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If you sell or have sold or otherwise transferred all of your Ordinary Shares please forward this document and the Form of Proxy and Application Form enclosed with it, as soon as possible to the purchaser or transferee, or to the bank, stockbroker or other agent through or to whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, these documents should not be forwarded or transmitted into any jurisdiction where such act would constitute a violation of the relevant laws of such jurisdiction. If you have sold or transferred only part of your holding of Ordinary Shares, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

This document does not constitute a prospectus within the meaning of section 85 of FSMA, has not been drawn up in accordance with the Prospectus Rules and has not been approved by or filed with the Financial Conduct Authority. This document does not constitute an offer of transferable securities to the public within the meaning of FSMA or otherwise.

The Directors of the Company, whose names appear on page 6 of this document, and the Company, the registered office of which is set out on page 6 of this document, accept responsibility, collectively and individually, for the information contained in this document. To the best of the knowledge of the Directors (having taken all reasonable care to ensure such is the case) the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

Application will be made for the New Ordinary Shares to be admitted to trading on AIM, a market operated by the London Stock Exchange. 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. The London Stock Exchange has not itself examined or approved the contents of this document. Subject to certain conditions being satisfied, including the passing of the Resolutions at the General Meeting, it is anticipated that Admission will become effective and that dealing in the New Ordinary Shares will commence on AIM at 8.00 a.m. on 18 December 2018.

Safestay PLC

(Incorporated in England and Wales under the Companies Act 2006 with registered no. 8866498)

CONDITIONAL PLACING AND SUBSCRIPTION OF 29,411,765 NEW ORDINARY SHARES AT 34 PENCE PER SHARE

OPEN OFFER OF UP TO 2,851,595 NEW ORDINARY SHARES AT 34 PENCE PER SHARE

AND

NOTICE OF GENERAL MEETING

Canaccord Genuity Limited

Nominated Adviser, Broker and Bookrunner

Canaccord Genuity Limited ("Canaccord Genuity") is authorised and regulated in the United Kingdom by the FCA and is advising the Company and no one else in connection with the matters described in this document (whether or not a recipient of this document), and is acting exclusively for the Company as nominated adviser, broker and bookrunner for the purpose of the AIM Rules for Companies. Canaccord Genuity will not be responsible to any person other than the Company for providing the protections afforded to its customers, nor for providing advice in relation to the matters described in this document. The responsibility of Canaccord Genuity as nominated adviser under the AIM Rules is owed solely to the London Stock Exchange and not the Company or the Directors or any other person.

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upon as having been authorised by or on behalf of the Company or Canaccord Genuity or their respective associates, directors, officers or advisers.

Notice of a general meeting of the Company to be held at 10.00 a.m. (London, UK time) on 17 December 2018 at the offices of Dechert LLP, 160 Queen Victoria Street, London EC4V 4QQ is set out at the end of this document. A form of proxy for use at the General Meeting is enclosed with this document. Whether or not you intend to attend the General Meeting in person, you are requested to complete the form of proxy in accordance with the instructions printed on it and return it so as to be received by no later than 10.00 a.m. on 13 December 2018.

The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 14 December 2018. The procedure for application and payment for Qualifying Shareholders is set out in Part II of this document, and, where relevant, will be set out in the Application Form to be sent to Qualifying Non-CREST Shareholders.

The contents of the Company's website or any website directly or indirectly linked to the Company's website do not form part of this document.

The distribution of this document and the offer of the New Ordinary Shares in certain jurisdictions may be restricted by law. Accordingly, neither this document nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons outside the UK into whose possession this document comes should inform themselves about and observe any such restrictions.

This document does not constitute an offer to buy or to subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, the Ordinary Shares offered by this document have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the "Securities Act") or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Canada, the Republic of South Africa, New Zealand, Australia or Japan and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, the Republic of South Africa, New Zealand, Australia or Japan. Neither this document nor any copy of it may be sent to or taken into the United States, Canada, the Republic of South Africa, New Zealand, Australia or Japan, nor may it be distributed directly or indirectly to any US person (within the meaning of Regulation S under the Securities Act) or to any persons with addresses in Canada, the Republic of South Africa, New Zealand, Australia or Japan, or to any corporation, partnership or other entity created or organised under the laws thereof, or in any country outside England and Wales where such distribution may lead to a breach of any legal or regulatory requirement.

FORWARD-LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "forecasts", "plans", "prepares", "anticipates", "projects", "expects", "intends", "may", "will", "seeks", "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Company's and the Directors' intentions, beliefs or current expectations concerning, amongst other things, the Company's prospects, growth and strategy. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual performance, achievements and financial condition may differ materially from those expressed or implied by the forward-looking statements in this document. In addition, even if the Company's results of operations, performance, achievements and financial condition are consistent with the forward-looking statements in this document, those results or development may not be indicative of results or developments in subsequent periods. Any forward-looking statements that the Company makes in this document speak only as of the date of such statement and (other than in accordance with their legal or regulatory obligations) neither the Company, nor Canaccord Genuity nor any of their respective associates, directors, officers or advisers undertakes any obligation to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

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FUNDRAISING STATISTICS¹

Number of Existing Ordinary Shares	34,219,134
Market price per Existing Ordinary Share ²	37.5p
Issue Price per New Ordinary Share	34p
Number of New Ordinary Shares to be issued by the Company pursuant to the Subscription	1,802,269
Number of New Ordinary Shares to be issued by the Company pursuant to the Conditional Placing	27,609,496
Entitlement of Qualifying Shareholders under the Open Offer	1 Open Offer Shares for every 12 Existing Ordinary Shares
Maximum number of New Ordinary Shares to be issued by the Company pursuant to the Open Offer	2,851,595
Number of New Ordinary Shares in issue immediately following the Conditional Placing, Subscription and the Open Offer	66,482,494
Percentage of the Enlarged Share Capital represented by the Subscription Shares	2.7 per cent.
Percentage of the Enlarged Share Capital represented by the Conditional Placing Shares	41.5 per cent.
Percentage of the Enlarged Share Capital represented by the Open Offer Shares	4.3 per cent.
Gross proceeds of the Subscription receivable by the Company	£0.6 million
Gross proceeds of the Conditional Placing receivable by the Company	£9.4 million
Maximum gross proceeds of the Open Offer receivable by the Company	£1 million
ISIN of the Basic Entitlement	GB00BD1DRX07
ISIN of the Excess CREST Open Offer Entitlement	GB00BD1DRY14

¹ These fundraising statistics assume the maximum number of New Ordinary Shares under the Open Offer are allotted

² Closing Price on AIM on the Latest Practicable Date

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2018

Record Date for entitlement to participate in the Open Offer	5.00 p.m. on 28 November
Announcement of the Conditional Placing, Subscription and the Open Offer	29 November
Despatch of the Circular, the Form of Proxy and, to certain Qualifying Non-CREST Shareholders, the Application Form	30 November
Expected ex-entitlement date for the Open Offer	8.00 a.m. on 30 November
Basic Entitlements and Excess CREST Open Offer Entitlements credited to CREST stock accounts of Qualifying CREST Shareholders	3 December
Recommended latest time and date for requesting withdrawal of Basic Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 10 December
Latest time for depositing Basic Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 11 December
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 12 December
Latest time and date for receipt of Forms of Proxy for the General Meeting	10.00 a.m. on 13 December
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 14 December
General Meeting	10.00 a.m. on 17 December
Result of the General Meeting and Open Offer announced through RIS	17 December
Admission of the New Ordinary Shares to trading on AIM	8.00 a.m. on 18 December
New Ordinary Shares in uncertificated form expected to be credited to accounts in CREST (uncertificated holders only)	As soon as practicable after 8.00 a.m. on 18 December
Expected date of despatch of definitive share certificates for the New Ordinary Shares in certificated form (certificated holders only)	Week commencing 31 December

Notes:

- (1) The ability to participate in the Open Offer is subject to certain restrictions relating to Qualifying Shareholders with registered addresses or who are located or resident in countries outside the UK (particularly the Excluded Overseas Shareholders), details of which are set out in paragraph 6 of Part II of this document. Subject to certain exceptions, Application Forms will not be despatched to, and Open Offer Entitlements will not be credited to the stock accounts in CREST of, Shareholders with registered addresses in any of the Restricted Jurisdictions.
- (2) Each of the times and dates set out in the above timetable and mentioned in this document is subject to change by the Company (with the agreement of Canaccord Genuity), in which event details of the new times and dates will be notified to the London Stock Exchange and the Company will make an appropriate announcement to a Regulatory Information Service.
- (3) References to times in this document are to London times unless otherwise stated.
- (4) Different deadlines and procedures for applications may apply in certain cases. For example, if you hold your Ordinary Shares through a CREST member or other nominee, that person may set an earlier date for application and payment than the dates noted above.
- (5) Assumes that the Resolutions that are set out in the Notice of General Meeting are passed.
- (6) If you require assistance please contact the Receiving Agent Link Asset Services, 34 Beckenham Road, Beckenham, Kent BR3 4TU on +44 (0)371 664 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 Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Larry Glenn Lipman (<i>Chairman</i>) Nuno Sacramento (<i>Chief Operating Officer</i>) Hervé Deligny (<i>Chief Financial Officer</i>) Stephen David Moss (<i>Non-Executive Director</i>) Anson Chan (<i>Non-Executive Director</i>) Michael Barry Hirst (<i>Non-Executive Director</i>)
Company Secretary	Hervé Deligny
Registered Office and Business Address of the Directors	1a Kingsley Way London N2 0FW
Nominated Adviser and Broker	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR
Legal Advisers to the Company	Dechert LLP 160 Queen Victoria Street London EC4V 4QQ
Legal Advisers to the Nominated Adviser and Broker	Shepherd and Wedderburn LLP Condor House 10 St. Paul's Churchyard London EC4M 8AL
Registrar	Link Market Services Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Receiving Agent	Link Asset Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Website	www.safestay.com

PART I

LETTER FROM THE CHAIRMAN

Safestay PLC

(Incorporated in England and Wales under the Companies Act 2006 with registered no. 8866498)

Directors:

Larry Lipman *(Chairman)*
Nuno Sacramento *(Chief Operating Officer)*
Hervé Deligny *(Chief Financial Officer)*
Stephen Moss *(Non-Executive Director)*
Anson Chan *(Non-Executive Director)*
Michael Hirst *(Non-Executive Director)*

Registered Office:

1a Kingsley Way
London
N2 0FW

30 November 2018

To: Safestay Shareholders and, for information only, holders of options over Ordinary Shares and holders of existing loan notes

Dear Shareholder

**CONDITIONAL PLACING AND SUBSCRIPTION OF 29,411,765 NEW ORDINARY SHARES
AT 34 PENCE PER SHARE
OPEN OFFER OF UP TO 2,851,595 NEW ORDINARY SHARES AT 34 PENCE PER SHARE
AND
NOTICE OF GENERAL MEETING**

1. INTRODUCTION

The Company announced on 29 November 2018 that it proposes to undertake a Conditional Placing and Subscription to raise approximately £10 million (before expenses) together with an Open Offer to raise up to approximately £1 million (before expenses), in each case through the issue of New Ordinary Shares at an issue price of 34 pence per New Ordinary Share.

The Company intends to use the net proceeds of the Conditional Placing, Subscription and Open Offer for three primary purposes, being:

- growth capital for existing investments;
- the conversion and refinancing of two current sites; and
- to fund potential opportunities in new locations to accelerate growth.

The rationale for the Conditional Placing, Subscription and Open Offer is primarily to continue the implementation of the Company's successful roll-out strategy. In particular, the Board believes that, based on the management team's extensive experience of developing a brand led portfolio of sites, this is an opportune time to expand and to continue to benefit from early mover advantage in this fragmented but growing market.

The Directors believe that the Conditional Placing, Subscription and Open Offer will also enable Safestay to leverage its platform and established brand with a view to building a self-sustaining growth position through significant organic and acquisition opportunities.

These factors, together with the Board's belief in the strength and future potential of the Safestay brand has meant the Company is seeking to raise a significant amount relative to the Company's current market capitalisation. This being the case, the Board considers it important that Qualifying Shareholders have the opportunity to participate in the fundraising, and the Directors have concluded that the Open Offer is the

most suitable option available to the Company and its Shareholders. Safeland Holdings and Safeland plc (of which I am a shareholder) and certain of the Directors intend to participate by way of the Subscription.

I hold 56,055 Existing Ordinary Shares, representing 0.2 per cent. of the Existing Ordinary Share Capital, and I have agreed to subscribe for 149,999 Subscription Shares. Following Admission, I will hold 206,054 Ordinary Shares, representing 0.31 per cent. of the Enlarged Share Capital.

Nuno Sacramento, a director, who does not currently hold any Existing Ordinary Shares, has agreed to subscribe for 29,411 Subscription Shares. Following Admission, Nuno Sacramento will hold 29,411 Ordinary Shares, representing 0.04 per cent. of the Enlarged Share Capital.

Hervé Deligny, a director, who does not currently hold any Existing Ordinary Shares, has agreed to subscribe for 44,117 Subscription Shares. Following Admission, Hervé Deligny will hold 44,117 Ordinary Shares, representing 0.07 per cent. of the Enlarged Share Capital.

Stephen Moss, a director, who holds 125,833 Existing Ordinary Shares, representing 0.4 per cent. of the Existing Ordinary Share Capital, has agreed to subscribe for 108,155 Subscription Shares. Following Admission, Stephen Moss will hold 233,988 Ordinary Shares, representing 0.4 per cent. of the Enlarged Share Capital.

Michael Hirst, a director, who holds 50,000 Existing Ordinary Shares, representing 0.1 per cent. of the Existing Ordinary Share Capital, has agreed to subscribe for 42,975 Conditional Placing Shares. Following Admission, Michael Hirst will hold 92,975 Ordinary Shares, representing 0.1 per cent. of the Enlarged Share Capital.

Pyrrho Investments Ltd has agreed to subscribe for 9,698,897 Conditional Placing Shares. Anson Chan, a non-executive director, is a Director and Co-Founder of Pyrrho Investments Ltd. Pyrrho Investments Ltd currently owns 9,326,741 ordinary shares in the Company and following Admission, it will hold 28.6 per cent. of the Enlarged Share Capital.

BGF has agreed to subscribe for 6,241,176 Conditional Placing Shares. BGF currently owns 5,550,485 ordinary shares in the Company and following Admission, it will hold 17.7 per cent. of the Enlarged Share Capital.

