

BDB Nominee Co Ltd

**Recommended Cash Offer for HML Holdings Plc**

RNS Number : 5381U

BDB Nominee Company Limited

30 July 2020

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**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF THE MARKET ABUSE REGULATION (EU) NO . 596/2014. UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.**

**For immediate release**

**30 July 2020**

**RECOMMENDED CASH OFFER**  
**for**  
**HML HOLDINGS PLC**  
**by**  
**BDB NOMINEE COMPANY LIMITED**  
**(formed at the direction of Harwood Capital LLP)**

**Summary and Highlights :**

- The boards of directors of BDB Nominee Company Limited ("**BDB Nominee**") and HML Holdings Plc ("**HML**" or the "**Company**") are pleased to announce that they have reached agreement on the terms of a recommended cash offer (the "**Offer**") to be made by BDB Nominee for the entire issued and to be issued share capital of HML.
- BDB Nominee is a private limited liability company, formed at the direction of Harwood Capital LLP ("**Harwood**") (on behalf of one of its discretionary investment management clients ("**HPE V**")) specifically for the purpose of making the Offer. Following completion of the Offer, BDB Nominee and the HML Group will be ultimately beneficially owned by HPE V. BDB Nominee is to be funded for the purposes of the Offer via the Subscription Agreement and Loan Agreement, details of which are provided in section 11 below.
- **Under the terms of the Offer, HML Shareholders will be entitled to receive 37.5 pence in cash for each HML Share held, valuing the entire issued and to be issued share capital of HML at approximately £ 19.01 million on a fully diluted basis.**
- The Offer Price of 37.5 pence per HML Share represents a premium of approximately:
  - (i) 27.12 per cent. to the Closing Price of 29.50 pence per HML Share on 29 July 2020 (being the last Business Day prior to the date of this Announcement); and
  - (ii) 44.52 per cent. to the volume weighted average price of 25.95 pence per HML Share over the three month period ended on and including 29 July 2020 (being the last Business Day prior to the date of this Announcement).

- Pursuant to the terms of the Offer, following the Offer becoming or being declared wholly unconditional the BDB Nominee Board intends to procure the cancellation of the final dividend of 0.52 pence per HML Share proposed by the HML Board on 1 July 2020 in respect of the Company's financial year ended 31 March 2020 with an ex-dividend date of 1 October 2020. The declaration of this dividend will therefore not be included in the business of the Company's forthcoming annual general meeting. If any further dividend, other distribution or return of capital is authorised, declared, made or paid or becomes payable in respect of HML Shares on or after the date of this Announcement, BDB Nominee reserves the right to reduce the Offer Price by the aggregate amount of such dividend, distribution or return of capital.
- HML (AIM: HMLH) is a leading provider of property management, insurance and ancillary services to residential property blocks.
- Harwood is a private investment management firm engaged in the provision of discretionary investment management and/or advisory services to its clients. Following implementation of the Offer, BDB Nominee will be wholly beneficially owned by HPE V.
- At the date of this Announcement, Harwood and the Harwood Funds beneficially own, in aggregate, 6,925,000 HML Shares representing approximately 15.06 per cent. of HML's existing issued share capital.
- The Offer is conditional on valid acceptances of the Offer being received in respect of HML Shares carrying, in aggregate, 75 per cent. or more of the voting rights then normally exercisable at general meetings of the Company (or such lower percentage as BDB Nominee may decide).
- It is intended that the Offer will be implemented by means of a takeover offer under Part 28 of the Companies Act 2006 (although BDB Nominee reserves the right to elect to implement the Offer by means of a Scheme of Arrangement (subject to Panel consent)).
- BDB Nominee intends to procure, should it receive acceptances to its Offer of greater than 75 per cent. of the HML Shares and its Offer becomes, or is declared, wholly unconditional, that HML makes an application to the appropriate authorities for the cancellation of the admission of HML Shares to trading on AIM. Should BDB Nominee proceed with the intended cancellation, a notice period of not less than 20 Business Days will be given on or after the date on which the Offer becomes, or is declared, wholly unconditional. Should BDB Nominee not receive acceptances to its Offer of greater than 75 per cent. of the HML Shares, then BDB Nominee intends to seek the cancellation of the admission of HML Shares to trading on AIM under the other provisions set out in Rule 41 of the AIM Rules.
- The Offer is subject to the Conditions and further terms set out in Appendix I to this Announcement and to be set out in the Offer Document, which it is expected will be despatched to HML Shareholders approximately (and before) 28 days after this Announcement.
- One of the Conditions of the Offer, being Condition 1(b)(ii) set out in Appendix I to this Announcement, is the Financial Conduct Authority approving the acquisition of control of HML, or any subsidiary undertaking of HML, by BDB Nominee pursuant to a notice under section 178 FSMA, and such approval not being subject to any conditions or restrictions (the "**FCA Condition**"). The relevant FCA regulated and authorised subsidiaries of HML are Alexander Bonhill Limited, which carries out insurance and risk management services, Faraday Property Management Limited, HML PM Limited and Leasehold Management Limited. Harwood and BDB Nominee can confirm that they have made the requisite filings to the Financial Conduct Authority and are in an active dialogue with the relevant team at the Financial Conduct Authority. The Board of BDB Nominee is confident that the relevant approval will be forthcoming, such that the FCA Condition will be satisfied within the Panel's prescribed Code timetable. However, in order to maximise the time that the Financial Conduct Authority has to undertake the process leading to its decision, it is intended that BDB Nominee will only despatch the Offer Document to HML Shareholders on, or before, 27 August 2020, being 28 days after release of this Announcement.
- If HML Shareholders wish to accept the Offer, it is important that they follow the instructions to be set out in the Offer Document and the accompanying Form of Acceptance.
- **The HML Directors, who have been so advised by finnCap Ltd ("finnCap"), the Company's financial adviser, as to the financial terms of the Offer, consider the terms of the Offer to be fair and reasonable. In providing its advice to the HML Directors, finnCap has taken into account the commercial assessments of the HML Directors. finnCap is providing independent financial advice to the HML Directors for the purposes of Rule 3 of the Code.**

- **Accordingly, the HML Directors have unanimously agreed to recommend that HML Shareholders accept the Offer, as the HML Directors who currently hold or control HML Shares have irrevocably undertaken so to do (or procure to be done) in respect of their own beneficial shareholdings (or the shareholdings they control), amounting, in aggregate, to 4,080,666 HML Shares representing approximately 8.87 per cent. of HML's existing issued share capital.**
- In addition, excluding the Harwood Funds, BDB Nominee has received irrevocable undertakings to accept (or procure the acceptance of) the Offer from certain institutional and other HML Shareholders (as set out in Appendix III to this Announcement) in respect of, in aggregate, 12,396,184 HML Shares, representing approximately 26.95 per cent. of HML's existing issued share capital.
- **Accordingly, excluding the Harwood Funds, BDB Nominee has obtained irrevocable undertakings over, in aggregate, 16,476,850 HML Shares, representing approximately 35.82 per cent. of HML's existing issued share capital.**
- Further details of the abovementioned irrevocable undertakings are set out in section 7 of, and Appendix III to, this Announcement.
- **Harwood therefore advises and/or controls and, via BDB Nominee, has obtained irrevocable undertakings to accept (or procure the acceptance of) the Offer in respect of, in aggregate, 23,401,850 HML Shares, representing approximately 50.88 per cent. of HML's existing issued share capital.**

**Richard Smith, Non-Executive Chairman of HML, commented:**

*"We are proud of HML's achievements and confident in the Company's future prospects and strategy. We are also conscious that, in the short term at least, Covid-19 has increased the risks and uncertainties for delivering upon the Company's strategy. Within a private company environment, the Company's management will be better able to focus on strategic delivery, take a longer term view on the investment decisions required to grow the business, and eliminate a meaningful proportion of the financial cost associated with being an AIM quoted company. Given these factors, and the relatively illiquid market for HML Shares, we feel that the Offer represents an attractive opportunity for HML Shareholders and unanimously recommend that shareholders accept the Offer."*

**Tim Sturm, Director of BDB Nominee, commented:**

*"Our recommended cash offer affords HML Shareholders the opportunity to exit their investment in full at an attractive valuation. We recognise the potential for HML to be a consolidator in a fragmented market with strong management, but believe that, in light of the Company's size and further capital requirements, it will fare better as a private company with a more cost-effective corporate structure."*

This summary should be read in conjunction with, and is subject to, the full text of this Announcement (including the Appendices). The Offer will be subject to the Conditions and certain further terms set out in Appendix I to this Announcement and to the full terms and conditions which will be set out in the Offer Document. Appendix II to this Announcement contains the sources of information and bases of calculation of certain information contained in this Announcement. Appendix III to this Announcement contains a summary of the irrevocable undertakings in respect of the Offer received by BDB Nominee. Appendix IV to this Announcement contains definitions of certain terms used in this summary and the following content of this Announcement.

A copy of this Announcement will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, for inspection on HML's website at [www.hmlgroup.com](http://www.hmlgroup.com), along with certain other documentation required to be posted online pursuant to the Code.

**Enquiries:**

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BDB Pitmans LLP is providing legal advice to BDB Nominee. Keystone Law Limited is providing legal advice to HML.

