

freshwater

Not for release, publication or distribution, in whole or in part, directly or indirectly, in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws or regulations of such jurisdiction.

FOR IMMEDIATE RELEASE

19 December 2018

RECOMMENDED OFFER

by

RAGLAN HOUSE HOLDINGS LIMITED (“RAGLAN”)

for

FRESHWATER UK PLC (“FRESHWATER”)

Summary

- The Board of Raglan is pleased to announce the terms of an offer for the entire issued and to be issued share capital of Freshwater.
- Freshwater is an independent communications consultancy, with more than 50 staff based in Cardiff and London, which provides clients with a range of services on a multi-channel basis spanning strategic consultancy, training, content creation, engagement and event management. It also has a conference business, trading as Waterfront, which organises specialist events aimed at the transport, energy, planning and infrastructure sectors.
- Raglan is a new company that has been set up for the purposes of making the Offer by David Howell, Stephen Howell, John Underwood, Angharad Neagle and Haydn Evans, who are all directors of Freshwater, and who along with Aled Edwards form the Management Team of Raglan.
- Since all of the directors of Freshwater are directors of Raglan they have a conflict of interest and are precluded from offering an opinion or recommendation to Shareholders on the Offer. Accordingly, EGR Corporate Broking Limited has been appointed to act as independent financial adviser to Freshwater and advise the Freshwater Board on the merits of the Offer.
- Under the terms of the Offer, which is subject to the passing of an ordinary resolution by Independent Shareholders and the terms and further conditions set out in Appendix I of this Announcement, Freshwater Shareholders will be entitled to receive:

for each Freshwater Share: 12 pence in cash

or, as an alternative to the Cash Offer, Freshwater Shareholders may elect to receive the Unlisted Share Alternative on the following basis:

for each Freshwater Share: 1 Raglan Share

- In addition, the Raglan Board has stated that in the event of the Offer succeeding it will procure that Freshwater declares a Special Dividend of 2.0 pence per Freshwater Share payable to all Freshwater Shareholders on the register as at 18 December 2018 irrespective of whether they have accepted the Cash Offer, Unlisted Share Alternative or not accepted the Offer. It should

be noted that as stated in the 2018 Annual Report the Freshwater Board is not recommending a final dividend for 2017-18.

- The Cash Offer values the existing issued share capital of Freshwater at approximately £2.4 million excluding the Special Dividend.
- A letter from Cattaneo setting out an estimate of value of the Unlisted Share Alternative in accordance with Rule 24.11 of the Code is set out in Appendix VI of this Announcement. Cattaneo's opinion, on the basis set out in their letter, is that if the Offer had become effective in accordance with its terms and the Raglan Shares had been in issue as at the date of their letter, they estimate that the value of one Raglan Share pursuant to the Unlisted Share Alternative would be:
 - between 15.4 pence and 16.8 pence on the basis that all Freshwater Shareholders received cash under the Cash Offer, taking into account the Irrevocable Undertakings; or
 - between 14.3 pence and 15.3 pence on the basis that all Freshwater Shareholders elected for the Unlisted Share Alternative, taking into account the Irrevocable Undertakings.
- **EGR, as independent adviser, considers the financial terms of the Unlisted Share Alternative to be fair and reasonable (regardless of the number of Raglan Shares issued in connection with the Offer) but that the Cash Offer undervalues Freshwater. Accordingly, EGR will recommend that Freshwater Shareholders accept the Offer and elect for the Unlisted Share Alternative. Shareholders should only consider accepting the Cash Offer if they are likely to require cash within the short to medium term, if they do not wish to hold shares in a private limited company with no form of dealing facility and which is not subject to the Code, or if their personal financial circumstances make it prudent to do so. EGR recommends that Shareholders should seek independent financial advice before deciding whether to elect for the Cash Offer. In providing advice EGR has taken into account the commercial assessments of the Freshwater Directors.**
- **Raglan has received irrevocable undertakings, including undertakings received from the Management Team, to accept the Offer in respect of a total of 13,549,916 Freshwater Shares, representing 66.7 percent of Freshwater's issued share capital. In addition, Raglan has also received irrevocable undertakings from Independent Shareholders to vote in favour of the Ordinary Resolution in respect of 7,675,847 Freshwater Shares, representing 53.2 percent of the Freshwater Shares that are eligible to vote at the General Meeting. Further details are set out in paragraph 10 below and Appendix III of this Announcement.**
- The Freshwater audited accounts for the year ended 31 August 2018, which were published on 18 December 2018 reported that turnover for the year ended 31 August 2018 was £4.80 million (2017: £4.52 million). Freshwater reported headline EBITDA of £0.69 million (2017: £0.80 million), profit after tax of £0.49 million (2017: £0.58 million) and earnings per share of 2.41p (2017: 2.84p). Freshwater Group had net assets, as at 31 August 2018 of £8.78 million (2017: £8.76 million), including £7.62 million of intangible assets and goodwill.
- The Offer will be conditional upon, amongst other things, Raglan receiving valid acceptances (which have not been withdrawn) in respect of Freshwater Shares which, together with the Freshwater Shares acquired, or agreed to be acquired, by Raglan before or during the Offer Period (whether pursuant to the Offer or otherwise) will result in Raglan holding Freshwater Shares carrying, in aggregate, 90 percent or more (or such lower percentage as Raglan may, subject to the Code, decide) of the voting rights then normally exercisable at general meetings of Freshwater.

- Raglan intends, upon the Offer becoming wholly unconditional and subject to Raglan then owning not less than 75 percent of the Freshwater Shares, to take the necessary actions to cancel the admission to trading on BritDAQ of the Freshwater Shares and re-register Freshwater as a private limited company. The net result of these actions would be for Freshwater to become a private company with no ability for those Freshwater Shareholders who have not accepted the Offer to trade their Freshwater Shares in the future on a public trading platform.
- Background to the Offer:
 - When Freshwater cancelled its admission to trading on the Alternative Investment Market in 2010, Freshwater’s Board promised it would seek an exit opportunity for Shareholders within three years. The Board has twice tried to achieve this, but potential buyers have been deterred by the complexity of acquiring a public company subject to the City Code. This Offer now gives all Shareholders the choice of an exit opportunity or an Unlisted Share Alternative.
 - The Offer follows the adoption by the Freshwater Board of a New Business Plan aimed at further enhancing Freshwater’s specialist expertise and increasing its market share in priority sectors. The implementation of the New Business Plan, which is expected to involve two or three acquisitions, will lead to the prioritisation of investment in growth over the payment of dividends. The Raglan and Freshwater Boards consider that while the strategy should increase Shareholder value, it also entails risks and might not be successful.

Commenting on the Offer, David Howell, Chairman of Freshwater said:

“Freshwater is at a crossroads. After several years of steady profitable growth, it has adopted a new, more ambitious growth strategy – involving two or three strategic acquisitions - aimed at further enhancing the business’s specialist expertise and increasing its market share in priority sectors.

“This strategy is intended to increase shareholder value. However, we know from experience that acquisitions involve commercial and financial risk, and over the next three to four years, dividends will be more modest and possibly non-existent as we give priority to generating cash to fund growth.

“On leaving AIM in 2010, the Board of Freshwater promised it would seek an exit opportunity for shareholders within three years. We have twice tried to achieve this, but buyers have been deterred by the complexity of the rules for acquiring a public company.

“We therefore think it is the right time to offer Freshwater Shareholders the alternative between an immediate cash exit and continued equity involvement through shares in Raglan, with the potential risks and rewards that entails.

“Those who choose to remain shareholders can rest assured that we will continue to run the business diligently and act in the best interests of all shareholders.”

This summary should be read in conjunction with the full text of the following Announcement including the Appendices. The Offer will be subject to the conditions and principal further terms set out in Appendix I to this Announcement and to the full terms and conditions that will be set out in the Offer Document and, in respect of Freshwater Shares held in certificated form, the Form of Acceptance.

It is intended that the Offer Document and the Form of Acceptance containing further details of the Offer will be despatched to Freshwater Shareholders (other than to persons in a Restricted

Jurisdiction) as soon as practicable and, in any event, not later than 28 days after the date of this Announcement (unless agreed otherwise with the Panel).

Appendix II sets out details of the interests of the Management Team in Freshwater Shares. Appendix III sets out details of irrevocable undertakings which have been received by Raglan. Appendix IV sets out the sources and bases of certain financial and other information contained in this Announcement. Appendix V contains the definitions of certain terms used in this Announcement.

In accordance with Rule 2.9 of the Code, Freshwater confirms that it has 20,308,493 ordinary shares of 10 pence each in issue. Freshwater Shares are currently traded on BritDAQ and Freshwater's International Securities Identification Number is GB00B1YLGV82.

In accordance with Rule 2.9 of the Code, Raglan announces that its issued share capital consists of ten ordinary shares of 10 pence each in issue.

The information communicated in this Announcement is inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

Enquiries:

Freshwater/Raglan

Haydn Evans

Tel: 0292 030 4050

Cattaneo – Financial adviser to Raglan

Charles Cattaneo

Tel: 0121 274 2300

EGR – Rule 3 Adviser to Freshwater

Jonathan Hall

Tel: 0203 697 9496

Cattaneo Corporate Finance Solutions Limited is acting exclusively as financial adviser to Raglan and no one else in connection with the Offer. Cattaneo will not be responsible to anyone other than Raglan for providing the protections afforded to its clients or for providing advice in relation to the Offer or any other matter referred to in this Announcement or otherwise.

EGR Corporate Broking Limited, an appointed representative of EGR Broking Limited, is acting exclusively for Freshwater and no one else in connection with the Offer and will not be responsible to anyone other than Freshwater for providing the protections afforded to clients of EGR nor for providing advice in relation to the Offer or any other matter referred to in this Announcement or otherwise.

Further information

This Announcement is for information purposes only. It is not intended to and does not constitute, or form part of, an offer or invitation or the solicitation of any offer to sell or purchase any securities or the solicitation of any offer to otherwise acquire, subscribe for, sell or otherwise dispose of any security pursuant to the Offer or otherwise. The Offer will be made solely by means of the Offer Document and, in respect of Freshwater Shares held in certificated form, the Form of Acceptance, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted. Any decision in respect of, or other response to, the Offer should be made only on the basis of the information contained in those documents.

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

Overseas jurisdictions

The release, publication or distribution of this Announcement in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. In particular, the ability of persons who are not resident in the United Kingdom to accept the Offer or to execute and deliver the Form of Acceptance may be affected by the laws of the relevant jurisdictions in which they are located.

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

Unless otherwise determined by Raglan or required by the Code, and as permitted by applicable law and regulation, the Offer will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction or any other jurisdiction where to do so would violate the laws in that jurisdiction and no person may accept the Offer by any use, means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction including the United States or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction and the Offer may not be capable of acceptance by any such use, means, instrumentality or facility.

Accordingly, copies of this Announcement and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction.

The availability of the Offer to Freshwater Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements.

Cautionary note regarding forward-looking statements

This Announcement (including information incorporated by reference in this Announcement), oral statements made regarding the Offer and other information published by Raglan and Freshwater contain statements that are or may be forward-looking statements. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the respective management of Raglan and Freshwater about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Actual results may differ materially from those expressed in the forward-looking statements depending on a number of factors, including the satisfaction of the Conditions, future market conditions, the behaviour of other market participants, an adverse change in the economic climate, and the extent to which Freshwater's business is successfully integrated within Raglan, among others. Many of these risks and uncertainties relate to factors that are beyond the relevant company's ability to control or estimate precisely, such as future market conditions and the behaviours of other market participants and, therefore, undue reliance should not be placed on such statements.

