

MRI Software Limited

Recommended Cash Offer for Castleton Technology

RNS Number : 6563J
MRI Software Limited
15 April 2020

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FOR IMMEDIATE RELEASE

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

15 April 2020

RECOMMENDED CASH ACQUISITION

of

CASTLETON TECHNOLOGY PLC

by

MRI SOFTWARE LIMITED

a wholly-owned subsidiary of

MRI SOFTWARE LLC

**to be effected by means of a Scheme of Arrangement
under Part 26 of the Companies Act 2006**

Summary

- The boards of MRI Software LLC ("**MRI**") and MRI Software Limited ("**Bidco**") and the board of directors of Castleton Technology plc ("**Castleton**") (the "**Castleton Board**" or the "**Castleton Directors**") are pleased to announce that they have reached agreement on the terms of a recommended cash offer to be made by Bidco for the entire issued and to be issued ordinary share capital of Castleton (the "**Acquisition**"). The Acquisition will be implemented by way of a scheme of arrangement.

- Under the terms of the Acquisition, each Castleton Shareholder will be entitled to receive:

for each Castleton Share: 95 pence in cash

- The Acquisition price represents a premium of approximately:
 - 42.9 per cent. to the undisturbed Closing Price of 66.5 pence per Castleton Share on 14 April 2020 (being the last Business Day prior to the date of this announcement);
 - 35.2 per cent. to the three month volume weighted average price of 70.3 pence per Castleton Share to 14 April 2020 (being the last Business Day before the date of this announcement); and
 - 42.1 per cent. to the six month volume weighted average price of 66.9 pence per Castleton Share to 14 April 2020 (being the last Business Day before the date of this announcement).
- The Acquisition values the entire issued and to be issued ordinary share capital of Castleton at approximately £82.8 million on a fully diluted basis.
- If, on or after the date of this announcement, any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the Castleton Shares, Bidco reserves the right to reduce the consideration payable under the terms of the Acquisition for the Castleton Shares by an amount up to the amount of such dividend and/or distribution and/or return of capital, in which case any reference in this announcement to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced.

Recommendation

- The Castleton Directors, who have been so advised by finnCap as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing its advice to the Castleton Directors, finnCap has taken into account the commercial assessments of the Castleton Directors.
- Accordingly, the Castleton Directors intend to recommend unanimously that, in the case of the Court Meeting, the Scheme Shareholders and, in the case of the General Meeting, Castleton Shareholders, vote in favour of the resolutions relating to the Acquisition at the Meetings as the Castleton Directors who hold Castleton Shares have irrevocably undertaken to do in respect of their own beneficial holdings totalling 435,123 Castleton Shares (representing approximately 0.53 per cent. of existing issued ordinary share capital of Castleton) as at 14 April 2020, being the Business Day prior to this announcement.

Background to and reasons for the Acquisition

- MRI believes the Acquisition represents an attractive opportunity to invest in a well-established business with software expertise in Enterprise Resource Planning ("ERP"), Customer Relationship Management ("CRM"), workflow software, mobile applications and financial modelling software, as well as managed IT services and consultancy

services. Castleton is well-positioned as a vertically-focused vendor to the UK and Australia's social housing sector. MRI believes that there are clear opportunities to further develop the combined business across the UK, Australia and the US.

- Bidco believes that Castleton, with investment from MRI and access to the MRI Group's array of services and expertise, has the right platform to meet the needs of the social housing industry which will require providers to develop fully cloud-based offerings that integrate across the social housing focused technology ecosystem, best-in-class product user interfaces ("UI"), and digital transformation capabilities across both software and managed services. Furthermore, with investment, the Acquisition represents an opportunity to achieve greater client penetration in the end markets that Castleton currently serves. Further development of the cloud capabilities and UI of Castleton's products, coupled with greater scale, will allow Castleton to compete even more effectively with its current competitors and provide the best offering to its customers.
- The Acquisition also brings MRI greater scale in the European and Australian markets, and MRI believes that Castleton presents a platform from which to grow MRI's geographic reach, with the European and Australian markets being key strategic focus areas of both organic and acquisitive growth for MRI.
- Finally, MRI also believes that in order to maximise its future potential, Castleton would be better suited to a private company environment, where initiatives to improve the performance of the business can be implemented effectively, with appropriate support, capital and assistance from MRI, free from the requirement to meet the public equity market's shorter-term reporting requirements and expectations, and the costs, constraints and distractions associated with being a publicly traded company.

Irrevocable undertakings and letters of intent

- Bidco has received support for the Acquisition from Castleton Shareholders holding a total of 38,677,143 Castleton Shares (representing approximately 47.33 per cent. of existing issued ordinary share capital of Castleton) as at 14 April 2020, being the Business Day prior to this announcement.
- This support comprises of:
 - irrevocable undertakings to vote in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer) from Nigel Wray (in respect of Castleton Shares held by him, pension schemes and charitable trusts for which he is a trustee, and certain of his investment companies), Kestrel Investment Partners LLP (in respect of Castleton Shares effectively controlled by it) and Marlborough UK Micro-Cap Growth Fund and Marlborough Nano-Cap Growth Fund in respect of, in aggregate, 29,400,742 Castleton Shares (representing approximately 35.98 per cent. of existing issued ordinary share capital of Castleton) as at 14 April 2020, being the Business Day prior to this announcement;

- the irrevocable undertakings provided by the Castleton Directors described above; and
- letters of intent from Artemis Investment Management LLP and Long Path Partners Smaller Companies Fund, LP to vote in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer) in respect of 8,841,278 Castleton Shares, (representing approximately 10.82 per cent. of existing issued ordinary share capital of Castleton) as at 14 April 2020, being the Business Day prior to this announcement.
- Further details of these irrevocable undertakings and letters of intent (including the circumstances in which the irrevocable undertakings cease to be binding) are set out in Appendix 3 to this announcement.

Information on Bidco

Information on Bidco

- Bidco was incorporated on 27 March 1997 in England and is a sister subsidiary of (and under common control with) MRI, the main operating company of the MRI Group.

Information on MRI

- MRI is a global provider of real estate software applications and hosted solutions. MRI's purpose-built software helps address the unique operational challenges and financial accounting requirements facing commercial and residential property management operators, property sales and lettings agencies, real estate investment managers and facilities management companies.
- MRI serves more than 17,000 organisations across 170 countries. Founded in 1971, MRI is headquartered in Cleveland, Ohio with additional offices across the United States, United Kingdom, Canada, Australia, Hong Kong, Singapore and South Africa, as well as an extensive partner channel.
- Both Bidco and MRI are ultimately controlled by funds managed and advised by TA Associates, GI Partners and Harvest Partners. In June 2015, GI Partners acquired its ownership of MRI from Vista Equity Partners, who completed the buyout of Intuit Real Estate Solutions from Intuit Inc. in December 2009. Subsequently, TA Associates and Harvest Partners acquired joint ownership of MRI in June 2017 and February 2020 respectively.
- MRI has successfully completed 24 acquisitions in the last 3 years, including 5 in Europe as the business has accelerated its international expansion.

Information on TA Associates

- TA Associates is a leading global growth private equity firm investing across technology, healthcare, financial services, consumer and business services. TA Associates invests in profitable, growing companies with opportunities for sustained growth, and has invested in more than 500 companies around the world. Investing as either a majority or minority

investor, TA Associates employs a long-term approach, utilising its strategic resources to help management teams build lasting value in high quality growth companies. TA Associates has raised \$33.5 billion in capital since its founding in 1968 and is committing to new investments at the pace of over \$2 billion per year. The firm's more than 85 investment professionals are based in Boston, Menlo Park, London, Mumbai and Hong Kong.

Information on GI Partners

- GI Partners is a leading alternative investment management firm based in San Francisco, CA managing over \$20 billion in capital commitments on behalf of leading domestic and international institutional investors. For over eighteen years, GI Partners has focused on investing in technology and has built a scale business in software investing. GI Partners has a history of successful business-building investments and use a collaborative approach with management to ensure that our companies have the resources they need to grow.

Information on Harvest Partners

- Harvest Partners is a leading New York-based private equity investment firm that focuses on investments in middle-market companies in the business services & consumer, healthcare, industrial services and manufacturing & distribution sectors. This strategy leverages Harvest Partners' experience in financing organic and acquisition-oriented growth companies. For over 35 years, through seven funds with aggregate capital commitments under management of over \$5.0 billion, the firm has invested in over 50 companies.

Timetable, Conditions and Miscellaneous

- It is intended that the Acquisition will be implemented by way of a court-sanctioned scheme of arrangement under Part 26 of the 2006 Act (although Bidco reserves the right to effect the Acquisition by way of an Offer, subject to the consent of the Panel and the terms of the Cooperation Agreement).
- The Conditions to the Acquisition are set out in full in Appendix 1 to this announcement along with certain other terms; the full terms and conditions will be provided in the Scheme Document.
- It is expected that the Scheme Document, containing further information about the Acquisition and notices of the Court Meeting and Castleton General Meeting, together with the associated forms of proxy, will be posted to Castleton Shareholders within 28 days of this announcement (or such later time as Castleton, Bidco and the Panel agree) and the Meetings are expected to be held shortly thereafter. The Acquisition is currently expected to complete at the end of May 2020, subject to the satisfaction or (where applicable) waiver of the Conditions. An expected timetable of key events relating to the Acquisition will be provided in the Scheme Document.
- Certain Castleton employees hold Growth Shares, which were issued to them as part of their incentive arrangements. The Growth Shares will be acquired by Bidco, subject to the Acquisition becoming Effective, for an aggregate consideration of £1,104,812.

Commenting on the Acquisition, David Payne, Non-Executive Chairman of Castleton said:

"Castleton has performed well since embarking on the strategy in 2013 to build a public sector-focused software and managed service business, growing organically as well as through a series of acquisitions. The competitive landscape is changing and as such I welcome the opportunity for Castleton Shareholders to realise their investment at a premium of 42.9% to yesterday's Closing Price. I would also like to take this opportunity to thank all the employees of Castleton for all their hard work and support."

"The Castleton Directors believe that MRI Software will be an excellent partner to Castleton and its management and employees. We believe the Acquisition is in the best interests of all our stakeholders and unanimously recommend that shareholders vote in favour of the resolutions relating to the Acquisition."

Commenting on the Acquisition, Patrick Ghilani, Chief Executive Officer of MRI said:

"The acquisition of Castleton is a significant development for our business, delivering us critical scale in the UK real estate market and social housing sector in particular; and providing a platform to further accelerate our growth globally. A combined MRI and Castleton will be extremely well equipped to address the varying needs and evolving business models of the UK and Australian social housing sectors, with a comprehensive and flexible product portfolio. We are excited to work with the management team and employees of Castleton, to build upon their position in the social housing sector, utilising MRI's complementary experience, capabilities, network and resources."

This summary should be read in conjunction with the following announcement and the Appendices. The conditions to, and certain further terms of, the Acquisition are set out in Appendix 1. The bases and sources for certain financial information contained in this announcement are set out in Appendix 2. Details of undertakings received by Bidco are set out in Appendix 3. Certain definitions and terms used in this announcement are set out in Appendix 4.

Enquiries:

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Kirkland & Ellis International LLP is acting as legal adviser to Bidco.

DAC Beachcroft LLP is acting as legal adviser to Castleton.

Further information

Raymond James, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for Bidco as financial adviser and no one else in connection with the Acquisition and other matters set out in this announcement and will not be responsible to anyone other than Bidco for providing the protections afforded to clients of Raymond James, or for providing advice in connection with the Acquisition, the content of this announcement or any matter referred to herein. Neither Raymond James nor any of its subsidiaries, affiliates or branches owes or accepts any duty, liability or responsibility whatsoever (whether direct, indirect, consequential, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Raymond James in connection with this announcement, any statement contained herein or otherwise.

finnCap, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for Castleton as financial adviser and no one else in connection with the Acquisition and other matters set out in this announcement and will not be responsible to anyone other than Castleton for providing the protections afforded to clients of finnCap, or for providing advice in connection with the Acquisition, the content of this announcement or any matter referred to herein. Neither finnCap nor any of its subsidiaries, affiliates or branches owes or accepts any duty, liability or responsibility whatsoever (whether direct, indirect, consequential, whether in contract, in tort, under statute or otherwise) to any person who is not a client of finnCap in connection with this announcement, any statement contained herein or otherwise.