### **Important Notice**

*Strand Hanson Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser to BDB Nominee and Harwood and no-one else in connection with the Offer and other matters described in this Announcement and will not be responsible to anyone other than BDB Nominee and Harwood for providing the protections afforded to clients of Strand Hanson Limited nor for providing advice in relation to the Offer, the contents of this Announcement or any other matter referred to herein. Neither Strand Hanson Limited nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Strand Hanson Limited in connection with this Announcement, any statement contained herein or otherwise.*

*finnCap Ltd, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser, nominated adviser and broker to HML and no-one else in connection with the Offer and other matters described in this Announcement and will not be responsible to anyone other than HML for providing the protections afforded to clients of finnCap Ltd nor for providing advice in relation to the Offer, the contents of this Announcement or any other matter referred to herein. Neither finnCap Ltd nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of finnCap Ltd in connection with this Announcement, any statement contained herein or otherwise.*

### **Further information**

*THIS ANNOUNCEMENT IS MADE PURSUANT TO RULE 2.7 OF THE CODE AND IS FOR INFORMATION PURPOSES ONLY AND IS NOT INTENDED TO, AND DOES NOT, CONSTITUTE OR FORM ANY PART OF, AN OFFER TO SELL OR AN INVITATION TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES OR THE SOLICITATION OF ANY VOTE OR APPROVAL IN ANY JURISDICTION PURSUANT TO THE OFFER OR OTHERWISE, NOR SHALL THERE BE ANY SALE, ISSUANCE OR TRANSFER OF THE SECURITIES REFERRED TO IN THIS ANNOUNCEMENT IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.*

*The Offer will be subject to the Conditions and to the further terms and conditions to be set out in the Offer Document. The Offer is being made solely through the Offer Document (or any other document by which the Offer is made), which will contain the full terms and conditions of the Offer, including details of how to accept the Offer. Any acceptance in relation to the Offer should be made only on the basis of the information contained in the Offer Document. HML Shareholders are advised to read the Offer Document carefully, once it has been despatched.*

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

If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

## **Overseas jurisdictions**

*The availability of the Offer and the release, publication and distribution of this Announcement in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons who are not resident in the United Kingdom into whose possession this Announcement comes should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, the ability of persons who are not resident in the United Kingdom to participate in the Offer may be affected by the laws of the relevant jurisdictions in which they are located.*

*This Announcement has been prepared for the purposes of complying with English law, the Code and the AIM Rules and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws and regulations of jurisdictions outside the United Kingdom.*

*The Offer will be implemented in accordance with applicable English law and will be subject to the applicable requirements of the Code, the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the Panel and the rules of the London Stock Exchange (including the AIM Rules).*

*Unless otherwise determined by BDB Nominee or required by the Code, and permitted by applicable law and regulation, the Offer 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 accept the Offer from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Announcement, the Offer Document, the Form of Acceptance and all other documents relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from any Restricted Jurisdiction where to do so would violate the laws in such jurisdictions. All persons receiving this Announcement (including, without limitation, custodians, nominees and trustees) should observe these restrictions and any applicable legal or regulatory requirements of their jurisdiction and must not mail or otherwise forward, send or distribute this Announcement in, into or from any Restricted Jurisdiction where to do so would violate the laws in that jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person.*

*Further details in relation to Overseas Shareholders will be contained in the Offer Document.*

## **Cautionary note regarding forward-looking statements**

*This Announcement (including information incorporated by reference in this Announcement) contains certain statements that are, or may be deemed to be, forward-looking statements with respect to BDB Nominee and/or HML. These forward-looking statements can be identified by the fact that they do not relate to historical or current facts. Forward-looking statements also often use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "hope", "aims", "continue", "will", "may", "should", "would", "could" or other words of similar meaning. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of BDB Nominee 's or HML's operations and potential synergies resulting from the Offer; and (iii) the effects of government regulation on BDB Nominee 's or HML's business. These statements are based on assumptions and assessments made by BDB Nominee and/or HML (as applicable) in light of their experience and perception of historical trends, current conditions, future developments and other factors they believe appropriate.*

*Forward-looking statements are not guarantees of future performance. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the*

date of this Announcement. Neither BDB Nominee nor HML undertakes any obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise, except to the extent required by applicable law, the Panel or the Code.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business and competitive environments, market and regulatory forces, future exchange and interest rates, changes in tax rates, and future business combinations or dispositions.

No member of the BDB Nominee Group or the HML Group nor any of their respective associates, directors, officers, employees 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.

Except as expressly provided in this Announcement, no forward-looking or other statements have been reviewed by the auditors of the BDB Nominee Group or the HML Group. All subsequent oral or written forward-looking statements attributable to any member of the BDB Nominee Group or the HML Group, or any of their respective associates, directors, officers, employees or advisers, are expressly qualified in their entirety by the cautionary statement above.

### **No profit forecasts, quantified financial benefit statements or estimates**

No statement in this Announcement is intended, or is to be construed, as a profit forecast, profit estimate or quantified financial benefit statement for any period. No statement in this Announcement should be interpreted to mean that earnings per HML Share for the current or future financial years would necessarily match or exceed the historical published earnings per HML Share.

### **Dealing and Opening Position Disclosure requirements of the Code**

Under Rule 8.3(a) of the Code, any person who is interested in one per cent. or more of any class of relevant securities of HML 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) HML and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (UK time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (UK time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of HML or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of HML or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of HML 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) HML and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (UK time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of HML 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 HML and by any offeror and Dealing Disclosures must also be made by HML, 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](http://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 and availability of hard copies**

*This Announcement and the documents required to be published pursuant to Rule 26 of the Code will be available free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on HML's website at [www.hmlgroup.com](http://www.hmlgroup.com) by no later than 12.00 noon (UK time) on the Business Day following this Announcement.*

*Neither the content of any website referred to in this Announcement nor the content of any website accessible from hyperlinks on such website is incorporated into, or forms part of, this Announcement.*

*A hard copy of this Announcement will be sent to HML Shareholders (other than HML Shareholders who have elected to receive electronic communications) in the near future. HML Shareholders may request a hard copy of this Announcement (and any information incorporated by reference in this Announcement) free of charge by contacting Share Registrars on 01252 821 390 from within the UK or +44 (0)1252 821 390 if calling from outside the UK between 8.30 a.m. to 5.30 p.m., Monday to Friday (except public holidays in England and Wales) or by submitting a request in writing to Share Registrars at The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR. HML Shareholders may also request that all future documents, announcements and information to be sent to them in relation to the Offer should be in hard copy form. If you have received this Announcement in electronic form, hard copies of this Announcement and any document or information incorporated by reference into this Announcement will not be provided unless such a request is made.*

### **Rule 2.9 information**

*Pursuant to Rule 2.9 of the Code, HML confirms that, as at the date of this Announcement, it has 45,995,135 ordinary shares of 1.5 pence each in issue, with no shares held in treasury. Accordingly, HML has 45,995,135 ordinary shares of 1.5 pence each admitted to trading on AIM with International Securities Identification Number GB00B16DFY89.*

### **Information relating to HML Shareholders**

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

### **Rounding**

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

### **Time**

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

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**30 July 2020**

**RECOMMENDED CASH OFFER**

**for**

**HML HOLDINGS PLC**

**BDB NOMINEE COMPANY LIMITED****(formed at the direction of Harwood Capital LLP)****1. Introduction**

The boards of directors of BDB Nominee and HML are pleased to announce that they have reached agreement on the terms of a recommended cash offer to be made by BDB Nominee for the entire issued and to be issued share capital of HML. The Offer of 37.5 pence per HML Share values the entire issued and to be issued share capital of HML at approximately £19.01 million on a fully diluted basis.

The Offer, when made, will be conditional on valid acceptances of the Offer being received in respect of HML Shares carrying, in aggregate, not less than 75 per cent. (or such lesser percentage as BDB Nominee may decide) of the voting rights then normally exercisable at general meetings of the Company.

The HML Directors have unanimously agreed to recommend that HML Shareholders accept the Offer, as the HML Directors who currently hold or control HML Shares have irrevocably undertaken so to do (or procure to be done) in respect of their own beneficial shareholdings (or the shareholdings they control) amounting, in aggregate, to 4,080,666 HML Shares representing approximately 8.87 per cent. of the existing issued share capital of HML.

BDB Nominee is a private limited liability company incorporated in England and Wales, formed at the direction of Harwood on behalf of one of the Harwood Funds (HPE V) specifically for the purpose of making the Offer. Harwood and the Harwood Funds are deemed to be acting in concert with BDB Nominee for the purposes of the Code. Following completion of the Offer, BDB Nominee and the HML Group will be ultimately beneficially owned by HPE V. Further information on BDB Nominee, Harwood and HPE V is set out in section 9 below.

**2. The Offer**

Under the terms of the Offer, which will be subject to the Conditions and further terms summarised below and in Appendix I to this Announcement and to the full terms and conditions to be set out in the Offer Document, HML Shareholders will be entitled to receive:

**for each HML Share 37.5 pence in cash**

The Offer values the entire issued and to be issued ordinary share capital of HML at approximately £19.01 million on a fully diluted basis and the Offer Price represents a premium of approximately:

- (i) 27.12 per cent. to the Closing Price of 29.50 pence per HML Share on 29 July 2020 (being the last Business Day prior to the date of this Announcement); and
- (ii) 44.52 per cent. to the volume weighted average price of 25.95 pence per HML Share over the three month period ended on and including 29 July 2020 (being the last Business Day prior to the date of this Announcement).