The forward-looking statements contained in this Announcement include statements relating to the expected effects of the Offer on Raglan and Freshwater, the expected timing and scope of the Offer and other statements other than historical facts. All statements other than statements of historical facts included in this Announcement may be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “should”, “could”, “would”, “may”, “anticipates”, “estimates”, “synergy”, “cost-saving”, “projects”, “goal”, “strategy”, “budget”, “forecast” or “might” or, words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Raglan’ or Freshwater’s operations and potential synergies resulting from the Offer; and (iii) the effects of government regulation on Raglan’ or Freshwater’s business.

All subsequent oral or written forward-looking statements attributable to Raglan or Freshwater or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. The forward-looking statements contained in this Announcement are made as of the date hereof and each of Freshwater and Raglan assumes no obligation and does not intend publicly to update or revise these forward-looking statements, whether as a result of future events, new information or otherwise, except as required pursuant to applicable law.

Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of Freshwater, the Freshwater Group, Raglan or the Raglan Group, unless otherwise stated.

Dealing disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in one percent or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in one percent or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.

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

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

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

Publication of this Announcement

A copy of this Announcement (together with any document incorporated by reference) will be available free of charge, subject to any applicable restrictions relating to persons resident in Restricted Jurisdictions, on Freshwater's website at www.freshwater-uk.com/freshwater-group/99162-2 by no later than 12 noon on 20 December 2018. For the avoidance of doubt, the contents of these websites are not incorporated into and do not form part of this Announcement unless otherwise stated herein. You may request a hard copy of this Announcement, and all future documents, announcements and information in relation to the Offer, by writing to Neville Registrars, Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD, or by calling, between 9.00 a.m. and 5.00 p.m. on Monday to Friday (except UK bank holidays) on 0121 585 1131 (from the UK) or +44 121 585 1131 (if calling from outside the UK). Unless such a request is made, and save as otherwise required by Rule 2.11 of the Code, a hard copy of this Announcement (and any information incorporated by reference in it) will not be sent to any person.

Information relating to Freshwater Shareholders

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

Rounding

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

Time

All times shown in this Announcement are London times, unless otherwise stated.

Not for release, publication or distribution, in whole or in part, directly or indirectly, in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws or regulations of such jurisdiction.

FOR IMMEDIATE RELEASE

19 December 2018

RECOMMENDED OFFER

by

RAGLAN HOUSE HOLDINGS LIMITED (“RAGLAN”)

for

FRESHWATER UK PLC (“FRESHWATER”)

1. Introduction

The Board of Raglan and the Board of Freshwater are pleased to announce the terms of a recommended offer to be made by Raglan for the entire issued and to be issued share capital of Freshwater. Raglan is a newly incorporated company formed by the Management Team for the purpose of making the Offer. Further information in relation to Raglan and the Management Team is set out in paragraph 3 of this Announcement.

2. Summary of the terms of the Offer

Under the terms of the Offer, which is subject to the passing of the Ordinary Resolution at the General Meeting and the satisfaction (or where applicable, waiver) of the Conditions and further terms set out in Appendix I of this Announcement and to the full terms and conditions to be set out in the Offer Document and, in respect of Freshwater Shares held in certificated form, the Form of Acceptance, all of the Freshwater Shares on the following basis:

for each Freshwater Share: 12 pence in cash

or, as an alternative to the Cash Offer, Freshwater Shareholders may elect to receive the Unlisted Share Alternative on the following basis:

for each Freshwater Share: 1 Raglan Share

in lieu of the Cash Offer Consideration to which they would otherwise be entitled under the Offer.

Freshwater Shareholders can elect to accept either the Cash Offer or the Unlisted Share Alternative, but not both or a mixture of both.

In addition, the Raglan Board has stated that subject to the Offer becoming, or being declared, unconditional as to acceptances they will procure that Freshwater declares a Special Dividend of 2.0 pence per Freshwater Share payable to all Freshwater Shareholders on the register as at 18 December 2018 irrespective of whether they have accepted the Cash Offer, the Unlisted Share Alternative or not accepted the Offer. Shareholders should note that as stated in the 2018 Annual Report, following adoption of the New Business Plan, further information on which is set out below, the Board is not proposing payment of a final dividend in respect of the financial year ended 31 August 2018 whether or not the Offer proceeds.

The Cash Offer represents a discount of 40 percent to 20 pence per Freshwater Share, being the price of the latest trade on the BritDAQ facility on 26 April 2018.

The Cash Offer values the total issued share capital of Freshwater at approximately £2.4 million excluding the Special Dividend.

A letter from Cattaneo setting out an estimate of value of the Unlisted Share Alternative in accordance with Rule 24.11 of the Code is set out in Appendix VI of this Announcement. Cattaneo's opinion, on the basis set out in their letter, is that if the Offer had become effective in accordance with its terms and the Raglan Shares had been in issue as at the date of their letter, they estimate that the value of one Raglan Share pursuant to the Unlisted Share Alternative would be:

- between 15.4 pence and 16.8 pence on the basis that all Freshwater Shareholders received cash under the Cash Offer, taking into account the Irrevocable Undertakings; or
- between 14.3 pence and 15.3 pence on the basis that all Freshwater Shareholders elected for the Unlisted Share Alternative, taking into account the Irrevocable Undertakings.

The Freshwater Shares which are the subject of the Offer will be acquired by Raglan fully paid, or credited as fully paid, with full title guarantee and free from all liens, equities, charges, equitable interests, encumbrances, rights of pre-emptions and other third party rights and/or interests of any nature whatsoever and together with all rights attaching to them, on or after the Announcement Date, including the right to receive and to retain all dividends, interest and other distributions declared, paid or made on or after the Announcement Date other than the Special Dividend. In the unlikely event any dividends other than the Special Dividend are paid after the Announcement Date, Raglan will reduce the Offer consideration by the amount of any such dividend or other distribution which is paid or becomes payable to Freshwater Shareholders.

The Offer is conditional upon, amongst other things, Raglan receiving valid acceptances (which have not been withdrawn) in respect of Freshwater Shares which, together with any Freshwater Shares acquired, or agreed to be acquired, by Raglan before or during the Offer Period (whether pursuant to the Offer or otherwise) will result in Raglan holding Freshwater Shares carrying, in aggregate, 90 percent or more (or such lower percentage as Raglan may, subject to the Code, decide) of the voting rights then normally exercisable at general meetings of Freshwater.

3. Information on Raglan and background to and reasons for the Offer

Raglan is a private limited company registered in England and Wales, which was incorporated on 24 October 2018 and which has been formed for the purposes of making the Offer. Raglan is wholly owned by Stephen Howell, and all the directors of Freshwater have been appointed as Directors of Raglan. Upon the passing of the Ordinary Resolution, under the Subscription Agreement, all of the Management Team will subscribe for Raglan Shares.

In September 2010, the Freshwater Board concluded that the recession had derailed its original acquisition-based growth strategy and that it should cut overheads by leaving AIM and putting in place a share trading facility that was provided by BritDAQ. The Freshwater Board advised shareholders at the time that it would seek to provide an exit opportunity within three years. Since leaving AIM, with this objective in mind, the Freshwater Board has twice retained corporate advisers to try and find a buyer for Freshwater at an acceptable value. Whilst there were initial exploratory discussions with some potentially interested parties, in 2013 and then again in 2015-16, a common concern raised was the complexity and cost of acquiring a public company such as Freshwater and so discussions did not progress.

The Management Team believes that the long term commercial justification for the Offer is that:

- Freshwater is too small to benefit from the status of being a PLC with all of the regulatory requirements that come with that status;

- the BritDAQ facility has not provided any significant level of liquidity for Shareholders with the last ten trades on BritDAQ taking place between 18 December 2014 and 26 April 2018, and a total of 309,308 Freshwater Shares being traded (representing only 1.5 percent of Freshwater's issued shares capital) at prices ranging from 12 pence to 30 pence;
- Freshwater is at a crossroads, a recent review by the Freshwater Board identified factors impeding its growth and led to the adoption of the New Business Plan that prioritises using cashflow for investment in substantially increasing the size of Freshwater over the next three years;
- Freshwater's New Business Plan will mean that future dividends will be lower or non-existent to ensure sufficient headroom for selective acquisitions.

Given the above factors the Management Team believes that now is the right time to make an offer to Freshwater Shareholders to give them an opportunity to achieve a cash exit if they so wish and to provide all Freshwater Shareholders with the Special Dividend before the New Business Plan makes future dividends uncertain and introduces new risks associated with a growth strategy that includes acquisitions of businesses.

Management Team biographies are provided below:

David Howell is the Non-Executive Chairman of Freshwater. He was appointed to the Freshwater Board in 2004 and served as chairman until March 2007. David remained as a non-executive director until his resignation on 8 June 2009. David was re-appointed to the Freshwater Board as a non-executive director on 1 October 2010. On 29 September 2011 David replaced Marie-Louise Windeler as non-executive chairman. He is also managing director of privately-owned Hillco Investments (UK) Limited, which holds a diverse portfolio of assets and investments.

John Underwood is the Chief Executive of Freshwater. He was appointed to the Freshwater Board in June 2006. In the 1980s, he was an award-winning TV reporter and presenter and worked for the BBC, ITV and Channel Four before becoming director of communications for the Labour Party. He founded Clear Communications in 1991 and built it into one of the leading communication agencies in the healthcare sector. In addition to his work for Freshwater, John is the director of the Centre for Health Communications Research & Excellence at Bucks New University.

Angharad Neagle is the Group Managing Director of Freshwater. She has worked in the communications industry for more than 20 years and has extensive multi-channel and sector experience. Having joined Freshwater in February 2008 as part of its acquisition of Merlin PR and Marketing, Angharad was promoted to director of the group's creative division in September 2009 and then to Group Managing Director in September 2013, taking operational responsibility for all client-facing teams. She provides strategic communications advice to a number of Freshwater's clients and works closely with the day-to-day account teams to support clients through critical periods including times of crisis, change and growth. Angharad was appointed to the Freshwater Board in October 2014.

Haydn Evans is the Finance Director of Freshwater. He was appointed to the Freshwater Board in May 2003. He has 15 years' experience in the telecommunications sector having worked for Mitel Networks Corporation and Nortel Networks Corporation in the UK and Paris. Immediately prior to joining Freshwater he was a finance leader within Nortel, heading a 20-strong business team in the UK, Switzerland and Toronto and reporting directly to the vice president of finance. He has been responsible for the due diligence on and the financial integration of the 13 acquisitions undertaken by Freshwater since his appointment. He is an associate member of the Chartered Institute of Management Accountants.

Steve Howell is an Executive Director of Freshwater. He founded the business as a PR consultancy in 1997 and, as Chief Executive, led its development into a diverse communications agency. A former newspaper and BBC broadcast journalist, Steve has provided strategic consultancy to a number of key Freshwater clients and is one of the group's media trainers. He writes for the Guardian, Western Mail and Big Issue and appears as a political commentator on Sky, LBC and various BBC programmes. In 2017, Steve took leave of absence from Freshwater to work as deputy director of strategy and communication for the Labour Party. Game Changer, Steve's insider account of the 2017 General Election campaign, has subsequently been published by Accent Press. Having now returned to Freshwater, Steve is working part-time as a member of the executive team while pursuing his writing interests.

