

8 May 2018

**Rosenblatt Group plc**  
("Rosenblatt" or the "Company" or the "Group")

**Admission and First Day of Dealings**

***Placing to raise £43 million - significantly oversubscribed***

Rosenblatt Group plc, an independent City law firm which includes one of the UK's leading dispute resolution practices, is pleased to announce that Admission and trading of its Ordinary Shares commences at 8.00am today on the AIM market of the London Stock Exchange ("AIM").

**Admission Details:**

- The fundraising, which was significantly oversubscribed, raised approximately £43 million before expenses, through the issue of 36,842,106 new Ordinary Shares and 43,250,000 existing Ordinary Shares.
- The total number of Ordinary Shares in issue at Admission will be 80,092,106, giving the Company a market capitalisation of approximately £76 million at the Placing Price of 95 pence per share.
- Cenkos Securities plc ("Cenkos") is acting as Nomad and Broker to the Company.
- Rosenblatt's TDIM Code is RBGP and its ISIN number is GB00BFM6WL52.
- The Directors believe that Admission will assist Rosenblatt in its development by:
  - further raising its profile;
  - providing investment for funding growth including in-house funding of litigation;
  - facilitating access to capital and providing a currency for strategic acquisitions;
  - attracting and retaining talent.

**Operational highlights:**

- Rosenblatt provides a range of legal services to its diversified client base, which includes companies, banks, entrepreneurs and individuals. Complementing this is the Group's increasingly international footprint, advising on complex cross-jurisdictional cases in America China, India and Israel.
- The Group's practice areas cover dispute resolution, corporate, banking and finance, construction and projects, employment, financial services, IP/technology/media, real estate, regulation and tax.
- Rosenblatt is led by a professional, experienced and specialist management team, headed by CEO, Nicola Foulston, who was appointed in September 2016. Rosenblatt is different to many law firms which are run by senior partners with little or no commercial management experience.
- The management team has helped deliver a strong financial performance with a focus on improving profitability. In the last financial year to the year ending 31 December 2017: revenue was approximately £15.9 million and EBITDA (1) was approximately £5.5 million representing compound annual growth rates of 3.0 and 27.6 per cent. respectively since FY15.
- It is the Board's intention to commence the payment of dividends following Admission. The Board would expect the Company to pay out at least 60 per cent. of retained earnings in any financial year by way of dividend.

- It is currently intended that a first dividend will be proposed in respect of the period from May to September 2018 before the end of 2018. The Board expects to pursue a progressive dividend policy over time.

**Nicola Foulston, Chief Executive Officer, Rosenblatt Group plc, said:**

*"This is an exciting day for Rosenblatt, our staff and clients. Our admission to AIM will provide us with a significant opportunity to create a profitable and growing business to capitalise on the changes seen in the legal marketplace in the UK in recent years driven by regulatory reform and new technology. We want to use the funds raised to take advantage of what is a highly fragmented market to engage in consolidation as well as fund more litigation 'in-house'.*

*"Our commercial approach and focus on dispute resolution mean we are well positioned to capitalise on opportunities. Many law firms continue to be managed by senior partners, who often have little or no commercial management experience. Our structure, combined with our admission to AIM, will help us to be more flexible, produce higher margins than the traditional law firms and allow equity participation for all staff enabling us to attract talent.*

*"Rosenblatt has a strong reputation and is one of the top litigation practices in the capital. The UK will remain one of the world's top markets for legal services, with London the preferred location for settlement of disputes involving international companies. We have had one of the highest success rates from Alternative Billing Arrangements in the industry, winning 84% of litigation cases involving Rosenblatt heard in the Chancery Division over the last six years*

*"Our proven track record, strong client relationships, experienced and entrepreneurial management team, and strategy for growth means we are confident we can deliver significant value for shareholders over the long-term."*

Unless the context otherwise requires, defined terms shall have the meaning ascribed to them in the Admission Document. This can be found here: [www.rosenblatt-law.co.uk](http://www.rosenblatt-law.co.uk)

**Enquiries:**

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Via Redleaf

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**Notes:**

1. Being operating profit plus financial income plus depreciation per the Historical Financial Information

**Further information**

**Introduction**

The Firm was set up in 1989 by Ian Rosenblatt and is headquartered in London. It is considered by the Directors to be one of the UK's leading litigation practices and provides a range of legal services to its diversified client base, which includes companies, banks, entrepreneurs and individuals. Complementing this is the Firm's increasingly international footprint, advising on complex cross-jurisdictional cases in China, Israel, America and India. The Firm's practice areas cover dispute resolution, corporate, banking and finance, construction and projects, employment, financial services, IP/technology/media, real estate, regulatory and tax.

The introduction of the LSA in 2007 enabled law firms to be owned and run by non-lawyers. The Directors believe that there are significant opportunities for a professionally run and entrepreneurial law firm to attract talent and be a consolidator in the sector.

The Company was incorporated on 6 February 2018 as the new holding company of the Group to acquire the business and certain assets of the Partnership from the Sellers and will, on completion of the Acquisition, be the holding company for the Enlarged Group.

The Directors believe that the Company's admission to AIM will be a key milestone in achieving their goal of the Company becoming a leading legal services business, delivering strong organic and acquisitive growth.