In accordance with the Takeover Code, normal United Kingdom market practice and Rule 14e-5(b) of the US Exchange Act, finnCap and its respective affiliates will continue to act as exempt principal trader in Castleton securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom

pursuant to the Takeover Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com. This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.

This announcement is for information purposes only and is not intended to, and does not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise. The Acquisition will be made solely pursuant to the terms of the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the offer document), which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. Any decision in respect of, or other response to, the Acquisition should be made only on the basis of the information in the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the offer document).

This announcement does not constitute a prospectus or prospectus exempted document.

Overseas Shareholders

This announcement has been prepared in accordance with English law, the Takeover Code, the Market Abuse Regulation, the AIM Rules and the Disclosure Guidance and Transparency Rules and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England.

The availability of the Acquisition to Castleton Shareholders who are not resident in and citizens of the UK 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 UK should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. In particular, the ability of persons who are not resident in the United Kingdom to vote their Castleton Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. 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 Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Scheme by any such use, means, instrumentality or from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Copies of this announcement and any formal documentation relating to the Acquisition 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 and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send it in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect

of the Acquisition. If the Acquisition is implemented by way of an Offer (unless otherwise permitted by applicable law and regulation), the Offer may not be made directly or indirectly, in or into, or by the use of mails or any 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 and the Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.

Notice to US investors in Castleton

The Acquisition relates to the shares of an English company and is being made by means of a scheme of arrangement provided for under English company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under the US Exchange Act. Accordingly, the Acquisition is subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement which differ from the disclosure requirements of the US tender offer and proxy solicitation rules. The financial information included in this announcement has been prepared in accordance with generally accepted accounting principles of the United Kingdom and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

If, in the future, Bidco exercises its right to implement the Acquisition by way of an Offer, which is to be made into the United States, such Offer will be made in compliance with the applicable US laws and regulations.

It may be difficult for US holders of Castleton Shares to enforce their rights and any claim arising out of the US federal laws, since Bidco and Castleton are located in a non-US jurisdiction, and some or all of their officers and directors may be residents of a non-US jurisdiction. US holders of Castleton Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

US Castleton Shareholders also should be aware that the transaction contemplated herein may have tax consequences in the US and, that such consequences, if any, are not described herein. US Castleton Shareholders are urged to consult with legal, tax and financial advisers in connection with making a decision regarding this transaction.

Forward-Looking Statements

This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Acquisition, and other information published by Bidco and Castleton contain statements which are, or may be deemed to 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 management of Bidco and Castleton 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.

The forward-looking statements contained in this announcement include statements relating to the expected effects of the Acquisition on Bidco and Castleton (including their future prospects, developments and strategies), the expected timing and scope of the Acquisition and other statements other than

historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "projects", "strategy", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Although Bidco and Castleton believe that the expectations reflected in such forward-looking statements are reasonable, Bidco and Castleton can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.

These factors include, but are not limited to: the ability to complete the Acquisition; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms and schedule; as future market conditions, changes in general economic and business conditions, the behaviour of other market participants, the anticipated benefits from the proposed transaction not being realised as a result of changes in general economic and market conditions in the countries in which Bidco and Castleton operate, weak, volatile or illiquid capital and/or credit markets, changes in tax rates, interest rate and currency value fluctuations, the degree of competition in the geographic and business areas in which Bidco and Castleton operate and changes in laws or in supervisory expectations or requirements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither Bidco nor Castleton, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place any reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations, neither Bidco nor Castleton is under any obligation, and Bidco and Castleton expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Dealing and Opening Position Disclosure Requirements

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% 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 pm on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm 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 Takeover Code, any person who is, or becomes, interested in 1% 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 pm 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 Takeover 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 on a website

This announcement and the documents required to be published pursuant to Rule 26.1 of the Takeover Code will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Castleton's website at www.castletonplc.com promptly and in any event by no later than 12 noon on 16 April 2020. Neither the content of the website referred to in this announcement nor the contents of any website accessible from hyperlinks on any such website are incorporated into or form part of this announcement.

No profit forecasts, estimates or quantified benefits statements

No statement in this announcement is intended as a profit forecast, profit estimate or quantified benefits statement for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share for Castleton for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Castleton.

Requesting hard copy documents

In accordance with Rule 30.3 of the Takeover Code, Castleton Shareholders, persons with information rights and participants in Castleton Share Plans may

request a hard copy of this announcement by contacting Link Asset Services during business hours on (0) 371 664 0300 from overseas or by submitting a request in writing to shareholderenquiries@linkgroup.co.uk. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines will be open between 9.00 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Unless you make such a request, a hard copy of this announcement and any such information incorporated by reference in it will not be sent to you. You may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition be in hard copy form.

Electronic Communications

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

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 figures that precede them.

Rule 2.9 of the Takeover Code

For the purposes of Rule 2.9 of the Takeover Code, Castleton confirms that, as at the date of this announcement, it had in issue 81,709,810 ordinary shares of 2 pence each (excluding shares held in treasury). The ISIN for the shares is GB00BYV2WV72.

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15 April 2020

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CASTLETON TECHNOLOGY PLC

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MRI SOFTWARE LIMITED

a wholly-owned subsidiary of

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to be effected by means of a Scheme of Arrangement under Part 26 of the Companies Act 2006

1. Introduction

The boards of MRI Software LLC ("**MRI**") and MRI Software Limited ("**Bidco**"), and the board of directors of Castleton Technology plc ("**Castleton**") (the "**Castleton Board**" or the "**Castleton Directors**") are pleased to announce that they have agreed the terms of a recommended cash offer to be made by Bidco for the entire issued and to be issued ordinary share capital of Castleton (the "**Acquisition**").

It is intended that the Acquisition will be implemented by way of a court-sanctioned scheme of arrangement under Part 26 of the 2006 Act (although Bidco reserves the right to effect the Acquisition by way of an Offer, subject to the consent of the Panel and the terms of the Cooperation Agreement). The Conditions to the Acquisition are set out in full in Appendix 1 to this announcement.

2. The Acquisition

The Acquisition, which will be on the terms and subject to the conditions set out below and in Appendix 1, and to be set out in the Scheme Document, will be made on the following basis:

for each Castleton Share: 95 pence in cash

- The offer price represents a premium of approximately:
 - 42.9 per cent. to the Closing Price of 66.5 pence per Castleton Share on 14 April 2020 (being the last Business Day prior to the date of this announcement);
 - 35.2 per cent. to the undisturbed three month volume weighted average price of 70.3 pence per Castleton Share to 14 April 2020 (being the last Business Day prior to the date of this announcement); and
 - 42.1 per cent. to the undisturbed six month volume weighted average price of 66.9 pence per Castleton Share to 14 April 2020 (being the last Business Day prior to the date of this announcement).
- The Acquisition values the entire issued and to be issued ordinary share capital of Castleton at approximately £82.8 million on a fully diluted basis.
- The Castleton Shares will be acquired pursuant to the Acquisition fully paid and free from all liens, charges, equities, encumbrances, rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching thereto, including without limitation voting rights and the right to receive and retain in full all dividends and other distributions (if any) announced, declared, made or paid with a record date on or after the Scheme Record Time.

- If, on or after the date of this announcement, any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the Castleton Shares, Bidco reserves the right to reduce the consideration payable under the terms of the Acquisition for the Castleton Shares by an amount up to the amount of such dividend and/or distribution and/or return of capital, in which case any reference in this announcement to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced.

3. Background to and reasons for the Acquisition

MRI believes the Acquisition represents an attractive opportunity to invest in a well-established business with software expertise in Enterprise Resource Planning ("ERP"), Customer Relationship Management ("CRM"), workflow software, mobile applications and financial modelling software, as well as managed IT services and consultancy services. Castleton is well-positioned as a vertically-focused vendor to the UK and Australia's social housing sector. MRI believes that there are clear opportunities to further develop the combined business across the UK, Australia and the US.

Bidco believes that Castleton, with investment from MRI and access to the MRI Group's array of services and expertise, has the right platform to meet the needs of the social housing industry which will require providers to develop fully cloud-based offerings that integrate across the social housing focused technology ecosystem, best-in-class product user interfaces ("UI"), and digital transformation capabilities across both software and managed services. Furthermore, with investment, the Acquisition represents an opportunity to achieve greater client penetration in the end markets that Castleton currently serves. Further development of the cloud capabilities and UI of Castleton's products, coupled with greater scale, will allow Castleton to compete even more effectively with its current competitors and provide the best offering to its customers.

The Acquisition also brings MRI greater scale in the European and Australian markets, and MRI believes that Castleton presents a platform from which to grow MRI's geographic reach, with the European and Australian markets being key strategic focus areas of both organic and acquisitive growth for MRI.

Finally, MRI also believes that in order to maximise its future potential, Castleton would be better suited to a private company environment, where initiatives to improve the performance of the business can be implemented effectively, with appropriate support, capital and assistance from MRI, free from the requirement to meet the public equity market's shorter-term reporting requirements and expectations, and the costs, constraints and distractions associated with being a publicly traded company.

4. Recommendation

The Castleton Directors, who have been so advised by finnCap as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing its advice to the Castleton Directors, finnCap has taken into account the commercial assessments of the Castleton Directors.

Accordingly, the Castleton Directors intend to recommend unanimously that, in the case of the Court Meeting, the Scheme Shareholders and, in the case of the General Meeting, Castleton Shareholders, vote in favour of the resolutions relating to the Acquisition at the Meetings as the Castleton Directors who hold Castleton Shares have irrevocably undertaken to do in respect of their own beneficial holdings totaling 435,123 Castleton Shares (representing approximately 0.53 per cent. of existing issued ordinary share capital of Castleton) as at 14 April 2020, being the Business Day prior to this announcement.

5. Background to and reasons for the recommendation

The board of directors of Castleton are proud of the achievements of the company and how its corporate strategy has been executed since inception in 2013; ten complementary acquisitions have completed and its geographical reach grown across the globe. This has only been achieved as a result of the dedication of Castleton management and employees, who should be thanked for their continued hard work.

The Castleton Board are encouraged by the improvements brought around through the most recent restructuring of operations for improved financial and operational performance. Notwithstanding a confidence that Castleton can again adapt and respond to changing market demands, the Castleton Board are keenly aware that the post-COVID-19 landscape will present new challenges and risks to the business. The Castleton Board also notes in this regard MRI's strategic focus on both organic and acquisitive growth and considers that the implementation of this strategy through recent and future acquisitions will also challenge Castleton. The Castleton Board have assessed the merits of the Acquisition against the financial performance, prospects and position of Castleton (further information of which is set out in paragraph 10)) and the backdrop of the threats and risks of remaining an independent listed business.

The Castleton Board believes that the Acquisition will provide Castleton with enhanced operational flexibility and financial resilience, enabling it to offer a more attractive proposition to its customers, opportunity for employees and to enable an increase in its scale and international presence.

The Acquisition presents a welcome opportunity for Castleton Shareholders to realise the value of their holdings in cash at a value that may not be achievable in the near-term future, with certainty, in a challenging and volatile environment. This low level of liquidity has been a consideration for the Castleton Board in concluding that a private company environment, away from shorter-term reporting and expectations, would be a better venue for Castleton to take the initiatives necessary to continue its development, address future challenges and to achieve its potential.

MRI has a proven track record of providing scale, support and financial resources to its partners. The Castleton Board welcomes the importance that MRI attributes to the skills and experience of the Castleton employees and management team, and the statements made by MRI with regard to the employment and places of business in paragraph 9 of this announcement. Castleton welcomes that MRI has also stated that the Acquisition will offer greater opportunities for Castleton staff as part of the Enlarged MRI Group, particularly in terms of activities that

pertain to developing and expanding UK and Australian market positions.

Following careful consideration of the above factors and the bid premia outlined in paragraph 2 of this announcement, the Castleton Board believes that the offer price of 95 pence per Castleton Share in cash provides attractive value and certainty for Castleton Shareholders.