Safeland Holdings and Safeland plc have agreed to subscribe for 294,117 and 1,176,470 Subscription Shares respectively. Larry Lipman, the Chairman, is a shareholder in Safeland Holdings and Safeland plc. Safeland Holdings and Safeland plc combined currently own 3,945,114 ordinary shares in the Company and following Admission, they will hold 8.1 per cent. of the Enlarged Share Capital.

The Issue Price represents a discount of 9.3 per cent. to the Closing Price on the Latest Practicable Date. 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 will occur on or around 18 December 2018. The Conditional Placing, Subscription and the Open Offer are conditional, *inter alia*, on the passing of the Resolutions at the General Meeting.

The purpose of this letter is to set out the background to, and the reasons for, the Conditional Placing, Subscription and the Open Offer. It explains why the Directors consider the Conditional Placing, Subscription and the Open Offer to be in the best interests of the Company and its Shareholders as a whole and accordingly, recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as the Directors who hold Ordinary Shares intend to do themselves in respect of their own beneficial shareholdings.

Shareholder approval will be sought in respect of the Conditional Placing, Subscription and the Open Offer at the General Meeting which is convened for 10.00 a.m. on 17 December 2018, at the offices of Dechert LLP, 160 Queen Victoria Street, London EC4V 4QQ.

2. BACKGROUND TO THE CONDITIONAL PLACING, SUBSCRIPTION AND OPEN OFFER AND USE OF PROCEEDS

The Board believes that the ability to invest in a resilient and growing industry is one of the key benefits to operating in the hostel market.

Safestay's model

Safestay is an established business with a strong brand and platform. The Company has demonstrated an ability to acquire, convert, expand, develop and operate sites in prime European city locations, often within short timescales.

Safestay's business model offers a flexible product that can be adjusted and adapted to fit any building, unlike traditional hotel developments. The Company's hostels also appeal to a broader demographic than traditional hotel developments. These factors contribute towards a successful cash generative business model.

The Company has experienced rapid expansion and growth in the recent past as illustrated by the following metrics:

- 106 per cent. compound average revenue growth ("CAGR") since the Company's admission to trading on AIM in May 2014;
- Since 2014, the Company's portfolio has grown from 1 to 13 properties in 7 countries and is currently constituted as follows:
 - 10 hostels currently operating in 4 countries;
 - 2 hotels acquired in October 2018, which are in the process of being converted into hostels; and
 - 1 hostel currently under construction with work due to complete in 2020.
- Hostel EBITDAR margins have increased since 2016 by 10 pts to 49 per cent.

The Directors typically evaluate opportunities against the following target metrics (although there can be no assurance that opportunities which are pursued will meet some or all of such target metrics, and the Directors could pursue opportunities which fall outside such metrics if they consider it reasonable and appropriate so to do):

- Situated in top touristic European destinations;
- City centre locations;
- In buildings ideally able to accommodate 200 beds or more;
- 25 per cent. EBITDA (50 per cent. if the freehold is being acquired);
- Rent/EBITDAR ratio less than 55 per cent.;
- Unleveraged target IRR of at least 15 per cent.;
- Positive Net Present Value assuming an exit in year 10.

With an efficient central platform with the ability to absorb further growth in the coming years, the Company's experienced management team hope to continue its ambitious roll out plan in 2019 and beyond.

Use of proceeds

The Company intends to use the proceeds of the Conditional Placing, Subscription and Open Offer to:

- (i) finance the development of the Paris property;
- (ii) convert the recently acquired Brussels and Vienna sites from hotels into hostels;
- (iii) refinance the Brussels property; and
- (iv) explore potential opportunities in new locations.

The redevelopment of the Paris property, which is already under construction, is currently expected to cost approximately £2.4 million and will result in a brand new hostel in an attractive location. The property will accommodate 246 beds and will target a non-leveraged IRR of 15 per cent.

Refinancing the Brussels property will cost approximately £1.4 million and the cost of conversion is currently expected to be approximately £0.2 million. The property will accommodate 196 beds, thus capitalizing on its great location, and will target a non-leveraged IRR of 29 per cent.

Converting the Vienna site is currently expected to cost approximately £0.1 million. This existing high-quality hotel will accommodate 234 beds.

The Company is also exploring potential opportunities in new locations. Examples of cities where opportunities may exist include Rome, Milan, Florence, Venice, Berlin, Amsterdam, Copenhagen, Warsaw, Krakow, Ljubljana, Budapest, Dubrovnik, Istanbul, Liverpool, Glasgow, Manchester, Dublin, Athens and Tel Aviv.

Illustrative examples of acquisition opportunities which fit the Company's stated strategy include sites in major European cities including Athens and Venice of between 200 and 700 beds with investment sizes (including anticipated acquisition and development costs) ranging from £3 million to £7 million per site and target IRRs of approximately 20 per cent.⁵

If Safestay were to execute opportunities such as those mentioned in the immediately preceding paragraph, the illustrative portfolio in 2021 would comprise 15 properties across 9 countries with 4,215 beds. Mainland Europe would represent approximately 63 per cent. of the Group's bed stock.

The execution of such opportunities would expand the Company's scale and provide it with increased market share, elevating its position as a premier operator in the European hostel arena. The Directors believe that this would in turn lead to accelerated self-funding growth through cash flow generation as the portfolio scales and matures whilst enhancing operational leverage through the dilution of central costs, driven by operational economies of scale.

3. CURRENT TRADING

As announced on 25 September 2018 when the Company released its interim results for the six months to 30 June 2018, the Company is continuing its expansion and is on track to deliver a double digit growth in revenue in 2018. On 11 October 2018, the Company announced the acquisition of its eighth property in continental Europe, currently operating as Hotel Opera in central Brussels, for €1.6 million. On 30 October 2018, the Company announced that it had successfully secured a 20 year lease at a well located site in the heart of Vienna, its ninth property in continental Europe. No consideration was paid to enter this lease. The Group intends to convert both the Brussels and the Vienna properties into hostels within 3 months of their acquisition.

Since 30 June 2018, the Group has continued to perform in line with management expectations.

The Company's cash balance at 26 November 2018 was approximately £1.3 million.

4. DETAILS OF THE CONDITIONAL PLACING, SUBSCRIPTION AND OPEN OFFER

The Directors have given careful consideration as to the structure of the proposed fundraising and have concluded that the Conditional Placing, the Subscription and the Open Offer is the most suitable option available to the Company and its Shareholders at this time.

27,609,496 Conditional Placing Shares will be issued through the Conditional Placing at 34 pence per New Ordinary Share and 1,802,269 Subscription Shares will be issued through the Subscription at 34 pence per New Ordinary Share to raise gross proceeds of approximately £10 million in aggregate. Up to 2,851,595 New

⁵ These examples are included for illustrative purposes only and are not exhaustive of the various opportunities under consideration. Discussions of these and other opportunities are at varying stages. As such, there can be no assurance that these or any other acquisitions will be successfully completed.

Ordinary Shares will be issued through the Open Offer at 34 pence per New Ordinary Share to raise gross proceeds of up to approximately £1 million (assuming full take-up under the Open Offer).

Canaccord Genuity is acting as nominated adviser, broker and sole book runner and placing agent in connection with the Conditional Placing, the Subscription and the Open Offer.

Principal terms of the Conditional Placing

The Company is proposing to issue 27,609,496 Conditional Placing Shares pursuant to the Conditional Placing. In accordance with the terms of the Conditional Placing and Open Offer Agreement, Canaccord Genuity has, as agent for the Company, conditionally placed, with institutional and other investors, the Conditional Placing Shares at the Issue Price to raise gross proceeds of approximately £9.4 million.

The Conditional Placing is not being underwritten.

The Conditional Placing Shares are not subject to clawback and are not part of the Open Offer.

Principal terms of the Subscription

The Subscription Shares are being subscribed for directly by the Subscribers at the Issue Price.

The Subscription is not being underwritten and the Subscription Shares are not subject to clawback and are not part of the Open Offer.

Principal terms of the Open Offer

The Board considers it important that Qualifying Shareholders have the opportunity to participate in the fundraising, and the Directors have concluded that the Open Offer is the most suitable option available to the Company and its Shareholders.

The Open Offer provides an opportunity for all Qualifying Shareholders to participate in the fundraising by both subscribing for their respective Basic Entitlements and by subscribing for Excess Shares under the Excess Application Facility, subject to availability.

Pursuant to the Open Offer, Qualifying Shareholders will be given the opportunity to subscribe for 1 Open Offer Share for every 12 Existing Ordinary Shares held on the Record Date.

The Open Offer will raise gross proceeds of up to approximately £1 million, assuming full take-up.

The Issue Price represents a 9.3 per cent. discount to the Closing Price of 37.5 pence per Ordinary Share on the Latest Practicable Date.

Basic Entitlement

Qualifying Shareholders are invited, on and subject to the terms and conditions of the Open Offer, to apply for any number of Open Offer Shares (subject to the limit on the number of Excess Shares that can be applied for using the Excess Application Facility) at the Issue Price. Qualifying Shareholders have a Basic Entitlement of:

1 Open Offer Share for every 12 Existing Ordinary Shares

registered in the name of the relevant Qualifying Shareholder on the Record Date.

Basic Entitlements under the Open Offer will be rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will be disregarded in calculating Basic Entitlements and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility.

The aggregate number of Open Offer Shares available for subscription pursuant to the Open Offer will not exceed 2,851,595 New Ordinary Shares.

Allocations under the Open Offer

In the event that valid acceptances are not received in respect of all of the Open Offer Shares under the Open Offer, unallocated Open Offer Shares will be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility provided always that no Qualifying Shareholder shall be entitled to receive in excess of such number of Open Offer Shares as would bring their aggregate interest in the Company to more than the 29.9 per cent. Aggregate Limit.

Excess Application Facility

Subject to availability and assuming that Qualifying Shareholders have accepted their Basic Entitlement in full, the Excess Application Facility enables Qualifying Shareholders to apply for any whole number of Excess Shares in addition to their Basic Entitlement up to an amount equal to the total number of Open Offer Shares available under the Open Offer less an amount equal to a Qualifying Shareholder's Basic Entitlement, subject always to the 29.9 per cent. Aggregate Limit.

Qualifying Non-CREST Shareholders who wish to apply to subscribe for more than their Basic Entitlement should complete the relevant sections on the Application Form and should refer to paragraph 4.1(c) of Part II of this document for further information. Qualifying CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 4.2(c) of Part II of this document for information on how to apply for Excess Shares pursuant to the Excess Application Facility.

Excess Applications may be allocated in such manner as the Directors determine, in their absolute discretion, and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all.

Application procedure under the Open Offer

Qualifying Shareholders may apply for any whole number of Open Offer Shares subject to the limit on applications under the Excess Application Facility referred to above. The Basic Entitlement, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Basic Entitlements as shown in Box 3 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.

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 Entitlements.

Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Basic Entitlement and also in respect of their Excess CREST Open Offer Entitlement as soon as practicable after 8.00 a.m. on 3 December 2018.

Application will be made for the Basic Entitlements and Excess CREST Open Offer Entitlements to be admitted to CREST. The Basic Entitlements and Excess CREST Open Offer Entitlements will also be enabled for settlement in CREST as soon as practicable after 8.00 a.m. on 3 December 2018. Applications through 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 CREST Shareholders should note that, although the Basic Entitlements and Excess CREST 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 their Application Form is not a negotiable document and cannot be traded.

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 II of this document and, where relevant, on the Application Form.

Conditionality

The Conditional Placing, Subscription and the Open Offer are conditional, among other things, upon the following:

- the passing, without amendment, of the Resolutions at the General Meeting;
- Admission occurring by no later than 8.00 a.m. on 18 December 2018 (or such later time and/or date as may be agreed between the Company and Canaccord Genuity, being no later than 5.00 p.m. on 31 December 2018); and
- the Conditional Placing and Open Offer Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms.

If the conditions set out above are not satisfied or waived (where capable of waiver), the Conditional Placing, Subscription and the Open Offer will lapse; and

- (a) neither the Conditional Placing Shares nor the Subscription Shares will be issued and all monies received from investors in respect thereof will be returned to them (at the investors' risk and without interest) as soon as possible thereafter; and
- (b) any Basic Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will, after that time and date, be disabled and application monies under the Open Offer will be refunded to the applicants, by cheque (at the applicant's risk) in the case of Qualifying Non-CREST Shareholders and by way of a CREST payment in the case of Qualifying CREST Shareholders, without interest, as soon as practicable thereafter.

Application for Admission

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. Admission is expected to take place, and dealings on AIM are expected to commence, at 8.00 a.m. on 18 December 2018 (or such later time and/or date as may be agreed between the Company and Canaccord Genuity, being no later than 5.00 p.m. on 31 December 2018). No temporary document of title will be issued.

The New Ordinary Shares will, following Admission, rank *pari passu* in all respects with the Existing Ordinary Shares in issue at the date of this document and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the Ordinary Shares after Admission.

Important notice

Qualifying Shareholders should note that the Open Offer is not a rights issue. Qualifying Shareholders should be aware that in the Open Offer, unlike with a rights issue, any Open Offer Shares not applied for by Qualifying Shareholders under their Basic Entitlements will not be sold in the market on behalf of, or placed for the benefit of, Qualifying Shareholders who do not apply under the Open Offer but may be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility and that the net proceeds will be retained for the benefit of the Company.

The Conditional Placing, Subscription and the Open Offer are separate and distinct transactions involving the issue of new Ordinary Shares.

Qualifying Shareholders are being invited to participate in the Open Offer and (subject to certain exceptions) will have received an Application Form with this document. However Qualifying Shareholders are not entitled to participate in the Conditional Placing or Subscription unless expressly invited by the Company and Canaccord Genuity to do so.

In issuing this document and structuring the Conditional Placing, Subscription and the Open Offer in this manner, the Company is relying on the exemption from issuing a prospectus in section 85(5) and paragraph 9 of Schedule 11A of FSMA and on paragraph 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended).

Any Qualifying Shareholder who has sold or transferred all or part of his registered holding(s) of Existing Ordinary Shares prior to the date on which the shares are marked 'ex-entitlement' is advised to consult his stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him by the purchasers under the rules of the London Stock Exchange.

5. EFFECT OF THE CONDITIONAL PLACING, SUBSCRIPTION AND OPEN OFFER

Upon completion of the Conditional Placing, Subscription and the Open Offer, the New Ordinary Shares will represent approximately 48.5 per cent. of the Enlarged Share Capital (assuming the Open Offer is subscribed in full).