Aled Edwards joined Freshwater through its acquisition of Merlin Marketing in 2008 and has become one of Freshwater's key operational directors. Aled, head of events and video, is responsible for the delivery of some of the UK's most high profile events and the production of broadcast quality video for a wide range of clients. Aled has more than 15 years of agency experience and is often deployed as a consultant on client projects by other Freshwater divisions.

4. Background to Freshwater

Freshwater is an independent communications consultancy, with more than 50 staff based in Cardiff and London, which provides clients with a range of services on a multi-channel basis spanning strategic consultancy, training, content creation, engagement and event management. It also has a conference business, trading as Waterfront, which organises specialist events aimed at the transport, energy, planning and infrastructure sectors.

Freshwater was founded in 1997 by Steve Howell. After making six small acquisitions with support from Finance Wales (now Development Bank of Wales), private investors (including David Howell) and bank finance from RBS, Freshwater joined AIM, a Market of the London Stock Exchange (AIM) in July 2007. Freshwater's strategy was to create a full-service PR agency with a UK-wide regional network headquartered in Cardiff. In its first year on AIM, it made three further acquisitions and achieved its best ever results: turnover of £9.52 million and profit before tax of £1.17 million.

The financial crisis of September 2008 and the recession that followed made Freshwater's pursuit of an acquisitive growth strategy via AIM increasingly difficult. In the two years following the 2008 crash, institutional appetite for investing in small quoted companies virtually disappeared and several of Freshwater's key markets were hit severely by the economic downturn, affecting the viability of some regional offices and specialist teams.

Faced with substantial acquisition-related liabilities, Freshwater suspended dividend payments and raised additional capital from shareholders in three open offers (2009, 2010 and 2012). The Board also concluded that it should reduce overheads by cancelling its dealing facility on AIM in November 2010. Freshwater has maintained a matched bargain dealing facility since the cancellation, and this is currently operated by BritDAQ.

Since leaving AIM, Freshwater has focused entirely on organic growth by consolidating and building on existing strengths and has succeeded in repairing its balance sheet and stabilising trading on a profitable basis. This significantly improved cash flow and allowed Freshwater to resume dividend payments. It has now returned 7.55 pence per share in dividends to shareholders at a cost of £1.53 million since resuming dividend payments in January 2015. This has been achieved through a dividend policy which, in recent years, has paid out around two thirds of annual earnings.

On leaving AIM in 2010 the Board advised shareholders at the time that it would seek to provide an exit opportunity within three years. Since 2013, Freshwater has twice retained corporate advisers with a view to providing an exit opportunity for shareholders. On the most recent occasion, in 2015-16, no discussions with potential buyers advanced beyond a first meeting due, in every case, to concerns about the complexity and cost of acquiring a public company subject to the City Code.

5. New Business Plan

In the last two financial years, despite continuing to deliver healthy profit margins, Freshwater has seen its revenue growth stall and profits decline. This led the Board to undertake a business review which concluded that Freshwater must address a number of issues - particularly the need to diversify its client base - and invest in further enhancing its capabilities in digital, data/insight, creative and evaluation. The New Business Plan based on the review's findings was adopted by the Board in July 2018.

The New Business Plan sets the goal of substantially increasing the size of the business by 2021-22 through a combination of organic growth and two or three strategic acquisitions, funded mainly through cash flow, based on strict criteria that enhance the growth strategy. The aim is to establish Freshwater among the larger mid-market agencies and increase its market share in all its priority sectors. If successful, the New Business Plan should deliver increased shareholder value with the potential for an eventual sale of the entire business.

The Freshwater Board recognises that delivery of the New Business Plan involves risks, especially given the uncertainties around Brexit and concerns about global economic trends that could impact the UK and that there is no certainty, given the fast-moving nature of its sector, that it will result in increases in revenues or profitability at the level that the Freshwater Board is targeting, if at all and may depress profitability in the short term. However, the Freshwater Board believe that a failure to respond to market trends, especially in relation to Freshwater's breadth of specialist in-house expertise, would carry greater risk. The Freshwater Board will seek to mitigate the risk by maintaining a strong balance sheet and retaining cash within the business to fund growth.

The Freshwater Board believes it will take up to three full trading years to deliver the New Business Plan and measure its success. Irrespective of the Offer, the new strategy will lead to lower dividends - or even periods without any payments - and Freshwater might need to take on additional debt or issue new shares to fund acquisitions. Further, the Freshwater Board does not intend to actively market Freshwater for sale during this period.

6. Background to and commercial assessment of the Offer

The Freshwater Board acknowledges that the New Business Plan may not meet the time horizons for return of capital and income of some Shareholders, especially those who originally invested in a publicly-quoted company and it has been approached by some institutional shareholders who wish to sell their holdings. This has led the Management Team to initiate the Offer to provide an opportunity for those investors to achieve a cash exit at this time. The Freshwater Board's previous experience in trying to market Freshwater for sale has led them to conclude that when the time comes to seek a sale to a third party this will be significantly easier with a parent company that is not a public company subject to the Code. The Freshwater Board further believes that increasing the shareholdings of the Management Team to fund the Offer

will incentivise them further to achieve a successful business plan outcome which will benefit all Shareholders who choose the Unlisted Share Alternative.

Other than the additional requirement to service and repay the debt facility put in place in connection with the Cash Offer, which may be up to £860,000 depending on the number of Shareholders who accept the Cash Offer, the Freshwater Board believes that the commercial implications of the Offer, taking into account the undertakings contained in the section entitled "Intentions regarding business, management, employees and pension schemes" in Paragraph 7 of this Announcement, and which include implementing the New Business Plan in full, are broadly neutral. The Management Team, whether as Directors of Freshwater or Raglan, will continue to manage Freshwater. Raglan Shareholders will continue to be exposed to the underlying commercial risks of the New Business Plan.

The Freshwater Board are all directors of Raglan and, as such, are not independent and precluded from providing any recommendation to Shareholders on the Offer from Raglan. The Freshwater Board has appointed EGR to provide the necessary independent advice and therefore your attention is drawn to the advice from EGR in Paragraph 14 of this announcement.

EGR, as independent adviser, considers the financial terms of the Unlisted Share Alternative to be fair and reasonable (regardless of the number of Raglan Shares issued in connection with the Offer) but that the Cash Offer undervalues Freshwater and, accordingly, will recommend that Freshwater Shareholders accept the Offer and elect for the Unlisted Share Alternative. Shareholders should only consider electing for the Cash Offer if they are likely to require cash within the short to medium term, or if they do not wish to hold shares in a private limited company with no form of dealing facility and which is not subject to the Code, or if their personal financial circumstances make it prudent to do so. EGR recommends that Shareholders should seek independent financial advice before deciding whether to elect for the Cash Offer. In providing advice EGR has taken into account the commercial assessments of the Freshwater Directors.

EGR also intends to draw Shareholders' attention to the following matters in connection with the Unlisted Share Alternative:

- Raglan will have a higher debt level than Freshwater and may not pay dividends;
- Raglan Shares will have limited liquidity and will not be readily realisable;
- Shareholders in Raglan will have fewer minority protections than they enjoy as Freshwater Shareholders; and
- Members of the Management Team will have significantly greater influence over Raglan than Freshwater by virtue of their increased shareholdings.

7. Intentions regarding business, management, employees and pension schemes

Raglan is a company that has been formed by the Directors of Freshwater specifically for the purpose of making the Offer and providing Freshwater Shareholders with the opportunity to sell their Freshwater Shares for cash if they so desire. Raglan therefore does not intend to make any changes to the day to day operation of Freshwater and confirms the following as is required by the Code:

- There will be no change in the future business of Freshwater, it will continue to be a communications consultancy business which provides clients with a range of services on

a multi-channel basis spanning strategic consultancy, training, content creation, engagement, event management and conferences;

- There will be no change to the small amount of research and development Freshwater currently undertakes;
- There will be no changes to the continued employment of the employees and management of Freshwater nor to the existing employment rights (including pension rights) of all Freshwater Group employees and management which will be fully safeguarded with no material changes to their conditions of employment or the balance of skills and functions of employees and management;
- Raglan intends to support Freshwater's implementation of the New Business Plan with the goal of substantially increasing the size of the business by 2021-22 through organic growth and acquisition, as set out in paragraph 5 of this Announcement. There will be no changes to the location of Freshwater's places of business nor to the location of the head office and head office functions in Cardiff;
- Freshwater makes contributions to pension schemes in accordance with the requirements of auto enrolment under the Pensions Act 2008 and Raglan has no current intention to increase the contributions beyond the current minimum legal requirements; and
- Raglan has no intention regarding any redeployment of Freshwater's fixed assets.

Raglan does intend to cancel the existing trading facility for Freshwater Shares and, upon the Offer becoming, or being declared, unconditional in all respects, intends to procure the cancellation of the BritDAQ trading facility for the Freshwater Shares. Further, if it has received sufficient acceptances, Raglan intends to re-register Freshwater as a private limited company. The net result of these actions would be for Freshwater to become a private company with no ability for Freshwater Shareholders who have not accepted the Offer to trade their Freshwater Shares in the future on a public trading platform.

Raglan is a holding company, it has no employees and its business is that of a holding company. There will be no changes to the business of Raglan following the acquisition of Freshwater.

8. Intentions regarding Raglan Shares

The Board of Raglan will adopt a policy in which payment of dividends will be subordinated to the need to generate cash to fund growth, in line with the current policy of the Freshwater Board. Accordingly, Raglan Shareholders should anticipate that there may be periods during which no dividend is paid as cash is retained to repay debt or take advantage of acquisition opportunities when they arise.

The Raglan Board has no plans to seek any form of public trading facility for Raglan Shares.

Raglan intends, and the Management Team has confirmed to the Raglan Board that they will ensure, that the Drag and Tag Rights enshrined in the Articles are maintained until the eventual sale of Raglan.

9. Cancellation of admission to trading of Freshwater Shares on BritDAQ, re-registration and compulsory acquisition

If the Offer becomes, or is declared, unconditional in all respects, and Raglan receives valid acceptances in respect of Freshwater Shares which, together with the Freshwater Shares acquired, or agreed to be acquired, before or during the Offer Period by Raglan, represent not less than 75 percent of the voting rights attaching to the Freshwater Shares, Raglan intends to procure that Freshwater will make an application BritDAQ for the cancellation of the trading facility on BritDAQ for Freshwater Shares. The Raglan Board has no intention to apply for Freshwater Shares or for Raglan Shares to be traded on any other market or dealing platform.

If such an application is made, it is expected that such cancellation will take effect on receipt by BritDAQ of the request. Raglan will procure that Freshwater makes an announcement through a Regulatory Information Service if the necessary 75 percent threshold has been reached confirming that the notice is being served on BritDAQ.

It is also intended that if the Offer becomes, or is declared, unconditional in all respects and Raglan receives valid acceptances in respect of Freshwater Shares which, together with the Freshwater Shares acquired, or agreed to be acquired, before or during the Offer Period by Raglan, represent not less than 75 percent of the voting rights attaching to the Freshwater Shares, Raglan will seek to re-register Freshwater as a private limited company.