6. Irrevocable undertakings and letters of intent

As described above, Bidco has received irrevocable undertakings to vote (or, where applicable, procure voting) in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer) from all of the Castleton Directors who own Castleton Shares, in respect of their own beneficial holdings totalling 435,123 Castleton Shares (representing approximately 0.53 per cent. of existing issued ordinary share capital of Castleton) as at 14 April 2020, being the Business Day prior to this announcement

Bidco has also received irrevocable undertakings to vote in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer) from Nigel Wray (in respect of Castleton Shares held by him, pension schemes and charitable trusts for which he is a trustee, and certain of his investment companies), Kestrel Investment Partners LLP (in respect of Castleton Shares effectively controlled by it) and Marlborough UK Micro-Cap Growth Fund and Marlborough Nano-Cap Growth Fund in respect of, in aggregate, 29,400,742 Castleton Shares (representing approximately 35.98 per cent. of existing issued ordinary share capital of Castleton) as at 14 April 2020, being the Business Day prior to this announcement.

In total, therefore, Bidco has procured irrevocable undertakings to vote in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer), including those from the Castleton Directors who own Castleton Shares, in respect of, in aggregate, 29,835,865 Castleton Shares (representing approximately 36.51 per cent. of existing issued ordinary share capital of Castleton) as at 14 April 2020, being the Business Day prior to this announcement.

Bidco has also received a letters of intent from Artemis Investment Management LLP and Long Path Partners Smaller Companies Fund, LP to vote in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer) in respect of 8,841,278 Castleton Shares, (representing approximately 10.82 per cent. of existing issued ordinary share capital of Castleton) as at 14 April 2020, being the Business Day prior to this announcement.

Bidco has therefore received irrevocable undertakings and letters of intent in respect of a total of 38,677,143 Castleton Shares (representing, in aggregate, approximately 47.33 per cent. of existing issued ordinary share capital of Castleton) as at 14 April 2020, being the Business Day prior to this announcement.

Further details of these irrevocable undertakings and letters of intent (including the circumstances in which the irrevocable undertakings

cease to be binding) are set out in Appendix 3 to this announcement.

7. Information relating to Bidco

Information on Bidco

Bidco was incorporated on 27 March 1997 in England and is a sister subsidiary of (and under common control with) MRI, the main operating company of the MRI Group.

Information on MRI

MRI is a global provider of real estate software applications and hosted solutions. MRI's purpose-built software helps address the unique operational challenges and financial accounting requirements facing commercial and residential property management operators, property sales and lettings agencies, real estate investment managers and facilities management companies.

MRI serves more than 17,000 organisations across 170 countries. Founded in 1971, MRI is headquartered in Cleveland, Ohio with additional offices across the United States, United Kingdom, Canada, Australia, Hong Kong, Singapore and South Africa, as well as an extensive partner channel.

Both Bidco and MRI are ultimately controlled by funds managed and advised by TA Associates, GI Partners and Harvest Partners. In June 2015, GI Partners acquired its ownership of MRI from Vista Equity Partners, who completed the buyout of Intuit Real Estate Solutions from Intuit Inc. in December 2009. Subsequently, TA Associates and Harvest Partners acquired joint ownership of MRI in June 2017 and February 2020 respectively.

Since 2009, MRI has continued to grow (both organically and as a result of a number of acquisitions). For the last financial year to 31 December 2019, MRI had approximately \$330 million of consolidated revenues and \$155 million in EBITDA.

MRI has successfully completed 24 acquisitions in the last 3 years, including 5 in Europe as the business has accelerated its international expansion.

Information on TA Associates

TA Associates is a leading global growth private equity firm investing across technology, healthcare, financial services, consumer and business services. TA Associates invests in profitable, growing companies with opportunities for sustained growth, and has invested in more than 500 companies around the world. Investing as either a majority or minority investor, TA Associates employs a long-term approach, utilising its strategic resources to help management teams build lasting value in high quality growth companies. TA Associates has raised \$33.5 billion in capital since its founding in 1968 and is committing to new investments at the pace of over \$2 billion per year. The firm's more than 85 investment professionals are based in Boston, Menlo Park, London, Mumbai and Hong Kong.

Information on GI Partners

GI Partners is a leading alternative investment management firm based in San Francisco, CA managing over \$20 billion in capital commitments on behalf of leading domestic and international institutional investors. For over eighteen years, GI Partners has focused on investing in technology and has built a scale business in software investing. GI Partners has a history of successful business-building investments and use a collaborative approach with management to ensure that our companies have the resources they need to grow.

Information on Harvest Partners

Harvest Partners is a leading New York-based private equity investment firm that focuses on investments in middle-market companies in the business services & consumer, healthcare, industrial services and manufacturing & distribution sectors. This strategy leverages Harvest Partners' experience in financing organic and acquisition-oriented growth companies. For over 35 years, through seven funds with aggregate capital commitments under management of over \$5.0 billion, the firm has invested in over 50 companies.

8. Information relating to Castleton

Castleton provides a platform of complementary software and cloud services focused on the social housing sector and associated markets, with its offerings providing a 'one stop shop' housing management solution with essential tools and services that deliver significant improvements in service, performance and insight for its customers. Castleton's software expertise in ERP, CRM, workflow software, maintenance scheduling software, mobile applications and financial modelling software, as well as managed IT services and consultancy services, facilitate key business processes for social housing providers; from customer engagement, rent collection and financial planning, to document management and repairs management.

Castleton, previously Redstone plc, demerged its network-based managed services businesses in April 2013, now part of Redcentric plc, followed by two further disposals by March 2014. The acquisitions of Montal Holdings Limited in June 2014 and Documotive Limited in November 2014 focused Castleton on becoming a niche provider of software, managed IT services and consultancy services to the social housing sector.

Castleton has grown organically and through strategic acquisitions. Recent acquisitions include: (i) the acquisition of Castleton India (previously known as CarbonNV InfoLogic India Private Limited), Castleton's offshore development facility in India, for a consideration of £0.35 million payable in cash and Castleton Shares, in February 2019; (ii) the acquisition of Deeplake Digital Limited, a leading provider of communications management software to the social housing sector, for a cash consideration of £1.8 million in January 2019; (iii) the acquisition of the exclusive, perpetual and assignable licence in relation to the Castleton Strategic Modelling (formerly "Brixx") platform, for a consideration of £1.6 million payable in cash and Castleton Shares in June 2018; and (iv) the acquisition of Kinetic Information Systems Pty Ltd, a leading provider of ERP software and solutions for the Australian Community Housing sector, for a maximum cash consideration of £1.7 million, in December 2017.

Castleton generated revenue from the provision of software licences (either 'hosted' or 'installed', typically including an initial contract term of more than one year, and thereafter renewed on an annual basis), implementation services, maintenance and support, outsourced hosting managed services and the sale of hardware, through two segments: Software Solutions, and Managed Services.

The Software Solutions segment, representing 56.9 per cent. of revenue and 59.1 per cent. of Adjusted EBITDA in the year ended 31 March 2019, was engaged in the provision of integrated software solutions to the social housing sector.

The Managed Services segment, representing 43.1 per cent. of revenue and 40.9 per cent. of Adjusted EBITDA in the year ended 31 March 2019, was engaged in the provision of IT infrastructure and support for its clients throughout the United Kingdom.

The Software Solutions and Managed Services segments were subsequently merged on 1 June 2019 to drive greater levels of cross sell and, whilst there have been some initial successes, results have taken longer to embed than Castleton's management expected.

Recent financial performance and position of Castleton

In its latest full financial year to 31 March 2019, Castleton achieved total consolidated revenues of £26.4 million (2018: £23.3 million) and operating profit of £1.5 million (2018: £2.1 million). As at 31 March 2019, Castleton had total assets of £49.9 million (2018: £42.1 million), and net assets of £25.3 million (2018: £18.5 million).

Castleton announced its interim results for the six-month period ended 30 September 2019 on 5 November 2019. A challenging first six-month period of the financial year was reported particularly compared to a strong comparable period the year before, primarily due to: a decline in one-off hardware revenues as the company transitions to the cloud provision of its software meaning customers are performing few infrastructure reviews; and the reorganisation of the business taking longer to embed than first anticipated.

Castleton expects to report revenue of not less than £23.3 million for the year to 31 March 2020. This level of revenue would be marginally behind management expectations and, accordingly, it is expected that adjusted EBITDA will also be marginally behind management's expectations. Cash generation for the period remained solid and this facilitated a continued reduction in the Company's net debt.

The Company's contracted backlog has increased by £1.6 million over the course of the year to £32.5 million as at 31 March 2020, although it also experienced a small amount of churn in its customer base. Amongst other risks to the business, the unknown duration and extent of the macro and micro economic consequences of the COVID-19 pandemic makes predicting future near term demand for the Company's offerings difficult at this stage. However, it is worth noting that approximately 67% of the Company's revenue for the year to 31 March 2020 was recurring in nature, providing a base level of revenue visibility for the future.

9. Directors, management, employees, pensions, research and development and locations

Prior to the date of this announcement, Bidco has been granted access to Castleton's senior management team for the purpose of undertaking confirmatory due diligence. As a result of that diligence process, MRI has been able to develop a preliminary strategy that it anticipates delivering for the Castleton business. Upon the Acquisition becoming Effective, MRI will benefit from having greater access to the business, employees and customers of Castleton and will be able to formulate more detailed long-term strategic and operational plans for both the Castleton Group and the MRI Group (with effect from the Effective Date, together the "**Enlarged MRI Group**").

It is anticipated that more detailed long-term strategic and operational planning will be completed within six months of the Effective Date. This will include plans to integrate Castleton and MRI product offerings to create additional value for current and potential Enlarged MRI Group customers, to benefit from MRI's customer relationships to extend the reach and penetration of Castleton's current products and services beyond the United Kingdom, continue to invest in Castleton's product and services offerings, and to align employees and management with these initiatives.

From the due diligence that MRI has been able to conduct to date, MRI believes that Castleton is a well-positioned business that enhance MRI's European and Australian growth strategy. MRI also recognises that Castleton's software and the managed services offerings are complementary to MRI's suite of real estate software applications and hosted solutions, and therefore this next stage of planning will result in the development of a focused, integrated strategy for the Enlarged MRI Group. This strategy is expected to focus on the following areas:

Castleton's software solutions offerings

Castleton's software solutions have direct complementarity with MRI's existing operations. The integration of Castleton's social housing focused solutions into MRI's broader real estate software suite of offerings is therefore a high priority initiative, with a focus on the following areas:

- the potential to invest in Castleton's product offerings, focusing amongst other things on Castleton's existing product development roadmap, and utilising MRI's disciplined, customer-centric approach to product management. MRI intends to continue to support and service all existing Castleton software, and has no intention to migrate Castleton's customers to new product platforms. In particular, MRI intends to support and strengthen Castleton's strategy of providing best-in-class software for its social housing focused customers, where appropriate;
- MRI intends to share with Castleton its platform and technology, to see if its utilisation, in whole or in part, might benefit Castleton's business and clients;
- where Castleton and MRI have complementary industry domain knowledge, MRI intends to share this actively across the

Enlarged MRI Group in order to benefit from its increased scale and international reach;

- the opportunity to accelerate the growth of key UK accounts and develop a growth strategy for key accounts. In addition, there is scope to invest more significantly in expanding local sales teams, taking advantage of Castleton's existing infrastructure to drive global growth; and
- MRI intends to integrate the Enlarged MRI Group's procurement capabilities to provide greater purchasing power to the MRI Group.

Castleton's managed services offerings

Castleton's social housing focused managed services offerings complement MRI's existing broader real estate software offering, however MRI does not currently significantly provide these managed services as part of its solutions portfolio. MRI therefore believes that the managed services offerings will require their own focused strategy as part of the Enlarged MRI Group. This will be further explored as part of the post-Effective Date review, which will include:

- reviewing the strategy of the managed services business, including its services, customers served, pricing and cost structures;
- in-depth review of the competitive market standing of Castleton's managed services offerings;
- identifying opportunities for additional investment in the services provided, with the objective being to drive profitable growth within this part of the Castleton business; and
- broader strategic options for the managed services offerings, following the review of the points listed above.

Castleton Group

The Enlarged MRI Group intends to continue to use Castleton's brand name and associated brands for at least twelve months after the Effective Date, whilst MRI assesses the value of Castleton's brands and decides on whether it will discontinue or continue their use in part or all of the Castleton business.