6. THE CONDITIONAL PLACING AND OPEN OFFER AGREEMENT

Pursuant to the Conditional Placing and Open Offer Agreement, Canaccord Genuity, as agent for the Company, has agreed to use its reasonable endeavours to procure subscribers for the Conditional Placing Shares at the Issue Price. The Conditional Placing and Open Offer Agreement is conditional upon, among other things, the conditions set out above (please see 'conditionality' in paragraph 4 of this Part I) and none of the warranties or undertakings given to Canaccord Genuity prior to Admission being or becoming untrue, inaccurate or misleading.

The Conditional Placing and Open Offer Agreement contains customary warranties given by the Company in favour of Canaccord Genuity in relation to, among other things, the accuracy of the information in this document and other matters relating to the Group and its business. In addition, the Company has agreed to indemnify Canaccord Genuity (and its affiliates) in relation to certain liabilities which they may incur in respect of the Conditional Placing and the Open Offer. The Company has also given certain undertakings to Canaccord Genuity.

Canaccord Genuity has the right to terminate the Conditional Placing and Open Offer Agreement in certain circumstances prior to Admission. In particular, in the event of breach of the warranties or a material adverse change or if the Conditional Placing and Open Offer Agreement does not become unconditional. The Conditional Placing is not being underwritten.

Under the Conditional Placing and Open Offer Agreement, the Company has agreed to pay to Canaccord Genuity a commission based on the aggregate value of the New Ordinary Shares issued at the Issue Price pursuant to the Conditional Placing and Open Offer and the costs and expenses of the Conditional Placing and Open Offer together with any applicable VAT.

I hold 56,055 Existing Ordinary Shares, representing 0.2 per cent. of the Existing Ordinary Share Capital, and I have agreed to subscribe for 149,999 Subscription Shares. Following Admission, I will hold 206,054 Ordinary Shares, representing 0.31 per cent. of the Enlarged Share Capital.

Nuno Sacramento, a director, who does not currently hold any Existing Ordinary Shares, has agreed to subscribe for 29,411 Subscription Shares. Following Admission, Nuno Sacramento will hold 29,411 Ordinary Shares, representing 0.04 per cent. of the Enlarged Share Capital.

Hervé Deligny, a director, who does not currently hold any Existing Ordinary Shares, has agreed to subscribe for 44,117 Subscription Shares. Following Admission, Hervé Deligny will hold 44,117 Ordinary Shares, representing 0.07 per cent. of the Enlarged Share Capital.

Stephen Moss, a director, who holds 125,833 Existing Ordinary Shares, representing 0.4 per cent. of the Existing Ordinary Share Capital, has agreed to subscribe for 108,155 Subscription Shares. Following Admission, Stephen Moss will hold 233,988 Ordinary Shares, representing 0.35 per cent. of the Enlarged Share Capital.

Michael Hirst, a non-executive director, who holds 50,000 Existing Ordinary Shares, representing 0.1 per cent. of the Existing Ordinary Share Capital, has agreed to subscribe for 42,975 Conditional Placing Shares. Following Admission, Michael Hirst will hold 92,975 Ordinary Shares, representing 0.14 per cent. of the Enlarged Share Capital.

Pyrrho Investments Ltd has agreed to subscribe for 9,698,897 Conditional Placing Shares. Anson Chan, a non-executive director, is a Director and Co-Founder of Pyrrho Investments Ltd. Pyrrho Investments Ltd currently owns 9,326,741 ordinary shares in the Company and following Admission, it will hold 28.6 per cent. of the Enlarged Share Capital.

BGF has agreed to subscribe for 6,241,176 Conditional Placing Shares. BGF currently owns 5,550,485 ordinary shares in the Company and following Admission, it will hold 17.7 per cent. of the Enlarged Share Capital.

Safeland Holdings and Safeland plc have agreed to subscribe for 294,117 and 1,176,470 Subscription Shares respectively. Larry Lipman, the Chairman, is a shareholder in Safeland Holdings and Safeland plc. Safeland Holdings and Safeland plc combined currently own 3,945,114 ordinary shares in the Company and following Admission, they will hold 8.1 per cent. of the Enlarged Share Capital.

The transactions by Pyrrho Investments Ltd, BGF, Safeland plc, Safeland Holdings, Larry Lipman, Nuno Sacramento, Hervé Deligny, Stephen Moss and Michael Hirst are considered to be related party transactions pursuant to AIM Rule 13 of the AIM Rules for Companies. The Company's Nominated Adviser, Canaccord Genuity, considers that the terms of participation for Pyrrho Investments Ltd, BGF, Safeland plc, Safeland Holdings, Larry Lipman, Nuno Sacramento, Hervé Deligny, Stephen Moss and Michael Hirst in the Conditional Placing and Subscription are fair and reasonable in so far as its Shareholders are concerned.

The Directors do not intend to subscribe for any Open Offer Shares. Accordingly Excess Shares will be available for other Qualifying Shareholders under the Excess Application Facility.

7. GENERAL MEETING

The General Meeting of the Company, notice of which is set out at the end of this document, is to be held at 10.00 a.m. on 17 December 2018 at the offices of Dechert LLP, 160 Queen Victoria Street, London EC4V 4QQ. The General Meeting is being held for the purpose of considering and, if thought fit, passing the Resolutions in order to approve the Conditional Placing, Subscription and the Open Offer.

A summary and explanation of the Resolutions is set out below. Please note that this is not the full text of the Resolutions and you should read this section in conjunction with the Resolutions contained in the Notice of General Meeting at the end of this document.

Resolution 1: Authority to allot shares

This ordinary resolution is to authorise the Directors to allot relevant securities for the purposes of section 551 of the Companies Act provided that such power be limited to the allotment of new Ordinary Shares up to an aggregate nominal amount of £322,633.60 in connection with the Conditional Placing, Subscription and the Open Offer.

Resolution 2: Disapplication of pre-emption rights

Conditional on the passing of Resolution 1, Resolution 2 disapplies the statutory pre-emption rights in respect of the allotment of the New Ordinary Shares to be allotted pursuant to Resolution 1 in connection with the Conditional Placing, Subscription and the Open Offer.

Resolutions 1 and 2 need to be approved by Shareholders for the Conditional Placing, Subscription and the Open Offer to be implemented and are inter-conditional. The Resolutions are in addition to (and not in substitution of) the authorities granted at the Annual General Meeting held on 7 June 2018.

8. IRREVOCABLE UNDERTAKINGS TO VOTE IN FAVOUR OF THE RESOLUTIONS

I have given an irrevocable undertaking to the Company to vote in favour of the Resolutions in respect of my entire beneficial and direct holding of Existing Ordinary Shares totalling, in aggregate, 56,055 Existing Ordinary Shares, representing approximately 0.2 per cent. of the Existing Ordinary Share Capital.

Michael Hirst has given an irrevocable undertaking to the Company to vote in favour of the Resolutions in respect of his entire beneficial and direct holding of Existing Ordinary Shares totalling, in aggregate, 50,000 Existing Ordinary Shares, representing approximately 0.1 per cent. of the Existing Ordinary Share Capital.

Stephen Moss has given an irrevocable undertaking to the Company to vote in favour of the Resolutions in respect of his entire beneficial and direct holding of Existing Ordinary Shares totalling, in aggregate, 125,833 Existing Ordinary Shares, representing approximately 0.4 per cent. of the Existing Ordinary Share Capital.

Safeland Holdings has given an irrevocable undertaking to the Company to procure that the registered holders, in respect of its entire beneficial holding totalling, in aggregate, 2,524,250 Existing Ordinary Shares, representing approximately 7.4 per cent. of the Existing Ordinary Share Capital will vote in favour of the Resolutions.

Safeland Plc has given an irrevocable undertaking to the Company to procure that the registered holders, in respect of its entire beneficial holding totalling, in aggregate, 1,420,864 Existing Ordinary Shares, representing approximately 4.2 per cent. of the Existing Ordinary Share Capital will vote in favour of the Resolutions.

Pyrrho Investments Ltd has given an irrevocable undertaking to the Company to procure that the registered holders, in respect of its entire beneficial holding totalling, in aggregate, 9,326,741 Existing Ordinary Shares, representing approximately 27.3 per cent. of the Existing Ordinary Share Capital will vote in favour of the Resolutions.

In total, therefore, the Company has received irrevocable undertakings to vote in favour of the Resolutions from certain Shareholders in respect of holdings totalling, in aggregate, 13,503,743 Existing Ordinary Shares, representing approximately 39.5 per cent. of the Existing Ordinary Share Capital.

9. ACTION TO BE TAKEN IN RELATION TO THE GENERAL MEETING

You will find enclosed a Form of Proxy for use by Shareholders at the General Meeting. The Form of Proxy should be completed in accordance with the instructions printed thereon and forwarded to the Company's registrars, Link Asset Services, PXS, 34 Beckenham Road, Kent BR3 4TU or submitted electronically through CREST or via www.signalshares.com as soon as possible and in any event so as to be received by no later than 10.00 a.m. on 13 December 2018. Completion and return of a Form of Proxy will not preclude you from attending the General Meeting and voting in person if you wish.

10. ACTION TO BE TAKEN IN RESPECT OF THE OPEN OFFER

Qualifying Non-CREST Shareholders (i.e. holders of Existing Ordinary Shares who hold their Existing Ordinary Shares in certificated form)

If you are a Qualifying Non-CREST Shareholder you will receive an Application Form which gives details of your Basic Entitlement under the Open Offer (as shown by the number of Basic Entitlements set out in Box 3 of the Application Form). If you wish to apply for Open Offer Shares under the Open Offer, you should complete the Application Form in accordance with the procedure for application set out in paragraph 4.1 of Part II of this document and on the Application Form itself.

Qualifying Non-CREST Shareholders who wish to subscribe for more than their Basic Entitlement should complete Boxes 5, 6, 7 and 8 on the Application Form. Completed Application Forms, accompanied by full payment in accordance with the instructions in paragraph 4.1 of Part II of this document, should be posted using the accompanying reply-paid envelope (if posted from the UK only) or returned by post or by hand (during normal business hours only) to the receiving agent, Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, in either case, as soon as possible and in any event so as to be received by no later than 11.00 a.m. on 14 December 2018. If you do not wish to apply for any Open Offer Shares under the Open Offer, you should not complete or return the Application Form.

Qualifying CREST Shareholders (i.e. holders of Existing Ordinary Shares who hold their Existing Ordinary Shares in uncertificated form)

If you are a Qualifying CREST Shareholder you will not be sent an Application Form. You will receive a credit to your appropriate stock account in CREST in respect of your Basic Entitlement under the Open Offer and also an Excess CREST Open Offer Entitlement for use in connection with the Excess Application Facility. You should refer to the procedure for application set out in paragraph 4.2 of Part II of this document. The relevant CREST instructions must have settled in accordance with the instructions in paragraph 4.2 of Part II of this document by no later than 11.00 a.m. on 14 December 2018. 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.

11. OVERSEAS SHAREHOLDERS

The attention of Qualifying Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are holding Ordinary Shares for the benefit of such persons (including, without limitation, subject to certain exceptions, custodians, nominees, trustees and agents), or who have a contractual or other legal obligation to forward this document, the Form of Proxy or (if applicable) an Application Form to such persons, is drawn to the information which appears in paragraph 4 of Part II (Terms and Conditions of the Open Offer) of this document.

In particular, Qualifying Shareholders who have registered addresses in or who are resident in, or who are citizens of, countries other than the UK (including, without limitation, the United States or any other Restricted Jurisdiction) should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements to the Open Offer.

12. TAXATION

Your attention is drawn to the taxation section contained in Part IV of this document.

This information is intended only as a general guide to the current UK tax position. Shareholders who are in any doubt as to their tax position, or who are subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser immediately.

13. RECOMMENDATION

The Directors believe that the Conditional Placing, Subscription and the Open Offer are in the best interests of the Company and Shareholders as a whole.

Accordingly, the Directors unanimously recommend you vote in favour of the Resolutions as they have irrevocably undertaken to do so in respect of their own direct and beneficial shareholdings being in aggregate 13,503,743 Existing Ordinary Shares (representing approximately 39.5 per cent. of the Existing Ordinary Share Capital).

The Company is in receipt of undertakings from Directors and certain major Shareholders to vote in favour of the Resolutions representing approximately 39.5 per cent. of the Existing Ordinary Share Capital.

Yours faithfully

Larry Lipman

Chairman

PART II

TERMS AND CONDITIONS OF THE OPEN OFFER

1. Introduction

As explained in Part I of this document, the Company proposes to issue up to 2,851,595 Open Offer Shares at the Issue Price in order to raise approximately £1 million (before expenses) by way of the Open Offer (assuming that the Open Offer is subscribed in full).

The Open Offer is an opportunity for Qualifying Shareholders to apply to subscribe for Open Offer Shares at the Issue Price in accordance with the terms of the Open Offer. Qualifying Shareholders are also being offered the opportunity to apply for additional Open Offer Shares in excess of their Basic Entitlements to the extent that other Qualifying Shareholders do not take up their Basic Entitlement in full.

The Open Offer has not been underwritten. There will be no more than 2,851,595 Open Offer Shares issued under the Open Offer.

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

Any Qualifying Shareholder who has sold or transferred all or part of his registered holding(s) of Existing Ordinary Shares prior to 8.00 a.m. on 30 November 2018, when the Existing Ordinary Shares are marked "ex" the entitlement to the Open Offer, is advised to consult his stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him by the purchaser(s) under the rules of the London Stock Exchange.

The Open Offer is not conditional upon the level of applications made to subscribe under the Open Offer or upon any minimum level of proceeds being raised. For the purposes of section 578 of the Companies Act, the Open Offer is being made on the basis that the Open Offer Shares subscribed for will be allotted in any event. Accordingly, even if the Open Offer is not fully subscribed, Open Offer Shares will be issued to Qualifying Shareholders who have applied (subject to the terms and conditions set out in this document and the Application Form).

A summary of the arrangements relating to the Open Offer is set out below. This document and, for Qualifying Non-CREST Shareholders, the Application Form contain the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 4 of this Part II which gives details of the procedure for application and payment for the Open Offer Shares. The attention of Overseas Shareholders is drawn to paragraph 6 of this Part II.

2. The Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Application Form), Qualifying Shareholders are being given the opportunity to apply for any number of Open Offer Shares (subject to the limit on the number of Excess Shares that can be applied for using the Excess Application Facility) at the Issue Price (payable in full on application and free of all expenses) and will have a Basic Entitlement of:

1 Open Offer Share for every 12 Existing Ordinary Shares

registered in the name of each Qualifying Shareholder on the Record Date. Valid applications by Qualifying Shareholders will be satisfied in full up to their Basic Entitlements.