Pursuant to the terms of the Offer, following the Offer becoming or being declared wholly unconditional the BDB Nominee Board intends to procure the cancellation of the final dividend of 0.52 pence per HML Share proposed by the HML Board on 1 July 2020 in respect of the Company's financial year ended 31 March 2020 with an ex-dividend date of 1 October 2020. The declaration of this dividend will therefore not be included in the business of the Company's forthcoming annual general meeting. If, on or after the date of this Announcement and before the Offer becomes or is declared wholly unconditional, any further dividend, other distribution and/or return of capital is authorised, declared, made or paid or becomes payable in respect of the HML Shares, BDB Nominee reserves the right to reduce the Offer Price by an amount of up to the amount of such dividend, distribution and/or return of capital. To the extent that any such dividend, distribution and/or other return of capital is authorised, declared, made or paid or is payable and it is: (i) transferred pursuant to the Offer on a basis which entitles BDB Nominee to receive the dividend, distribution or return of capital and to retain it; or (ii) cancelled, the consideration payable under the terms of the Offer will not be subject to change in accordance with this paragraph. Any exercise by BDB Nominee of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Offer.

It is expected that the Offer Document will be published approximately (and before) 28 days after this Announcement (unless BDB Nominee and HML otherwise agree, and the Panel consents, to a later date).

### **3. Background to and reasons for the Offer**

BDB Nominee has full confidence in the management of HML, its existing strategy and the overall prospects for the Company's operating businesses. However, Harwood believes that in order to achieve its full potential, HML would be better suited to a private company environment where, with Harwood's support and assistance, particularly with regard to accessing and providing additional growth capital, management would be in a stronger position to deliver its longer term business plan, with a simplified corporate structure, free from requirements to, *inter alia*, meet the UK public equity market's shorter term expectations.

BDB Nominee believes that should HML remain publicly quoted on AIM it will, as a relatively small and specialist property management services group, continue to find it difficult to attract and retain sufficient interest and research coverage in its activities to generate stock liquidity and a level of market rating that would make retaining its existing AIM quotation worthwhile.

BDB Nominee intends to invest in and support the growth of HML's established customer base, continued development of its suite of service offerings and digital transformation of its processes across its national branch network. BDB Nominee will also be supportive of the strategic growth of the HML Group both through targeted acquisitions and organically under the existing and evolving corporate plan, whilst maintaining a tight control of costs and seeking integration efficiencies within a simplified corporate structure with a reduced regulatory burden and the elimination of the numerous expenses associated with maintaining a UK public quotation.

### **4. HML's Directors, management, employees, research and development and locations**

The BDB Nominee Directors recognise the significant skills and operating experience of HML's management and employees and expect that they will play an important role in the future development of HML. The BDB Nominee Directors intend to support HML's management in continuing to execute and refine their existing medium term business plan and strategy for the development of the HML Group including the recently announced planned rationalisation and restructuring of its surveying services offering and further digitisation of the business infrastructure.

The BDB Nominee Directors believe that the Offer, if successfully completed, will provide a stable and well capitalised future for HML. The BDB Nominee Directors have no intention to change the location or functions of HML's existing headquarters in Richmond or to redeploy HML's fixed asset base. HML has no dedicated research and development function and BDB Nominee generally expects that, following successful completion of the Offer, HML will operate principally as it does today but as a subsidiary of BDB Nominee.

BDB Nominee does not have any plans to make any material changes either to the headcount or terms and conditions of employment or in the balance of the skills and functions of the management and employees of the HML Group. The BDB Nominee Board has given assurances to the HML Board that, following the Offer becoming or being declared wholly unconditional, the existing contractual and statutory employment rights and terms and conditions of employment, including any employer contributions to company pension schemes as applicable, of the management and employees of the HML Group will be fully safeguarded. BDB Nominee does not intend to make any changes with regards to the HML Group's existing pension schemes, including with regard to any current arrangements for the funding of any scheme deficit, the accrual of benefits for existing members and the admission of new members to such schemes. Accordingly, the BDB Nominee Directors believe that the prospects of the employees of HML will not be adversely affected by the implementation of the Offer.

The non-executive HML Directors, being Richard Smith, Geoffrey Griggs, Elizabeth Holden and Anand Verma, have agreed to resign with effect from completion of the Acquisition or, if later, on the date when admission of the HML Shares to trading on AIM is cancelled. They will each receive remuneration in line with the termination provisions of their letters of appointment by way of compensation.

It is intended that the appointments of the remaining HML Directors will remain unchanged following successful completion of the Offer, however there are no agreements or arrangements between BDB Nominee and the directors, management or employees of HML in relation to their on-going involvement in the business and the Offer will not be conditional on reaching agreement with such parties. BDB Nominee has not entered into, nor is it in discussions on any proposals to enter into, any form of incentivisation arrangements with members of HML's management who are interested in HML Shares and has no plans so to do. Following completion of the Acquisition, BDB Nominee may put in place incentive arrangements for certain members of the HML management team. No proposals have been made on the terms of any incentive arrangements for relevant management.

Following completion of the Acquisition, BDB Nominee may, in the future, invite one or more of the HML Directors to join the board of BDB Nominee. No proposals have been made regarding any terms of any such potential appointment.

As set out in section 14 below, BDB Nominee intends to seek the cancellation of the admission of the HML Shares to trading on AIM shortly following the Offer becoming, or being declared, wholly unconditional and BDB Nominee receiving acceptances to its Offer of greater than 75 per cent. of the HML Shares. Should BDB Nominee not receive acceptances to its Offer of greater than 75 per cent. of the HML Shares then BDB Nominee intends to seek the cancellation of the admission of HML Shares to trading on AIM under the other provisions set out in Rule 41 of the AIM Rules. This will thereby enable HML's management to be entirely focussed on the growth and development of the business, rather than AIM investor and AIM quoted company related matters.

In accordance with Rule 2.11 of the Code, HML will make available to its employees a copy of this Announcement and will inform its employees of the rights of any employee representatives under Rule 25.9 of the Code to require that a separate opinion of any employee representatives on the effects of the Acquisition on employment be appended to the Offer Document. If and to the extent that HML is provided with an opinion from the employee representatives after the date of publication of the Offer Document, HML will publish that opinion in accordance with Rule 25.9 of the Code.

## **5. Recommendation of the HML Directors**

**The HML Directors, who have been so advised by finnCap, the Company's financial adviser, as to the financial terms of the Offer, consider the terms of the Offer to be fair and reasonable. In providing its advice to the HML Directors, finnCap has taken into account the commercial assessments of the HML Directors. finnCap is providing independent financial advice to the HML Directors for the purposes of Rule 3 of the Code. In addition, the HML Directors consider the terms of the Offer to be in the best interests of the HML Shareholders as a whole.**

**Accordingly, the HML Directors have agreed to unanimously recommend that HML Shareholders accept the Offer, as the HML Directors who currently hold or control HML Shares have irrevocably undertaken so to do (or procure to be done) in respect of their own beneficial shareholdings (or the shareholdings which they control), amounting, in aggregate, to 4,080,666 HML Shares, representing approximately 8.87 per cent. of the existing issued share capital of HML.**

**The Offer Document, which it is expected will be despatched to HML Shareholders approximately (and before) 28 days after this Announcement, will contain, *inter alia*, details of the Offer and procedure for acceptance.**

## **6. Background to and reasons for the HML Directors' recommendation of the Offer**

The HML Directors are confident that, as set out in the Company's recent unaudited consolidated preliminary results for the year ended 31 March 2020, announced on 1 July 2020, management's strategy (as more fully described in section 8 below) will deliver both future growth and business improvement. The HML Directors are accordingly confident in the Company's prospects as a standalone independent business. The HML Directors also consider that the Company's prevailing share price has not fairly or adequately reflected this but are conscious that there are risks and uncertainties inherent in delivering the Company's strategy and to the timescale for its delivery, and that these factors are heightened by the unclear extent and duration of Covid-19 and its impact on the wider economy, as well as the Company's stakeholders.

The Offer by BDB Nominee represents an opportunity for all HML Shareholders to realise their investment in full at a price that has not been achieved since 14 October 2017 and which represents an attractive premium of 44.52 per cent. to the volume weighted average price of 25.95 pence per HML Share over the three month period ended on and including 29 July 2020 (being the last Business Day prior to the date of this Announcement). The HML Directors therefore believe, especially in light of the relatively illiquid market for HML Shares, that the Offer represents an attractive exit opportunity for HML Shareholders.

Accordingly, the HML Directors have assessed the merits of the Offer against this background.

It has been an important consideration for the HML Directors that HML Shareholders representing approximately 42.01 per cent. of the issued HML Shares have irrevocably undertaken to accept the Offer (as more fully set out in Appendix III and excluding those HML Shares held by the HML Directors which are also subject to irrevocable undertakings). The HML Directors believe that this support by HML

Shareholders underlines the attractions of the Offer, but are also mindful that, given the extent and irrevocable terms of this support and together with the irrevocable undertakings given by the HML Directors in respect of HML Shares held by them, that there is consequently a heightened likelihood that the Offer will become or be declared wholly unconditional and it is unlikely that any third party competing offer would succeed for so long as these irrevocable undertakings remain binding.

Harwood has indicated that, upon the Offer becoming or being declared wholly unconditional and BDB Nominee receiving acceptances to its Offer of greater than 75 per cent. of the HML Shares, it will seek the cancellation of the admission to trading of HML Shares on AIM. Should this become effective it would result in any HML Shareholder who does not accept the Offer becoming a minority shareholder in a private limited company controlled by Harwood. HML Shareholders should also note that should BDB Nominee not receive acceptances to its Offer of greater than 75 per cent. of the HML Shares, then BDB Nominee has expressed an intention to seek the cancellation of the admission of HML Shares to trading on AIM under the other provisions set out in Rule 41 of the AIM Rules.