If the Offer becomes, or is declared, unconditional in all respects and Raglan receives acceptances of the Offer in respect of, and/or otherwise acquires, 90 percent or more of the Freshwater Shares to which the Offer relates and 90 percent or more of the voting rights attaching to such shares, Raglan intends to exercise its rights pursuant to sections 974 to 991 of the Companies Act to acquire compulsorily, on the same terms as under the Offer, the remaining Freshwater Shares in respect of which the Offer has not at such time been accepted.

10. Irrevocable undertakings to accept the Offer and vote in favour of the Ordinary Resolution

Irrevocable Undertakings to accept the Offer

Irrevocable undertakings to accept the Offer have been received from the Management Team in respect of 5,874,069 Freshwater Shares, along with certain third parties representing 7,675,847 Freshwater Shares, totalling 13,549,916 Freshwater Shares which in aggregate represent approximately 66.7 percent of the existing issued share capital of Freshwater.

The irrevocable undertakings to accept the Offer in respect of the Cash Offer and Unlisted Share Alternative are as follows:

	Freshwater Shares	Percentage of Freshwater Shares
Cash Offer	4,590,223	22.6%
Unlisted Share Alternative	8,959,693	44.1%
Total	13,549,916	66.7%

In addition, Eleanor Angharad Neagle has irrevocably undertaken to accept the Offer in respect of Share Options held by her totalling 100,000 Freshwater Shares, representing approximately 0.49 percent of Freshwater's fully diluted share capital.

Irrevocable Undertakings to vote in favour of the Ordinary Resolution

Irrevocable undertakings have been received to vote in favour of the Ordinary Resolution amounting to 7,675,847 Freshwater Shares, representing 53.2 percent of the Freshwater

Shares that confer the right to vote at the General Meeting. The Management Team is not entitled to vote any shares in which they are beneficially interested at the General Meeting by virtue of their participation in the Management Arrangements.

Further details of all of the irrevocable undertakings given in relation to the Offer and the Ordinary Resolution are set out in Appendix III of this Announcement.

11. Management arrangements

On 18 December 2018 Raglan and the Management Team, comprising David Howell, Steve Howell, John Underwood, Angharad Neagle, Haydn Evans and Aled Edwards entered into the Subscription Agreement with Raglan whereby they agreed to subscribe £643,000 for 5,358,336 Raglan Shares upon the passing of the Ordinary Resolution. The Management Arrangements are subject to the approval of the Independent Shareholders in accordance with Rule 16 of the Code. A General Meeting is to be held for the purpose of considering and, if thought fit, passing the Ordinary Resolution to approve the Management Arrangements. The Management Team is not entitled to vote any shares in which they are beneficially interested at the General Meeting by virtue of their participation in the Management Arrangements.

EGR has advised the Freshwater Board that, in its opinion, the terms of the Management Arrangements are fair and reasonable so far as the Independent Shareholders are concerned and recommends that Independent Shareholders should vote in favour of the Ordinary Resolution to be proposed at the General Meeting.

The members of the Management Team have entered into irrevocable undertakings to accept the Offer and elect for the Unlisted Share Alternative in respect of the 5,874,069 Freshwater Shares they hold. In addition, Angharad Neagle has undertaken to exercise her Share Options over 100,000 Freshwater Shares, accept the Offer and elect for the Unlisted Share Alternative on the Offer becoming, or being declared, unconditional in all respects.

12. Financing of the Offer

The cash consideration payable by Raglan pursuant to the Offer (taking into account the irrevocable undertakings details of which are set out in paragraph 10 above) being approximately £1.5 million will be funded from:

- (i) cash subscriptions from the Management Team amounting to £643,000 for Raglan Shares under the Subscription Agreement; and
- (ii) a loan facility of up to £860,000, provided under the Facilities Agreement entered into by Raglan (as borrower) and Hillco Investments (UK) Limited, a Concert Party, (as lender).

Cattaneo, financial adviser to Raglan, is satisfied that sufficient resources are available to Raglan to satisfy the consideration payable as a result of full acceptance of the Offer.

13. Options over Freshwater Shares

In total there were options over 430,000 Freshwater Shares outstanding as at 18 December 2018, the latest practicable date prior to the publication of this Announcement of which 100,000 Share Options are exercisable at a price that is less than the Cash Offer.

The Offer will extend to all Share Options exercised during the Offer period.

Further details of all of the share options in relation to Freshwater Shares are set out in paragraph 2 of Appendix II to this Announcement.

14. Advice from EGR

The members of the Freshwater Board are all directors of Raglan and, as such, are not independent and are precluded from making any recommendation to shareholders on the Offer from Raglan. The Freshwater Board has appointed EGR to provide the necessary independent advice to the Freshwater Board. EGR has advised the Freshwater Board that it considers the terms of the Offer to be fair and reasonable so far as Freshwater Shareholders are concerned.

EGR has advised the Freshwater Board that, in its opinion, the terms of the Management Arrangements are fair and reasonable so far as the Independent Shareholders are concerned and recommends that Independent Shareholders should vote in favour of the Ordinary Resolution to be proposed at the General Meeting.

EGR's letter of advice, to be set out in full in the Offer Document, will state that EGR has concluded that the financial terms of the Unlisted Share Alternative are fair and reasonable (regardless of the number of Raglan Shares issued in connection with the Offer) but that the Cash Offer undervalues Freshwater. EGR will therefore recommend that Freshwater Shareholders should accept the Offer and elect for the Unlisted Share Alternative. EGR will advise that Shareholders should only consider electing for the Cash Offer if they are likely to require cash within the short to medium term, if they do not wish to hold shares in a private limited company with no form of dealing facility and which is not subject to the City Code, or if their personal financial circumstances make it prudent to do so. EGR recommends that Shareholders should seek independent financial advice before deciding whether to elect for the Cash Offer. In providing advice EGR has taken into account the commercial assessments of the Freshwater Directors.

EGR would also draw attention to the following matters in connection with the Unlisted Share Alternative:

- Raglan will have a higher level of debt than Freshwater and may not pay dividends;
- Raglan Shares will have limited liquidity and will not be readily realisable;
- Shareholders in Raglan will have fewer minority protections than they enjoy as Freshwater Shareholders; and
- Members of the Management Team will have significantly greater influence over Raglan than Freshwater by virtue of their increased shareholdings.

15. Further terms and conditions of the Offer

The Offer will be subject to the Conditions and further terms set out in this Announcement and to the full terms and conditions to be set out in the Offer Document and, in respect of Freshwater Shares held in certificated form, the Form of Acceptance.

The Offer and acceptances thereof will be subject to the jurisdiction of the English courts. The Offer will be subject to the applicable requirements of the Code and the Panel.

16. Overseas Shareholders

The availability of the Offer to Freshwater Shareholders who are not resident in the UK may be affected by the laws and/or regulations of their relevant jurisdiction. Therefore, such persons should inform themselves about and observe any applicable legal or regulatory requirements in their jurisdiction. Further details in relation to Overseas Shareholders will be set out in the Offer Document. If you are in any doubt, you should consult your professional adviser in the relevant jurisdiction without delay.

17. Disclosure of interests in Freshwater

At 18 December 2018, being the last practicable date prior to the publication of this Announcement, Raglan does not own any Freshwater Shares.

Raglan has received irrevocable undertakings to accept the Offer amounting to 13,549,916 Freshwater Shares, representing 66.7 percent of Freshwater's issued share capital. Raglan has also entered into an agreement whereby Angharad Neagle has undertaken to exercise her Share Option over 100,000 Freshwater Shares, accept the Offer and elect for the Unlisted Share Alternative upon the Offer becoming, or being declared, unconditional in all respects.

18. Documentation

It is expected that the Offer Document will be sent to Freshwater Shareholders (other than Freshwater Shareholders in Restricted Jurisdictions) as soon as practicable and in any event within 28 days of this Announcement. Freshwater Shareholders (other than Freshwater Shareholders in Restricted Jurisdictions) who hold Freshwater Shares in certificated form will be sent Forms of Acceptance together with the Offer Document. The Offer Document will also be available to all Freshwater Shareholders (other than Freshwater Shareholders in Restricted Jurisdictions) at no charge to them on Freshwater's website at www.freshwater-uk.com/freshwater-group/99162-2. Freshwater Shareholders are urged to read the Offer Document and, for those holding Freshwater Shares in certificated form, the accompanying Forms of Acceptance when they are sent to them because they will contain important information.

19. Display documents

Copies of the following documents will be published no later than 12 noon on the Business Day following the date of this Announcement on Freshwater's website at www.freshwater-uk.com/freshwater-group/99162-2 whilst the Offer remains open for acceptance:

- (a) this Announcement;
- (b) the irrevocable undertakings referred to in paragraph 10 above;
- (c) the Facilities Agreement referred to in paragraph 12 above; and
- (d) the Subscription Agreement referred to in paragraphs 11 and 12 above.

20. Disclosure of interests

The relevant details in respect of those persons deemed to be acting in concert with Raglan are set out in Appendix II. Further details will be included in the Opening Position Disclosure to be made by Raglan in accordance with Rule 8.1(a) and Note 2(a)(i) on Rule 8 of the Code.

21. General

This Announcement does not constitute an offer or an invitation to purchase any securities.

Cattaneo has given and has not withdrawn its written consent to the issue of this Announcement with the inclusion of the Estimate of Value of the Unlisted Share Alternative letter and the references to its name in the form and context in which they appear.

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

Enquiries:**Freshwater/Raglan**

Haydn Evans

Tel: 0292 030 4050**Cattaneo – Financial adviser to Raglan**

Charles Cattaneo

Tel: 0121 274 2300**EGR – Rule 3 Adviser to Freshwater**

Jonathan Hall

Tel: 0203 697 9496

Cattaneo Corporate Finance Solutions Limited is acting exclusively as financial adviser to Raglan and no one else in connection with the Offer. Cattaneo will not be responsible to anyone other than Raglan for providing the protections afforded to its clients or for providing advice in relation to the Offer or any other matter referred to in this Announcement or otherwise.

EGR Corporate Broking Limited, an appointed representative of EGR Broking Limited is acting exclusively for Freshwater and no one else in connection with the Offer and will not be responsible to anyone other than Freshwater for providing the protections afforded to clients of EGR nor for providing advice in relation to the Offer or any other matter referred to in this Announcement or otherwise.

Further information

This Announcement is for information purposes only. It is not intended to and does not constitute, or form part of, an offer or invitation or the solicitation of any offer to sell or purchase any securities or the solicitation of any offer to otherwise acquire, subscribe for, sell or otherwise dispose of any security pursuant to the Offer or otherwise. The Offer will be made solely by means of the Offer Document and, in respect of Freshwater Shares held in certificated form, the Form of Acceptance, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted. Any decision in respect of, or other response to, the Offer should be made only on the basis of the information contained in those documents.

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

Overseas jurisdictions

Freshwater Shareholders who are not resident in and citizens of the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions.