Basic Entitlements will be rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will be disregarded in calculating Basic Entitlements and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility. Qualifying Shareholders with fewer than 12 Existing Ordinary Shares will not be able to apply for Open Offer Shares. Qualifying Shareholders may apply to acquire less than their Basic Entitlement should they so wish.

Subject to availability, the Excess Application Facility will enable Qualifying Shareholders, provided they have taken up their Basic Entitlement in full, to apply for further Open Offer Shares in excess of their Basic Entitlement up to an amount equal to the total number of Open Offer Shares available under the Open Offer less an amount equal to a Qualifying Shareholder's Basic Entitlement, subject always to the 29.9 per cent. Aggregate Limit.

Please refer to paragraphs 4.1(c) and 4.2(c) of this Part II for further details of the Excess Application Facility.

Please note that holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating Basic Entitlements, as will holdings under different designations and in different accounts.

Qualifying CREST Shareholders will have their Basic Entitlements and Excess CREST Open Offer Entitlements credited to their stock accounts in CREST and should refer to paragraphs 4.2(a) to 4.2(l) of this Part II and also to the CREST Manual for further information on the relevant CREST procedures.

Qualifying Shareholders may apply for any whole number of Open Offer Shares subject to the limit on applications under the Excess Application Facility referred to above. The Basic Entitlement, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Open Offer Shares shown in Box 3 on the 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.

The Excess Application Facility enables Qualifying Shareholders who have taken up their Basic Entitlement in full to apply for any whole number of Excess Shares in addition to their Basic Entitlement up to an amount equal to the total number of Open Offer Shares available under the Open Offer less an amount equal to a Qualifying Shareholder's Basic Entitlement, subject always to the 29.9 per cent. Aggregate Limit. Qualifying Non-CREST Shareholders who wish to apply to subscribe for more than their Basic Entitlement should complete Boxes 5, 6, 7 and 8 on the Application Form. Excess Applications may be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all.

The aggregate number of Open Offer Shares available for subscription pursuant to the Open Offer (including under the Excess Application Facility) is 2,851,595 Open Offer Shares.

Qualifying Shareholders should note that the Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Basic Entitlements and Excess CREST Open Offer Entitlements will be credited to CREST and be enabled for settlement, applications in respect of Basic Entitlements and Excess CREST 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 raised by Euroclear's Claims Processing Unit. Qualifying Shareholders should be aware that in the Open Offer, unlike with a rights issue, any Open Offer Shares not applied for by Qualifying Shareholders under their Basic Entitlements will not be sold in the market on behalf of, or placed for the benefit of, Qualifying Shareholders who do not apply under the Open Offer, but may be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility and that the net proceeds will be retained for the benefit of the Company. Qualifying Shareholders who do not apply to take up Open Offer Shares will have no rights under the Open Offer.

Any Qualifying Shareholder who has sold or transferred all or part of his registered holding(s) of Existing Ordinary Shares prior to 8.00 a.m. on 30 November 2018 is advised to consult his stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him by the purchaser(s) under the rules of the London Stock Exchange.

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

Application will be made for the Basic Entitlements and Excess CREST Open Offer Entitlements to be admitted to CREST. The conditions for such admission having already been met, the Basic Entitlements and Excess CREST Open Offer Entitlements are expected to be admitted to CREST with effect from 3 December 2018.

The Open Offer Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares. The Open Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

3. Conditions and further terms of the Open Offer

The Open Offer is conditional, *inter alia*, upon the following:

- (a) the passing, without amendment, of the Resolutions at the General Meeting;
- (b) Admission becoming effective by not later than 8.00 a.m. on 18 December 2018 (or such later time and/or date as may be agreed between the Company and Canaccord Genuity, being no later than 5.00 p.m. on 31 December 2018); and
- (c) the Conditional Placing and Open Offer Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms prior to Admission.

Accordingly, if any of these conditions are not satisfied or waived (where capable of waiver) by 8.00 a.m. on 18 December 2018 (or such later time and/or date as may be agreed between the Company and Canaccord Genuity, being no later than 5.00 p.m. on 31 December 2018), the Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable, but within 14 days, thereafter. Revocation of applications for Open Offer Shares cannot occur after dealings have begun.

No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form in the week commencing 31 December 2018. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST as soon as practicable after 8.00 a.m. on 18 December 2018.

Application will be made for the Open Offer Shares to be admitted to trading on AIM. Admission is expected to occur on 18 December 2018, when dealings in the Open Offer Shares are expected to begin.

All monies received by the Receiving Agent in respect of Open Offer Shares will be held in a separate non-interest bearing bank account opened solely for the Open Offer.

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 giving details of the revised dates.

4. Procedure for application and payment

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Shareholder has an Application Form in respect of his Basic Entitlement or a Qualifying Shareholder has Basic Entitlements and Excess CREST Open Offer Entitlements credited to his CREST stock account in respect of such entitlement.

Qualifying Shareholders who hold their Existing Ordinary Shares in certificated form (that is, not in CREST) will be allotted Open Offer Shares in certificated form. Qualifying Shareholders who hold all or part of their Existing Ordinary Shares in uncertificated form (that is, in CREST) 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. However, it will be possible for Qualifying Shareholders to deposit Basic Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 4.2(g) of this Part II.

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 the Basic Entitlements and Excess CREST Open Offer 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 CREST Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Qualifying Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form. Qualifying Shareholders are, however, encouraged to vote at the General Meeting by attending in person or by completing and returning the Form of Proxy enclosed with this document.

4.1 ***If you have an Application Form in respect of your entitlement under the Open Offer***

(a) *General*

Subject as provided in paragraph 6 of this Part II in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Application Form. The Application Form shows the number of Existing Ordinary Shares registered in their name on the Record Date in Box 2. It also shows the number of Open Offer Shares which represents their Basic Entitlement under the Open Offer, as shown by the total number of Basic Entitlements allocated to them set out in Box 3. Box 4 shows how much they would need to pay if they wish to take up their Basic Entitlement in full. Qualifying Non-CREST Shareholders wishing to take up their Basic Entitlement in full should complete Boxes 5, 7 and 8.

Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Non-CREST Shareholders' Basic Entitlements and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility. Any Qualifying Non-CREST Shareholders with fewer than 12 Existing Ordinary Shares will not receive a Basic Entitlement. Any Qualifying Non-CREST Shareholder with fewer than 12 Existing Ordinary Shares will not be able to apply for Excess Shares pursuant to the Excess Application Facility (see paragraph 4.1(c) of this Part II). Qualifying Non-CREST Shareholders may apply for less than their Basic Entitlement should they wish to do so. Qualifying Non-CREST Shareholders wishing to apply for Open Offer Shares representing less than their Basic Entitlement may do so by completing Boxes 5, 7 and 8 of the Application Form. Subject to availability, and assuming that Qualifying Shareholders have accepted their Basic Entitlement in full, Qualifying Non-CREST Shareholders may also apply for any whole number of Excess Shares in excess of their Basic Entitlement up to an amount equal to the total number of Open Offer Shares available under the Open Offer less an amount equal to a Qualifying Non-CREST Shareholder's Basic Entitlement, subject always to the 29.9 per cent. Aggregate Limit, by completing Boxes 5, 6, 7 and 8 of the Application Form (see paragraph 4.1(c) of this Part II). Qualifying Non-CREST Shareholders may hold such an Application Form by virtue of a *bona fide* market claim (see paragraph 4.1(b) of this Part II).

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer to Qualifying Non-CREST Shareholders.

(b) *Bona fide market claims*

Applications to acquire Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST 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 participate in the Open Offer. Application Forms may not be sold, assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 12 December 2018. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise 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 participate in the Open Offer, should consult his broker or other professional adviser authorised under FSMA as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the purchaser or transferee. 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 either the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or to the Receiving Agent in accordance with the instructions set out in the accompanying Application Form. Subject to certain exceptions, the Application Form should not, however, be forwarded to or transmitted in or into a Restricted Jurisdiction. 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 4.2(b) of this Part II.

(c) *Excess Application Facility*

Subject to availability, and assuming that Qualifying Non-CREST Shareholders have accepted their Basic Entitlement in full, Qualifying Non-CREST Shareholders may apply to acquire Excess Shares using the Excess Application Facility, should they wish. Qualifying Non-CREST Shareholders wishing to apply for Excess Shares, up to an amount equal to the total number of Open Offer Shares available under the Open Offer less an amount equal to a Qualifying Non-CREST Shareholder's Basic Entitlement, subject always to the 29.9 per cent. Aggregate Limit, may do so by completing Boxes 5, 6, 7 and 8 of the Application Form. The total number of Open Offer Shares is fixed and will not be increased in response to any Excess Applications. Excess Applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Basic Entitlements in full or where fractional entitlements have been aggregated and made available under the Excess Application Facility and where such Excess Application is not in excess of the relevant Qualifying Non-CREST Shareholder's 29.9 per cent. Aggregate Limit. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by Qualifying Non-CREST Shareholders will be met in full or in part or at all.

Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter, but within 14 days, by way of cheque or CREST payment, as appropriate.

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

(d) *Application procedures*

Qualifying Non-CREST Shareholders wishing to apply to acquire all or any of the Open Offer Shares (whether in respect of all or part of their Basic Entitlement or in addition to their Basic Entitlement under the Excess Application Facility) to which they are entitled should complete the Application Form in accordance with the instructions printed on it. Completed Application Forms should be posted in the accompanying reply-paid envelope or returned by post or by hand (during normal office hours only) to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (who will act as Receiving Agent in relation to the Open Offer), so as to be received by the Receiving Agent by no later than 11.00 a.m. on 14 December 2018, after which time Application Forms will not be valid (subject to certain exceptions described below). Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by first-class post in the UK, Qualifying Non-CREST Shareholders are recommended to allow at least four working days for delivery.

Application Forms delivered by hand will not be checked upon delivery and no receipt will be provided.

Completed Application Forms should be returned with a cheque or banker's draft drawn in sterling on a bank or building society in the UK which is either a 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 facilities provided by any of those companies or committees. Such cheques or banker's drafts must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on the application.

Cheques should be drawn on a personal account in respect of which the Qualifying Shareholder has sole or joint title to the funds and should be made payable to "Link Market Services Limited Re: Safestay Open Offer A/C" and crossed "A/C Payee Only". Third party cheques (other than building society cheques or banker's drafts where the building society or bank has confirmed that the relevant Qualifying Shareholder has title to the underlying funds by completing the account name on the back of the cheque or draft and adding the branch stamp) may not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted. Post-dated cheques will not be accepted.

Cheques and banker's drafts will be presented for payment on receipt and it is a term of the Open Offer that cheques and banker's drafts will be honoured on first presentation. The Company may elect to treat as valid or invalid any applications made by Qualifying Non-CREST Shareholders in respect of which cheques are not so honoured. If cheques or banker's drafts are presented for payment before the conditions of the Open Offer are fulfilled, the application monies will be kept in a separate non-interest bearing bank account until all conditions are met. If the Open Offer does not become unconditional, no Open Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable but within 14 days following the lapse of the Open Offer.

The Company may in its sole discretion (but with the prior consent of Canaccord Genuity), but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) with the prior consent of Canaccord Genuity to accept either:

- (i) Application Forms received after 11.00 a.m. on 14 December 2018; or
- (ii) applications in respect of which remittances are received before 11.00 a.m. on 14 December 2018 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

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 and issued to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque or 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 Receiving Agent shall be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, 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 the Receiving Agent, Canaccord Genuity or the Company, nor any other person, shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholder as a result.

(e) *Effect of application*

By completing and delivering an Application Form, the applicant:

- (i) represents and warrants to the Company and Canaccord Genuity that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is 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;
- (ii) agrees with the Company and Canaccord Genuity that all applications under the Open Offer and any contracts or non-contractual obligations resulting therefrom shall be governed by and construed in accordance with the laws of England;

- (iii) confirms to the Company and Canaccord Genuity that in making the application he is not relying on any information or representation in relation to the Group other than those contained in this document, and the applicant accordingly 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 information or representation not so contained herein and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information in relation to the Group contained in this document;
- (iv) confirms to the Company and Canaccord Genuity that in making the application he is not relying and has not relied on Canaccord Genuity or any other person affiliated with Canaccord Genuity in connection with any investigation of the accuracy of any information contained in this document or his investment decision;
- (v) confirms to the Company and Canaccord Genuity that no person has been authorised to give any information or to make any representation concerning the Group or the Open Offer Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be, and has not been, relied upon as having been authorised by the Company or Canaccord Genuity;
- (vi) represents and warrants to the Company and Canaccord Genuity that he is the Qualifying Shareholder originally entitled to the Basic Entitlements or that he received such Basic Entitlements by virtue of a *bona fide* market claim;
- (vii) represents and warrants to the Company and Canaccord Genuity that if he has received some or all of his Basic Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Basic Entitlements by virtue of a *bona fide* market claim;
- (viii) requests that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and the Application Form, subject to the articles of association of the Company;
- (ix) represents and warrants to the Company and Canaccord Genuity that he is not, nor is he applying on behalf of any person 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 or any jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Open Offer Shares which are the subject of his application to, or for the benefit of, a person 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 or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free 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 any person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (x) confirms that the Open Offer Shares have not been offered to the applicant by the Company, Canaccord Genuity or any of their affiliates, or anyone acting on any of their behalves, by means of any: (a) "directed selling efforts" as defined in Regulation S under the US Securities Act; or (b) "general solicitation" or "general advertising" as defined in Regulation D under the US Securities Act; and
- (xi) represents and warrants to the Company and Canaccord Genuity 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.

All enquiries in connection with the procedure for application and completion of the Application Form, should be addressed to the Receiving Agent, Link Asset Services on +44 (0)371 664 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 am – 5.30 pm,

Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Qualifying Non-CREST Shareholders who do not want to take up or apply for the Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form. Qualifying Non-CREST Shareholders are, however, encouraged to vote at the General Meeting by attending in person or by completing and returning the Form of Proxy enclosed with this document.

4.2 If you have Basic Entitlements and Excess CREST Open Offer 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 II in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST in respect of his Basic Entitlement and also in respect of his Excess CREST Open Offer Entitlement (an amount equal to the total number of Open Offer Shares available under the Open Offer less an amount equal to a Qualifying Shareholder's Basic Entitlement, subject always to the 29.9 per cent. Aggregate Limit) (see paragraph 4.2(c) of this Part II for further details). Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' Basic Entitlement and will be aggregated and made available under the Excess Application Facility. Any Qualifying CREST Shareholders with fewer than 12 Existing Ordinary Shares will not receive a Basic Entitlement. Any Qualifying Non-CREST Shareholder with fewer than 12 Existing Ordinary Shares will not be able to apply for Excess Shares pursuant to the Excess Application Facility (see paragraph 4.2(c) of this Part II).