The HML Directors acknowledge that, within a private company environment, the Company's management will be better able to focus on strategic delivery, take a longer term view on the investment decisions required to grow the business, and eliminate a meaningful proportion of the financial cost associated with being a UK publicly quoted company. The HML Directors are also aware that the cancellation of the admission of HML Shares to trading on AIM could lead to a considerably limited ability to buy or sell HML Shares and that HML Shareholders at such time will be exposed to different standards and regulations regarding (amongst others) corporate governance, shareholder communications and similar concerns, which will likely be lower than those expected to be adopted or followed by a publicly quoted company. The composition of the HML Board would also change considerably following the Offer becoming or being declared unconditional in all respects.

The HML Directors welcome the sentiment expressed by Harwood with regard to the importance that Harwood attributes to the significant skills and operating experience of HML's employees and management team, and the statements made by Harwood in section 4 of this Announcement that it expects HML to operate principally as it does today and specifically that Harwood has no intention to procure changes either to the headcount or terms and conditions of employment or in the balance of the skills and functions of the management and employees of the HML Group, nor to its existing headquarters location or headquarters functions.

Following careful consideration of the above, the HML Directors believe that the Offer Price of 37.5 pence in cash provides attractive value and certainty for HML Shareholders.

## **7. Irrevocable undertakings**

BDB Nominee has received irrevocable undertakings to accept (or procure the acceptance of) the Offer (or, in the event that the Offer is implemented by way of a Scheme of Arrangement, to vote, or procure the vote, in favour of such offer) from certain institutional and other HML Shareholders (who are listed in Appendix III to this Announcement), in respect of, in aggregate, 12,396,184 HML Shares, representing approximately 26.95 per cent. of the existing issued ordinary share capital of HML.

The HML Directors who beneficially hold or control HML Shares as at the date of this Announcement have also irrevocably undertaken to accept (or procure acceptance of) the Offer (or, in the event that the Offer is implemented by way of a Scheme of Arrangement, to vote, or procure the vote, in favour of such an offer) in respect of their entire beneficial shareholdings (or shares over which they exercise control), amounting to, in aggregate, 4,080,666 HML Shares, representing approximately 8.87 per cent. of the existing issued ordinary share capital of HML.

Oryx International Growth Fund Limited ("**Oryx**"), which is one of the Harwood Funds and which is deemed to be acting in concert with BDB Nominee, is the beneficial holder of 6,750,000 HML Shares representing approximately 14.68 per cent. of the existing issued ordinary share capital of HML. Oryx has irrevocably undertaken to accept the Offer (or, in the event that the Offer is implemented by way of a Scheme of Arrangement, to vote, or procure the vote, in favour of such offer) in respect of its entire holding of HML Shares.

In addition, Harwood Capital Nominees Limited, which is controlled by Harwood, is the beneficial holder of 175,000 HML Shares, representing approximately 0.38 per cent. of HML's existing issued share capital. Harwood has irrevocably undertaken to accept the Offer (or, in the event that the Offer is implemented by way of a Scheme of Arrangement, to vote, or procure the vote, in favour of such offer) in respect of its entire holding of HML Shares.

BDB Nominee has therefore received irrevocable undertakings to accept (or procure the acceptance of) the Offer (or, in the event that the Offer is implemented by way of a Scheme of Arrangement, to vote, or procure the vote, in favour of such offer) in respect of, in aggregate, 23,401,850 HML Shares, representing approximately 50.88 per cent. of the existing issued ordinary share capital of HML.

All of the irrevocable undertakings shall lapse and cease to become binding, *inter alia*, if (i) the Offer Document is not published within 28 days of this Announcement (or within such longer period as the Panel may agree); (ii) the Offer lapses or is withdrawn without becoming or being declared unconditional in all respects; or (iii) BDB Nominee announces that it will not proceed with the Offer.

Further details of the irrevocable undertakings received by BDB Nominee (including the circumstances in which the irrevocable undertakings will cease to remain binding) are set out in Appendix III to this Announcement.

Copies of the irrevocable undertakings will be put on display on HML's website ([www.hmlgroup.com](http://www.hmlgroup.com)) by no later than 12.00 noon (UK time) on 31 July 2020.

## **8. Information relating to the HML Group**

HML was incorporated in England and Wales on 2 March 2006 and its ordinary shares were admitted to trading on AIM on 30 June 2006. HML provides property management, insurance and ancillary services to residential property blocks.

HML has a clear strategy to improve business output and deliver future growth through:

- selective acquisitions;
- accelerating the digital transformation of the HML Group's processes to reduce the burden of maintaining a geographically spread branch network and adopt more regional hubs along with engaging locally with clients through readily accessible digital tools;
- the pursuit of new property related initiatives to explore new revenue streams available to the Group from within its existing business; and
- further investment in the management of residential lettings portfolios and commercial management.

HML and its subsidiaries specifically focus on residential property management where its aim is to deliver a comprehensive management services to its client. Its services include:

- Day to day running and management of a development
- financial management including
- Preparing budgets
- Accounts preparation
- Placing of insurance in accordance with the terms of the lease (where applicable)
- Managing contracts
- Arranging repairs and maintenance
- Ensuring compliance with relevant legislation
- Arranging health and safety and other routing inspections
- Concierge services
- Company Secretarial
- Chartered surveying and estate valuations

Over time, HML has created standalone businesses to deliver these services with a view to selling them outside of its own core business, for example:

- Alexander Bonhill
- Shaw and Company
- HML Concierge
- HML LAM

The activities of HML's wholly owned subsidiaries, Alexander Bonhill Limited, which carries out insurance and risk management activities, Faraday Property Management Limited, HML PM Limited and Leasehold Management Limited, are authorised and regulated by the FCA.

The HML Group has approximately 640 employees, all of which are situated in the UK.

### **Current trading and prospects**

On 1 July 2020, HML announced its unaudited preliminary results for the year ended 31 March 2020, where it reported total revenue of £31.2 million (2019: £28.1 million), a profit after taxation of £1.1 million (2019: £1.4 million) and net assets as at 31 March 2020 of £16.4 million (2019: £15.4m). As at 31 March 2020, the HML Group was managing more than 80,000 property units in over 3,000 estates and blocks of flats from 24 offices.

The HML Group continues to trade in line with the HML Directors' expectations.

Further financial and other information on HML will be set out in the Offer Document.

## **9. Information relating to BDB Nominee, Harwood and the Harwood Funds**

### **9.1 BDB Nominee**

BDB Nominee is a private company incorporated in England and Wales with limited liability on 30 June 2020 under registration number 12708049. BDB Nominee has been established by Harwood (on behalf of one of the Harwood Funds) specifically for the purpose of making the Offer.

The current issued share capital of BDB Nominee comprises 1,000 BDB Nominee Ordinary Shares, all of which are held by North Atlantic Value GP 5 LLP as general partner for HPE V. BDB Nominee is to be funded for the purposes of the Offer via the Subscription Agreement and Loan Agreement details of which are provided in section 11 below.

BDB Nominee does not have any operations nor has it traded since its date of incorporation, paid any dividends or entered into any obligations other than in connection with the Offer and the financing of the Offer. The directors of BDB Nominee are Mr Jeremy Brade and Mr Timothy Sturm, appointees of Harwood, and there are no employees. BDB Nominee does not currently have any subsidiaries or subsidiary undertakings. Further information concerning BDB Nominee will be set out in the Offer Document.

### **9.2 Harwood Capital LLP**

Harwood is a UK limited liability partnership authorised to conduct investment business by the FCA since 23 September 2003. Its principal activity is the provision of discretionary investment management and advisory services. The funds it manages and/or advises typically take an active interest in the running of the companies that it invests in with the aim of adding significant value by changing or improving various aspects of an investee company's business. As at 30 June 2020, the Harwood Capital Management Group had approximately £1.7 billion in funds under management (including advisory clients).

Harwood controls Harwood Capital Nominees Limited which is the beneficial owner of 175,000 HML Shares, representing approximately 0.38 per cent. of HML's existing issued share capital. Harwood Capital Nominees Limited has irrevocably undertaken to accept the Offer (or, in the event that the Offer is implemented by way of a Scheme of Arrangement, to vote, or procure the vote, in favour of such Offer) in respect of its entire holding of HML Shares.

### **9.3 The Harwood Funds**

Oryx, a closed-ended investment fund managed and advised by Harwood Capital Management (Gibraltar) Limited, a company wholly owned by Harwood Capital Management, holds 6,750,000 HML Shares, representing approximately 14.68 per cent. of the existing issued share capital of HML. Oryx has irrevocably undertaken to accept the Offer (or, in the event that the Offer is implemented by way of a Scheme of Arrangement, to vote, or procure the vote, in favour of such Offer) in respect of its entire holding of HML Shares.

As set out in section 10 below, Harwood Private Equity V L.P. ("**HPE V**") will provide all of the funding required for the Offer by subscribing for BDB Nominee Ordinary Shares and BDB Nominee ZRP Shares pursuant to the Subscription Agreement and advancing an unsecured loan pursuant to the Loan Agreement.

*Harwood Private Equity V L.P.*

HPE V is an English limited partnership incorporated on 2 July 2019 under registration number LP020344. The fund's final closing date was 21 February 2020 and it has total committed capital of £160 million. Harwood is the investment manager and the fund's objective is to generate high absolute returns from investing in a portfolio of unquoted small and medium sized companies across a range of sectors principally in the United Kingdom. It focuses on leveraged buyouts and similar transactions including public-to-private investments.

Further information concerning Harwood and the Harwood Fund that is investing in and financing BDB Nominee will be set out in the Offer Document.