The release, publication or distribution of this Announcement in or into jurisdictions other than the United Kingdom may be restricted by law and therefore persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person. This Announcement has been prepared for the purposes of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

Unless otherwise determined by Raglan or required by the Code and permitted by applicable law and regulation, the Offer will not be made available, directly or indirectly, into or from a Restricted

Jurisdiction or any jurisdiction where to do so would violate the laws in that jurisdiction and no person may accept the Offer if to do so would constitute a violation of the laws in that jurisdiction. Accordingly, unless otherwise determined by Raglan or required by the Code and permitted by applicable law and regulation, copies of this Announcement and formal documentation relating to the Offer will not be and must not be, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction or any jurisdiction where to do so would violate the laws of that jurisdiction.

Statements made in this Announcement

Cautionary note regarding forward-looking statements

This Announcement (including information incorporated by reference in this Announcement), oral statements made regarding the Offer and other information published by Raglan and Freshwater contain statements that are or may be forward-looking statements. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the respective management of Raglan and Freshwater about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Actual results may differ materially from those expressed in the forward-looking statements depending on a number of factors, including the satisfaction of the Conditions, future market conditions, the behaviour of other market participants, an adverse change in the economic climate, and the extent to which Freshwater's business is successfully integrated within Raglan, among others. Many of these risks and uncertainties relate to factors that are beyond the relevant company's ability to control or estimate precisely, such as future market conditions and the behaviours of other market participants and, therefore, undue reliance should not be placed on such statements.

The forward-looking statements contained in this Announcement include statements relating to the expected effects of the Offer on Raglan and Freshwater, the expected timing and scope of the Offer and other statements other than historical facts. All statements other than statements of historical facts included in this Announcement may be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "should", "could", "would", "may", "anticipates", "estimates", "synergy", "cost-saving", "projects", "goal", "strategy", "budget", "forecast" or "might" or, words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Raglan' or Freshwater's operations and potential synergies resulting from the Offer; and (iii) the effects of government regulation on Raglan' or Freshwater's business.

All subsequent oral or written forward-looking statements attributable to Raglan or Freshwater or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. The forward-looking statements contained in this Announcement are made as of the date hereof and each of Freshwater and Raglan assumes no obligation and does not intend publicly to update or revise these forward-looking statements, whether as a result of future events, new information or otherwise, except as required pursuant to applicable law.

Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of Freshwater, the Freshwater Group, Raglan or the Raglan Group, unless otherwise stated.

Dealing disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in one percent or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in one percent or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant dealing.

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

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

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

Publication of this Announcement

A copy of this Announcement (together with any document incorporated by reference) will be available free of charge, subject to any applicable restrictions relating to persons resident in Restricted Jurisdictions, on Freshwater's website at www.freshwater-uk.com/freshwater-group/99162-2 by no later than 12 noon on 20 December 2018. For the avoidance of doubt, the contents of these websites are not incorporated into and do not form part of this Announcement unless otherwise stated herein. You may request a hard copy of this Announcement, and all future documents, announcements and information in relation to the Offer, by writing to Neville Registrars, Neville House, Steelpark Road, Halesowen, West Midlands, B62 8HD, or by calling, between 9.00 a.m. and 5.00 p.m. on Monday to

Friday (except UK bank holidays) on 0121 585 1131 (from the UK) or +44 121 585 1131 (if calling from outside the UK). Unless such a request is made, and save as otherwise required by Rule 2.11 of the Code, a hard copy of this Announcement (and any information incorporated by reference in it) will not be sent to any person.

Information relating to Freshwater Shareholders

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

Rounding

Certain figures included in this Announcement have been subject to rounding adjustments.

Time

All times shown in this Announcement are London times, unless otherwise stated.

APPENDIX I
CONDITIONS TO AND FURTHER TERMS OF, THE OFFER

CONDITIONS TO THE OFFER

1.1 Acceptance condition

valid acceptances being received (and not, where permitted, withdrawn) by not later than 1.00 pm (London time) on the First Closing Date (or such later time(s) and/or date(s) as Raglan may, subject to the rules of the Code or with the consent of the Panel, decide) in respect of Freshwater Shares which, together with all other Freshwater Shares which Raglan acquires or agrees to acquire (whether pursuant to the Offer or otherwise) carry not less than 90 Percent (or such lower percentage as Raglan may decide) in nominal value of the Freshwater Shares to which the Offer relates and of the voting rights attached to those shares, provided that this Condition will not be satisfied unless Raglan and/or any of its associates shall have acquired or agreed to acquire (whether pursuant to the Offer or otherwise) Freshwater Shares carrying in aggregate more than 50 Percent of the voting rights then normally exercisable at general meetings of Freshwater, including for this purpose (except to the extent otherwise agreed by the Panel), any voting rights attaching to any Freshwater Shares which are unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances whether pursuant to the exercise of outstanding conversion or subscription rights or otherwise). For the purposes of this Condition 1.1:

- 1.1.1 shares which have been unconditionally allotted but not issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise, shall be deemed to carry the voting rights they will carry on being entered into the register of members of Freshwater;
- 1.1.2 the expressions 'Freshwater Shares to which the Offer relates' and 'associates' shall be construed in accordance with Part 28 of the Companies Act;
- 1.1.3 Freshwater Shares that cease to be held in treasury before the Offer becomes or is declared unconditional as to acceptances are Freshwater Shares to which the Offer relates; and
- 1.1.4 valid acceptances shall be deemed to have been received in respect of Freshwater Shares which are treated for the purposes of Part 28 of the Companies Act as having been acquired or contracted to be acquired by Raglan by virtue of acceptances of the Offer;

1.2 Approval of Independent Shareholders

the passing of the Ordinary Resolution at the General Meeting;

1.3 General regulatory matters

no central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, authority, court, trade agency, association, institution or professional or environmental body, private body or any other body or person whatsoever in any jurisdiction (each a **Relevant Authority**) having instituted, implemented or

threatened or having announced its intention to institute, implement or threaten any action, proceedings, suit, investigation, enquiry or reference, or enacted, made or proposed any statute, regulation, decision or order, or having required any action to be taken or information to be provided or otherwise having taken any other steps which would or might reasonably be expected to (in any case to an extent which is material in the context of Freshwater or in the context of the Offer:

- 1.3.1 make the Offer or its implementation, or the acquisition or the proposed acquisition by Raglan of any shares or other securities in, or control of, Freshwater void, illegal or unenforceable under the laws of any jurisdiction, or otherwise directly or indirectly restrain, prohibit, restrict, prevent or delay the same or impose additional adverse conditions or financial or other obligations with respect thereto, or otherwise challenge or interfere therewith;
- 1.3.2 impose any limitation on, or result in a delay in, the ability of any member of the Raglan Group to acquire or hold or exercise effectively, directly or indirectly, all rights of all or any of the Freshwater Shares (whether acquired pursuant to the Offer or otherwise);
- 1.3.3 require, prevent or delay the divestiture or alter the terms envisaged for any proposed divestiture by Raglan or Freshwater of all or any substantial portion of their respective businesses, assets or property, or impose any material limitation on the ability of any of them to conduct all or any part of their respective businesses or to own or control any of their respective assets or properties;
- 1.3.4 impose any limitation on, or result in a delay in, the ability of Raglan to acquire or hold or exercise effectively, directly or indirectly, any rights of ownership of shares or other securities convertible into shares or any other securities (or the equivalent) in any member of the Freshwater Group or on the ability of any member of the Freshwater Group to hold or exercise effectively, directly or indirectly, any rights of ownership of shares or other securities (or the equivalent) in, or to exercise management control over, any other member of the Freshwater Group;
- 1.3.5 result in the members of the Freshwater Group ceasing to be able to carry on their respective businesses under any name under which it is presently carried on, to an extent which is material in the context of the Freshwater Group (as the case may be) taken as a whole;
- 1.3.6 impose any limitation on, or result in any delay in, the ability of the Freshwater Group to conduct or co-ordinate or integrate its business, or any part of it, with the business of any other member of Raglan or the Freshwater Group;
- 1.3.7 otherwise adversely affect the business, assets, financial or trading position or profits or prospects of Raglan or of the Freshwater Group; or
- 1.3.8 result in the refusal, withholding, suspension, withdrawal, cancellation, termination or modification in whole or in part of any licence, authority, permission or privilege held or enjoyed by any member of the Freshwater Group which is necessary for the proper carrying on of its business or the imposition of any conditions, restrictions or limitations upon such licence, authority, permission or privilege which would materially inhibit the exercise thereof,

and all applicable waiting and other time periods (including any extensions thereof) during which any Relevant Authority could institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or any other step under the laws of any jurisdiction in respect of the Offer having expired, lapsed or been terminated;

1.4 Notifications, filings, authorisations

all necessary filings or applications having been made, and all statutory or regulatory obligations having been complied with, in each case in any jurisdiction and under any applicable legislation or regulation in relation to the Offer or the acquisition of Freshwater securities by any Raglan or change of control of Freshwater, and all authorisations, orders, grants, recognitions, confirmations, licences, consents, clearances, permissions and approvals (together **authorisations**) necessary in any jurisdiction for or in respect of the Offer or the acquisition of Freshwater securities by Raglan or change of control of Freshwater having been obtained (in terms and form reasonably satisfactory to Raglan) from any Relevant Authority or other person or body with whom Raglan or Freshwater has entered into an agreement or arrangement (in each case where the absence of such authorisation would have a material adverse effect on Raglan or the Freshwater Group taken as a whole), and such authorisations and any other authorisations necessary or appropriate for Raglan or the Freshwater Group to carry on any business now carried on by it (where such business is material in the context of the Freshwater Group taken as a whole) remaining in full force and effect, and no notice having been given or threatened to revoke, suspend or not renew any of the same;

1.5 Events since 31 August 2018

save as Disclosed, no member of the Freshwater Group having, since 31 August 2018 (being the date to which its most recent annual report and accounts were made up):

- 1.5.1 save as between Freshwater and its wholly-owned subsidiaries or for Freshwater Shares issued pursuant to the exercise of options or vesting of awards granted under the Share Option Scheme (in accordance with its terms), issued or agreed to issue or authorised or proposed the issue of additional shares of any class or the issue of securities convertible into shares of any class, or rights, warrants or options to subscribe for, or acquire, any such shares or convertible securities;
- 1.5.2 other than the Special Dividend, recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution, whether payable in cash or otherwise;
- 1.5.3 save for transactions between Freshwater and its wholly owned subsidiaries or between its wholly owned subsidiaries, merged with or demerged from any body corporate, partnership or business, or acquired or disposed of or transferred, mortgaged or charged or created any security interest of any kind whatsoever over any assets or any right, title or interest in any asset (including shares and trade investments), or authorised or proposed or announced any intention to propose, enter into or create any merger, demerger, acquisition or disposal, transfer, mortgage, charge or security interest of any kind whatsoever and in each case to any extent which is material in the context of the Freshwater Group taken as a whole, other than in the ordinary course of business;