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 CREST Open Offer Entitlements have been allocated.

If for any reason the Basic Entitlements and/or Excess CREST Open Offer Entitlements cannot be admitted to CREST, or the stock accounts of Qualifying CREST Shareholders cannot be credited, by close of business on 3 December 2018, or such later time and/or date as may be agreed between the Company and Canaccord Genuity, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Basic Entitlements and Excess CREST Open Offer Entitlements which should have been 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 such Application Forms.

CREST members who wish to apply to acquire some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact the Receiving Agent, Link Asset Services on +44 (0)371 664 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 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

(b) *Bona fide market claims*

Each of the Basic Entitlements and the Excess CREST Open Offer Entitlements will constitute a separate security for the purposes of CREST and will have a separate ISIN. Although Basic Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Basic Entitlements and the Excess CREST 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 transaction. Transactions identified by the

CREST Claims Processing Unit as “cum” the Basic Entitlement and the Excess CREST Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Basic Entitlement(s) and Excess CREST Open Offer Entitlement(s) will thereafter be transferred accordingly.

(c) *Excess Application Facility*

Subject to availability, and assuming that Qualifying CREST Shareholders have accepted their Basic Entitlement in full, Qualifying CREST Shareholders may apply to acquire Excess Shares using the Excess Application Facility, should they wish. The Excess Application Facility enables Qualifying CREST Shareholders to apply for Excess Shares in excess of their Basic Entitlement up to an amount equal to the total number of Open Offer Shares available under the Open Offer less an amount equal to a Qualifying CREST Shareholder’s Basic Entitlement, subject always to the 29.9 per cent. Aggregate Limit.

An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred.

Subject as provided in paragraph 6 of this Part II in relation to Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess CREST Open Offer Entitlement in order for any applications for Excess Shares to be settled through CREST.

Qualifying CREST Shareholders should note that, although the Basic Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only). Neither the Basic Entitlements nor the Excess CREST Open Offer Entitlements will be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions in paragraph 4.2(f) below 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 be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Basic Entitlement 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 CREST Open Offer Entitlement credited to CREST and allocated to the relevant Qualifying Shareholder will be transferred to the purchaser. Please note that a separate USE instruction must be sent to Euroclear in respect of any application under the Excess CREST Open Offer Entitlement.

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

The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Applications under the Excess Application Facility will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Basic Entitlements in full or where fractional entitlements have been aggregated and made available under the Excess Application Facility, subject always to the 29.9 per cent. Aggregate Limit. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by Qualifying Shareholders will be met in full or in part or at all.

Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant’s sole risk) without interest as soon as practicable thereafter, but within 14 days, by way of cheque or CREST payment, as appropriate.

(d) *USE instructions*

Qualifying CREST Shareholders who are CREST members and who want to apply for Open Offer Shares in respect of all or some of their Basic Entitlement and Excess CREST Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their

CREST sponsor sends) a USE instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Basic Entitlements and/or Excess CREST Open Offer Entitlements corresponding to the number of Open Offer Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of the Receiving Agent 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 referred to in paragraph 4.2(d)(i) above.

(e) *Content of USE instruction in respect of Basic Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear'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 the Receiving Agent);
- (ii) the ISIN of the Basic Entitlement. This is GB00BD1DRX07;
- (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 Link Asset Services in its capacity as Receiving Agent. This is 7RA33;
- (vi) the member account ID of Link Asset Services in its capacity as Receiving Agent. This is 29950SAF;
- (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 paragraph 4.2(e)(i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 14 December 2018; 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 14 December 2018.

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 14 December 2018 in order to be valid is 11.00 a.m. on that day.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 18 December 2018 (or such later time and/or date as may be agreed between the Company and Canaccord Genuity, being no later than 5.00 p.m. on 31 December 2018), the Open Offer will lapse, the Basic Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable but within 14 days thereafter.

(f) *Content of USE instruction in respect of Excess CREST Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear 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 the application is being made (and hence the number of the Excess CREST Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement. This is GB00BD1DRY14;
- (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 CREST Open Offer Entitlements are to be debited;
- (v) the participant ID of Link Asset Services in its capacity as Receiving Agent. This is 7RA33;
- (vi) the member account ID of Link Asset Services in its capacity as Receiving Agent. This is 29950SAF;
- (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 paragraph 4.2(f)(i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 14 December 2018; 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 the application in respect of an Excess CREST Open Offer 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 14 December 2018.

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 14 December 2018 in order to be valid is 11.00 a.m. on that day. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlement security.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 18 December 2018 (or such later time and/or date as may be agreed between the Company and Canaccord Genuity, being no later than 5.00 p.m. on 31 December 2018), the Open Offer will lapse, the Basic Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter but within 14 days.

(g) *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 CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer can be applied for through 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 to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Basic Entitlements and the entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 14 December 2018. After depositing their Basic Entitlement into their CREST account, CREST holders will, shortly after that, receive a credit for their Excess CREST Open Offer Entitlement.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, 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 or Excess CREST Open Offer Entitlements in CREST, is 3.00 p.m. on 11 December 2018 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Basic Entitlements or Excess CREST Open Offer Entitlements from CREST is 4.30 p.m. on 10 December 2018, in either case so as to enable the person acquiring or (as appropriate) holding the Basic Entitlements and the Excess CREST Open Offer 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 or in respect of the Excess CREST Open Offer Entitlements, as the case may be, prior to 11.00 a.m. on 14 December 2018. CREST holders inputting the withdrawal of their Basic Entitlement from their CREST account must ensure that they withdraw both their Basic Entitlement and the Excess CREST Open Offer Entitlement.

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 and the Receiving Agent by the relevant CREST member(s) that it is/they are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" on page 3 of the Application Form, and a declaration to the Company and the Receiving Agent from the relevant CREST member(s) that it is/they are not citizen(s) or resident(s) of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law 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.

(h) *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 14 December 2018 will constitute a valid application under the Open Offer.

(i) *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear 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 14 December 2018. 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.

(j) *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question, without payment of interest;

- (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 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, without payment of interest; 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 payment of interest.
- (k) *Effect of valid application*
- A CREST member who makes or is treated as making a valid application in accordance with the above procedures thereby:
- (i) represents and warrants to the Company and Canaccord Genuity that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is 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;
 - (ii) agrees with the Company to 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 the Receiving Agent'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);
 - (iii) agrees with the Company and Canaccord Genuity that all applications under the Open Offer and any contracts or non-contractual obligations resulting therefrom shall be governed by, and construed in accordance with, the laws of England;
 - (iv) confirms to the Company and Canaccord Genuity that in making the application he is not relying on any information or representation in relation to the Group other than those contained in this document, and the applicant accordingly 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 information or representation not so contained herein and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information in relation to the Group contained in this document;
 - (v) confirms to the Company and Canaccord Genuity that no person has been authorised to give any information or to make any representation concerning the Group or the Open Offer Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be, and has not been, relied upon as having been authorised by the Company or Canaccord Genuity;
 - (vi) represents and warrants to the Company and Canaccord Genuity that he is the Qualifying Shareholder originally entitled to the Basic Entitlements and Excess CREST Open Offer Entitlements or that he has received such Basic Entitlements and Excess CREST Open Offer Entitlements by virtue of a *bona fide* market claim;
 - (vii) represents and warrants to the Company and Canaccord Genuity that if he has received some or all of his Basic Entitlements and Excess CREST Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Basic Entitlements and Excess CREST Open Offer Entitlements by virtue of a *bona fide* market claim;
 - (viii) requests 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;
 - (ix) represents and warrants to the Company and Canaccord Genuity that he is not, nor is he applying on behalf of any person 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 or any jurisdiction in which the application for Open Offer Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering

any of the Open Offer Shares which are the subject of his application to, or for the benefit of, a person 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 or any jurisdiction in which the application for Open Offer Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free 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 any person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;

- (x) confirms that the Open Offer Shares have not been offered to the applicant by the Company, Canaccord Genuity, any of their affiliates, or any person acting on their any of their behalves, by means of any: (a) “directed selling efforts” as defined in Regulation S under the US Securities Act; or (b) “general solicitation” or “general advertising” as defined in Regulation D under the US Securities Act; and
 - (xi) represents and warrants to the Company and Canaccord Genuity 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.
- (l) *Company’s discretion as to the rejection and validity of applications*
- The Company may in its sole discretion but with the prior consent of Canaccord Genuity:
- (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 II;
 - (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 the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations 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 the Registrar in connection with CREST.

5. Money Laundering Regulations

5.1 Holders of Application Forms

To ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the “verification of identity requirements”). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of

identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agent. In such case, the lodging agent's stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the "acceptor"), including any person who appears to the Receiving Agent to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Open Offer Shares as is referred to therein (for the purposes of this paragraph 5, the "relevant Open Offer Shares") and shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as the Receiving Agent may require to satisfy the verification of identity requirements.

If the Receiving Agent determines that the verification of identity requirements apply to any acceptor or application, the relevant Open Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Receiving Agent nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity and address within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Receiving Agent, the Company and Canaccord Genuity from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

- (i) 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); or
- (ii) if the acceptor is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (iii) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- (iv) if the aggregate subscription price for the Open Offer Shares is less than €15,000 (approximately £13,000 as at the Latest Practicable Date).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (a) if payment is made by cheque or banker's draft in sterling drawn on a branch in the UK of a bank or building society which bears a UK bank sort code number in the top right hand corner, the following applies. Cheques, should be made payable to "Link Market Services Limited Re: Safestay Open Offer A/C" in respect of an application by a Qualifying Shareholder and crossed "A/C Payee Only" in each case. Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/bankers' draft to such effect. The account name should be the same as that shown on the Application Form; or
- (b) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in paragraph 5.1(i) above or which is subject to anti-money laundering regulation in a

country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, the Republic of Korea, the Republic of South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form, written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent. If the agent is not such an organisation, it should contact the Receiving Agent at Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

To confirm the acceptability of any written assurance referred to in paragraph 5.1(b) above, or in any other case, the acceptor should contact the Receiving Agent, Link Asset Services on +44 (0)371 664 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 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. If the Application Form(s) is/are in respect of Open Offer Shares with an aggregate subscription price of €15,000 (approximately £13,000 as at the Latest Practicable Date) or more and is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of Open Offer Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and separate evidence of his address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 14 December 2018, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the applicant (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

5.2 Basic Entitlements and Excess CREST Open Offer Entitlements in CREST

If you hold your Basic Entitlements and Excess CREST Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Basic Entitlements and Excess CREST Open Offer Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent 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 the Receiving Agent before sending any USE instruction 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 Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent 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 failure to provide satisfactory evidence as to the identity of the person or persons on whose behalf the application is made.

6. Overseas Shareholders

The making of the Open Offer to persons resident in, or who are citizens of, or who have a registered address in, countries other than the UK may be affected by the law or regulatory requirements of the relevant jurisdiction. The comments set out in this paragraph 6 are intended as a general guide only and any Overseas

Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

6.1 **General**

The distribution of this document and the Application Form and the making or acceptance of the Open Offer to or by persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the UK or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the UK may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer.

No action has been or will be taken by the Company or Canaccord Genuity or any other person to permit a public offering or distribution of this document (or any other offering or publicity materials or application forms) relating to the Open Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the UK.

Receipt of this document and/or an Application Form and/or a credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

Due to restrictions under the securities laws of the Restricted Jurisdictions and certain commercial considerations, Application Forms will not be sent to, and neither Basic Entitlements nor Excess CREST Open Offer Entitlements will be credited to stock accounts in CREST of, Excluded Overseas Shareholders or their agents or intermediaries, except where the Company and Canaccord Genuity are satisfied, at their sole and absolute discretion, that such action would not result in the contravention of any registration or other legal requirement in the relevant jurisdiction.

No person receiving a copy of this document and/or an Application Form and/or a credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use any such Application Form and/or credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him and such Application Form and/or credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements.

In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees for any such person) outside the UK wishing to apply for Open Offer Shares under the Open Offer to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company or Canaccord Genuity (nor any of their respective representatives) is making any representation to any offeree or purchaser of 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.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Basic Entitlements or Excess CREST Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his custodian, agent, nominee or trustee, he must not seek to apply for Open Offer Shares unless the Company and Canaccord Genuity determine in their respective sole and absolute discretions that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Basic Entitlements or Excess CREST Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part II and specifically the contents of this paragraph 6.

Subject to paragraphs 6.2 to 6.8 below, any person (including, without limitation, custodians, agents, nominees and trustees for any such person) outside the UK wishing to apply for Open Offer Shares must satisfy himself as to the full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and pay any issue, transfer or other taxes due in such territories.

The Company and Canaccord Genuity reserve the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company, Canaccord Genuity or their respective agents to have been executed, effected or dispatched by an Excluded Overseas Shareholder or on behalf of such a person by their agent or intermediary or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company, Canaccord Genuity or their respective agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or, in the case of a credit of Basic Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in a Restricted Jurisdiction or any other jurisdiction outside the UK in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to paragraphs 6.2 to 6.8 below.

Notwithstanding any other provision of this document or the Application Form, the Company reserves the right to permit any Qualifying Shareholder who is an Excluded Overseas Shareholder to apply for Open Offer Shares if the Company and Canaccord Genuity, in their sole and absolute discretion, are satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or bankers' drafts or where such an Overseas Shareholder is a Qualifying CREST Shareholder, through CREST.

Due to restrictions under the securities laws of the Restricted Jurisdictions and subject to certain exceptions, Excluded Overseas Shareholders will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Basic Entitlements or Excess CREST Open Offer Entitlements.

The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No public offer of Open Offer Shares is being made by virtue of this document or the Application Forms into any Restricted Jurisdiction. Receipt of this document and/or an Application Form and/or a credit of a Basic Entitlement or an Excess CREST Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in the Restricted

Jurisdictions and in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

6.2 **United States**

Subject to certain exceptions, this document is intended for use only in connection with offers of Open Offer Shares outside the United States and neither this document nor any Application Form is to be sent or given to any person within the United States. The Open Offer Shares offered hereby are not being registered under the US Securities Act, for the purposes of sales outside of the United States.

This document may not be transmitted in or into the United States and may not be used to make offers or sales to US holders of Existing Ordinary Shares.

Subject to certain exceptions, the Open Offer Shares will be distributed, offered or sold, as the case may be, outside the United States in offshore transactions within the meaning of, and in accordance with, Regulation S under the US Securities Act.

