Securities) (Jersey) Order 1999, the Company specifies that only those members entered on the register of members of the Company as at 11.00 a.m. on 28 March 2016 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 10.00 a.m. on 28 March 2016 or, if the meeting is adjourned, on the register of members 48 hours before the time fixed for the adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the meeting.
14. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
15. Any member attending the meeting has the right to ask questions. The Company has to answer any questions raised by members at the meeting which relate to the business being dealt with at the meeting unless:
 - to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - the answer has already been given on a website in the form of an answer to a question; or
 - it is undesirable in the interests of the company or the good order of the meeting to answer the question.