- 1.5.4 save for transactions between Freshwater and its wholly owned subsidiaries or between its wholly owned subsidiaries, made or authorised, or announced a proposal to make, any change in its loan capital or the issue of any debentures, in each case to any extent which is material in the context of the Freshwater Group taken as a whole;
- 1.5.5 incurred or increased any indebtedness or become subject to any guarantee or contingent liability other (in any such case) than in the ordinary course of business;
- 1.5.6 been unable to pay its debts, or having admitted such inability in writing, having stopped or suspended payment of its debts generally (or having threatened to do either such thing), or having ceased, or having threatened to cease, carrying on all or a substantial part of its business;
- 1.5.7 purchased, redeemed or repaid, or announced any proposal to purchase, redeem or repay, any of its own shares or other securities, or reduced or made any other change (excepting any change referred to in sub-paragraph 1.5.1 above) to any part of its share capital;
- 1.5.8 save for transactions between Freshwater and its wholly owned subsidiaries or between its wholly owned subsidiaries, entered into, implemented, effected or authorised, or proposed or announced its intention to enter into, implement, effect or authorise, any merger, demerger, reconstruction, amalgamation, scheme, commitment or other transaction or arrangement with a substantially equivalent effect;
- 1.5.9 entered into, or varied in any material respect, the terms of any contract with any director or senior executive of Freshwater or any of its subsidiaries;
- 1.5.10 other than in the ordinary course of business, entered into or varied or authorised, proposed or announced its intention to enter into, vary or authorise any contract, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude, or involves or could involve an obligation of such a nature or magnitude, or which is or could be restrictive on any business of any member of the Freshwater Group, which is in any such case material in the context of the Freshwater Group taken as a whole or in the context of the Offer;
- 1.5.11 (other than in respect of a member which is dormant and was solvent at the relevant time) taken any corporate action or had any legal proceedings started or threatened against it for its winding-up (voluntary or otherwise), dissolution, reorganisation or any analogous proceedings in any jurisdiction, or for the appointment of a liquidator, receiver, administrative receiver, administrator, trustee or similar officer of all or any of its assets or revenues, or had any such person appointed;
- 1.5.12 commenced negotiations with any of its creditors or taken any step with a view to rescheduling or restructuring any of its indebtedness or entered into a composition, compromise, assignment or arrangement with any of its creditors whether by way of a voluntary arrangement, scheme of arrangement, deed of compromise or otherwise;

- 1.5.13 waived or compromised any claim otherwise than in the ordinary course of business, and in any such case which is material in the context of the Freshwater Group taken as a whole;
- 1.5.14 entered into or varied the terms to a material extent of any contract, commitment, arrangement or agreement otherwise than in the ordinary course of business, or passed any resolution or made any offer (which remains open for acceptance) with respect to, or announced any intention or proposal to effect, any of the transactions, matters or events referred to in this condition;
- 1.5.15 made any amendment to its memorandum or articles of association;
- 1.5.16 made or agreed or consented to any change to:
 - (a) the terms of any trust deed constituting any pension scheme established by any member of the Freshwater Group for its directors, employees and/or their dependents,
 - (b) the contributions payable to any such scheme, or the benefits which accrue or the pensions which are payable thereunder,
 - (c) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined, or
 - (d) the basis upon which the liabilities (including pensions) of any such pension schemes are funded, valued or made; or
- 1.5.17 proposed, modified the terms of, or agreed to provide, any share scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Freshwater Group, other than in accordance with the terms of the Offer;

1.6 Matters arising from agreement, arrangement etc.

save as Disclosed, there being no provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Freshwater Group is a party, or in or from which any such member may be interested or be entitled to benefit, or by or to which any such member or any of its assets may be bound or subject, which in consequence of the Offer or because of a change in the control or of Freshwater or otherwise, could or might result in to an extent which is material in the context of the Freshwater Group as a whole or in the context of the Offer:

- 1.6.1 any moneys borrowed by, or any other indebtedness (actual or contingent) of, or any grant available to, any such member, being or becoming repayable or capable of being declared repayable immediately or earlier than their or its stated repayment or maturity date, or the ability of any such member to borrow moneys or incur any indebtedness being withdrawn or restricted, or being or becoming capable of being withdrawn or restricted;
- 1.6.2 any such agreement, arrangement, licence, permit or instrument or the rights, liabilities, obligations or interests of any such member thereunder being terminated or adversely modified or affected, or any obligation or liability arising or any adverse action being taken or arising thereunder;

- 1.6.3 any assets or interests of any such member being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged;
- 1.6.4 the creation or enforcement of any mortgage, charge or other security interest of any kind whatsoever over the whole or any part of the business, property, assets or other interests of any such member;
- 1.6.5 the rights, liabilities, obligations or interests of any such member in or in respect of any agreement or arrangement, or the business of any such member, with any person, firm or body being terminated or adversely modified or affected;
- 1.6.6 the value of any such member or its financial or trading or regulatory position or prospects being prejudiced or adversely affected;
- 1.6.7 any such member ceasing to be able to carry on business under any name under which it currently does so; or
- 1.6.8 the imposition of any liability (actual or contingent) on, or an increase in the liability (whether actual or contingent) of, any such member;

and no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Freshwater Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, could result in the occurrence of any of the events or circumstances described or referred to in paragraphs 1.6.1 to 1.6.8 of this Condition;

1.7 No adverse change, litigation etc.

save as Disclosed, since 31 August 2018:

- 1.7.1 no material adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects of any member of the Freshwater Group, in each case which is material in the context of the Freshwater Group as a whole;
- 1.7.2 no litigation, arbitration or mediation proceedings, prosecution or other legal proceedings to which any member of the Freshwater Group is or may become a party (whether as a claimant, defendant or otherwise), and no investigation by any Relevant Authority against or in respect of any member of the Freshwater Group remaining outstanding, or having been instituted, announced or threatened by or against any member of the Freshwater Group, which in any such case might reasonably be expected materially and adversely to affect any member of the Freshwater Group; and
- 1.7.3 no contingent or other liability of any member of the Freshwater Group which has not previously been disclosed having arisen which would be likely to adversely affect the business, assets, financial or trading position or profits or prospects or operational performance of any member of the Freshwater Group, in each case to an extent which is material in the context of the Freshwater Group as a whole;

1.8 No withdrawal, cancellation, termination or modification of licence

no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of Freshwater Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which is material and has had, or might reasonably be expected to have, a material adverse effect on the Freshwater Group taken as a whole;

1.9 No discovery of adverse information

save as Disclosed, Raglan not having discovered in relation to any member of the Freshwater Group:

1.9.1 that any financial, business or other information concerning the Freshwater Group as contained in the information publicly announced at any time by or on behalf of any member of the Freshwater Group is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make that information not misleading, which in any such case is material in the context of the Freshwater Group taken as a whole;

1.9.2 that any member of the Freshwater Group, or any partnership, company or other entity which is not a member of the Freshwater Group but in which any member of the Freshwater Group has a significant economic interest, is subject to any liability (contingent or otherwise) which is material in the context of the Freshwater Group taken as a whole; or

1.9.3 any information which affects the importance of any other information disclosed at any time by or on behalf of any member of the Freshwater Group and whose importance is material in the context of the Freshwater Group taken as a whole;

2 Waiver or Variation on Conditions to the Offer

2.1 Subject to the requirements of the Code and the Panel, Raglan will reserve the right to waive all or any of conditions in paragraphs 1.3 to 1.9 (inclusive) above of this Appendix I, in whole or in part, at its absolute discretion.

2.2 The Code requires that, except with the consent of the Panel, all conditions to the Offer must either be fulfilled or the Offer must lapse within 21 days after the later of the First Closing Date and the date on which the Offer becomes, or is declared, unconditional as to acceptances.

2.3 Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

2.4 Raglan shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the Conditions in paragraph 1 (inclusive) of this Appendix I by a date earlier than the latest date specified for the fulfilment of them notwithstanding that the other Conditions of the Offer may at such earlier date have been

waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.

- 2.5 Under Rule 13.5(a) of the Code, Raglan may not invoke any Condition so as to cause the Offer not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to Raglan in the context of the Offer.
- 2.6 If Raglan is required by the Panel to make a mandatory offer for Freshwater Shares under the provisions of Rule 9 of the Code, Raglan may make such alterations to the Conditions as are necessary to comply with the provisions of that Rule.
- 2.7 If the Offer lapses, it will cease to be capable of further acceptance. Freshwater Shareholders who have accepted the Offer and Raglan shall then cease to be bound by acceptances delivered on or before the date on which the Offer lapses.
- 2.8 Raglan reserves the right to elect, with the consent of the Panel, to implement the acquisition of Freshwater by way of a court-approved scheme of arrangement in accordance with Part 26 of the Act. In such event, the acquisition shall be implemented on substantially the same terms and conditions, subject to appropriate amendments, as those which would apply to the Offer.
- 2.9 The Offer will be governed by English law and will be subject to the exclusive jurisdiction of the Courts of England and Wales and to the Conditions and further terms to be set out in the Offer Document. The Offer will be subject to the applicable requirements of the Panel, FSMA and the Code.

3 General

- 3.1 The Offer will lapse, and will not proceed, if there is a Phase 2 CMA reference or if Phase 2 European Commission proceedings are initiated or if, following a referral of the Offer by the European Commission under Article 9(1) of the European Council Merger Regulation to a competent authority in the United Kingdom, there is a Phase 2 CMA reference, in any such case before 1.00pm (London time) on the First Closing Date or the time and date at which the Offer becomes, or is declared, unconditional as to acceptances (whichever is the later). The effect of the Offer lapsing is that the Offer will cease to be capable of further acceptance and that Raglan and any Freshwater Shareholders who have accepted the Offer will cease to be bound by prior acceptances of the Offer.

Unlisted Share Alternative

- 3.2 The issue of any Raglan Shares is conditional upon the Offer becoming or being declared unconditional in all respects.

APPENDIX II
MANAGEMENT TEAM INTERESTS IN FRESHWATER

1 Interests in Freshwater Shares

As at close of business on 18 December 2018, being the last Business Day before the date of this Announcement, the Management Team (including members of their immediate families, close relatives, and related entities/trusts) held the following interests in, or rights to subscribe in respect of, relevant Freshwater securities:

Name	Number of Freshwater Shares	Percentage of Freshwater Shares
David Matthew Rustin Howell	3,150,000 ¹	15.51%
John Morris Underwood	908,261 ²	4.47%
John Haydn Evans	9,377 ³	0.05%
Eleanor Angharad Neagle	41,667 ⁴	0.21%
Stephen Brandon Howell	1,761,695 ⁵	8.67%
Aled Edwards	3,069	0.02%

Notes:

- 1 David Howell is the registered holder of 100,000 Freshwater Shares. Hillco Investments (UK) Limited is the registered holder of 3,025,000 Freshwater Shares, a company owned and controlled by David Howell. Sandra Daly, David Howell's spouse, is the registered holder of 25,000 Freshwater Shares.
- 2 MW Trustees Limited is the registered holder of 905,381 Freshwater Shares as trustee for Mattioli Woods PLC, John Underwood's SIPP. John Underwood is the registered holder of 2,880 Freshwater Shares.
- 3 John Haydn Evans is the registered holder of 9,377 Freshwater Shares.
- 4 Eleanor Angharad Neagle is the registered holder of 41,667 Freshwater Shares.
- 5 Stephen Howell is the registered owner of 1,316,760 Freshwater Shares. ISCA Mercatura Limited, a company owned and controlled by Stephen Howell, is the registered holder of 360,535 Freshwater Shares. Kim Howell, Stephen Howell's spouse, is the registered holder of 84,400 Freshwater Shares.