## **10. Financing of the Acquisition**

Strand Hanson, financial adviser to BDB Nominee, is satisfied that sufficient financial resources are available to BDB Nominee to enable it to implement the Offer in full. Assuming that the cash consideration is payable to all HML Shareholders and all in-the-money options were to be exercised and accepted into the Offer, full implementation of the Offer would require a maximum cash payment of approximately £19.01 million by BDB Nominee which will be funded entirely out of BDB Nominee's cash resources made available by way of subscriptions for BDB Nominee Ordinary Shares and BDB Nominee ZRP Shares by HPE V pursuant to the Subscription Agreement and the advancement of a £5 million unsecured loan by HPE V to BDB Nominee pursuant to the Loan Agreement, details of which are provided in section 11 below.

There is no requirement for any funding from third party providers of finance to BDB Nominee.

## **11. Subscription Agreement and Loan Agreement**

Pursuant to the Subscription Agreement, Harwood Capital LLP has agreed to procure, *inter alia*, the subscriptions by HPE V of, in aggregate, £1 million of BDB Nominee Ordinary Shares and £13,011,520 of BDB Nominee ZRP Shares, whilst pursuant to the Loan Agreement, Harwood Capital LLP has agreed to procure that HPE V will advance an unsecured loan of £5 million, with a maturity date of 12 months from when the Offer becomes wholly unconditional. Interest on the loan will be accrued at a rate of five per cent. per annum and paid on repayment or at redemption. Prior to the scheduled maturity of the loan, it is currently intended that it will be refinanced with suitable alternative debt funding in order to optimise BDB Nominee's capital structure.

Such subscription and loan monies will ensure that BDB Nominee has the amount required to satisfy the maximum aggregate cash consideration payable in accordance with the Offer. The obligation to subscribe for BDB Nominee Ordinary Shares and BDB Nominee ZRP Shares and advance the loan is conditional upon the Offer becoming, or being declared, unconditional in all respects. The subscription and loan monies shall be made available no later than five calendar days after the date on which the Offer becomes, or is declared, wholly unconditional.

## **12. HML Share Option Schemes**

Participants in the HML Share Option Schemes will be contacted regarding the effect of the Offer on their rights under the HML Share Option Schemes. In accordance with Rule 15 of the Code, BDB Nominee will make appropriate proposals to such participants in due course.

## **13. Structure and implementation of the Acquisition and compulsory acquisition**

### *Process*

It is intended that the Offer will be implemented by means of a takeover offer under Part 28 of the Companies Act 2006, the provisions of which will be set out in full in the Offer Document (although BDB Nominee reserves the right to elect to implement the Offer by means of a Scheme of Arrangement (subject to Panel consent)).

The HML Shares shall be acquired under the Offer fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other rights and interests of any nature whatsoever and together with all rights now and hereafter attaching thereto, 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 date of this Announcement.

The Offer Document and the accompanying Form of Acceptance will be published approximately (and before) 28 days after this Announcement (unless BDB Nominee and HML otherwise agree, and the Panel

consents, to a later date). HML Shareholders are urged to read the Offer Document and the accompanying Form of Acceptance carefully once they have been dispatched.

#### *Compulsory acquisition*

If BDB Nominee receives acceptances under the Offer in respect of, and/or otherwise acquires, 90 per cent. or more of the HML Shares by nominal value, and voting rights attaching to such shares, to which the Offer relates and assuming that all of the Conditions of the Offer have been satisfied or waived (if capable of being waived), BDB Nominee intends to exercise its right pursuant to the provisions of Chapter 3 of Part 28 of the Companies Act 2006 to acquire compulsorily the remaining HML Shares in respect of which the Offer has not been accepted on the same terms as the Offer.

#### *Anticipated timetable*

It is expected that the Offer Document, together with the Form of Acceptance, will be dispatched to HML Shareholders and, for information only, to the holders of options granted under the HML Share Option Schemes, approximately (and before) 28 days after this Announcement (unless BDB Nominee and HML otherwise agree, and the Panel consents, to a later date).

A full expected timetable of principal events will be set out in the Offer Document.

### **14. Cancellation of admission to trading on AIM and re-registration**

On completion of the Offer, HML will become a subsidiary of BDB Nominee. Following the Offer becoming, or being declared, wholly unconditional and if BDB Nominee has by virtue of acceptances of the Offer acquired, or agreed to acquire, HML Shares representing greater than 75 per cent. of the voting rights attaching to the HML Shares, BDB Nominee intends to procure that HML makes an application to the appropriate authorities for the cancellation of the admission of the HML Shares to trading on AIM. Should BDB Nominee proceed with the intended cancellation a notice period of not less than 20 Business Days will be given on or after the date on which the Offer becomes, or is declared, wholly unconditional. Should BDB Nominee not receive acceptances to the Offer of greater than 75 per cent. of the voting rights of HML, then BDB Nominee intends following completion of the Offer to seek the cancellation of the admission of HML Shares to trading on AIM under the other provisions set out in Rule 41 of the AIM Rules.

**The cancellation of the admission of the HML Shares to trading on AIM would significantly reduce the liquidity and marketability of any HML Shares in respect of which the Offer has not been accepted at that time and the value of any such HML Shares may be adversely affected as a consequence.**

It is also intended that following the Offer becoming or being declared unconditional in all respects and the admission to trading on AIM of HML Shares having been cancelled, HML will be re-registered as a private limited company under the relevant provisions of the Companies Act 2006.

### **15. Offer-related arrangements**

#### ***Confidentiality Agreement***

Harwood and HML entered into a confidentiality agreement on 14 May 2020 (the "**Confidentiality Agreement**") pursuant to which Harwood has undertaken to HML to keep confidential information relating to HML and not disclose it to third parties (other than to permitted persons) unless required by law or regulation. Such confidentiality obligation will remain in force until completion of the Offer or otherwise for a period of 24 months from the date of the Confidentiality Agreement.

### **16. Disclosure of interests in the HML Group's relevant securities**

BDB Nominee confirms that within 10 Business Days of the date of this Announcement, it will make an Opening Position Disclosure, setting out the details required to be disclosed by it under Rule 8.1(a) of the Code.

Save for the 6,750,000 HML Shares held by Oryx and 175,000 HML Shares held by Harwood Capital Nominees Limited, which represent, in aggregate, approximately 15.06 per cent. of HML's existing issued share capital (as set out in section 9 above), and the irrevocable undertakings referred to in section 7 above, as at the close of business on 29 July 2020 (being the last Business Day prior to the date of this Announcement), neither BDB Nominee, or Harwood nor any of the directors or members (as applicable) of BDB Nominee or Harwood, nor so far as the directors or members (as applicable) of BDB Nominee

and Harwood are aware, any other person acting, or deemed to be acting, in concert (within the meaning of the Code) with BDB Nominee for the purposes of the Offer had:

- (a) any interest in, or right to subscribe for, any relevant securities of HML;
- (b) any short positions in respect of any relevant securities of HML (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 of, relevant securities of HML;
- (c) borrowed or lent any relevant securities of HML (save for any borrowed shares which have been either on-lent or sold);
- (d) procured an irrevocable commitment or letter of intent to accept the Offer or to vote in favour of a Scheme of Arrangement in respect of any relevant securities of HML; nor
- (e) any arrangement in relation to any relevant securities of HML.

For these purposes, an "arrangement" includes any indemnity or option arrangement, any agreement or any understanding, formal or informal, of whatever nature, relating to the relevant securities of HML which is, or may be, an inducement to deal or refrain from dealing in such securities.

## 17. General

BDB Nominee reserves the right to elect, with the consent of the Panel, to implement the Acquisition by way of a Scheme of Arrangement as an alternative to the Offer. In such event, the Scheme of Arrangement would be made on substantially the same terms as those which would apply to the Offer (subject to appropriate amendments, including the requirement of HML Shareholders to vote, or procure the vote, in favour of a Scheme of Arrangement at duly convened court and general meetings).

The Offer will be subject to the Conditions and certain further terms set out in Appendix I to this Announcement and to the full terms and conditions to be set out in the Offer Document and Form of Acceptance.

One of the Conditions of the Offer, being Condition 1(b)(ii) set out in Appendix I to this Announcement, is the Financial Conduct Authority approving the acquisition of control of HML, or any subsidiary undertaking of HML, by BDB Nominee pursuant to a notice under section 178 FSMA, and such approval not being subject to any conditions or restrictions.

Harwood and BDB Nominee can confirm that they have made the requisite filings to the Financial Conduct Authority and are in an active dialogue with the relevant team at the Financial Conduct Authority.

The Board of BDB Nominee is confident that the relevant approval will be forthcoming, such that the FCA Condition will be satisfied within the Panel's prescribed Code timetable.

However, in order to maximise the time that the Financial Conduct Authority has to undertake the process leading to its decision, it is intended that BDB Nominee will only despatch the Offer Document to HML Shareholders on, or before, 27 August 2020, being 28 days after release of this Announcement.

The sources of information and bases of calculation contained in this Announcement are set out in Appendix II to this Announcement. A summary of the irrevocable undertakings is set out in Appendix III to this Announcement. Certain terms used in this Announcement are defined in Appendix IV to this Announcement.

The Offer Document will include full details of the Offer, together with the expected timetable of principal events, and will be accompanied by the Form of Acceptance. The Offer will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange, the AIM Rules and the FCA.

This Announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014 ("**MAR**"). Market soundings, as defined in MAR, were taken in respect of the Offer, with the result that certain persons became aware of inside information, as permitted by MAR. That inside information is set out in this Announcement. Therefore, those persons that received inside information in a market sounding are no longer in possession of inside information relating to HML and its securities.

