

The Directors
Raglan House Holdings Limited
No1. Colmore Square
Birmingham
B4 6AA

20 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 offer document published by Raglan on 20 December 2018 providing details of the Offer (“**Offer Document**”).

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 Offer Document 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



Charles Cattaneo
Cattaneo Corporate Finance Solutions Limited