There is an opportunity to accelerate the growth of Castleton's key UK accounts and develop a growth strategy for key accounts, taking advantage of Castleton's existing sales and marketing infrastructure to drive global growth. Whilst operating efficiencies and unnecessary duplication of headcount may be identified in Castleton's marketing function as it is integrated into the Enlarged MRI Group, MRI does not intend to realise any other efficiencies with regards to Castleton's sales and marketing functions.

MRI intends to invest in Castleton's business, both organically and potentially via acquisitions. MRI has a track record of making multiple

acquisitions in each calendar year and at any point in time it is typically evaluating several potential opportunities across North America, the UK and Europe, and Asia Pacific, each at varying stages of engagement.

It should be noted that the current COVID-19 pandemic may impact MRI's view on near-term operational execution and investment decision-making, and therefore MRI may need to be agile to adapt its operational and investment intentions to the growing detrimental economic impact of this exogenous event.

Once Castleton ceases to be a listed company, MRI will also perform a full review of Castleton's corporate (including PLC-related functions), technical and support functions. The review and integration process may identify opportunities to leverage skills and talents across the Enlarged MRI Group and may also lead to the identification of surplus headcount where there is unnecessary duplication or where operational efficiencies can be achieved.

The Non-Executive Directors intend to resign as directors of Castleton with effect from completion of the Acquisition.

Research and development

MRI will perform a full review of Castleton's product development roadmap and existing research and development functions. This may lead to the identification of areas where spend can be increased in order to develop new, highly valued functionality or accelerate the existing roadmap and/or it may lead to the identification of certain areas of surplus research and development headcount, where operational efficiencies can be achieved across the Enlarged MRI Group's existing research and development functions. From the confirmatory diligence conducted to date, MRI intends to maintain the majority of Castleton's product development roadmap. Further analysis is needed to ascertain which products/modules have the potential to be leveraged more broadly across the Enlarged MRI Group. Any such products/modules will have their product roadmap prioritised.

Employees and management

MRI attaches great importance to the skills and experience of Castleton's employees, including its management team. MRI believes that the Acquisition will generally result in greater opportunities for Castleton's staff as part of the Enlarged MRI Group, particularly in terms of activities that pertain to developing and expanding its market position in the UK, and across internationally.

Following the Acquisition becoming Effective, MRI intends to review the management, governance and incentive structure of Castleton, forming part of MRI's post-Effective Date review.

MRI has confirmed that it will adopt and move forward with the pay schemes for all employees currently in place and that annual objectives for bonus eligible employees will be redefined to align with new annual and longer-term strategies.

As set out above, and following the full review of Castleton's support, technical, corporate and research and development functions, MRI would intend to reduce Castleton's headcount where any duplications in

such functions, or other operational efficiencies, are identified. It is considered likely that a number of corporate and support functions, including certain functions related to Castleton's status as a publicly listed company and any duplicative general and administrative functions, may require reduced headcount.

Other than as noted immediately above, MRI does not expect or intend this further review to have a material impact on the balance of skills and functions at Castleton.

Existing rights and pensions

MRI recognises the importance of Castleton's pension obligations and of ensuring that its pension schemes are appropriately funded in accordance with statutory requirements.

The Castleton Group operates defined contribution pension arrangements in respect of its employees in the United Kingdom. Save as may be required under legislation, MRI does not currently plan to make any changes to the terms of such defined contribution pension arrangements.

Incentive arrangements

MRI has not entered into, has not had discussions on proposals to enter into, and will not do so prior to the Acquisition becoming Effective, any form of incentivisation arrangements with members of Castleton's management, other than to confirm the above statements and to indicate that it may put in place incentive arrangements for certain members of the Castleton management team following completion of the Acquisition to achieve short-term and long-term objectives, commensurate with the position, relative contribution of the individual to the overall company, compensation history and private company norms.

Headquarters, locations, fixed assets

MRI intends to maintain Castleton's existing corporate headquarters in Sutton Coldfield. In conjunction with the aforementioned review of functions, MRI will also perform a full review of Castleton's other locations and this may lead to the identification of requirements for: new locations; locations for future growth and investment; and/or locations where there is unnecessary duplication or where operational efficiencies can be achieved. MRI has no intentions to redeploy the fixed assets of Castleton.

Trading Facilities

Castleton Shares are currently admitted to trading on AIM. As set out in paragraph 15 of this announcement, a request will be made to the London Stock Exchange to cancel the admission to trading of the Castleton Shares on AIM, to take effect from on or shortly after the Effective Date.

No statements in this paragraph 9 are "post-offer undertakings" for the purposes of Rule 19.5 of the Takeover Code.

Impact of the Acquisition on MRI

Other than as described above, the Acquisition will not have any impact on the MRI Group's business, its employees or management.

10. Financing of the Acquisition

The cash consideration payable to the Castleton Shareholders under the terms of the Acquisition will be financed by way of:

- a USD-denominated credit agreement dated 10 February 2020 and made among, inter alios, MRI, MRI Intermediate Holdings II LLC, MRI Debt Merger Sub, LLC and Golub Capital Markets LLC as administrative agent and collateral agent; and
- an intra-group loan agreement between MRI and Bidco.

Raymond James, acting as financial advisers to Bidco, is satisfied that sufficient resources are available to Bidco to satisfy in full the cash consideration payable to the Castleton Shareholders under the terms of the Acquisition.

11. Offer-related arrangements

Confidentiality Agreement

On 24 February 2020, TA Associates Management, L.P. and Castleton entered into a confidentiality agreement in relation to the Acquisition, pursuant to which each party to it undertook, subject to certain exceptions, to keep information relating to the other party confidential, to use such information solely for the agreed purposes in connection with the Acquisition and not to disclose such information to third parties. Unless terminated earlier, the confidentiality obligations will remain in force until the earlier of for three years from the date of the agreement and completion of the Acquisition, whereupon the terms of the agreement will cease to have effect.

Cooperation Agreement

Pursuant to the Cooperation Agreement, Bidco and Castleton have, amongst other things, each agreed to cooperate in preparing and implementing appropriate proposals in relation to the Castleton Share Plans. In addition, Bidco has agreed to certain provisions if the Scheme should switch to an Offer. The Cooperation Agreement will terminate in certain circumstances, including if the Acquisition is withdrawn, terminated or lapses, a competing offer completes, becomes effective or is declared unconditional, or if prior to the Long Stop Date any Condition has been invoked by Bidco, if the Castleton Directors withdraw their recommendation of the Acquisition or if the Scheme does not become effective in accordance with its terms by the Long Stop Date or otherwise as agreed between Bidco and Castleton. Pursuant to the terms of the Cooperation Agreement, Bidco undertakes that it will deliver a notice in writing to Castleton on the Business Day prior to the Sanction Hearing confirming either: (i) the satisfaction or waiver of the Conditions (other than the Scheme Conditions); or (ii) to the extent permitted by the Panel, that it intends to invoke or treat as unsatisfied or incapable of satisfaction one or more Conditions.

12. Disclosure of interests in Castleton securities

Save as disclosed in this announcement, as at the close of business on 14 April 2020 (being the last practicable date prior to the date of this announcement) neither Bidco, nor any of its directors, nor, so far as Bidco is aware, any person acting in concert (within the meaning of the Takeover Code) with it for the purposes of the Acquisition (i) had any interest in or right to subscribe for or had borrowed or lent any Castleton Shares or securities convertible or exchangeable into Castleton Shares, or (ii) had any short positions in respect of relevant securities of Castleton (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, or (iii) has borrowed or lent any relevant securities of Castleton (including, for these purposes, any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code) save for any borrowed shares which have been either on-lent or resold, or (iv) is a party to any dealing arrangement of the kind referred to in Note 11 on the definition of acting in concert in the Takeover Code.

It has not been practicable for Bidco to make enquiries of all of its concert parties in advance of the release of this announcement. Therefore, if Bidco becomes aware, following the making of such enquiries, that any of its concert parties have any additional interests in the relevant securities of Castleton, all relevant details in respect of Bidco's concert parties will be included in Bidco's Opening Position Disclosure in accordance with Rule 8.1(a) and Note 2(a)(i) on Rule 8 of the Takeover Code which must be made on or before 12 noon (London time) on 29 April 2020.

13. Castleton Share Plans, Castleton Incentives, Castleton Convertible Loan Notes and Redeemable Shares

Participants in the Castleton Share Plans will be contacted regarding the effect of the Acquisition on their options and awards under the Castleton Share Plans and an appropriate proposal in accordance with Rule 15 of the Code where required will be made to such participants which reflects their options and awards under the Castleton Share Plans in due course.

The Acquisition will apply to any Castleton Shares which are unconditionally allotted and issued to satisfy the exercise of options under the Castleton Share Plans before the Scheme Record Time. Any Castleton Shares allotted and issued to satisfy the exercise of options under the Castleton Share Plans after the Scheme Record Time will, subject to the Scheme becoming Effective and the proposed amendments to the Articles being approved at the Castleton General Meeting, be immediately transferred to Bidco in exchange for the same consideration as Castleton Shareholders will be entitled to receive under the Scheme.

Certain Castleton employees hold the Growth Shares which were issued to them as part of their incentive arrangements. Bidco has entered into a share purchase agreement with the holders of the Growth Shares in respect of the Growth Share Acquisition, subject to the Acquisition becoming Effective. It is anticipated completion of the Growth Share Acquisition will occur on the Effective Date (simultaneously with the Scheme becoming effective in accordance with its terms). If the Acquisition does not become Effective, the

Growth Share Acquisition will not occur. The consideration payable by Bidco in respect of the Growth Share Acquisition will be £1,104,812.

In addition, the holder of the Castleton Convertible Loan Notes will be contacted regarding the effect of the Acquisition on its loan notes under the Castleton Convertible Loan Notes and an appropriate proposal will be made to such holder in due course.

On 4 March 2013, Castleton issued the Redeemable Shares. The Redeemable Shares shall be redeemed by Castleton in accordance with the terms of Castleton's articles of association prior to the Effective Date. Full details of the redemption of the Redeemable Shares will be sent to the holder of the Redeemable Shares prior to the Effective Date.

Further details on the terms of such proposals will be contained in the Scheme Document.

Castleton also operates a stock linked cash bonus plan for certain Australian employees and participants in this plan will also be contacted regarding the effect of the Acquisition on their awards under such plan.

14. Scheme process

To become effective, the Scheme requires, among other things, the approval of a majority in number representing not less than 75 per cent. in value of the relevant Scheme Shareholders present and voting (and entitled to vote) in person or by proxy at the Court Meeting, which is convened by order of the Court, and the passing of the resolutions necessary to implement the Acquisition by the requisite majority of Castleton Shareholders at the Castleton General Meeting (which will require the approval of Castleton Shareholders representing at least 75 per cent. of the votes cast at the Castleton General Meeting either in person or by proxy). The Castleton General Meeting will be held immediately after the Court Meeting.

The Scheme must also be sanctioned by the Court and, following such sanction, an office copy of the Court Order must be delivered to the Registrar of Companies.

All Castleton Shareholders appearing on Castleton's register of members at the Voting Record Time will be entitled to vote at the Meetings.

The implementation of the Scheme will be subject to satisfaction of the Conditions and the further terms referred to in Appendix I to this announcement and to be included in the Scheme Document. The Conditions in paragraph 2 of Appendix 1 of to this announcement provide that the Scheme will lapse if, amongst others:

- the Court Meeting and the Castleton General Meeting are not held by the 22nd day after the expected date of such Meetings to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and Castleton and, if applicable, which the Court allows);
- the Sanction Hearing to approve the Scheme is not held by the 22nd day after the expected date of the Sanction Hearing to be set out in the Scheme Document in due course (or such later date as

may be agreed between Bidco and Castleton and, if applicable, which the Court allows);

- the Scheme does not become effective by 11.59 p.m. on the Long Stop Date (or such later date as may be agreed between Bidco and Castleton and the Panel and the Court may allow).

If any Condition in paragraph 2 of Appendix 1 to this announcement is not capable of being satisfied by the date specified therein, Bidco shall make an announcement through a Regulatory Information Service as soon as practicable and, in any event, by not later than 7.00 a.m. on the Business Day following the date so specified, stating whether Bidco has invoked that Condition other than the third bullet above, (where applicable) waived that Condition or, with the agreement of Castleton, specified a new date by which that Condition must be satisfied.