## 18. Consents

Strand Hanson has given and not withdrawn its consent to the publication of this Announcement with the inclusion in it of the references to its name and (where applicable) advice 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 in it of the references to its name and (where applicable) advice in the form and context in which they appear.

## 19. Documents available on a website

Copies of the following documents will be made available, subject to certain restrictions relating to persons resident in any Restricted Jurisdiction, on HML's website at [www.hmlgroup.com](http://www.hmlgroup.com) by no later than 12.00 noon (UK time) on 31 July 2020 until the end of the Offer Period:

- this Announcement;
- the irrevocable undertakings referred to in section 7 above and summarised in Appendix III to this Announcement;
- the Confidentiality Agreement;
- the Subscription Agreement and Loan Agreement referred to in section 11 above; and
- the written consents provided by Strand Hanson and finnCap referred to in section 18 of this Announcement.

### Enquiries:

#### **BDB Nominee Company Limited**

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BDB Pitmans LLP is providing legal advice to BDB Nominee. Keystone Law Limited is providing legal advice to HML.

### Important Notice

*Strand Hanson Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser to BDB Nominee and Harwood and no-one else in connection with the Offer and other matters described in this Announcement and will not be responsible to anyone other than BDB Nominee and Harwood for providing the protections afforded to clients of Strand Hanson Limited nor for providing advice in relation to the Offer, the contents of this Announcement or any other matter referred to herein. Neither Strand Hanson Limited nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Strand Hanson Limited in connection with this Announcement, any statement contained herein or otherwise.*

*finnCap Ltd, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser, nominated adviser and broker to HML and no-one else in connection with the Offer and other matters described in this Announcement and will not be responsible to anyone other than HML for providing the protections afforded to clients of finnCap Ltd nor for providing advice in relation to the Offer, the contents of this Announcement or any other matter referred to herein. Neither finnCap Ltd nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of finnCap Ltd in connection with this Announcement, any statement contained herein or otherwise.*

## **Further information**

*THIS ANNOUNCEMENT IS MADE PURSUANT TO RULE 2.7 OF THE CODE AND IS FOR INFORMATION PURPOSES ONLY AND IS NOT INTENDED TO, AND DOES NOT, CONSTITUTE OR FORM ANY PART OF, AN OFFER TO SELL OR AN INVITATION TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES OR THE SOLICITATION OF ANY VOTE OR APPROVAL IN ANY JURISDICTION PURSUANT TO THE OFFER OR OTHERWISE, NOR SHALL THERE BE ANY SALE, ISSUANCE OR TRANSFER OF THE SECURITIES REFERRED TO IN THIS ANNOUNCEMENT IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.*

*The Offer will be subject to the Conditions and to the further terms and conditions to be set out in the Offer Document. The Offer is being made solely through the Offer Document (or any other document by which the Offer is made), which will contain the full terms and conditions of the Offer, including details of how to accept the Offer. Any acceptance in relation to the Offer should be made only on the basis of the information contained in the Offer Document. HML Shareholders are advised to read the Offer Document carefully, once it has been despatched.*

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

*If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.*

## **Overseas jurisdictions**

*The availability of the Offer and the release, publication and distribution of this Announcement in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons who are not resident in the United Kingdom into whose possession this Announcement comes should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, the ability of persons who are not resident in the United Kingdom to participate in the Offer may be affected by the laws of the relevant jurisdictions in which they are located.*

*This Announcement has been prepared for the purposes of complying with English law, the Code and the AIM Rules and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws and regulations of jurisdictions outside the United Kingdom.*

*The Offer will be implemented in accordance with applicable English law and will be subject to the applicable requirements of the Code, the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the Panel and the rules of the London Stock Exchange (including the AIM Rules).*

*Unless otherwise determined by BDB Nominee or required by the Code, and permitted by applicable law and regulation, the Offer 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 accept the Offer from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Announcement, the Offer Document, the Form of Acceptance and all other documents relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from any Restricted Jurisdiction where to do so would violate the laws in such jurisdictions. All persons receiving this Announcement (including, without limitation, custodians, nominees and trustees) should observe these restrictions and any applicable legal or regulatory requirements of their jurisdiction and*

must not mail or otherwise forward, send or distribute this Announcement in, into or from any Restricted Jurisdiction where to do so would violate the laws in that jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person.

Further details in relation to Overseas Shareholders will be contained in the Offer Document.

### **Cautionary note regarding forward-looking statements**

*This Announcement (including information incorporated by reference in this Announcement) contains certain statements that are, or may be deemed to be, forward-looking statements with respect to BDB Nominee and/or HML. These forward-looking statements can be identified by the fact that they do not relate to historical or current facts. Forward-looking statements also often use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "hope", "aims", "continue", "will", "may", "should", "would", "could" or other words of similar meaning. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of BDB Nominee's or HML's operations and potential synergies resulting from the Offer; and (iii) the effects of government regulation on BDB Nominee's or HML's business. These statements are based on assumptions and assessments made by BDB Nominee and/or HML (as applicable) in light of their experience and perception of historical trends, current conditions, future developments and other factors they believe appropriate.*

*Forward-looking statements are not guarantees of future performance. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this Announcement. Neither BDB Nominee nor HML undertakes any obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise, except to the extent required by applicable law, the Panel or the Code.*

*There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business and competitive environments, market and regulatory forces, future exchange and interest rates, changes in tax rates, and future business combinations or dispositions.*

*No member of the BDB Nominee Group or the HML Group nor any of their respective associates, directors, officers, employees 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.*

*Except as expressly provided in this Announcement, no forward-looking or other statements have been reviewed by the auditors of the BDB Nominee Group or the HML Group. All subsequent oral or written forward-looking statements attributable to any member of the BDB Nominee Group or the HML Group, or any of their respective associates, directors, officers, employees or advisers, are expressly qualified in their entirety by the cautionary statement above.*

### **No profit forecasts, quantified financial benefit statements or estimates**

*No statement in this Announcement is intended, or is to be construed, as a profit forecast, profit estimate or quantified financial benefit statement for any period. No statement in this Announcement should be interpreted to mean that earnings per HML Share for the current or future financial years would necessarily match or exceed the historical published earnings per HML Share.*

### **Dealing and Opening Position Disclosure requirements of the Code**

*Under Rule 8.3(a) of the Code, any person who is interested in one per cent. or more of any class of relevant securities of HML 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) HML and (ii) any securities exchange offeror(s). An Opening Position*

Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (UK time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (UK time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of HML or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of HML or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of HML 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) HML and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (UK time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of HML 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 HML and by any offeror and Dealing Disclosures must also be made by HML, 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](http://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 and availability of hard copies**

This Announcement and the documents required to be published pursuant to Rule 26 of the Code will be available free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on HML's website at [www.hmlgroup.com](http://www.hmlgroup.com) by no later than 12.00 noon (UK time) on the Business Day following this Announcement.

Neither the content of any website referred to in this Announcement nor the content of any website accessible from hyperlinks on such website is incorporated into, or forms part of, this Announcement.

A hard copy of this Announcement will be sent to HML Shareholders (other than HML Shareholders who have elected to receive electronic communications) in the near future. HML Shareholders may request a hard copy of this Announcement (and any information incorporated by reference in this Announcement) free of charge by contacting Share Registrars on 01252 821 390 from within the UK or +44 (0)1252 821 390 if calling from outside the UK between 8.30 a.m. to 5.30 p.m., Monday to Friday (except public holidays in England and Wales) or by submitting a request in writing to Share Registrars at The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR. HML Shareholders may also request that all future documents, announcements and information to be sent to them in relation to the Offer should be in hard copy form. If you have received this Announcement in electronic form, hard copies of this Announcement and any document or information incorporated by reference into this Announcement will not be provided unless such a request is made.

### **Rule 2.9 information**

Pursuant to Rule 2.9 of the Code, HML confirms that, as at the date of this Announcement, it has 45,995,135 ordinary shares of 1.5 pence each in issue, with no shares held in treasury. Accordingly, HML has 45,995,135 ordinary shares of 1.5 pence each admitted to trading on AIM with International Securities Identification Number GB00B16DFY89.