Each person to which the Open Offer Shares are distributed, offered or sold outside the United States will be deemed by its subscription for the Open Offer Shares to have represented and agreed, on its behalf and on behalf of any investor accounts for which it is subscribing the Open Offer Shares, as the case may be, that:

- (i) it is acquiring the Open Offer Shares from the Company in an “offshore transaction” as defined in Regulation S under the US Securities Act; and
- (ii) the Open Offer Shares have not been offered to it by the Company or Canaccord Genuity or any of their affiliates by means of any “directed selling efforts” as defined in Regulation S under the US Securities Act.

Each subscriber acknowledges that the Company and Canaccord Genuity will rely upon the truth and accuracy of the foregoing representations and agreements, and agrees that if any of the representations and agreements deemed to have been made by such subscriber by its subscription for the Open Offer Shares are no longer accurate, it shall promptly notify the Company and Canaccord Genuity. If such subscriber is subscribing for the Open Offer Shares as a fiduciary or agent for one or more investor accounts, each subscriber represents that it has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.

Each subscriber acknowledges that it will not resell the Open Offer Shares without registration or an available exemption or safe harbour from registration under the US Securities Act.

6.3 **Canada**

This document is not, and is not to be construed as, a prospectus, an advertisement or a public offering of these securities in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this document or the merits of the Open Offer Shares, and any representation to the contrary is an offence.

In addition, the relevant exemptions are not being obtained from the appropriate provincial authorities in Canada. Accordingly, the Open Offer Shares are not being offered for subscription by persons resident in Canada or any territory or possessions thereof. Applications from any Canadian Person who appears to be or whom the Company has reason to believe to be so resident or the agent of any person so resident will be deemed to be invalid. Neither this document nor an Application Form will be sent to and no Basic Entitlements or Excess CREST Open Offer Entitlements will be credited to a stock account in CREST of any Shareholder in the Company whose registered address is in Canada. If any Application Form is received by any Shareholder in the Company whose registered address is elsewhere but who is, in fact, a Canadian Person or the agent of a Canadian Person so resident, he should not apply under the Open Offer.

For the purposes of this paragraph 6.3, “Canadian Person” means a citizen or resident of Canada, including the estate of any such person or any corporation, partnership or other entity created or organised under the laws of Canada or any political sub-division thereof.

6.4 **Australia**

Neither this document nor the Application Form has been lodged with, or registered by, the Australian Securities and Investments Commission. A person may not: (i) directly or indirectly offer for subscription or purchase or issue an invitation to subscribe for or buy or sell, the Open Offer Shares; or (ii) distribute any draft or definitive document in relation to any such offer, invitation or sale, in Australia or to any resident of Australia (including corporations and other entities organised under the laws of Australia but not including a permanent establishment of such a corporation or entity located outside Australia). Accordingly, neither this document nor any Application Form will be issued to, and no Basic Entitlements or Excess CREST Open Offer Entitlements will be credited to a CREST stock account of, Shareholders in the Company with registered addresses in, or to residents of, Australia.

6.5 **Other Restricted Jurisdictions**

The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No offer of or invitation to apply for Open Offer Shares is being made by virtue of this document or the Application Form into any Restricted Jurisdiction.

6.6 **Other overseas territories**

Application Forms will be sent to Qualifying Non-CREST Shareholders and Basic Entitlements or Excess CREST Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and the Application Form. Such Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the UK should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Open Offer Shares.

6.7 **Representations and warranties relating to Overseas Shareholders**

(a) *Qualifying Non-CREST Shareholders*

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company, Canaccord Genuity and the Receiving Agent that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant Open Offer Shares from within any Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within any Restricted Jurisdiction (except as agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not acquiring Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories. The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it:

- (i) appears to the Company or its agents to have been executed, effected or dispatched from a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or
- (ii) provides an address in a Restricted Jurisdiction for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the UK in which it would be unlawful to deliver such share certificates); or
- (iii) purports to exclude the representation and warranty required by this sub-paragraph 6.7(a).

(b) *Qualifying CREST Shareholders*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part II represents and warrants to the Company and Canaccord Genuity that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) neither it nor its client is within any Restricted Jurisdiction; (ii) neither it nor its client is in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares; (iii) it is not accepting on a non-discretionary basis for a person located within any Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) neither it nor its client is acquiring any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories.

6.8 **Waiver**

The provisions of this paragraph 6 and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company, in its absolute discretion with the prior consent of Canaccord Genuity. Subject to this, the provisions of this paragraph 6 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 6 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

7. **No withdrawal rights**

An application under the Open Offer once made is irrevocable and cannot be withdrawn or changed.

8. **Admission, settlement and dealings**

The result of the Open Offer is expected to be announced on 17 December 2018. Application will be made to AIM for admission to trading of the New Ordinary Shares. It is expected that, subject to the Conditional Placing and the Open Offer becoming unconditional in all respects (save for Admission), Admission will become effective and that dealings in the Open Offer Shares, fully paid, will commence at 8.00 a.m. on 18 December 2018.

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

Basic Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 14 December 2018 (being the latest practicable date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, the Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for the Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. As soon as practicable after 8.00 a.m. on 18 December 2018, the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission (expected to be on 18 December 2018). The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST 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 CREST Open Offer 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 an interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrar 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 despatched by post in the week commencing 31 December 2018. No temporary documents of title will be issued and, pending the issue of

definitive certificates transfers will be certified against the register of members of the Company. 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 paragraph 4.1 of this Part II, and the Application Form.

The result of the Open Offer will be announced and made public through an announcement on a Regulatory Information Service as soon as reasonably practicable after the results are known.

9. Times and dates

The Company, with the agreement of Canaccord Genuity, shall be entitled to amend the dates on which Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall notify the London Stock Exchange and make an announcement on a Regulatory Information Service.

10. Taxation

Certain statements regarding United Kingdom taxation in respect of the Open Offer Shares and the Open Offer are set out in Part IV of this document. Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the United Kingdom, should immediately consult a suitable professional adviser.

11. Share option schemes

The Open Offer is not being extended to the holders of options over Ordinary Shares, save to the extent that any such options are or have been validly exercised and Ordinary Shares have been allotted in consequence of such exercise prior to the Record Date.

12. Governing law and jurisdiction

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, the laws of England. The courts of England are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Application Form including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this document or the Application Form. By taking up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and, where applicable, the Application Form Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

13. Further Information

Your attention is drawn to the further information set out in this document and also to the terms, conditions and other information printed on any Application Form.

PART III

RISK FACTORS

An investment in Ordinary Shares is subject to a number of risks and uncertainties. Prior to making an investment decision in respect of the Ordinary Shares, prospective investors should consider carefully all of the information within this document, including the following risk factors. The Board believes the following risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Group. In particular, the Group's performance may be affected by changes in market or economic conditions and in legal and/or tax requirements. The risks listed are not set out in any particular order of priority. Additionally, there may be risks not mentioned in this document of which the Board is not aware or believes to be immaterial but which may, in the future, adversely affect the Group's business and the market price of the Ordinary Shares. If any of the following risks were to materialise, the Group's business, financial condition, results or future operations could be materially and adversely affected. In such cases, the market price of the Ordinary Shares could decline and an investor may lose part or all of his investment. Additional risks and uncertainties not presently known to the Board, or which the Board currently deems immaterial, may also have an adverse effect upon the Group and the information set out below does not purport to be an exhaustive summary of the risks affecting the Group. Before making a final investment decision, prospective investors should consider carefully whether an investment in the Group is suitable for them and, if they are in any doubt should consult with an independent financial adviser authorised under FSMA which specialises in advising on the acquisition of shares and other securities.

General risks

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which may result from the investment. A prospective investor should consider with care whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him. The investment opportunity offered in this document may not be suitable for all recipients of this document. Investors are therefore strongly recommended to consult an investment adviser authorised under the FSMA, or such other similar body in their jurisdiction, who specialises in advising on investments of this nature before making their decisions to invest.

Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the investment objectives of the Company will be achieved. Investors may not get back the full amount initially invested.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.

Risks relating to the Group's business

Growth strategy dependent on acquiring and developing new sites which may be influenced by factors beyond the Company's control

The Company intends to pursue a growth strategy which, to be successful, will depend in large part on the ability to open new hostels and to operate these hostels on a profitable basis. It is possible that each site may take some time from its acquisition to being opened (due to permissions being required and/or refurbishment needed) and, in turn, some time from its opening date to reach profitable operating levels due to inefficiencies typically associated with new hostels, including lack of awareness, competition, the need to hire and train sufficient staff and other factors. The Company cannot guarantee that the Group will be able to achieve its expansion goals or that the new sites will be operated profitably.

The success of the planned expansion will depend on numerous factors, many of which are beyond the Company's control, including the:

- ability to identify and secure available and suitable sites on an economic basis;

- ability to secure all necessary operating approvals and licences in a timely manner and in a satisfactory form;
- extent of the competition for sites;
- ability to acquire a freehold or to conclude a lease on acceptable terms and the costs associated with this;
- ability to fit out new sites at an economic cost;
- delays in the timely development of new sites; and
- general economic conditions.

The Group may be unable to complete and operate new properties

The Group intends to continue to develop new hostels in the markets in which it currently operates and in new markets. The Group's future development and conversion activities involve a number of risks, including the following significant risks:

- inability to obtain financing, or, if the Group finances conversion projects through short-term loans, permanent financing, in any case, at all or on favourable terms;
- requirement to make significant current capital expenditure for certain hostels without receiving revenue from these hostels until future periods;
- inability to complete development projects on schedule or within budgeted amounts;
- delays or refusals in obtaining all necessary planning, land use, building, occupancy and other required governmental permits and authorisations; and
- fluctuations in occupancy rates at newly developed or renovated properties due to a number of factors, including market and economic conditions, that may result in the Group's investments not being profitable.

The Board cannot confirm that the Group's current or future construction projects will be completed and its inability to complete a project could have a material adverse effect on its business, financial condition and results of operations.

Integration of new hostels may be difficult and may adversely affect the Group's business, financial condition and results of operations

The success of any hostel acquisition will depend, in part, on the Group's ability to realise the anticipated benefits from integrating those developed hostels with its existing operations. For instance, the Group may develop new hostels in geographic areas in which the Group's management may have little or no operating experience and in which potential guests may not be familiar with the Group's brand. These hostels may attract fewer guests than the Group's other operating hostels, while at the same time the Group may incur substantial additional costs with these new hostel properties. As a result, the Group's operational results at new hostel properties may be inferior to those of its other operating properties. Unanticipated expenses and insufficient demand at a new property, therefore, could adversely affect the Group's business. The Group's success in realising anticipated benefits and the timing of this realisation depends upon the successful integration of the operations of the developed hostel. This integration may be a complex, costly and time-consuming process.

The Group may not accomplish the integration of newly developed hostels smoothly or successfully. The diversion of the attention of the Group's management from the Group's existing operations to integration efforts and any difficulties encountered in combining operations could prevent the Group from realising the anticipated benefits from the development and could adversely affect the Group's business, financial condition and results of operations.

Risks relating to the current management's ability to manage a hostel abroad

The Group's future success will depend, in part, on its ability to manage its current and anticipated expansion of its hostel portfolio to overseas countries. If appropriate opportunities present themselves, the Group will continue to acquire overseas sites for development into new hostels that it believes are beneficial. The process of site identification, planning, financing, construction, launching and managing overseas hostels

can give rise to unforeseen operating difficulties and expenditures and may absorb significant attention of the Group's management that would otherwise be available for the ongoing development of its business. Such expansion is expected to place demands on management, support functions, accounting, sales and marketing and other resources. If the Group's current management is unable to successfully manage a hostel in a new jurisdiction, or attract new qualified personnel to support the overseas growth of its business in a particular new jurisdiction, this could have a material adverse effect on the Group's business, financial condition and results of operations.

Adverse economic conditions may have a material adverse effect on the Group's results

The Group's operating and financial performance is affected by the economic conditions both in the United Kingdom and abroad (particularly mainland Europe). Challenging economic conditions in the UK, European or global economy, including factors relating to the UK's decision to leave the European Union, prevailing levels of employment, real disposable income, salaries, wage rates, market rent levels, availability of funding, business and consumer confidence, consumer demand, tourism and business and consumer perception of economic conditions, could result in reductions in asset values (including the Group's current properties and potential future properties) and the Group's business volumes and have a material adverse effect on the Group's business, financial position and operating results. In addition, the performance of individual hostels and geographic markets might be seasonal due to a variety of factors such as the tourist trade and local economic conditions.

The Group may be affected by changes in property values

The disruption in the financial markets over recent years and the economic downturn have adversely affected and may continue to adversely affect the value of property in some locations and any properties acquired by the Group in the future. A reduction in value of the Group's properties through downward revaluations would adversely affect the gearing and loan to value ratio covenants in the Group's banking facilities, which could restrict the Group's operational and financial flexibility and management decisions.

Any reduction in property values could have a material adverse effect on the Group's business and financial situation.

Property valuation is inherently subjective and uncertain

The Group's UK properties have been valued on the basis of "Market Value" in accordance with the Valuation Standards published by the RICS (the "Red Book"), defined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In determining "Market Value" valuers are required to make certain assumptions. Such assumptions may prove to be inaccurate. This is particularly so in periods of volatility or when there is limited real estate transactional data against which property valuations can be benchmarked. There can also be no assurance that these valuations will be reflected in the actual transaction prices, even where any such transactions occur shortly after the relevant valuation date. Failure to achieve successful sales of properties in the future at acceptable prices could have an adverse effect on the Company's business, financial condition, results of operations, future prospects or the price of the Ordinary Shares.

The Group may be adversely affected by competition

There can be no guarantee that the Group's current competitors or new entrants to the market will not appeal to a wider proportion of the Group's market or command broader brand awareness. In either case such companies may have greater financial and marketing resources than the Group. Even if the Group is able to compete successfully, it may be forced to make changes in order to respond to changes in consumer tastes which may impact negatively on the Group's financial performance. If any of the foregoing risks were to occur, this could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is exposed to the risk of litigation from its guests, customers, suppliers, employees and regulatory authorities

The Group is exposed to the risk of litigation from its guests, customers, suppliers, employees and regulatory authorities. Exposure to litigation or fines imposed by regulatory authorities may affect the Group's reputation

even though the monetary consequences may not be significant. If any of the foregoing risks were to occur, this could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group will be dependent on certain key executives and personnel

The Group has a relatively small senior management team and the loss of any key individual or the inability to attract appropriate personnel could impact upon the Group's future performance. If any of the foregoing risks were to occur, this could have a material adverse effect on the Group's business, financial condition and results of operations.