Once the necessary approvals from Castleton Shareholders have been obtained and the other Conditions have been satisfied or (where applicable) waived and the Scheme has been approved by the Court at the Sanction Hearing, the Scheme will become effective upon delivery of an office copy of the Court Order to the Registrar of Companies. Subject to the satisfaction of the Conditions, the Scheme is expected to become effective at the end of May 2020.

Upon the Scheme becoming Effective: (i) it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the Castleton General Meeting (and if they attended and voted, whether or not they voted in favour); and (ii) share certificates in respect of Castleton Shares will cease to be valid and entitlements to Castleton Shares held within the CREST system will be cancelled.

Any Castleton Shares issued before the Scheme Record Time will be subject to the terms of the Scheme. The resolution(s) to be proposed at the Castleton General Meeting will, amongst other matters, provide that the Articles be amended to incorporate provisions requiring any Castleton Shares issued after the Scheme Record Time (other than to Bidco and/or their nominees) to be automatically transferred to Bidco on the same terms as the Acquisition (other than terms as to timings and formalities). The provisions of the Articles (as amended) will avoid any person (other than Bidco and their nominees) holding shares in the capital of Castleton after the Effective Date.

15. Delisting and re-registration

Prior to the Scheme becoming Effective and subject to any applicable requirements of the AIM Rules, Castleton will make an application to the London Stock Exchange for the cancellation of the admission of the Castleton Shares to trading on AIM to take effect on or shortly after the Effective Date. It is intended that dealings in Castleton Shares will be suspended at 5:00 p.m. (London time) on the Business Day prior to the Effective Date. Share certificates in respect of Castleton Shares will cease to be valid and should be destroyed following the Effective Date. In addition, entitlements to Castleton Shares held within the CREST system will be cancelled.

As soon as possible after the Effective Date, it is also intended that Castleton will be re-registered as a private limited company under the

relevant provisions of the 2006 Act.

16. Documents

Copies of the following documents will be available promptly on Castleton's website, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, at www.castletonplc.com and in any event by no later than 12 noon (London time) on 16 April 2020:

- (a) a copy of this announcement;
- (b) the confidentiality agreement referred to in paragraph 11 above;
- (c) the Cooperation Agreement;
- (d) the irrevocable undertakings and letters of intent referred to in paragraph 6 above;
- (e) the share purchase agreement relating to the Growth Share Acquisition referred to in paragraph 13 above; and
- (f) the documents entered into for the financing of the Acquisition referred to in paragraph 9 above.

Neither the content of the website referred to in this announcement nor the contents of any website accessible from hyperlinks on any such website are incorporated into or form part of this announcement.

17. General

The Acquisition will be on the terms and subject to the conditions set out herein and in Appendix I, and to be set out in the Scheme Document. The formal Scheme Document will be sent to shareholders of Castleton within 28 days of this announcement (or on such later date as may be agreed with the Panel).

The Acquisition will be governed by English law and be subject to the jurisdiction of the English courts. The Scheme will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange, the Listing AIM Rules and the Registrar of Companies.

Raymond James has given and not withdrawn its consent to the publication of this announcement with the inclusion herein of the references to its names in the form and context in which they appear.

finnCap has given and not withdrawn its consent to the publication of this announcement with the inclusion herein of the references to its names in the form and context in which they appear.

This announcement does not constitute an offer or an invitation to purchase or subscribe for any securities.

Enquiries:

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via Raymond James

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Helena Bogle

Kirkland & Ellis International LLP is acting as legal adviser to Bidco.

DAC Beachcroft LLP is acting as legal adviser to Castleton.

Further information

Raymond James, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for Bidco as financial adviser and no one else in connection with the Acquisition and other matters set out in this announcement and will not be responsible to anyone other than Bidco for providing the protections afforded to clients of Raymond James, or for providing advice in connection with the Acquisition, the content of this announcement or any matter referred to herein. Neither Raymond James nor any of its subsidiaries, affiliates or branches owes or accepts any duty, liability or responsibility whatsoever (whether direct, indirect, consequential, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Raymond James in connection with this announcement, any statement contained herein or otherwise.

finnCap, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for Castleton as financial adviser and no one else in connection with the Acquisition and other matters set out in this announcement and will not be responsible to anyone other than Castleton for providing the protections afforded to clients of finnCap, or for providing advice in connection with the Acquisition, the content of this announcement or any matter referred to herein. Neither finnCap nor any of its subsidiaries, affiliates or branches owes or accepts any duty, liability or responsibility whatsoever (whether direct, indirect, consequential, whether in contract, in tort, under statute or otherwise) to any person who is not a client of finnCap in connection with this announcement, any statement contained herein or otherwise

In accordance with the Takeover Code, normal United Kingdom market practice and Rule 14e-5(b) of the US Exchange Act, finnCap and its respective affiliates will continue to act as exempt principal trader in Castleton securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the Takeover Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com. This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.

This announcement is for information purposes only and is not intended to, and does not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise. The Acquisition will be made solely pursuant to the terms of the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the offer document), which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. Any decision in respect of, or other response to, the Acquisition should be made only on the basis of the information in the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the offer document).

This announcement does not constitute a prospectus or prospectus exempted document.

Overseas Shareholders

This announcement has been prepared in accordance with English law, the Takeover Code, the Market Abuse Regulation, the AIM Rules and the Disclosure Guidance and Transparency Rules and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England.

The availability of the Acquisition to Castleton Shareholders who are not resident in and citizens of the UK 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 UK should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. In particular, the ability of persons who are not resident in the United Kingdom to vote their Castleton Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. 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

Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Scheme by any such use, means, instrumentality or from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Copies of this announcement and any formal documentation relating to the Acquisition 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 and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send it in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition. If the Acquisition is implemented by way of an Offer (unless otherwise permitted by applicable law and regulation), the Offer may not be made directly or indirectly, in or into, or by the use of mails or any 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 and the Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.

Notice to US investors in Castleton

The Acquisition relates to the shares of an English company and is being made by means of a scheme of arrangement provided for under English company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under the US Exchange Act. Accordingly, the Acquisition is subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement which differ from the disclosure requirements of the US tender offer and proxy solicitation rules. The financial information included in this announcement has been prepared in accordance with generally accepted accounting principles of the United Kingdom and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

If, in the future, Bidco exercises its right to implement the Acquisition by way of an Offer, which is to be made into the United States, such Offer will be made in compliance with the applicable US laws and regulations.

It may be difficult for US holders of Castleton Shares to enforce their rights and any claim arising out of the US federal laws, since Bidco and Castleton are located in a non-US jurisdiction, and some or all of their officers and directors may be residents of a non-US jurisdiction. US holders of Castleton Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

US Castleton Shareholders also should be aware that the transaction contemplated herein may have tax consequences in the US and, that such consequences, if any, are not described herein. US Castleton Shareholders are

urged to consult with legal, tax and financial advisers in connection with making a decision regarding this transaction.

Forward-Looking Statements

This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Acquisition, and other information published by Bidco and Castleton contain statements which are, or may be deemed to 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 management of Bidco and Castleton 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.

The forward-looking statements contained in this announcement include statements relating to the expected effects of the Acquisition on Bidco and Castleton (including their future prospects, developments and strategies), the expected timing and scope of the Acquisition and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "projects", "strategy", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Although Bidco and Castleton believe that the expectations reflected in such forward-looking statements are reasonable, Bidco and Castleton can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.

These factors include, but are not limited to: the ability to complete the Acquisition; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms and schedule; as future market conditions, changes in general economic and business conditions, the behaviour of other market participants, the anticipated benefits from the proposed transaction not being realised as a result of changes in general economic and market conditions in the countries in which Bidco and Castleton operate, weak, volatile or illiquid capital and/or credit markets, changes in tax rates, interest rate and currency value fluctuations, the degree of competition in the geographic and business areas in which Bidco and Castleton operate and changes in laws or in supervisory expectations or requirements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither Bidco nor Castleton, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. You are cautioned not to place any reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations, neither Bidco nor Castleton is under any obligation, and Bidco and Castleton expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Dealing and Opening Position Disclosure Requirements

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% 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 pm on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm 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 Takeover Code, any person who is, or becomes, interested in 1% 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 pm 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 on a website

This announcement and the documents required to be published pursuant to Rule 26.1 of the Takeover Code will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Castleon's website at www.castletonplc.com promptly and in any event by no later than 12 noon on

16 April 2020. Neither the content of the website referred to in this announcement nor the contents of any website accessible from hyperlinks on any such website are incorporated into or form part of this announcement.

No profit forecasts, estimates or quantified benefits statements

No statement in this announcement is intended as a profit forecast, profit estimate or quantified benefits statement for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per share for Castleton for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Castleton.

Requesting hard copy documents

In accordance with Rule 30.3 of the Takeover Code, Castleton Shareholders, persons with information rights and participants in Castleton Share Plans may request a hard copy of this announcement by contacting Link Asset Services during business hours on (0) 371 664 0300 from overseas or by submitting a request in writing to shareholderenquiries@linkgroup.co.uk. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines will be open between 9.00 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Unless you make such a request, a hard copy of this announcement and any such information incorporated by reference in it will not be sent to you. You may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition be in hard copy form.

Electronic Communications

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

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 figures that precede them.

Rule 2.9 of the Takeover Code

For the purposes of Rule 2.9 of the Takeover Code, Castleton confirms that, as at the date of this announcement, it had in issue 81,709,810 ordinary shares of 2pence each (excluding shares held in treasury). The ISIN for the shares is GB00BYV2WV72.

APPENDIX 1

CONDITIONS AND FURTHER TERMS OF THE TRANSACTION

Part A: Conditions to the Scheme and Acquisition

1. The Acquisition will be conditional upon the Scheme becoming unconditional and becoming effective, subject to the provisions of the Takeover Code, by no later than 11.59 p.m. on the Long Stop Date, or such later date (if any) as Bidco and Castleton may, with the consent of the Panel, agree and (if required) the Court may allow.

Conditions of the Scheme

2. The Scheme will be subject to the following Conditions:
 - (a) (i) its approval by a majority in number representing not less than 75 per cent. in value of Scheme Shareholders who are on the register of members of Castleton (or the relevant class or classes thereof) at the Voting Record Time, present and voting, whether in person or by proxy, at the Court Meeting and at any separate class meeting which may be required (or any adjournment thereof), and (ii) such Court Meeting being held on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and Castleton (and that the Court may approve));
 - (b) (i) the resolutions required to implement the Scheme being duly passed at the Castleton General Meeting (or any adjournment thereof) and (ii) such Castleton General Meeting being held on or before the 22nd day after the expected date of the Castleton General Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and Castleton (and that the Court may approve)); and
 - (c) (i) the sanction of the Scheme by the Court (with or without modification (but subject to such modification being acceptable to Bidco and Castleton)) and the delivery of the office copy of the Court Order to the Registrar of Companies; and (ii) the Sanction Hearing being held on or before the 22nd day after the expected date of the Sanction Hearing to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and Castleton (and that the Court may approve)).