### **Information relating to HML Shareholders**

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

## **Rounding**

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

## **Time**

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

## **APPENDIX I**

### **CONDITIONS AND CERTAIN FURTHER TERMS OF THE OFFER**

#### **Part A: The Conditions**

1. The Offer shall be subject to the following Conditions:

- (a) valid acceptances of the Offer being received (and not, where permitted, withdrawn) by no later than 1.00 p.m. (London time) on the First Closing Date of the Offer (or such later time(s) and/or dates(s) as BDB Nominee may, with the consent of the Panel or in accordance with the Code, decide) in respect of HML Shares which, taken together with all other HML Shares which BDB Nominee (and/or its nominees) acquires or agrees to acquire (whether pursuant to the Offer or otherwise), carry in aggregate not less than 75 per cent. (or such lesser percentage as BDB Nominee may decide) of the voting rights then normally exercisable at a general meeting of HML, provided that this Acceptance Condition will not be satisfied unless BDB Nominee and/or any member of the BDB Nominee Group shall have acquired or agreed to acquire (whether pursuant to the Offer or otherwise), directly or indirectly, HML Shares carrying in aggregate more than 50 per cent. of the voting rights then normally exercisable at a general meeting of HML;

for the purposes of this Acceptance Condition:

- (i) HML Shares which have been unconditionally allotted but not issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise, shall be deemed to carry the voting rights they shall carry upon issue; and
  - (ii) valid acceptances shall be deemed to have been received in respect of HML Shares which are treated for the purposes of Part 28 of the Companies Act 2006 as having been acquired or contracted to be acquired by BDB Nominee by virtue of acceptances of the Offer or otherwise;
- (b) subject to Part B below and to the requirements of the Panel, the Offer will also be conditional upon the following matters, unless such Conditions (as amended as appropriate) have been satisfied (where capable of satisfaction) and continue to be satisfied or, where relevant, waived:
    - (i) all notifications and filings which are necessary in connection with the Offer having been made by the relevant party, all necessary waiting periods (including any extension to them) under any applicable legislation or regulations of any jurisdiction having expired, lapsed or been terminated, all necessary statutory or regulatory obligations in any relevant jurisdiction having been complied with and all Authorisations which in each case are necessary for or in respect of the Offer, its implementation or any acquisition of any shares in, or control or management of, HML or any other member of the Wider HML Group by any member of the Wider BDB Nominee Group, in each case where the absence of such notification, filing or application would have a material adverse effect on the Wider BDB Nominee Group or the Wider HML Group in each case taken as a whole, and all Authorisations necessary in respect thereof having been obtained on terms and in a form reasonably satisfactory to BDB Nominee from all Relevant Authorities or persons with whom any member of the Wider HML Group has entered into contractual arrangements (other than contractual arrangements which have been Fairly

Disclosed) 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 period or to comply with such obligation or obtain such Authorisation from such a person would have a material adverse effect on the Wider HML Group taken as a whole, and all such Authorisations, together with all Authorisations necessary to carry on the business of any member of the Wider HML Group, remaining in full force and effect at the time when the Offer becomes wholly unconditional and there being no intimation of any intention to revoke or not to renew, withdraw, suspend, withhold, modify or amend the same in consequence of the Offer becoming wholly unconditional;

- (ii) in addition to Condition 1(b)(i) above, the Financial Conduct Authority approving the acquisition of control of HML, or any subsidiary undertaking of HML, by BDB Nominee pursuant to a notice under section 178 FSMA, such approval not being subject to any conditions or restrictions. In the event that such notice under section 178 FSMA is a joint notice between HML and BDB Nominee, neither HML nor BDB Nominee will unreasonably withhold cooperation and will provide any information and/or documentation required in a timely manner;
- (iii) no Relevant Authority having instituted, implemented or threatened any action, suit, proceedings, investigation, reference or enquiry, or enacted, made or proposed any statute, regulation, order or decision, or having taken any other steps or measures that would or might reasonably be expected to, in any case which would be material in the context of the Wider HML Group or the Wider BDB Nominee Group, as the case may be, when taken as a whole:
  - (A) make the Offer, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control over, HML or any member of the Wider HML Group by BDB Nominee or any member of the Wider BDB Nominee Group, illegal, void or unenforceable under the laws of any relevant jurisdiction or otherwise directly or indirectly materially restrict, restrain, prohibit, delay, frustrate or interfere in the implementation of or impose additional material conditions or obligations with respect to or otherwise materially challenge the Offer or such proposed acquisition in any case in a manner which is material in the context of the Wider HML Group when taken as a whole (including without limitation, taking any steps which would entitle the Relevant Authority to require any member of the Wider BDB Nominee Group to dispose of all or some of its HML Shares or restrict the ability of any member of the Wider BDB Nominee Group to exercise voting rights in respect of some or all of such HML Shares);
  - (B) require, prevent or materially delay a divestiture by any member of the Wider BDB Nominee Group of any shares or other securities in HML;
  - (C) impose any material limitation on, or result in a material delay in, the ability of BDB Nominee or HML or any member of the Wider BDB Nominee Group to acquire or hold or exercise effectively, directly or indirectly, any rights of ownership of shares or other securities in any member of the Wider HML Group or voting rights or management control over any member of the Wider HML Group;
  - (D) require, prevent or materially delay a divestiture by any member of the Wider BDB Nominee Group or the Wider HML Group of all or any material portion of their respective businesses, assets or properties or impose any material limitation on the ability of any of them to conduct their respective businesses or own their respective assets or properties;

- (E) result in any member of the Wider HML Group or the Wider BDB Nominee Group ceasing to be able to carry on their business under any name under which it presently does so;
- (F) impose any material limitation on the ability of any member of the Wider BDB Nominee Group or of the Wider HML Group to integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider BDB Nominee Group or of the Wider HML Group in a manner that is materially adverse to the relevant group taken as a whole;
- (G) otherwise affect any or all of the businesses, assets, prospects or profits of any member of the Wider BDB Nominee Group or any member of the Wider HML Group in a manner which is material and adverse to the relevant group taken as a whole; or
- (H) other than in the implementation of the Offer pursuant to Chapter 3 of Part 28 of the Companies Act 2006, require the divestiture by any member of the Wider BDB Nominee Group of any shares, securities or other interests in any member of the Wider HML Group;

and all applicable waiting and other time periods during which any such Relevant Authority could institute, or implement or threaten any proceedings, suit, investigation or enquiry or enact, make or propose any such statute, regulation or order or take any other such step having expired, lapsed or been terminated;

- (iv) except as Fairly Disclosed there being no provision of any Authorisation or other instrument to which any member of the Wider HML Group is a party, or by or to which any such member, or any of its assets, is bound or subject, which could or might reasonably be expected, as a consequence of the Offer or of the proposed acquisition by BDB Nominee of any shares or other securities (or the equivalent) in HML or because of a change in, or control or management of, any member of the Wider HML Group, result, in any case to an extent which is material in the context of the Wider HML Group taken as a whole, in:

- (A) any assets or interests of any member of the Wider HML Group being or falling to be disposed of or charged, or any right arising under which any such assets or interests could be required to be disposed of or charged or could cease to be available to any member of the Wider HML Group, other than in the ordinary course of business;
- (B) any monies borrowed by or other indebtedness or material liabilities (actual or contingent) of, or any grant available to, any member of the Wider HML Group becoming repayable or being capable of being declared repayable immediately or earlier than its stated repayment date or the ability of such member of the Wider HML Group to incur any indebtedness becoming or being capable of being or becoming withdrawn or prohibited;
- (C) any such Authorisation or other instrument being terminated or materially adversely modified, affected, amended or varied or any materially adverse action being taken or any onerous obligation or liability arising thereunder;
- (D) the business or interests of any member of the Wider HML Group with any firm, body or person (or any arrangements relating to such business or interests) being terminated, modified, affected, amended or varied in any materially adverse manner;
- (E) the value of or the financial or trading position or prospects of any member of the Wider HML Group being prejudiced or adversely affected;

- (F) the creation of any liability (actual or contingent) by any member of the Wider HML Group other than in the ordinary course of business;
- (G) any liability of any member of the Wider HML Group to make any severance, termination, bonus or other payment to any of its directors or other officers;
- (H) 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 HML Group or any such mortgage, charge or security (whenever arising or having arisen) becoming enforceable; or
- (I) any member of the Wider HML Group ceasing to be able to carry on business under any name under which it currently does so,

and no event having occurred which, under any provision of any Authorisation or other instrument to which any member of the Wider HML Group is a party, or by or to which any such member, or any of its assets, is bound, or subject, would reasonably be expected to result, in any case to an extent which is material and adverse in the context of the Wider HML Group taken as a whole, in any of the events or circumstances as are referred to in items (i) to (viii) inclusive of this section;

(v) since 31 March 2020 and except as Fairly Disclosed:

- (A) no enquiry or investigation by or complaint or reference to any Relevant Authority against or in respect of any member of the Wider HML Group or no criminal proceedings, litigation, arbitration proceedings, mediation proceedings, prosecution or other legal proceedings to which any member of the Wider HML Group is or may become a party (whether as claimant, defendant or otherwise) having been instituted or threatened or remaining outstanding against or in respect of any member of the Wider HML Group which in any case is material in the context of the Wider HML Group taken as a whole;
- (B) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits of any member of the Wider HML Group which in any case is material in the context of the Wider HML Group taken as a whole;
- (C) no contingent or other liability having arisen, become apparent or increased which in any case is material in the context of the Wider HML Group taken as a whole; and
- (D) no steps having been taken and no omissions having been made which would reasonably be expected to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider HML Group, which is material to, and necessary for the proper carrying on of, its business;

(vi) since 31 March 2020 and except as Fairly Disclosed, neither HML nor any other member of the Wider HML Group having:

- (A) issued or agreed to issue or authorised or announced its intention to authorise or propose the issue or grant of additional shares of any class, 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 any HML Shares out of treasury (save as between HML and any member of the Wider HML Group or between any members of the Wider HML Group and save for the issue of HML Shares pursuant to the entitlements of participants under the HML Share Option Schemes);
- (B) purchased, redeemed or repaid any of its own shares or other securities or reduced or made any other changes to its share capital, except in respect of the matters mentioned in Condition 1(b)(vi)(A) above;