### **Key Strengths and Opportunities**

The Directors believe the Group has the following key strengths:

- **Proven track record and reputation** - Since the Partnership was established in 1989, the Directors believe that the Firm has grown to be one of the UK's leading litigation practices. The Directors believe that this provides a strong platform from which to build the Company post Admission;
- **Early responder to the changing dynamics of the legal profession** - The Directors believe that the traditional structure of law firms in the UK is not the optimum structure within which to operate a profitable business. Further details on the Directors' view of the impact of technology on the profession together with the drawbacks of the less flexible, high fixed cost structure of many law firms is set out in more detail below. The Directors believe that the Firm has been one of the first practices to recognise and respond to this, providing the Group with a scalable business model, flexible cost base and significant opportunities;
- **Experienced and entrepreneurial management team** - The Directors believe that many law firms continue to be managed by senior partners, who often have little or no commercial management experience. The Directors believe that these firms often suffer from the impact of being run by a management team made up of lawyers who often lack professional business management skills and who are required to forego work on fee earning transactions to manage the business. Rosenblatt has addressed this through the appointment of a professional, experienced and specialist management team, which the Directors believe sets the Company apart from many of its competitors;
- **High success rates from Alternative Billing Arrangements ("ABAs") and potential for significant returns** - The Directors believe that the Firm has one of the highest success rates from ABAs in the profession, with 84 per cent. of litigation cases involving the Firm over the last six years having been won by the Firm. Part of the proceeds of the Placing are expected to be used by the Company to fund litigation "in house". Whilst the Directors believe that the Company's core business will continue to grow, the Directors believe there is the potential for additional significant returns from the "in-house" funding of litigation;
- **Strong client relationships and no dependence on any one client** - The Firm counts many high-profile clients amongst its client base. The Firm also acts for many prominent, high net worth individuals and has longstanding relationships with these clients that have been developed over several years;
- **Benefits from counter cyclicity** - The Directors believe that the Group can demonstrate a degree of overall counter cyclicity. Historically, clients have been more prone to filing litigious claims in times of worsening economic conditions and uncertainty. This is offset by the Group's

corporate and real estate departments whose business practices have correlated with times of improving economic conditions;

- **Skilled and motivated team** - The Firm has 45 fee earners and employs a total of 67 people. The Directors believe that the Firm's employees are highly motivated, as is evidenced by their long tenure length;
- **Strong cash generation** - The Directors expect the Company to be strongly cash generative, which they believe will enable the Company to pay regular dividends to Shareholders; and
- **Business model positioned for growth** - The Directors believe that the Company's strategy, structure and incentive plan will enable the Company to attract individuals, teams and other law firms as part of the Directors' goal to grow the business significantly.

#### **Reasons for the Placing and Admission and Use of Proceeds**

The net proceeds of the Placing receivable by the Company are expected to be approximately £31.8 million and are intended for use as follows:

- approximately £20 million in respect of the Acquisition, of which approximately £18 million will be used for the repayment of loans owed by the Sellers and approximately £2 million of which will be used for the repayment of tax liabilities;
- approximately £5 million to £7 million for the in-house funding of litigation and working capital; and
- approximately £5 million to £7 million for acquisitions of complementary businesses, investment in IT and AI systems.

The Directors believe that Admission will assist the Group in its development by (i) further raising its profile; (ii) providing investment to fund growth; (iii) facilitating access to capital and providing a currency for strategic acquisitions; and (iv) attracting and retaining talent.

#### **Board of Directors**

##### **Brook Land (Independent Non-Executive Chairman), age 69.**

Brook qualified as a solicitor in 1972 and retired from Nabarro LLP (formerly Nabarro Nathanson) in April 2017 after 50 years with the firm. He was non-executive chairman of RPS Group plc from 1997 to 2016 and a non-executive director of Signet Group plc from 1995 until 2008, latterly as Senior Independent Director. He is non-executive chairman of Shard Viewing Gallery Management Limited and David Ian Productions Limited.

##### **Nicola ("Nicky") Foulston (Chief Executive Officer), age 50.**

Nicky took over the commercial management of the Firm in September 2016, having been a client of the Firm for nearly 30 years. In 1992, Nicky acquired the Brands Hatch Leisure Group, which owned and ran a motor racing circuit. She was involved in its subsequent stock market listing in 1996 and sale in 1999. Since that time, Nicky has been involved with numerous private equity ventures.

##### **Patrick Firebrace (Finance Director), age 43**

Patrick joined the Firm in January 2018 having previously spent ten years in senior financial roles in the legal services sector, most recently as Chief Financial Officer of Kings Court Trust Limited and previously as Finance Director for DAC Beachcroft LLP. Patrick is a Fellow of the Institute of Chartered Accountants in England and Wales.

##### **Stephen Davidson, (Independent Non-Executive Director), age 62**

Stephen has over 18 years experience as a director of both publicly listed and private companies. He is non-executive chairman of Actual Experience plc, Datatec Limited and PRS For Music Limited. He is also a non-executive director of Informa plc and Restore plc. In his earlier career Stephen was Chief Financial Officer and then Chief Executive Officer of Telewest

Communications plc and vice chairman of Investment Banking at WestLB  
Panmure.

The Directors intend, within six months of Admission, to appoint a further  
independent non-executive to the Board.

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