General Conditions

3. In addition, Bidco and Castleton have agreed that the Acquisition will be conditional upon the following conditions and, accordingly, the necessary actions to make the Scheme effective will not be taken unless the following conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

Third Party clearances

- (a) no central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, environmental body, employee representative body or any other body or person whatsoever in any jurisdiction (each a "**Third Party**") having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or having required any action to be taken or otherwise having done

anything or having enacted, made or proposed any statute, regulation, decision, order or change to published practice and there not continuing to be outstanding any statute, regulation, decision or order which would or might:

- (i) make the Acquisition, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider Castleton Group by any member of the Wider Bidco Group void, illegal and/or unenforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly prevent, prohibit, or restrain, restrict, impede, challenge, delay or otherwise interfere with the implementation of, or impose material additional conditions or obligations with respect to, the Acquisition or the acquisition of any shares or other securities in, or control or management of, any member of the Wider Castleton Group by any member of the Wider Bidco Group or require amendment of the Scheme;
- (ii) require, prevent or delay the divestiture or alter the terms envisaged for such divestiture by any member of the Wider Bidco Group or by any member of the Wider Castleton Group of all or any part of their respective businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their respective businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof) to an extent which is material in the context of the Wider Castleton Group taken as a whole or in the context of the Acquisition;
- (iii) impose any material limitation on, or result in a material delay in, the ability of any member of the Wider Bidco Group directly or indirectly to acquire or hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in Castleton (or any member of the Wider Castleton Group) or on the ability of any member of the Wider Castleton Group or any member of the Wider Bidco Group directly or indirectly to hold or exercise effectively any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise management control over, any member of the Wider Castleton Group to an extent which is material in the context of the Wider Castleton Group taken as a whole or in the context of the Acquisition;
- (iv) other than pursuant to the implementation of the Scheme or, if applicable, sections 974 to 991 of the 2006 Act, require any member of the Wider Bidco Group or the Wider Castleton Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider Castleton Group or any asset owned by any Third Party which is material in the context of the Wider Castleton Group or the Wider Bidco Group, in either case taken as a whole;

- (v) require, prevent or delay a divestiture by any member of the Wider Bidco Group of any shares or other securities (or the equivalent) in any member of the Wider Castleton Group;
- (vi) result in any member of the Wider Castleton Group ceasing to be able to carry on business under any name under which it presently carries on business to an extent which is material in the context of the Wider Castleton Group taken as a whole or in the context of the Acquisition;
- (vii) impose any limitation on the ability of any member of the Wider Bidco Group or any member of the Wider Castleton Group to conduct, integrate or co-ordinate all or any part of their respective businesses with all or any part of the business of any other member of the Wider Bidco Group and/or the Wider Castleton Group in a manner which is adverse and material to the Wider Bidco Group and/or the Wider Castleton Group, in either case, taken as a whole or in the context of the Acquisition; or
- (viii) except as Disclosed, otherwise affect the business, assets, value, profits, prospects or operational performance of any member of the Wider Castleton Group or any member of the Wider Bidco Group in each case in a manner which is adverse to and material in the context of the Wider Castleton Group taken as a whole or of the financing of the Acquisition;

and all applicable waiting and other time periods (including any extensions thereof) during which any such Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Acquisition or proposed acquisition of any Castleton Shares or otherwise intervene having expired, lapsed, or been terminated;

- (b) all notifications, filings or applications which are reasonably deemed by Bidco to be necessary or reasonably considered to be appropriate having been made in connection with the Acquisition and all necessary waiting and other time periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with, in each case, in respect of the Acquisition and all Authorisations which are deemed by Bidco to be necessary or reasonably considered to be appropriate in any jurisdiction for or in respect of the Acquisition or the proposed acquisition of any shares or other securities in, or control of, Castleton by any member of the Wider Bidco Group having been obtained in terms and in a form reasonably satisfactory to Bidco from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider Castleton Group or the Wider Bidco Group has entered into contractual arrangements in each case where the direct consequence of a failure to make such

notification or filing or to wait for the expiry, lapse or termination of any such waiting or other time period or to comply with such obligation or obtain such Authorisation would be unlawful in any relevant jurisdiction or have a material adverse effect on the Wider Castleton Group, any member of the Bidco Group or the ability of Bidco to implement the Scheme and all such Authorisations remaining in full force and effect at the time at which the Scheme becomes otherwise unconditional in all respects and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations;

- (c) no temporary restraining order, preliminary or permanent injunction, preliminary or permanent injunction, or other order issued and being in effect by a court or other Third Party which has the effect of making the Acquisition or any acquisition or proposed acquisition of any shares or other securities or control or management of, any member of the Wider Castleton Group by any member of the Wider Bidco Group, or the implementation of either of them, void, voidable, illegal and/or unenforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly prohibiting, preventing, restraining, restricting, delaying or otherwise interfering with the completion or the approval of the Acquisition or any matter arising from the proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider Castleton Group by any member of the Wider Bidco Group;

Confirmation of absence of adverse circumstances

- (d) except as Disclosed, there being no provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider Castleton Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, as a consequence of the Acquisition or the proposed acquisition by any member of the Wider Bidco Group of any shares or other securities in Castleton or because of a change in the control or management of any member of the Wider Castleton Group or otherwise, would or might reasonably be expected to result in, in each case to an extent which is material in the context of the Wider Castleton Group taken as a whole or to the financing of the Acquisition:
 - (i) any monies borrowed by, or any other indebtedness, actual or contingent of, or any grant available to, any member of the Wider Castleton Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
 - (ii) the rights, liabilities, obligations, interests or business of any member of the Wider Castleton Group under any such arrangement, agreement, licence, permit, lease or

instrument or the interests or business of any member of the Wider Castleton Group in or with any other firm or company or body or person (or any agreement or arrangement relating to any such business or interests) being or likely to become terminated or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken or arising thereunder;

- (iii) any member of the Wider Castleton Group ceasing to be able to carry on business under any name under which it presently carries on business to an extent which is material in the context of the Castleton Group taken as a whole or in the context of the Acquisition;
- (iv) any material assets or interests of, or any material asset the use of which is enjoyed by, any member of the Wider Castleton Group 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 or could cease to be available to any member of the Wider Castleton Group otherwise than in the ordinary course of business;
- (v) other than in the ordinary course of business, the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Castleton Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen), becoming enforceable;
- (vi) the business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider Castleton Group being prejudiced or adversely affected;
- (vii) the creation or acceleration of any material liability (actual or contingent) by any member of the Wider Castleton Group other than trade creditors or other liabilities incurred in the ordinary course of business; or
- (viii) any liability of any member of the Wider Castleton Group to make any severance, termination, bonus or other payment to any of its directors or other officers other than in the ordinary course of business;

No material transactions, claims or changes in the conduct of the business of the Castleton Group

- (e) except as Disclosed, no member of the Wider Castleton Group having since 31 March 2019:
 - (i) save as between Castleton and its wholly-owned subsidiaries or between such wholly-owned subsidiaries and save for the issue or transfer out of treasury of Castleton Shares on the exercise of options or vesting of awards granted in the ordinary course under the Castleton Share Plans, issued or agreed to issue or authorised or proposed or

announced its intention to authorise or propose the issue of additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Castleton Shares out of treasury;

- (ii) recommended, declared, paid or made or agreed to recommend, declare, pay or make any bonus issue, dividend or other distribution (whether payable in cash or otherwise) other than to Castleton or one of its wholly-owned subsidiaries;
- (iii) save as between Castleton and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, merged with (by statutory merger or otherwise) or demerged from or acquired any body corporate, partnership or business or acquired or disposed of, or, other than in the ordinary course of business, transferred, mortgaged or charged or created any security interest over, any assets or any right, title or interest in any asset (including shares and trade investments) or authorised, proposed or announced any intention to do so, in each case to an extent which is material in the context of the Wider Castleton Group taken as a whole;;
- (iv) save as between Castleton and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, made, authorised, proposed or announced an intention to propose any change in its loan capital other than in the ordinary course of business and to an extent which is material in the context of the Wider Castleton Group taken as a whole;
- (v) issued, authorised or proposed or announced an intention to authorise or propose the issue of, or made any change in or to the terms of, any debentures or (save in the ordinary course of business and save as between Castleton and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) incurred or increased any indebtedness or become subject to any contingent liability to an extent which is material in the context of the Wider Castleton Group taken as a whole or in the context of the Acquisition;
- (vi) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary, any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) (otherwise than in the ordinary course of business) which is of a long term, unusual or onerous nature, or which involves or could reasonably be expected to involve an obligation of a nature or magnitude which is or is likely to be materially restrictive on the business of any member of the Wider

Castleton Group to an extent which is or is reasonably likely to be material to the Wider Castleton Group taken as a whole;

- (vii) entered into any licence or other disposal of intellectual property rights of any member of the Wider Castleton Group which are material in the context of the Wider Castleton Group and outside the normal course of business;
- (viii) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary the terms of or made any offer (which remains open for acceptance) to enter into or vary the terms of, any contract, commitment, arrangement or any service agreement with any director or senior executive of the Wider Castleton Group save for salary increases, bonuses or variations of terms in the ordinary course;
- (ix) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme, or other benefit relating to the employment or termination of employment of any employee of the Wider Castleton Group which, taken as a whole, are material in the context of the Wider Castleton Group taken as a whole;
- (x) (I) (excluding the trustee of any pension scheme(s) established by a member of the Wider Castleton Group other than Castleton itself) made, agreed or consented to or procured any significant change to: (a) the terms of the trust deeds, rules, policy or other governing documents constituting any pension scheme or other retirement or death benefit arrangement established for the directors, former directors, employees or former employees of any entity in the Wider Castleton Group or their dependants and established by a member of the Wider Castleton Group (a "**Relevant Pension Plan**"); (b) the basis on which benefits accrue, pensions which are payable or the persons entitled to accrue or be paid benefits, under any Relevant Pension Plan; (c) the basis on which the liabilities of any Relevant Pension Plan are funded or valued; (e) the basis or rate of employer contribution to a Relevant Pension Plan, in each case to the extent which is material in the context of the Wider Castleton Group taken as a whole or in the context of the Acquisition and other than as required in accordance with applicable law; or (II) enter into or propose to enter into one or more bulk annuity contracts in relation to any Relevant Pension Plan; or (III) carried out any act: (a) which would or could reasonably be expected to lead to the commencement of the winding up of any Relevant Pension Plan; (b) which would or is reasonably likely to create a material debt owed by an employer to any Relevant Pension Plan; (c) which would or might accelerate any obligation on any employer to fund or pay additional contributions to any Relevant Pension Plan; or (d) which would, having regard to the published guidance of the Pensions Regulator give rise directly or

indirectly to a liability in respect of a Relevant Pension Plan arising out of the operation of sections 38 and 38A of the Pensions Act 2004 in relation to a Relevant Pension Plan, in each case to the extent which is material in the context of the Wider Castleton Group taken as a whole or in the context of the Acquisition and other than as required in accordance with applicable law;

- (xi) changed the trustee or trustee directors or other fiduciary of any Relevant Pension Plan;
- (xii) (other than pursuant to the Acquisition) entered into, implemented or effected, or authorised, proposed or announced its intention to implement or effect, any joint venture, asset or profit sharing arrangement, partnership, composition, assignment, reconstruction, amalgamation, commitment, scheme or other transaction or arrangement (other than the Scheme) otherwise than in the ordinary course of business which is material in the context of the Wider Castleton Group taken as a whole or in the context of the Acquisition;
- (xiii) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect of the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital to an extent which (other than in the case of Castleton) is material in the context of the Wider Castleton Group taken as a whole;
- (xiv) other than with respect to claims between Castleton and its wholly owned subsidiaries (or between such subsidiaries), waived, compromised or settled any claim otherwise than in the ordinary course of business which is material in the context of the Wider Castleton Group taken as a whole or in the context of the Acquisition;
- (xv) made any alteration to its articles of association or other constitutional documents (in each case, other than in connection with the Scheme) which is material in the context of the Acquisition;
- (xvi) (other than in respect of a member of the Wider Castleton Group which is dormant and was solvent at the relevant time) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of any administrator, receiver, manager, administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed which is material in the context of the

Wider Castleton Group taken as a whole or in the context of the Acquisition;

- (xvii) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business which is material in the context of the Wider Castleton Group taken as a whole or in the context of the Acquisition;
- (xviii) entered into any contract, commitment, agreement or arrangement 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 an intention to, or to propose to, effect any of the transactions, matters or events referred to in this condition;
- (xix) terminated or varied the terms of any agreement or arrangement between any member of the Wider Castleton Group and any other person in a manner which would or might be expected to have a material adverse effect on the financial position of the Wider Castleton Group taken as a whole; or
- (xx) having taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of Castleton Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code;

No material adverse change

(f) since 31 March 2019, and except as Disclosed, there having been:

- (i) no adverse change and no circumstance having arisen which would be expected to result in any adverse change or deterioration in the business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider Castleton Group to an extent which is material to the Wider Castleton Group taken as a whole;
- (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings including, without limitation, with regard to intellectual property rights used by the Wider Castleton Group having been threatened, announced or instituted by or against or remaining outstanding against any member of the Wider Castleton Group or to which any member of the Wider Castleton Group is or may become a party (whether as claimant or defendant or otherwise) and no enquiry, review, investigation or enforcement proceedings by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Castleton Group having been threatened, announced or instituted by or against, or remaining

outstanding in respect of, any member of the Wider Castleton Group which, in any such case, might be expected to have a material adverse effect on the Wider Castleton Group taken as a whole;