Currency exchange fluctuations may increase the Group's costs

As the Group continues to expand in mainland Europe, its financial position and the results of its operations will be subject to adverse currency movements, primarily against the euro. Sustained movement in exchange rates will increase or decrease the value of the Group's revenue and costs as reported in pounds sterling. As a result, the Group cannot guarantee that exchange rate fluctuations will not adversely affect the Group's business, operating results, financial condition or prospects.

The Group will be exposed to the risk of events that adversely impact domestic or international travel

The Group's room rates and occupancy levels could be adversely affected by events such as epidemics, travel related accidents, travel related industrial action, increased transportation and fuel costs, increased transport related taxes, actual or threatened acts of terrorism or war and natural disasters (such as ash clouds caused by volcanic eruptions, earthquakes and hurricanes) resulting in reduced worldwide travel or other local factors impacting individual hotels.

The Group may be adversely affected by disruption to booking sites on the internet

The Group relies heavily on booking sites such as Booking.com and Hostelworld.com. Notwithstanding that such sites have appropriate disaster recovery plans in place to ensure a smooth transition of services should an event occur which affects the servers on which their software operates, and they will also operate a back-up site, with separate servers, which replicate the live booking system, any disruption to booking sites may have a material adverse effect on the Group's business, financial position or results of operations.

Technology and systems disruption may adversely affect the Group's efficiency

To varying degrees, the Group is reliant upon technologies and systems for the running of its business, particularly those which are highly integrated with business processes. Any disruption to those technologies or systems could adversely affect the efficiency of the business.

The Group may have to make substantial additional investments in new technologies or systems to remain competitive. Failing to keep pace with developments in technologies or systems may put the Group at a competitive disadvantage. The technologies or systems that the Group chooses may not be commercially successful or the technology or system strategy employed may not be sufficiently aligned with the needs of the business or responsive to changes in business strategy. As a result, the Group could lose guests, fail to attract new guests, incur substantial costs or face other losses.

The Group may be adversely affected by an increase in loan interest rates

The Group relies on borrowing to finance property acquisitions. If the interest rates on the Group's loans increase, this will result in an increased interest cost to the Group which may have a negative impact on the Group's financial performance. Further, loan agreements typically contain covenants relating to loan interest. If interest rates increase significantly the Group may become in breach of its loan agreements.

The Group may be adversely affected by an increase in operating costs

The Group's operating and other expenses could increase without a corresponding increase in turnover. Factors which could increase operating and other expenses include increases in energy prices, which would affect the cost of heating the Group's properties and providing hot water to guests, increases in payroll (including any increases in the minimum wage), taxes and other statutory charges, insurance premia, rent,

rates and the costs of maintenance of properties and failure to perform by third parties and sub-contractors leading to increases in operating costs. Given the cost-competitive environment that the Group operates in, it may be difficult to pass on these increases in costs to the Group's guests, and therefore such increases could have a material adverse effect on the Group's business, financial position or results of operations.

The Group is reliant in part on the reputation of its brand

The Group operates under a core brand, namely Safestay. If an event occurred that materially damaged the reputation of this core brand or there was a failure to sustain the appeal of the Group's brand to its guests, this could have an adverse impact on the Group's earnings and assets and resultant Shareholder value.

Unfavourable publicity concerning the Group's brand or substantial erosion in the reputation of, or value associated with, the Group's brand could have an adverse effect on the Group's business, financial position or results of operations.

The Group could suffer material losses in excess of insurance proceeds

The Group's current property and any potential future properties or other assets could suffer physical damage caused by fire or other causes, resulting in losses that may not be fully compensated by insurance. In addition, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, hurricanes, terrorism or acts of war, which may be uninsurable on economic terms or at all. Inflation, changes in building codes and ordinances, environmental considerations, and other factors might also result in losses that may not be fully compensated by insurance proceeds. Should an uninsured loss or a loss in excess of insured limits occur, the Group would lose capital and anticipated future revenue. In addition, the Group may incur further costs to repair damage caused by uninsured risks. The Group would also remain liable for any debt or other financial obligation related to that part of the business in which the uninsured risk has occurred.

The Group's operations are subject to health and safety, planning and other regulations

The Group is required to comply with regulations relating to, amongst others, planning, land use, building regulation standards, health and safety, environmental matters and employment. Significant events or breaches or violations of applicable laws or regulations could result in restrictions on operations, damages, fines, litigation and/or other sanctions and/or result in the Group incurring liabilities which, in turn, could have a material adverse effect on the Group's business, results of operations and overall financial position or adversely affect the value of the Group's assets. Changes in the legal framework in particular concerning planning, land use and building regulations, may negatively influence property values. From time to time, regulations are introduced which can impact on the costs of the Group's business and affect returns. In recent years these have included building regulations for the containment and management of asbestos and the measurement and reporting of energy efficiency of buildings. Such changes in the future could have an adverse impact on the value of the Group's business, financial position or results of operations.

The Group may incur environmental liabilities resulting from ownership of property

The Board views the assessment of environmental risk as an important element of its due diligence process when it acquires a property. However, there can be no guarantee that the Group will not incur unexpected liabilities such as a clean-up costs and fines for environmental pollution in respect of any properties owned by the Group.

The costs of any required clean-up of or fines for environmental pollution may be substantial regardless of whether the Group originally caused the relevant contamination. The presence of hazardous or toxic substances, or the failure to remedy the situation properly, may also adversely affect the value of the relevant property or the Group's ability to sell, let or regenerate that property or to borrow using the property as security. The Group could be required to remove or remediate any hazardous substances that it has caused or knowingly permitted to be located at any property that it has owned or occupied in the past or which it may own in the future.

The Group may be affected by political, legal and regulatory developments

Future political, legal or regulatory developments concerning the business of the Group and the industry sectors in which it operates may affect its ability to operate and trade profitably. Political risks include the

imposition of trade barriers, changes of regulatory and licencing developments and the volatility of input costs, selling prices, taxes and currencies. Changes in the future could have an adverse impact on the value of the Group's business, financial position or results of operations.

The Group is susceptible to economic downturn in the hostel industry and may be adversely affected by factors common to the hostel industry.

The Group's revenue is dependent on the leisure, tourism and business markets. Therefore, a downturn in these sectors could have a material adverse effect on the revenues and profitability of the Safestay hostel and any potential future properties. Reductions in room rates and occupancy levels could have a material adverse effect on the Group's financial position and results of operations, and could reduce the Group's income available for distribution to its Shareholders, and the value of Shareholders' investments in the Group.

The revenue receivable by the Group could be adversely affected by various operating risks common to the UK and European hotel and hostel industry, many of which are beyond the Group's control, including the cyclical nature of the hotel and hostel industry; a decrease in travel to and within the UK and/or Europe as a result of adverse economic conditions; increases in fuel costs and other expenses which may affect travel patterns and reduce the number of business and leisure and tourist travellers; a decrease in travel to areas where the Group operates its existing hostels and any potential future hostels caused by any epidemic or other disaster, natural or otherwise; increasing threats of violence or terrorism, terrorist events, airline strikes, changes in airport security policies, extreme weather conditions and other similar factors that may affect travel patterns and reduce the number of business and commercial travellers and tourists; and any other factors that may lead to reduced occupancy and room rates.

Delays in the construction, development or refurbishment of property may adversely affect expected profitability

The Group's future plans include the construction and/or development of new properties or the refurbishment of existing properties. Construction or refurbishment cost and time overruns; construction and development problems; adverse changes in planning and changes in planning policy may cause delays and adversely affect expected profitability from those opportunities.

Difficulty in securing suitable localities for further expansion may adversely affect expected profitability

The Group will, in the future, seek to source, negotiate and acquire new sites for further expansion of the Safestay brand. There is a risk that such buildings or sites may not be available to the Group or may not be available to the Group on commercially acceptable terms, either of which would adversely affect expected profitability.

Risks relating to the Ordinary Shares

The value of the Ordinary Shares may decrease as well as increase and there may be volatility in the price of the Ordinary Shares

The Issue Price may not be indicative of the market price for the Ordinary Shares following Admission. The market price of the Ordinary Shares could be volatile and subject to significant fluctuations due to a variety of factors, including changes in sentiment in the market regarding the Company, the Company's sector or equities generally, any regulatory changes affecting the Group's operations, variations in the Company's operating results and/or business developments of the Group and/or its competitors, the actual operating and share price performance of other companies in the industries and markets in which the Group operates, news reports relating to trends in the Group's markets or the wider economy and the publication of research analysts' reports regarding the Company or the sector generally, actual or anticipated fluctuations in the Company's operating performance, termination of contracts by partners, announcements of developments by existing and future competitors, changes in the Group's key personnel or potential litigation.

Trading and performance of the Ordinary Shares

The AIM Rules for Companies are less demanding than those of the Official List and an investment in a company whose shares are traded on AIM is likely to carry a higher risk than an investment in a company whose shares are quoted on the Official List. It may be more difficult for investors to realise their investment

in a company whose shares are traded on AIM than to realise an investment in a company whose shares are quoted on the Official List. The share price of publicly traded, early stage companies can be highly volatile. The price at which the Ordinary Shares will be traded and the price at which investors may realise these investments will be influenced by a large number of factors, some specific to the Group and its operations and some which may affect quoted companies generally. The value of the Ordinary Shares will be dependent upon the success of the operational activities undertaken by the Group and prospective investors should be aware that the value of the Ordinary Shares can go down as well as up. Furthermore, there is no guarantee that the market price of an Ordinary Share will accurately reflect its underlying value.

Future sales of Ordinary Shares could adversely affect the price of the Ordinary Shares

Shareholders may sell their Ordinary Shares in the public or private market and the Group may undertake a public or private offering of Ordinary Shares. The Group cannot predict what effect, if any, future sales of Ordinary Shares will have on the market price of the Ordinary Shares. If the Group's existing shareholders were to sell, or the Group was to issue a substantial number of Ordinary Shares in the public market, the market price of the Ordinary Shares could be materially adversely affected. Sales by the Group's existing Shareholders could also make it more difficult for the Group to sell equity securities in the future at a time and price that it deems appropriate.

The Group may need to raise additional funds in the future to finance, amongst other things, working capital, expansion of the Group, new developments relating to existing operations or new acquisitions. There can be no assurance that it will be able to do so. If additional funds are raised through the issuance of new equity or equity-linked securities of the Group other than on a *pro rata* basis to existing Shareholders, the percentage ownership of the existing Shareholders may be reduced. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Ordinary Shares. The Group may also issue Ordinary Shares as consideration shares on acquisitions or investments which would also dilute Shareholders' respective shareholdings.

Dividends

There can be no assurance as to the level of any future dividends. The declaration, payment and amount of any future dividends of the Group are subject to the discretion of the Shareholders or, in the case of interim dividends to the discretion of the Directors, and will depend upon, amongst other things, the Group's earnings, financial position, cash requirements, availability of profits, as well as provisions for relevant laws or generally accepted accounting principles from time to time.

Although the Board intends to pay dividends to Shareholders in the future, there can be no assurance that the Group will declare and pay, or have the ability to declare and pay, any dividends in the future.

Investment Risk

Potential investors should be aware that the value of shares can rise or fall and that there may not be proper information available for determining the market value of the Ordinary Shares at all times. An investment in a share which is traded on AIM, such as the Ordinary Shares, is likely to be difficult to realise and carries a high degree of risk. The ability of an investor to sell Ordinary Shares will depend upon there being a willing buyer for them at an acceptable price. Consequently, it might be difficult for an investor to realise his/her investment in the Group and he/she may lose all his/her investment. The Ordinary Shares therefore may not be suitable as a short-term investment.

Taxation

The attention of Shareholders and potential investors is drawn to Part IV of this document headed "Taxation". The tax rules and their interpretation relating to an investment in the Group may change during its life. Any change in the Group's tax status or in taxation legislation or its interpretation could affect the value of the investments held in the Group or the Group's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Representations in this document concerning the taxation of the Group and its investors are based upon current tax law and practice which is, in principle, subject to change.

Forward looking statements

This document contains forward-looking statements that involve risks and uncertainties. The Group's results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Group, which are described above and elsewhere in the document. Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Group's business.

Shareholders will be diluted if they do not take up their rights under the Open Offer

If a Shareholder does not take up his entitlement under the Open Offer, his interest in the Company will be diluted. Shareholders' proportionate ownership and voting interest in the Company will be reduced pursuant to the Conditional Placing. In addition, to the extent that Shareholders do not take up their entitlement of Open Offer Shares, their proportionate ownership and voting interest in the Company will be further reduced.

PART IV

TAXATION

The following information is given in summary form and as a general guide only and is based on tax legislation and, where relevant, current HM Revenue & Customs practice, at the date of this document. Such legislation and practice is liable to change (in some cases with retrospective effect). The information relates to the tax position of holders of New Ordinary Shares in the capital of the Company who are resident and domiciled in the United Kingdom for tax purposes.

The statements below do not constitute advice to any Shareholder or potential investor on his or her personal tax position, and may not apply to certain classes of investor (such as persons carrying on a trade in the United Kingdom or holding the shares as trustees, or United Kingdom insurance companies). This summary is not a complete and exhaustive analysis of all the potential UK tax consequences for holders of New Ordinary Shares. Any Shareholder or potential investor should obtain advice from his or her own investment or taxation adviser before subscribing for New Ordinary Shares.

Taxation of dividends

Income tax

Under current United Kingdom taxation legislation, no withholding tax will be deducted from dividends paid by the Company.

Individual shareholders resident in the UK receiving dividends from the Company may be liable to income tax on such dividends, subject to any applicable reliefs and exemptions. In the tax year ending 5 April 2018, no income tax is payable in respect of the first £5,000 of dividend income received from all sources in the tax year (although such income would still count towards the basic, higher and additional rate thresholds). For dividends received above £5,000 in a tax year, the dividend income would be taxable at 7.5 per cent., 32.5 per cent. and 38.1 per cent. for basic rate, higher rate and additional rate taxpayers, respectively.

Corporation tax

With certain exceptions for traders in securities, a holder of New Ordinary Shares that is a company resident (for taxation purposes) in the United Kingdom and receives a dividend paid by the Company, should generally not be subject to tax in respect of the dividend.