2 Options over Freshwater Shares

As at close of business on 18 December 2018, being the last Business Day before the date of this Announcement, the Management Team (including members of their immediate families, close relatives, and related entities/trusts) held the following outstanding options over Freshwater Shares:

Name	Maximum number of Freshwater Shares under option/awards	Date of grant	Share price at date of grant (pence)	Exercise price per Share (pence)	Exercise period/ vesting date
John Haydn Evans	15,000	18/06/10	20p	20p	10 years
John Haydn Evans	50,000	23/03/15	16p	16p	10 years
John Haydn Evans	50,000	23/03/15	18p	18p	10 years

Eleanor Angharad Neagle	10,000	18/06/10	20p	20p	10 years
Eleanor Angharad Neagle	100,000	01/09/14	8p	8p	10 years
Eleanor Angharad Neagle	50,000	23/03/15	16p	16p	10 years
Eleanor Angharad Neagle	50,000	01/11/15	18p	18p	10 years
Aled Edwards	20,000	23/03/15	16p	16p	10 years

Angharad Neagle has undertaken to exercise her Share Option over 100,000 Freshwater Shares, accept the Offer and elect for the Unlisted Share Alternative upon the Offer becoming, or being declared, unconditional in all respects.

Under the rules of the Share Option Schemes, Share Options not exercised within 28 days of Raglan acquiring more than 50 percent of the Freshwater Shares will lapse automatically.

3 Concert parties

In addition to the Raglan Directors, the persons who, for the purposes of the Offer and under the Code, are deemed to be acting in concert with Raglan and who hold interests in, or rights to subscribe in respect of, relevant Freshwater securities as at close of business on 18 December 2018, being the last Business Day before the date of this Announcement, are:

Name	Relationship with Raglan and Freshwater
Hillco Investments (UK) Limited	Owned and controlled by David Howell, Director of Raglan
Sandra Daly	Spouse of David Howell, Director of Raglan
Mattioli Woods PLC	Related trust of John Underwood, Director of Raglan
ISCA Mercatura Limited	Owned and controlled by Steve Howell, Director of Raglan
Kim Howell	Spouse of Steve Howell, Director of Raglan
Aled Edwards	Member of the Management Team

The interests of these persons in the relevant Freshwater securities are set out in the first table of this Appendix II.

APPENDIX III
IRREVOCABLE UNDERTAKINGS

Irrevocable undertakings to accept, or procure the acceptance of, the Offer have been received by Raglan from the following persons in respect of the following interests in Freshwater Shares:

Name	Number of Freshwater Shares	Percentage of existing share capital of Freshwater	Freshwater Shares accepting the Cash Offer	Freshwater Shares accepting the Unlisted Share Alternative
Freshwater Directors				
David Matthew Rustin Howell	3,150,000 ¹	15.51%		3,150,000 ¹
John Morris Underwood	908,261 ²	4.47%		908,261 ²
John Haydn Evans	9,377 ³	0.05%		9,377 ³
Eleanor Angharad Neagle	41,667 ⁴	0.21%		41,667 ⁴
Stephen Brandon Howell	1,761,695 ⁵	8.67%		1,761,695 ⁵
Total	5,874,069	28.92%		5,874,069
Other Freshwater Shareholders				
IBIS Media VCT 1 PLC	1,957,385	9.64%	1,957,385	
DBW Investments (2) Ltd	1,414,284	6.96%	1,414,284	
DBW FM Ltd	804,856	3.96%		804,856
Herald Investment Trust plc	806,000	3.97%	806,000	
Criseren Investments Ltd	577,310	2.84%		577,310
Martin Howell	569,701	2.81%		569,701
Suzanne Howell	29,985	0.15%		29,985
Bruce Morris	487,301	2.40%		487,301
Alyson Smith	412,554	2.03%	412,554	
Kenneth Tilley	328,000	1.62%		328,000
Marilyn Tilley	72,000	0.35%		72,000
Bart Haines	160,000	0.79%		160,000
Patricia Haines	56,471	0.28%		56,471
Total	7,675,847	37.80%	4,590,223	3,085,624

The Irrevocable Undertakings are conditional on the making of the Offer.

- David Howell is the registered holder of 100,000 Freshwater Shares. Hillco Investments (UK) Limited is the registered holder of 3,025,000 Freshwater Shares, a company owned and controlled by David Howell. Sandra Daly, David Howell's spouse, is the registered holder of 25,000 Freshwater Shares.

2. MW Trustees Limited is the registered holder of 905,381 Freshwater Shares as trustee for Mattioli Woods PLC, John Underwood's SIPP. John Underwood is the registered holder of 2,880 Freshwater Shares.
3. John Haydn Evans is the registered holder of 9,377 Freshwater Shares.
4. Eleanor Angharad Neagle is the registered holder of 41,667 Freshwater Shares.
5. Stephen Howell is the registered owner of 1,316,760 Freshwater Shares. ISCA Mercatura Limited, a company owned and controlled by Stephen Howell, is the registered holder of 360,535 Freshwater Shares. Kim Howell, Stephen Howell's spouse, is the registered holder of 84,400 Freshwater Shares.

Irrevocable undertakings to vote in favour of the Ordinary Resolution have been received by Raglan from the following persons in respect of the following interests in Freshwater Shares:

Name	Number of Freshwater Shares	Percentage of Freshwater share capital eligible to vote
IBIS Media VCT 1 PLC	1,957,385	13.56%
DBW Investments (2) Ltd	1,414,284	9.80%
DBW FM Limited	804,856	5.58%
Herald Investment Trust plc	806,000	5.58%
Criseren Investments Ltd	577,310	4.00%
Martin Howell	569,701	3.95%
Suzanne Howell	29,985	0.21%
Bruce Morris	487,301	3.38%
Alyson Smith	412,554	2.86%
Kenneth Tilley	328,000	2.27%
Marilyn Tilley	72,000	0.50%
Bart Haines	160,000	1.11%
Patricia Haines	56,471	0.39%
Total	7,675,847	53.18%

The undertakings referred to above remain binding and shall lapse only if:

- a) this Announcement is not released by 5.00 p.m. on 21 December 2018 (or such later date as Raglan and Freshwater may agree);
- b) the Offer Document is not published within 28 days of the date of release of this Announcement (or within such longer period as the Panel may agree); or
- c) the Offer lapses or is withdrawn.

APPENDIX IV
SOURCES AND BASES

In this Announcement:

1. Unless otherwise stated, financial information relating to Freshwater has been extracted or derived (without any adjustment) from the audited consolidated financial statements of Freshwater for the financial year to 31 August 2018.
2. References to the existing issued share capital (and to the value of the existing issued share capital) of Freshwater are based on 20,308,493 Freshwater Shares being in issue.
3. References to the percentage of Freshwater Share capital eligible to vote on the Ordinary Resolution at the General Meeting is based on 14,434,424 Freshwater Shares. Being the 20,308,493 Freshwater Shares in issue less the 5,874,069 Freshwater Shares held by the Management Team and Concert Parties.
4. Unless otherwise stated, all share prices for Freshwater Shares are quotations derived from BritDAQ.

APPENDIX V

DEFINITIONS

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

2018 Annual Report	the annual report and accounts of Freshwater for year ended 31 August 2018
Acceptance Condition	the Condition as to acceptances set out in paragraph 1.1 of Appendix I to this Announcement
AIM	the market of that name operated by the London Stock Exchange
Announcement	this announcement made by Raglan of its firm intention to make the Offer in accordance with Rule 2.7 of the Code dated 19 December 2018
Announcement Date	19 December 2018, being the date of this Announcement
Articles	the articles of association of Raglan
Associates	has the meaning given to it in section 988 of the Companies Act
Board	as the context requires, the board of directors of Freshwater or the board of directors of Raglan and the terms “ Freshwater Board ” and “ Raglan Board ” shall be construed accordingly
BritDAQ	the online share trading platform operated by BritDAQ Limited
Business Day	a day (excluding Saturdays, Sundays and UK public holidays) on which banks are generally open for business in the City of London
Cash Offer	the offer of 12 pence in cash for each Freshwater Share, under the Offer
Cash Offer Consideration	in accordance with the terms of the Offer, the consideration of 12 pence per Freshwater Share payable in cash
Cattaneo	Cattaneo Corporate Finance Solutions Limited, financial adviser to Raglan
certificated or in certificated form	a Freshwater Share which is not in uncertificated form (that is, not in CREST)
Phase 2 CMA reference	a reference of the Offer to the Chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013

Closing Price	the closing middle market price of a Freshwater Share as derived from BritDAQ.
Code or City Code	the City Code on Takeovers and Mergers
Companies Act	the Companies Act 2006, as amended
Concert Parties	the persons listed in under the heading “Concert parties” in Appendix II to this Announcement
Conditions	the conditions to the implementation of the Offer as set out in Appendix I (<i>Conditions of the Offer</i>) of this Announcement
Connected Person	has the meaning given to that expression in section 1122 of the Corporation Tax Act 2010
CREST	the relevant system (as defined in the CREST Regulations) of which Euroclear is the Operator (as defined in the CREST Regulations)
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended
Dealing Disclosure	has the same meaning as given in Rule 8 of the Code
Disclosed	the information disclosed by, or on behalf of, Freshwater: (i) in the annual report and accounts of Freshwater for the financial year ended 31 August 2018; (ii) in any other announcement to a Regulatory Information Service by, or on behalf of, Freshwater prior to the publication of the Announcement; (iii) within the actual knowledge of the Management Team or any member of the Management Team or otherwise fairly disclosed to Raglan (or its respective officers, employees, agents or advisers) prior to the Announcement Date; or (iv) in the Announcement
Drag and Tag Rights	the drag along right set out at Article 11 of the Articles and the tag along right set out at Article 10 of the Articles
EGR	EGR Corporate Broking Limited, independent financial adviser to Freshwater
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST
Facilities Agreement	means the facilities agreement dated 18 December 2018 entered into by Raglan and Hillco Investments (UK) Limited pursuant to which Hillco Investments (UK) Limited agreed to make available to Raglan facilities up to £860,000 as described in paragraph 12 of this Announcement
Financial Conduct Authority or FCA	the United Kingdom Financial Conduct Authority in its capacity as the competent authority for the purposes of Part VI of FSMA

First Closing Date	the date which falls 21 days after the date of posting of the Offer Document
Form of Acceptance	in relation to Freshwater Shares, the form of acceptance and authority relating to the Offer which will accompany the Offer Document for use by Freshwater Shareholders with shares in certificated form in connection with the Offer
Form of Proxy	the form of proxy for use in connection with the General Meeting
Freshwater or the Company	Freshwater PLC, a company incorporated in England and Wales with company number 4059741
Freshwater Directors	the directors of Freshwater from time to time, and “ Freshwater Director ” shall mean any one of them
Freshwater Group	Freshwater and its subsidiary undertakings
Freshwater Shareholders or Shareholders	holders of Freshwater Shares
Freshwater Shares, Ordinary Shares or Shares	ordinary shares of 10 pence each in the capital of Freshwater
FSMA	the Financial Services and Markets Act 2000, including any statutory modification or re-enactment thereof for the time being in force
General Meeting	the general meeting of Shareholders (or any adjournment thereof) at which the Ordinary Resolution will be proposed in connection with the Management Arrangements
HMRC	Her Majesty’s Revenue and Customs
Holder	a registered holder and includes any person(s) entitled by transmission
Independent Shareholders	Freshwater Shareholders other than the Management Team and the Concert Parties
London Stock Exchange	London Stock Exchange plc;
Management Arrangement	the arrangements between the Management Team and Raglan as set out in Paragraph 11 of this Announcement
Management Team	David Howell, Stephen Howell, John Underwood, Angharad Neagle, Haydn Evans and Aled Edwards being the management team of Raglan
Neville Registrars Limited or Receiving Agent	Neville Registrars Limited, the Offeror’s receiving agent for the purposes of the Offer;