- (iii) no contingent or other liability having arisen, increased or become apparent which is reasonably likely to adversely affect the business, assets, financial or trading position, profits, prospects or operational performance of any member of the Wider Castleton Group to an extent which is material to the Wider Castleton Group taken as a whole
 - (iv) no steps having been taken and no omissions having been made which are reasonably likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Castleton Group, which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which is material and reasonably likely to have a material adverse effect on the Wider Castleton Group taken as a whole; and
 - (v) no member of the Wider Castleton Group having conducted its business in material breach of any applicable laws and regulations which in any case is material in the context of the Wider Castleton Group taken as a whole.
- (g) since 31 March 2019, and except as Disclosed, Bidco not having discovered:
- (i) that any financial, business or other information concerning the Wider Castleton Group publicly announced or disclosed to any member of the Wider Bidco Group at any time prior to this announcement by or on behalf of any member of the Wider Castleton Group or to any of their advisers is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make that information not misleading and which is, in any case, material in the context of the Wider Castleton Group taken as a whole or in the context of the Acquisition;
 - (ii) that any member of the Wider Castleton Group is subject to any liability, contingent or otherwise and which is material in the context of the Wider Castleton Group taken as a whole; or
 - (iii) any information which affects the import of any information disclosed to Bidco at any time prior to this announcement by or on behalf of any member of the Wider Castleton Group which is material in the context of the Wider Castleton Group taken as a whole;

Environmental liabilities

- (h) except as Disclosed, Bidder not having discovered that, in relation to any release, emission, accumulation, discharge, disposal or other similar circumstance which has impaired or is likely to impair the environment (including property) or harmed or is

likely to harm the health of humans, animals or other living organisms or eco-systems, no past or present member of the Wider Castleton Group, in a manner or to an extent which is material in the context of the Wider Castleton Group, (i) having committed any violation of any applicable laws, statutes, regulations, Authorisations, notices or other requirements of any Third Party giving rise to a material liability; and/or (ii) having incurred any material liability (whether actual or contingent) to any Third Party; and/or (iii) being likely to incur any material liability (whether actual or contingent), or being required, to make good, remediate, repair, re-instate or clean up the environment (including any property) in each case of (i), (ii) or (iii) which such liability or requirement would be material to the Wider Castleton Group taken as a whole;

Intellectual Property

- (i) no circumstance having arisen or event having occurred in relation to any intellectual property owned or used by any member of the Wider Castleton Group which would have a material adverse effect on the Wider Castleton Group taken as a whole or is otherwise material in the context of the Acquisition, including:
 - (i) any member of the Wider Castleton Group losing its title to any intellectual property material to its business, or any intellectual property owned by the Wider Castleton Group and material to its business being revoked, cancelled or declared invalid;
 - (ii) any claim being asserted in writing or threatened in writing by any person challenging the ownership of any member of the Wider Castleton Group to, or the validity or effectiveness of, any of its intellectual property; or
 - (iii) any agreement regarding the use of any intellectual property licensed to or by any member of the Wider Castleton Group being terminated or varied;

Anti-corruption and sanctions

- (j) except as Disclosed, Bidco not having discovered that (to an extent that is material in the context of the Wider Castleton Group taken as a whole):
 - (i) any past member whilst it was a member of the Wider Castleton Group or present member of the Wider Castleton Group or any person that performs or has performed services for or on behalf of any such company is or has at any time engaged in any activity, practice or conduct (or omitted to take any action) in contravention of the UK Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, as amended or any other applicable anti-corruption legislation;
 - (ii) any member of the Wider Castleton Group is ineligible to be awarded any contract or business under section 23 of the Public Contracts Regulations 2006 or section 26 of

the Utilities Contracts Regulations 2006 (each as amended);

- (iii) any past member whilst it was a member of the Wider Castleton Group or present member of the Wider Castleton Group has engaged in any activity or business with, or made any investments in, or made any payments to any government, entity or individual covered by any of the economic sanctions administered by the United Nations or the European Union (or any of their respective member states) or the United States Office of Foreign Assets Control or any other governmental or supranational body or authority in any jurisdiction; or
- (iv) a member of the Castleton Group has engaged in a transaction which would cause the Bidco Group to be in breach of any law or regulation on completion of the Acquisition, including the economic sanctions administered by the United States Office of Foreign Assets Control or HM Treasury & Customs or any government, entity or individual targeted by any of the economic sanctions of the United Nations, United States or the European Union or any of its member states.

No criminal property

- (k) except as Disclosed, Bidco not having discovered that any asset of any member of the Wider Castleton Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

Part B: Further terms of the Acquisition

1. Subject to the requirements of the Panel in accordance with the Takeover Code, Bidco reserves the right to waive, in whole or in part, all or any of the Conditions in Part A above, except for Conditions 2(a)(i), 2(b)(i) and 2(c)(i) (*Conditions of the Scheme*) which cannot be waived.
2. Conditions 3(a) to (k) (inclusive) must each be fulfilled, determined by Bidco to be or to remain satisfied or (if capable of waiver) be waived by Bidco by no later than 11.59 p.m. on the date immediately preceding the date of the Sanction Hearing, failing which the Acquisition will lapse. Bidco shall be under no obligation to waive or treat as satisfied any of the Conditions that it is entitled (with the consent of the Panel) to invoke, by a date earlier than the latest date specified above for the fulfilment or waiver thereof, notwithstanding that the other Conditions 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.
3. If Bidco is required by the Panel to make an offer for Castleton Shares under the provisions of Rule 9 of the Takeover Code, Bidco may make such alterations to any of the above Conditions as are necessary to comply with the provisions of that Rule.
4. Under Rule 13.5(a) of the Takeover Code, Bidco may not invoke a Condition so as to cause the Acquisition 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 Bidco in the

context of the Acquisition. The Conditions contained in paragraph 2 above and, if applicable, any acceptance condition if the Offer is implemented by means of a takeover offer, are not subject to this provision of the Takeover Code.

5. Bidco reserves the right to elect to implement the Acquisition by way of a takeover offer (as defined in section 974 of the 2006 Act) as an alternative to the Scheme (subject to the Panel's consent and the terms of the Cooperation Agreement). In such event, the Acquisition will be implemented on the same terms (subject to appropriate amendments including (without limitation) the inclusion of an acceptance condition set at 75 per cent. (or such lower percentage as Bidco may, subject to the rules of the Takeover Code and the terms of the Cooperation Agreement and with the consent of the Panel, decide) of the shares to which the Acquisition relates and those required by, or deemed appropriate by, Bidco under applicable law, so far as applicable) as those which would apply to the Scheme. Further, if sufficient acceptances of such offer are received and/or sufficient Castleton Shares are otherwise acquired, it is the intention of Bidco to apply the provisions of the 2006 Act to acquire compulsorily any outstanding Castleton Shares to which such offer relates.
6. The Scheme shall not become Effective if: (i) in so far as the Acquisition or any matter arising from or relating to the Scheme or Acquisition constitutes a concentration with a Community dimension within the scope of the Regulation, the European Commission either initiates proceedings under Article 6(1)(c) of the Regulation or makes a referral to a competent authority in the United Kingdom under Article 9(11) of the Regulation and there is then a CMA Phase 2 Reference; or (ii) the Acquisition or any matter arising from or relating to the Scheme or Acquisition becomes subject to a CMA Phase 2 Reference, in either case before 1.00 p.m. on or before the later of the date of the Court Meeting and the date of the Castleton General Meeting. In such events, Castleton will not be bound by the terms of the Scheme.
7. The Acquisition will be governed by English law and be subject to the jurisdiction of the English courts and to the Conditions set out above. The Scheme will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange, the AIM Rules and the Registrar of Companies.
8. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.
9. Castleton Shares which will be acquired under the Acquisition will be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the Effective Date.
10. If, on or after the date of this announcement and before the Effective Date, any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the Castleton Shares, Bidco reserves the right to reduce the consideration payable under the terms of the Acquisition for the Castleton Shares by an amount up to the amount of such dividend and/or distribution and/or

return of capital, in which case any reference in this announcement or in the Scheme Document to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced.

11. The Acquisition will be subject, inter alia, to the Conditions and certain further terms which are set out in this Appendix 1 and those terms which will be set out in the Scheme Document and the Cooperation Agreement and such further terms as may be required to comply with the AIM Rules and the provisions of the Takeover Code.
12. The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. 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. Further information in relation to Overseas Shareholders will be contained in the Scheme Document.

APPENDIX 2 SOURCES AND BASES OF INFORMATION

Unless otherwise stated in this announcement:

1. all references to Castleton Shares are to Castleton ordinary shares of 2 pence each;
2. the value attributed to the fully diluted issued ordinary share capital of Castleton is based on:
 - (a) 81,709,810 Castleton Shares in issue on 14 April 2020 (being the latest practicable date prior to this announcement); and
 - (b) 2,713,540 Castleton Shares which may be issued on or after the date of this announcement to satisfy the exercise of options and vesting of awards outstanding under the Castleton Share Plans as at 14 April 2020 (being the latest practicable date prior to this announcement for such figures); and
 - (c) 2,781,542 Castleton Shares which may be issued on or after the date of this announcement to satisfy the conversion of the Convertible Loan Notes into Castleton Shares;
3. unless otherwise stated, all prices for Castleton Shares have been derived from the Daily Official List and represent Closing Prices on the relevant date(s);
4. the three and six month daily Volume Weighted Average Price ("VWAP") per Castleton Share of 70.3 pence and 66.9 pence respectively are derived from data provided by S&P Capital IQ;
5. unless otherwise stated, the financial information on Castleton included in this announcement has been extracted (without material adjustment) from the Castleton Annual Report;
6. 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.

APPENDIX 3
DETAILS OF IRREVOCABLE UNDERTAKINGS AND LETTERS OF
INTENT

1. Directors

The following Castleton Directors have given irrevocable undertakings to vote in favour of the resolutions relating to the Acquisition at the Meetings in respect of their own beneficial holdings (or those Castleton Shares over which they have control) of Castleton Shares:

Name	Total Number of Castleton Shares	Percentage of existing issued ordinary share capital
Dean Dickinson	219,750	0.27%
Phil Kelly	136,360	0.17%
David Payne	68,013	0.08%
Paul Gibson	10,000	0.01%
Haywood Chapman	1,000	0.00%

The irrevocable undertakings referred to in paragraph 1 above cease to be binding on the earlier of the following occurrences (i) the Scheme Document is not sent to Castleton Shareholders within 28 days (or such later period as the Panel may agree) after the date of this announcement; (ii) Bidco announces, with the consent of the Panel, that it does not intend to make or proceed with the Acquisition and no new, revised or replacement offer or scheme is announced at the same time; (iii) the Scheme lapses or is withdrawn in accordance with its terms and Bidco publicly confirmed that it does not intend to proceed with the Acquisition or to implement the Acquisition by way of an Offer or otherwise; (iv) the Scheme has not become effective by 6.00 p.m. on the Long Stop Date (or such other time and date as agreed between Bidco and Castleton, with the approval of the Court and/or the Panel, if required (other than in circumstances where Bidco has, prior to such date, elected to exercise its right to proceed by way of an Offer and announced the same in accordance with the requirements of Paragraph 8 of Appendix 7 to the Takeover Code, and such Offer has not lapsed or been withdrawn)); or (v) the date on which any competing offer for the entire issued and to be issued ordinary share capital of Castleton becomes Effective.