Taxation of chargeable gains

- (a) Under current HM Revenue & Customs practice, the subscription by a Shareholder for shares under the Open Offer up to his minimum entitlement is expected to be treated as a reorganisation of share capital for the purposes of the UK taxation of chargeable gains. To the extent that it is so treated, a Shareholder should not be treated as disposing of the shares already held by him in the Company; the shares issued should be treated as acquired at the same time as the Existing Ordinary Shares held by that Shareholder in respect of which the new shares were offered, and the cost of acquisition of the new shares should be pooled with the expenditure allowable on the relevant Existing Ordinary Shares for the purposes of determining the amount of any chargeable gain arising on a subsequent disposal. Any subscription by a shareholder for shares under the Open Offer in excess of his minimum entitlement should be treated as a new acquisition outside the scope of the rules on reorganisations of share capital. As a matter of UK tax law, the acquisition of Open Offer Shares may not, strictly speaking, constitute a reorganisation of share capital, and there is no guarantee that the HM Revenue & Customs practice mentioned above will be followed, particularly where an open offer is not made to all shareholders.
- (b) A UK resident individual shareholder who disposes of, or who is deemed to dispose of, their shares in the Company may be liable to capital gains tax in relation thereto at a flat rate of 10 per cent. (in the tax year ending 5 April 2018), of any chargeable gain thereby realised (after taking into account any applicable reliefs and exemptions). To the extent that any chargeable gains or part thereof, aggregated with taxable income arising in a tax year, exceed the upper limit of the basic rate income tax band, capital gains tax will be charged at 20 per cent. (in the tax year ending 5 April 2018). In computing the

gain, the Shareholder should be entitled to deduct from proceeds the cost to him of the shares (together with incidental costs of acquisition and disposal).

- (c) A UK resident corporate shareholder disposing of its shares in the Company may be liable to corporation tax on chargeable gains in relation thereto at the usual rates of corporation tax applicable to it (currently 19 per cent.). In computing the chargeable gain liable to corporation tax, the Shareholder should be entitled to deduct from the disposal proceeds, the cost to it of the shares, together with incidental costs of acquisition, as increased by indexation allowance, and disposal costs.

Stamp Duty and Stamp Duty Reserve Tax

No United Kingdom stamp duty should be payable on the issue by the Company of New Ordinary Shares. No stamp duty or stamp duty reserve tax should be payable on transactions in shares traded on AIM where the shares are not also listed on a recognised stock exchange.

Shareholders and/or potential investors who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the UK, should immediately consult a suitable professional adviser. Any person who is in any doubt as to his or her tax position or who may be subject to tax in any jurisdiction other than the United Kingdom should consult his or her own professional adviser.

DEFINITIONS

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

“Admission”	admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies;
“AIM”	the market of that name operated by the London Stock Exchange;
“AIM Rules for Companies”	the AIM Rules for Companies published by the London Stock Exchange, as amended;
“Application Form”	the application form accompanying this document to be used by Qualifying Non-CREST Shareholders in connection with the Open Offer;
“Basic Entitlement”	the Open Offer Shares which a Qualifying Shareholder is entitled to subscribe for under the Open Offer calculated on the basis of 1 Open Offer Share for every 12 Existing Ordinary Shares held by that Qualifying Shareholder as at the Record Date;
“BGF”	BGF Investment Management Limited;
“Board” or “Directors”	the board of directors of the Company or any duly authorised committee thereof;
“Business Day”	any day (other than a Saturday or Sunday) upon which commercial banks are open for business in London, UK;
“Canaccord Genuity”	Canaccord Genuity Limited;
“certificated” or “in certificated form”	where an Ordinary Share is not in uncertificated form (i.e. not in CREST);
“Company” or “Safestay”	Safestay Plc, a company incorporated in England and Wales with registered number 8866498;
“Companies Act”	the Companies Act 2006 as amended;
“Conditional Placees”	the persons who have conditionally agreed to subscribe for the Conditional Placing Shares;
“Conditional Placing”	the conditional placing of the Conditional Placing Shares at the Issue Price pursuant to the terms of the Conditional Placing and Open Offer Agreement;
“Conditional Placing and Open Offer Agreement”	the agreement dated 29 November 2018 and made between the Company and Canaccord Genuity, details of which are set out in paragraph 4 of Part I of this document
“Conditional Placing Shares”	27,609,496 new Ordinary Shares proposed to be allotted and issued by the Company pursuant to the Conditional Placing;
“CREST”	the computerised settlement system operated by Euroclear which facilitates the transfer of shares;
“CREST Proxy Instructions”	an appropriate and valid CREST message appointing a proxy by means of CREST;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI/2001/3755);

“EBITDAR”	earnings before interest, taxes, depreciation, amortization, and restructuring or rent costs; a non-GAAP tool used to measure a company’s financial performance
“Enlarged Share Capital”	the issued share capital of the Company, immediately following Admission, assuming the maximum number of Open Offer Shares are allotted;
“Euroclear”	Euroclear UK and Ireland Limited (formerly named CrestCo Limited), the operator of CREST;
“Excess Applications”	applications pursuant to the Excess Application Facility;
“Excess Application Facility”	the mechanism whereby a Qualifying Shareholder, who has taken up his Basic Entitlement in full, can apply for Excess Shares up to an amount equal to the total number of Open Offer Shares available under the Open Offer less an amount equal to a Qualifying Shareholder’s Basic Entitlement, subject always to the 29.9 per cent. Aggregate Limit, as more fully set out in Part II of this document;
“Excess CREST Open Offer Entitlements”	in respect of each Qualifying CREST Shareholder who has taken up his Basic Entitlement in full, the entitlement to apply for Open Offer Shares in addition to his Basic Entitlement credited to his stock account in CREST, pursuant to the Excess Application Facility, which may be subject to scaling back in accordance with the provisions of this document;
“Excess Shares”	Open Offer Shares which are not taken up by Qualifying Shareholders pursuant to their Basic Entitlement and which are offered to Qualifying Shareholders under the Excess Application Facility;
“Excluded Overseas Shareholders”	other than as agreed by the Company and Canaccord Genuity or as permitted by applicable law, Shareholders who are located or have registered addresses in a Restricted Jurisdiction;
“Ex-Entitlement Date”	8.00 a.m. on 30 November 2018;
“Existing Ordinary Share Capital”	the ordinary share Capital of the Company at the date of this document comprising the Existing Ordinary Shares;
“Existing Ordinary Shares”	the 34,219,134 Ordinary Shares in issue at the date of this document;
“FCA”	the Financial Conduct Authority;
“FSMA”	the Financial Services and Markets Act 2000 (as amended);
“Group”	the Company and its subsidiaries and subsidiary undertakings;
“Issue Price”	34 pence per New Ordinary Share;
“Latest Practicable Date”	5.00 p.m. on 28 November 2018, being the latest practicable date prior to the publication of this document;
“Link Asset Services”	a trading name of Link Market Services Limited;
“London Stock Exchange”	London Stock Exchange Plc;
“Money Laundering Regulations”	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended);

“New Ordinary Shares”	up to 32,263,360 new Ordinary Shares to be allotted and issued by the Company pursuant to the Conditional Placing, Subscription and the Open Offer;
“Notice”	the notice of General Meeting set out at the end of this document;
“Official List”	the Official List of the UK Listing Authority;
“Open Offer”	the conditional invitation by the Company to Qualifying Shareholders to apply to subscribe for Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in this document and in the case of the Qualifying Non-CREST Shareholders only, the Application Form;
“Open Offer Entitlements”	an entitlement to subscribe for Open Offer Shares, allocated to a Qualifying Shareholder under the Open Offer (and, for the avoidance of doubt, references to Open Offer Entitlements include Basic Entitlements and Excess CREST Open Offer Entitlements);
“Open Offer Shares”	the 2,851,595 New Ordinary Shares to be offered to Qualifying Shareholders under the Open Offer;
“Ordinary Shares”	the ordinary shares of 1p each in the capital of the Company, ISIN number GB00BKT0J702;
“Overseas Shareholders”	Shareholders with registered addresses outside the UK or who are citizens of, incorporated in, registered in or otherwise resident in, countries outside the UK;
“Participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
“Prospectus Rules”	the Prospectus Rules made by the FCA in accordance with the EU Prospectus Directive 2003/71/EC in relation to offers of securities to the public or an admission of securities to trading on a regulated market;
“Qualifying CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company on the Record Date are 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 register of members of the Company at the Record Date with the exception (subject to certain exceptions) of Excluded Overseas Shareholders;
“Record Date”	5.00 p.m. on 28 November 2018;
“Registrar”	Link Market Services Limited;
“Receiving Agent”	Link Asset Services, a trading name of Link Market Services Limited;
“Regulatory Information Service” or “RIS”	a regulatory information service that is approved by the FCA and that is on the list of regulatory information service providers as maintained by the FCA;

“Resolutions”	the resolutions to be proposed at the General Meeting, details of which are set out in the Notice;
“Restricted Jurisdictions”	each of Australia, Canada, New Zealand, Japan, the Republic of South Africa and the United States;
“Safeland Holdings”	Safeland Holdings (2008) Corporation, a corporation incorporated in Panama and of which Larry Lipman owns one third;
“Securities Act”	US Securities Act of 1933, as amended;
“Shareholders”	holders of Ordinary Shares;
“Sterling” or “£”	the lawful currency of the UK;
“Subscribers”	those persons who intend to subscribe for Subscription Shares pursuant to the Subscription, being Larry Lipman, Safeland plc, Safeland Holdings, Nuno Sacramento, Hervé Deligny and Stephen Moss;
“Subscription”	the conditional subscription of the Subscription Shares by the Subscribers;
“Subscription Shares”	1,802,269 New Ordinary Shares proposed to be issued to Subscribers pursuant to the Subscription;
“subsidiary”	as that term is defined in section 1162 of the Companies Act;
“subsidiary undertaking”	a subsidiary undertaking, as that term is defined in section 1159 of the Companies Act;
“UK Listing Authority”	the Financial Conduct Authority, in its capacity as the competent authority for the purposes of Part VI of FSMA;
“uncertificated” or “uncertificated form”	recorded on the relevant register of Ordinary Shares as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“US\$”	US Dollar; and
“29.9 per cent. Aggregate Limit”	the restriction on the number of Open Offer Shares that each Qualifying Shareholder may receive under the Open Offer on the basis that no Qualifying Shareholder shall be entitled to receive in excess of such number of Open Offer Shares as would bring its aggregate interest in the Company to more than 29.9 per cent. of the Company’s issued share capital if such number of Open Offer Shares are issued to such Qualifying Shareholder.

SAFESTAY PLC

(incorporated in England and Wales under the Companies Act 2006 with registered no. 8866498)

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of the members of the Company will be held at 10.00 a.m. on 17 December 2018 at the offices of Dechert LLP, 160 Queen Victoria Street, London EC4V 4QQ for the purposes of considering and, if thought fit, passing the following resolutions ("**Resolutions**") which in the case of Resolution 1 will be proposed as an ordinary resolution and in the case of Resolution 2 will be proposed as a special resolution:

ORDINARY RESOLUTION

1. That, conditional on the passing of Resolution 2, in accordance with section 551 of the Companies Act 2006 (the "**Act**") (and in addition to all pre-existing authorities under that section) the directors of the Company be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum nominal amount of £322,633.60 in connection with the Conditional Placing, Subscription and Open Offer (each as defined in the circular to shareholders of the Company dated 30 November 2018),

provided that this authority shall expire (unless previously varied as to duration, revoked or renewed by the Company in general meeting) at the earliest to occur of the conclusion of the next annual general meeting of the Company after the date on which this Resolution is passed or 31 December 2019, except that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or such rights to be granted after such expiry and the directors may allot shares or grant such rights in pursuance of such offer or agreement as if the authority conferred by this Resolution had not expired.

SPECIAL RESOLUTION

2. That, conditional on the passing of Resolution 1, the directors be authorised pursuant to section 570 of the Act (in addition to all pre-existing authorities under that section) to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred on them by Resolution 1 above as if section 561 of the Act did not apply to any such allotment or sale, provided that this authority shall be limited to the allotment of up to a maximum nominal amount of £322,633.60 in connection with the Conditional Placing, Subscription and Open Offer (each as defined in the circular to shareholders of the Company dated 30 November 2018),

provided that this authority shall expire, unless previously revoked or renewed by the Company in general meeting, at such time as the general authority conferred on the directors by Resolution 1 above expires, except that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred by this Resolution had not expired.

30 November 2018

Registered Office
1a Kingsley Way
London
N2 0FW

By order of the Board

Hervé Deligny
Company Secretary

Notes

1. Members entitled to attend and vote at the General Meeting are also entitled to appoint one or more proxies to exercise all or any of their rights to attend and speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder which must be identified on the Form of Proxy. A proxy does not need to be a shareholder of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this Notice. If you wish your proxy to speak at the meeting, you should appoint a proxy other than the chairman of the meeting and give your instructions to that proxy.
2. A Form of Proxy is enclosed for use by members. To be valid it should be completed, signed and delivered (together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of authority) to the Company's registrars Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 10.00 a.m. on 13 December 2018 or in the case of a poll taken subsequently to the date of the General Meeting or any adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll or for holding the adjourned meeting. Shareholders who intend to appoint more than one proxy can obtain additional Forms of Proxy from Link Asset Services. Alternatively, the form provided may be photocopied prior to completion. The Forms of Proxy should be returned in the same envelope and each should indicate that it is one of more than one appointments being made.
3. An abstention option has been included on the Form of Proxy. The legal effect of choosing the abstention option on any resolution is that the shareholder concerned will be treated as not having voted on the relevant resolution. The number of votes in respect of which there are abstentions will however be counted and recorded, but disregarded in calculating the number of votes for or against the Resolutions.
4. CREST members who wish to appoint a proxy or proxies for the meeting (or any adjournment of it) through the CREST electronic proxy appointment service may do so 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(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instructions made using the CREST service 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, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Link Asset Services (ID RA10) no later than 10.00 a.m. on 13 December 2018 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Link Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers 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(s), to procure that his or her CREST sponsor or voting service provider(s) take(s) 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 sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in the Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those shareholders entered on the register of members of the Company at the close of business on 13 December 2018 will be entitled to attend or vote (whether in person or by proxy) at the General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after the close of business on 13 December 2018 will be disregarded in determining the rights of any person to attend or vote at the meeting or any adjourned meeting (as the case may be).
6. As at 29 November 2018 (being the last business day prior to the publication of this Notice) the Company's issued share Capital consisted of 34,219,134 Existing Ordinary Shares, carrying one vote each.
7. Each member attending the meeting has the right to ask questions relating to the business being dealt with at the meeting which the Company must cause to be answered. Information relating to the meeting which the Company is required by the Companies Act 2006 to publish on a website in advance of the meeting may be viewed at www.Safestay.com.
8. The contents of this Notice, details of the total number of shares of which members are entitled to exercise voting rights at the General Meeting and, if applicable, any members statements, members' resolutions or members' matters of business received by the Company after the date of this Notice will be available on the Company's website www.Safestay.com.