New Business Plan	the new business plan for Freshwater adopted by the Freshwater Board in July 2018
Offer	the recommended takeover offer to be made by Raglan to acquire all of the Freshwater Shares on the terms and subject to the conditions set out in this Announcement and to be set out in the Offer Document and, in the case of Freshwater Shares held in certificated form, in the Form of Acceptance, including where the context so permits or requires, any subsequent revision, variation, extension or renewal thereof
Offer Consideration	the consideration payable in connection with the Offer
Offer Document	the offer document which sets out the terms and conditions of the Offer
Offer Period	the period starting on (and including 19 December 2018 and ending on whichever of the following dates shall be the latest: (i) 1.00 pm on the First Closing Date; (ii) the date on which the Offer lapses; and (iii) the date on which the Offer becomes or is declared unconditional as to acceptances
Offer Price	12 pence per Freshwater Share
Opening Position Disclosure	has the same meaning as given in Rule 8 of the Code
Option holders	holders of Share Options;
Ordinary Resolution	the ordinary resolution to be proposed at the General Meeting to approve the Management Arrangements
Overseas Person	any person who is not resident in the United Kingdom, or who is a citizen, resident or national of a jurisdiction outside the United Kingdom or who is a nominee of, or custodian or trustee for, any citizen(s), resident(s) or national(s) of any other country;
Overseas Shareholder	Shareholders who are resident in or citizens of a jurisdiction outside the United Kingdom
Panel	the Panel on Takeovers and Mergers;
participant ID	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
pound, £ or pence	the lawful currency of the United Kingdom
Raglan	Raglan House Holdings Limited, a private limited company incorporated in England and Wales with registered number 11639220

Raglan Directors	the directors of Raglan from time to time, and “ Raglan Director ” shall mean any one of them
Raglan Group	Raglan and its subsidiary undertakings and, where the context permits, each of them
Raglan Shareholders	holders of Raglan Shares
Raglan Share	ordinary shares of 10 pence each in the capital of Raglan
Regulatory Information Service	a Regulatory Information Service that is approved by the FCA and is on the list maintained by the FCA in LR App 3 to the Listing Rules of the FCA
Relevant Authority	has the meaning given in paragraph 1.3 of Appendix I of this Announcement
Restricted Jurisdiction	United States, Japan, South Africa or Australia or any other jurisdiction where local laws or regulations may result in significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to Freshwater Shareholders in that jurisdiction
Restricted Overseas Person	either a person (including an individual, partnership, unincorporated syndicate, unincorporated organisation, trust, trustee, custodian, executor, administrator or other legal representative) in, or resident in, a Restricted Jurisdiction, or a US Person
Share Alternative or Unlisted Share Alternative	1 Raglan Share for every 1 Freshwater Share held pursuant of the terms of the Offer
Share Options	options to subscribe for Freshwater Shares granted or awarded pursuant to the Share Option Scheme
Share Option Schemes	Enterprise Management Incentive approved schemes pursuant to which options are granted over Freshwater Shares by way of Enterprise Management Incentive option agreements
Special Dividend	a special dividend of 2 pence per Freshwater Share payable to Shareholders on the register as at 18 December 2018 subject to the Offer becoming, or being declared, unconditional in all respects
Subscription Agreement	the agreement dated 18 December 2018 between Raglan and the Management Team as described in paragraph 11 of this Announcement
subsidiary, subsidiary undertaking and undertaking	shall be construed in accordance with the Companies Act

Third Party	any central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, administrative, fiscal, or investigative body, authority (including any national anti-trust or merger control authority), court, trade agency, association, institution or professional or environmental body, employee representative body or other person or body whatsoever in any relevant jurisdiction
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
US or United States	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political sub-division thereof
US Person	a US Person as defined in Regulation S under the US Securities Act
US Securities Act	the US Securities Act of 1933, as amended, and the rules and regulations promulgated under it

APPENDIX VI
ESTIMATE OF VALUE OF THE UNLISTED SHARE ALTERNATIVE LETTER



The Directors
Raglan House Holdings Limited
No. 1 Colmore Square
Birmingham
B4 6AA

19 December 2018

Dear Sirs,

**Recommended offer by Raglan House Holdings Limited (“Raglan”) for Freshwater UK PLC
 (“Freshwater”)**

We are writing to you in our capacity as financial adviser to Raglan in relation to its offer for Freshwater (“**Offer**”). Pursuant to the requirements of the City Code on Takeovers and Mergers (“**City Code**”), you have requested our view as to the estimated value of the Raglan Shares upon the Offer becoming effective in accordance with its terms (“**Estimate of Value**”).

Under the terms of the Offer, for each Freshwater Share held, holders of Freshwater Shares will be entitled to receive 12 pence in cash under the Cash Offer, or they may elect for the Unlisted Share Alternative in respect of all of their Freshwater Shares, under which they will be entitled to receive one Raglan Share for each Freshwater Share held.

The Raglan Shares will be unlisted and there are no plans to seek a public quotation on any recognised investment exchange or other market or provide any other trading facility for the Raglan Shares.

Capitalised terms used in this letter will, unless otherwise stated, have the meaning given to them in the announcement published by Raglan on 19 December 2018 providing details of the Offer (“**Announcement**”).

1. Purpose

This Estimate of Value is provided to the directors of Raglan solely for the purpose of complying with the requirements of Rule 24.11 of the City Code in connection with the Offer and shall not be used or relied upon for any other purpose whatsoever. It is not addressed to, and may not be relied upon by, any other person for any purpose whatsoever and Cattaneo Corporate Finance Solutions Limited (“**Cattaneo**”) expressly disclaims any duty or liability to any third party with respect to the contents of this letter. In providing this Estimate of Value, Cattaneo consents to the inclusion of this letter in the Announcement on the basis that no duties or responsibilities are accepted by it to any third party, individually or collectively with respect to this Estimate of Value.

This Estimate of Value reflects our opinion as to the cash price which a Raglan Share, available under the Unlisted Share Alternative, might be expected to realise as at the date of this letter assuming a willing buyer and seller, neither being under any compulsion to buy

or sell, dealing on an arm's length basis and with equal information. We have assumed for this purpose that, at the date of this letter, the Offer had become effective in accordance with its terms and that Raglan owns 100 percent of the Freshwater Shares.

We have also considered the effect on the value of a Raglan Share of the proportion of Freshwater Shareholders who receive cash consideration under the Cash Offer or opt for the Unlisted Share Alternative. In doing so we have taken into account the irrevocable undertakings to accept the Offer received by Raglan as at the date of this letter ("**Irrevocable Undertakings**") and the commitments therein to accept the Cash Offer and the commitments therein to accept the Unlisted Share Alternative.

This Estimate of Value does not represent the value that a holder of a Raglan Share may realise for a holding that is redeemed in the future, which may be higher or lower than the figure in this letter. In providing this letter Cattaneo assumes no obligation to update or revise its Estimate of Value at any date in the future.

2. Information

In arriving at this Estimate of Value, we have, among other things, reviewed or otherwise taken the following into account:

- certain publicly available financial statements and other information relating to Freshwater;
- the terms of the Offer and its proposed financing;
- the Raglan Board's commercial assessment of the past and current operations and financial condition and prospects of Raglan and Freshwater; and
- other factors and such other analyses as we consider appropriate.

We have relied on and assumed, without independent verification, the accuracy, reasonableness and completeness of the information provided to us. We have not made any independent valuation or appraisal of the assets and liabilities of Raglan or Freshwater, nor have we sought or been provided with any such valuation or appraisal. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, as at the date of this letter.

The valuation of securities, particularly those not traded on a recognised exchange, is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing this analysis, we have made assumptions with respect to industry performance and general business, economic and market conditions, many of which are beyond the control of Raglan.

Consequently, the view expressed in this letter is not necessarily indicative of: (i) the price at which a Raglan Share might actually trade in any public market at any future date; (ii) the amount which might be realised upon a sale of Raglan to a third party; or (iii) the amount that might be realised by a holder of a Raglan Share upon a liquidation of Raglan.

This Estimate of Value may differ substantially from estimates available from other sources. In addition, our view would be expected to fluctuate with changes in prevailing conditions, the financial condition and prospects of Raglan and Freshwater and other factors that generally influence the valuation of companies and securities.

3. Methodology

We have arrived at this Estimate of Value using our experience of a range of widely accepted valuation methods including, inter alia, comparable company trading multiples and comparable transaction multiples and we have taken into account the information, factors,

assumptions and limitations set out above. We have also taken into account the fact that the Raglan Shares will be unlisted and that the Raglan Board has no plans to seek a public quotation on any recognised investment exchange or other market or provide any other trading facility for the Raglan Shares.

No account has been taken of any potential transaction costs that a holder of a Raglan Share may incur, or any potential costs that might be associated with a sale of Raglan to a third party or a liquidation of Raglan and which might be expected to reduce any return to a holder of a Raglan Share upon the occurrence of such an event.

The taxation position of individual shareholders will vary and so we have not taken into account the effects of any taxation exemptions, allowances or reliefs available for income, capital gains or inheritance tax purposes, notwithstanding that these may be significant in the case of some shareholders.

4. General

Cattaneo is acting exclusively as financial adviser to Raglan and for no one else in connection with the Offer and is not, and will not be, responsible to anyone other than Raglan for providing the protections afforded to clients of Cattaneo, or for providing advice in connection with the Offer, the Estimate of Value or any other matter referred to in the Offer Document. Cattaneo will receive fees from Raglan in respect of its services.

The market value of Raglan Shares can fluctuate and may not always reflect the underlying value of Raglan or Freshwater. A number of factors outside of the control of Raglan and Freshwater may impact its performance and the price of the Raglan Shares. Any decision to elect for the Unlisted Share Alternative should be based on independent financial, tax and legal advice and a full consideration of the Offer Document.

In providing this Estimate of Value, no recommendation or opinion is given by Cattaneo as to whether Freshwater Shareholders should accept the Offer or whether they should elect for the Unlisted Share Alternative or whether they should refrain from making such an election. Cattaneo expresses no opinion as to the fairness from a financial point of view or otherwise of the Cash Offer, or the Unlisted Share Alternative, payable in connection with the Offer.

5. Opinion

On the basis of and subject to the foregoing, if the Offer had become effective in accordance with its terms and the Raglan Shares had been in issue as at the date of this letter, we estimate that the value of one Raglan Share pursuant to the Unlisted Share Alternative would be:

- between 15.4 pence and 16.8 pence on the basis that all Freshwater Shareholders received cash under the Cash Offer, taking into account the Irrevocable Undertakings; or
- between 14.3 pence and 15.3 pence on the basis that all Freshwater Shareholders elected for the Unlisted Share Alternative, taking into account the Irrevocable Undertakings.

Yours faithfully

Cattaneo Corporate Finance Solutions Limited