2. Other Castleton Shareholders

Nigel Wray (in respect of Castleton Shares held by him, pension schemes and charitable trusts for which he is a trustee, and certain of his investment companies), Kestrel Investment Partners LLP (in respect of Castleton Shares effectively controlled by it) and Marlborough UK Micro-Cap Growth Fund and Marlborough Nano-Cap Growth Fund have given irrevocable undertakings to vote in favour of the resolutions

relating to the Acquisition at the Meetings in respect of the following Castleton Shares:

Name	Total Number of Castleton Shares	Percentage of existing issued ordinary share capital
Nigel Wray	10,563,942	12.93%
Marlborough UK Micro-Cap Growth Fund and Marlborough Nano-Cap Growth Fund	10,500,000	12.85%
Kestrel Investment Partners LLP	8,336,800	10.20%

The irrevocable undertakings entered into by Nigel Wray and Marlborough UK Micro-Cap Growth Fund and Marlborough Nano-Cap Growth Fund above cease to be binding on the earlier of the following occurrences (i) the Scheme Document is not sent to Castleton Shareholders within 28 days (or such later period as the Panel may agree) after the date of this announcement; (ii) the Scheme lapses or is withdrawn in accordance with its terms and Bidco publicly confirms that it does not intend to proceed with the Acquisition or to implement the Acquisition by way of an Offer or otherwise; (iii) the Scheme has not become effective by 6.00 p.m. on the Long Stop Date (or such other time and date as agreed between Bidco and Castleton); or (iv) any third party announces, in accordance with the Takeover Code, a firm intention to make a general offer for the entire issued and to be issued share capital of Castleton which represents in the reasonable opinion of Bidco, a premium of more than 10 per cent. to the price per share being offered at that time by Bidco (a "**Competing Offer**") and Bidco does not increase the consideration to be paid for the Shares pursuant to the Acquisition to at least an equivalent amount per share within seven days of the Competing Offer.

The irrevocable undertaking entered into by Kestrel Investment Partners LLP ceases to be binding on the earlier of the following occurrences (i) 11.59 p.m. on the date that is 28 days after the date of this announcement (or such longer period as the Panel may agree), unless the Scheme Document has been published by that time; (ii) if the Acquisition has not become Effective by the Long Stop Date; (iii) the making of an announcement, with the consent of the Panel, by Bidco that it will not be proceeding with the Scheme and no new, revised or replacement offer or scheme being announced in accordance with Rule 2.7 of the Takeover Code at the same time; (iv) the making of an announcement, with the consent of the Panel, by Bidco that the Acquisition will not proceed or (if an announcement has been made that Bidco is intending to proceed by way of an Offer) the Offer lapsing or being withdrawn and no new, revised or replacement offer or scheme being announced in accordance with Rule 2.7 of the Takeover Code at the same time; (v) any competing offer for Castleton becoming wholly unconditional as to acceptances (if made as a contractual offer) or becoming effective (if made through a scheme of arrangement); (vi) the Scheme Document does not include an unqualified recommendation from the Castleton Directors to the Castleton Shareholders to vote in favour of all relevant resolutions necessary to implement the Scheme

that are set out in the notices of meeting in the Scheme Document or (as applicable) accept the Offer; and (ix) the release of an announcement by any person of a firm intention to make a competing offer to acquire the entire issued and to be issued ordinary share capital of Castleton that puts a value on a Castleton Share which, in the reasonable opinion of Kestrel Investment Partners LLP, is at least 10 per cent higher than the price per Castleton Share being offered by Bidco and Bidco does not increase the consideration to be paid for the Castleton Shares pursuant to the Acquisition to at least an equivalent amount per share within seven days of such competing offer.

3. Letters of Intent

The following Castleton Shareholders have given non-binding letters of intent to vote in favour of the resolutions relating to the Acquisition at the Meetings:

Name	Total Number of Castleton Shares	Percentage of existing issued ordinary share capital
Artemis Investment Management LLP	3,955,759	4.84%
Long Path Partners Smaller Companies Fund, LP	4,885,519	5.98%

APPENDIX 4 DEFINITIONS

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

"2006 Act"	the Companies Act 2006, as amended from time to time
"Acquisition"	the proposed recommended acquisition by Bidco of the entire issued and to be issued ordinary share capital of Castleton, by means of the Scheme on the terms and subject to the satisfaction (or if applicable, waiver) of the conditions set out in Appendix 1 of this announcement (and other matters to be considered at the Meetings), or should Bidco so elect, by means of an Offer
"AIM"	the market of that name operated by the London Stock Exchange
"AIM Rules"	the AIM Rules for Companies published by the London Stock Exchange from time to time
"Articles"	the articles of association of Castleton from time to time
"associated undertaking"	shall be construed in accordance with

	paragraph 19 of Schedule 6 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) but for this purpose ignoring paragraph 19(1)(b) of Schedule 6 to those regulations)
"Authorisations"	regulatory authorisations, orders, grants, recognitions, confirmations, consents, licences, clearances, certificates, permissions or approvals, in each case of a Third Party
"Bidco"	MRI Software Limited
"Bidco Board" or "Bidco Directors"	the directors of Bidco
"Bidco Group"	Bidco and its subsidiary undertakings and where the context permits, each of them
"Business Day"	a day, not being a public holiday, Saturday or Sunday, on which clearing banks in London are open for normal business
"Castleton"	Castleton Technology plc
"Castleton Annual Report"	the annual report and audited accounts of the Castleton Group for the year ended 31 March 2019
"Castleton Board" or "Castleton Directors"	the directors of Castleton
"Castleton Convertible Loan Notes"	the 5% convertible unsecured loan notes due 2022 constituted by the loan note instrument executed by Castleton on 29 January 2016 (as amended)
"Castleton General Meeting"	the general meeting of Castleton Shareholders to be convened to consider and if thought fit pass, inter alia, the Special Resolution in relation to the Scheme including any adjournments thereof
"Castleton Group"	Castleton and its subsidiary undertakings and where the context permits, each of them
"Castleton Share Plans"	means, the Castleton Technology plc Share Option Plan 2015 and the Castleton Technology plc SAYE Option Scheme 2018
"Castleton Share(s)"	the existing unconditionally allotted or issued and fully paid ordinary shares of 2 pence each in the capital of Castleton and any further

	shares which are unconditionally allotted or issued before the Scheme becomes Effective but excluding (i) in both cases any such shares held or which become held in treasury and (ii) the Redeemable Shares
"Castleton Shareholder(s)"	holders of Castleton Shares
"certificated" or "certificated form"	in relation to a share or other security, a share or other security title to which is recorded in the relevant register of the share or other security as being held in certificated form (that is, not in CREST)
"Closing Price"	the middle market price of a Castleton Share at the close of business on the day to which such price relates as derived from the Daily Official List for that day
"Cooperation Agreement"	the cooperation agreement dated 15 April 2020 and entered into between Bidco and Castleton
"Court"	the High Court of Justice, Business and Property Courts of England and Wales, Companies Court
"Court Meeting"	the meeting of Scheme Shareholders to be convened at the direction of the Court pursuant to Part 26 of the 2006 Act at which a resolution will be proposed to approve the Scheme, including any adjournment thereof
"Court Order"	the order of the Court sanctioning the Scheme under Part 26 of the 2006 Act
"Council Regulation"	The Council Regulation (EC) 139/2004
"CREST"	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in CREST)
"Daily Official List"	means the daily official list of the London Stock Exchange
"Disclosed"	the information disclosed by or on behalf of Castleton: (i) in the Castleton Annual Report or the unaudited interim results for Castleton Technology for the six months ended 30 September 2019; (ii) in this announcement; (iii) in any other announcement to a Regulatory Information Service prior to the publication of this announcement; (iv) fairly disclosed in writing (including via the virtual data room operated by or on behalf of Castleton in respect of the Acquisition) prior to the date of this announcement to Bidder or Bidder's advisers (in their capacity as such);
"Effective"	in the context of the Acquisition: (i) if the

	Acquisition is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms; or (ii) if the Acquisition is implemented by way of the Offer, the Offer having been declared or having become unconditional in all respects in accordance with the requirements of the Takeover Code
"Effective Date"	the date on which the Acquisition becomes Effective
"Enlarged MRI Group"	has the meaning given in paragraph 9 of this announcement
"Euroclear"	Euroclear UK & Ireland Limited
"Excluded Shares"	any Castleton Shares: <ul style="list-style-type: none"> (a) held by Bidco; and (b) any Castleton Shares held in treasury from time to time
"FCA"	Financial Conduct Authority or its successor from time to time
"FCA Handbook"	the FCA's Handbook of rules and guidance as amended from time to time
"finnCap"	finnCap Ltd
"Growth Shares"	460 ordinary shares in issue in IHC
"Growth Share Acquisition"	the acquisition by Bidco of the Growth Shares from the holders of the Growth Shares
"IHC"	Castleton Technology Intermediate Holding Company Limited, a wholly-owned subsidiary of Castleton
"London Stock Exchange"	the London Stock Exchange plc or its successor
"Long Stop Date"	30 June 2020 or such later date as may be agreed between Bidco and Castleton and, if required, the Panel and the Court may allow
"Meetings"	the Court Meeting and the Castleton General Meeting
"MRI"	MRI Software LLC
"MRI Group"	MRI and its subsidiary undertakings (including Bidco)
"Offer"	subject to the consent of the Panel and the terms of the Cooperation Agreement, should the Acquisition be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the 2006 Act, the offer to be made by or on behalf of Bidco to acquire the entire issued

	and to be issued ordinary share capital of Castleton and, where the context admits, any subsequent revision, variation, extension or renewal of such offer
"Overseas Shareholders"	holders of Scheme Shares who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom
"Panel"	the Panel on Takeovers and Mergers
"Phase 2 CMA Reference"	a reference of the Acquisition to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013
"Raymond James"	Raymond James Financial International Limited
"Redeemable Shares"	500,000 redeemable shares of £0.10 each issued by Castleton on 4 March 2013;
"Registrar of Companies"	the Registrar of Companies in England and Wales
"Regulations"	the Uncertificated Securities Regulations 2001
"Regulatory Information Service"	a regulatory information service as defined in the FCA Handbook
"relevant securities"	as the context requires, Castleton Shares, other Castleton share capital and any securities convertible into or exchangeable for, and rights to subscribe for, any of the foregoing
"Restricted Jurisdiction"	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available to Castleton Shareholders in that jurisdiction
"Sanction Hearing"	the Court hearing to sanction the Scheme
"Scheme"	the proposed scheme of arrangement under Part 26 of the 2006 Act between Castleton and the holders of the Scheme Shares, with or subject to any modification, addition or condition approved or imposed by the Court and agreed by Castleton and Bidco
"Scheme Document"	the document to be sent to Castleton Shareholders and persons with information rights containing, amongst other things, the Scheme and notices of the Meetings and proxy forms in respect of the Meetings
"Scheme Record Time"	the time and date to be specified in the Scheme Document

"Scheme Shareholders"	holders of Scheme Shares
"Scheme Shares"	<p>all Castleton Shares:</p> <p>(i) in issue as at the date of the Scheme Document;</p> <p>(ii) (if any) issued after the date of the Scheme Document but before the Voting Record Time; and</p> <p>(iii) (if any) issued at or after the Voting Record Time and before the Scheme Record Time in respect of which the original or any subsequent holders thereof are, or shall have agreed in writing to be, bound by the Scheme,</p> <p>in each case, excluding the Excluded Shares</p>
"Special Resolution"	the special resolution proposed to be passed at the Castleton General Meeting in connection with, inter alia, implementation of the Scheme and certain amendments to be made to the articles of association of Castleton
"subsidiary", "subsidiary undertaking" and "undertaking"	shall be construed in accordance with the 2006 Act
"Takeover Code"	the Takeover Code issued by the Panel on Takeovers and Mergers, as amended from time to time
"Third Party"	central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, environmental body, employee representative body or any other body or person whatsoever in any jurisdiction
"UK" or "United Kingdom"	United Kingdom of Great Britain and Northern Ireland
"US" or "United States"	United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
"USExchange Act"	the US Securities Exchange Act of 1934 as amended from time to time
"uncertificated" or "in uncertificated form"	a share or other security title to which is recorded in the relevant register of the share or security as being held in uncertificated form, in CREST, and title to which, by virtue of the Regulations may be transferred by means of CREST
"Voting Record Time"	the time and date to be specified in the Scheme Document by reference to which entitlement to

vote on the Scheme at the Court Meeting will be determined

"Wider Bidco Group"

Bidco Group and associated undertakings and any other body corporate, partnership, joint venture or person in which Bidco and such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent

"Wider Castleton Group"

Castleton and associated undertakings and any other body corporate, partnership, joint venture or person in which Castleton and such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent

"£" or "Sterling"

Pounds sterling, the lawful currency for the time being of the UK and references to "pence" and "p" shall be construed accordingly

All times referred to are London time unless otherwise stated.

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