- (C) recommended, declared, paid or made or proposed to recommend, declare, pay or make any dividend, bonus or other distribution whether payable in cash or otherwise, other than to HML or a wholly-owned subsidiary of HML;
- (D) save for any transaction between HML and any member of the Wider HML Group or between any members of the Wider HML Group, merged with, demerged or acquired any body corporate, partnership or business or acquired or disposed of or transferred, mortgaged, charged or created any security interest over any assets or any right, title or interest in any assets (including shares in subsidiaries and trade investments) which in any case would be material in the context of the Wider HML Group taken as a whole;
- (E) save for any transaction between HML and any member of the Wider HML Group or between any members of the Wider HML Group, issued or authorised the issue of any debentures or incurred or increased any indebtedness or liability or become subject to a contingent liability which in any case is material in the context of the Wider HML Group taken as a whole;
- (F) entered into, varied or authorised any arrangement, transaction, contract or commitment other than in the ordinary course of business (whether in respect of capital expenditure or otherwise) which is of a long-term, onerous or unusual nature or which involves an obligation of a nature and magnitude which is material in the context of the Wider HML Group taken as a whole or is likely to materially restrict the scope of the existing business of any member of the Wider HML Group other than to a nature and extent which is normal in the context of the business concerned;
- (G) save for any transaction between HML and any member of the Wider HML Group or between any members of the Wider HML Group, entered into, implemented, effected or authorised any merger, demerger, reconstruction, amalgamation, scheme, commitment or other transaction or arrangement (other than the Offer) in relation to itself or another member of the Wider HML Group otherwise than in the ordinary course of business which in any case is material in the context of the Wider HML Group taken as a whole;
- (H) otherwise than in the ordinary course of business, waived or compromised any claim which is material in the context of the Wider HML Group taken as a whole;
- (I) taken any corporate action or had any legal proceedings started or threatened against it for its winding up (whether voluntary or otherwise), dissolution or reorganisation or analogous proceedings in any jurisdiction or for the appointment of a receiver, trustee, administrator, administrative receiver or similar officer in any jurisdiction of all or any of its assets and revenues or had any such person appointed which in any case is material in the context of the Wider HML Group taken as a whole;
- (J) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments or a moratorium of any indebtedness that is material in the context of the Wider HML Group;
- (K) been unable or admitted in writing that it is unable to pay its debts or having stopped or suspended (or threatened to do so) payments of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business in any case which is material in the context of the Wider HML Group taken as a whole;
- (L) save for any transaction between HML and any member of the Wider HML Group or between any members of the Wider HML Group

made or authorised any change in its loan capital which is material in the context of the Wider HML Group taken as a whole;

- (M) entered into or varied in any material respect the terms of any letter of appointment or service agreement (as the case may be) with or relating to any of the executive directors, non-executive directors or senior executives of HML or any of the directors or senior executives of any other member of the Wider HML Group;
  - (N) proposed, agreed to provide or modified in any material respect the terms of any share option scheme, incentive scheme or, other than in the ordinary course of business, any other benefit relating to the employment or termination of employment of any person employed by the Wider HML Group which in any case is material in the context of the Wider HML Group taken as a whole;
  - (O) save as envisaged in the Offer, made any alteration to its Articles of Association or other incorporation or constitutional documents which is material in the context of the Offer; or
  - (P) otherwise than in the ordinary course of business entered into any agreement or commitment or passed any resolution or made any offer which remains open for acceptance or proposed or announced any intention with respect to any of the transactions, matters or events referred to in this paragraph (vi);
- (vii) BDB Nominee not having discovered that, except as Fairly Disclosed:
- (A) any financial, business or other information concerning the Wider HML Group disclosed publicly or disclosed to any member of the Wider BDB Nominee Group by any member of the Wider HML Group at any time is to a material extent misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make the information therein not misleading to a material extent and which was not corrected before the date of the announcement of the Offer either by public disclosure through a Regulatory Information Service or by a written disclosure to the Wider BDB Nominee Group and which is material in the context of the Wider HML Group taken as a whole; or
  - (B) any information which affects the import of any information disclosed to any member of the Wider BDB Nominee Group at any time by or on behalf of any member of the Wider HML Group which is material in the context of the Wider HML Group taken as a whole; or
  - (C) any member of the Wider HML Group has not complied with any applicable legislation or regulations of any relevant jurisdiction with regard to the use, storage, transport, treatment, handling, disposal, release, discharge, spillage, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health, or otherwise relating to environmental matters or the health and safety of any person where non-compliance would be likely to give rise to any liability or cost (whether actual or contingent) on the part of any member of the Wider HML Group which in any case is material in the context of the Wider HML Group taken as a whole; or
  - (D) there has been an emission, discharge, disposal, spillage or leak of waste or hazardous substance or any substance likely to impair the environment or harm human health which would be likely to give rise to any liability or cost (whether actual or contingent) on the part of any member of the Wider HML Group which in any case is material in the context of the Wider HML Group taken as a whole; or

- (E) there is or is likely to be any liability (whether actual or contingent) to improve or install new plant or equipment or make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by any past or present member of the Wider HML Group under any environmental legislation, regulation, notice, circular or order of any Relevant Authority or any other person or body in any jurisdiction which in any case is material in the context of the Wider HML Group taken as a whole; or
- (F) circumstances exist whereby a person or class of person would be likely to have any claim or claims in respect of any product or process of manufacture or materials used therein now or previously manufactured, sold or carried out by any past or present member of the Wider HML Group which in any case is material in the context of the Wider HML Group taken as a whole; and
- (viii) except as Fairly Disclosed, no member of the Wider HML Group nor the trustees of any relevant pension scheme having, since 31 March 2020 (and in each case to an extent which is material in the context of the Wider HML Group taken as a whole):
- (A) made or agreed or consented to any significant change (i) to the terms of any trust deeds constituting the pension schemes established for the directors or employees (or their dependants) of any member of the Wider HML Group, (ii) to the benefits which accrue, (iii) to the pensions which are payable thereunder for all members or any category of members, (iv) to the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined for all members or any category of members (including with regard to commutation factors where employer agreement is required to change such factors), or (v) to the basis on which the liabilities (including pensions) of such pension schemes are funded (including putting in place, agreeing or consenting to technical provisions, actuarial valuations, statements of funding principles, schedules of contributions and recovery plans pursuant to Part 3 of the Pensions Act 2004); or
- (B) established any new pensions arrangements.

***Part B : Waiver of Conditions and further terms of the Offer***

1. BDB Nominee reserves the right (subject to the requirements of the Code and the Panel) to waive in whole or in part all or any of the above Conditions, other than the Acceptance Condition and the FCA Condition.
2. If BDB Nominee is required by the Panel to make an offer for HML Shares under the provisions of Rule 9 of the Code, BDB Nominee may make such alterations to the terms and conditions of the Offer as are necessary to comply with the provisions of that Rule, and such offer shall be subject to the terms and conditions as so amended.
3. The Offer will lapse unless all the Conditions to the Offer have been fulfilled or (if capable of waiver) waived or, where appropriate, determined by BDB Nominee to have been or remain satisfied by midnight (London time) on the date which is 21 days after the later of the First Closing Date and the date on which the Offer becomes, or is declared, unconditional as to acceptances (or such later date (if any) as BDB Nominee may, with the consent of the Panel or in accordance with the Code, decide).
4. BDB Nominee shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the Conditions except for the Acceptance Condition or the FCA Condition by a date earlier than the latest date for the fulfilment of that condition notwithstanding that the other Conditions of the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
5. The Offer will lapse if, before 1.00 p.m. (London time) on the First Closing Date or the date on which the Offer becomes, or is declared, unconditional as to acceptances (whichever is later):

- a. in so far as the Offer or any matter arising from or relating to the Offer constitutes a concentration with a Community dimension within the scope of Council Regulation (EC) 139/2004 (the "**Regulation**"), the European Commission initiates proceedings under Article 6(1)(c) of the Regulation or makes a referral under Article 9(1) of the Regulation to the CMA and the CMA makes a CMA Phase 2 Reference; or
  - b. in so far as the Offer or any matter arising from or relating to the Offer becomes subject to a CMA Phase 2 Reference.
6. If the Offer lapses, not only will the Offer cease to be capable of further acceptance but also HML Shareholders and BDB Nominee will thereafter cease to be bound by prior acceptances.
7. BDB Nominee reserves the right to elect (with the consent of the Panel (if required)) to implement the Offer by way of a court-sanctioned Scheme of Arrangement. In such event, the Offer will be implemented on substantially the same terms as those which would apply to the Offer, subject to appropriate amendments to reflect the change in method (including statutory voting requirements).
8. The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the Restricted Jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.
9. Unless otherwise determined by BDB Nominee or required by the Code and permitted by applicable law and regulation, the Offer is not being, and will not be, made, directly or indirectly, in or into or by the use of the mails of, or by any other means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, internet or other forms of electronic transmission) of interstate or foreign commerce of, or by any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and will not be capable of acceptance by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction.
10. Under Rule 13.5 of the Code, BDB Nominee may only invoke a Condition so as to cause the Offer not to proceed, to lapse or to be withdrawn where the circumstances which give rise to the right to invoke the Condition are of material significance to BDB Nominee in the context of the Offer. The Acceptance Condition is not subject to Rule 13.5 of the Code.
11. HML Shares will be acquired pursuant to the Offer fully paid with full title guarantee and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any third party interests and other rights of any nature whatsoever and together with all rights now or hereafter attaching thereto, including voting rights and the right to receive and retain in full all dividends and other distributions (if any), and any other return of capital (whether by way of reduction of share capital or share premium account or otherwise), declared, made or paid on or after the date of this Announcement.
12. If, on or after the date of this Announcement and before the Offer becomes or is declared wholly unconditional, any dividend, other distribution and/or other return of capital is authorised, declared, made or paid or becomes payable in respect of the HML Shares, BDB Nominee reserves the right to reduce the consideration payable under the terms of the Offer for the HML Shares by an amount of up to the amount of such dividend, distribution and/or return of capital, in which case any reference in this Announcement or in the Offer Document to the consideration payable under the terms of the Offer will be deemed to be a reference to the consideration as so reduced. To the extent that any such dividend, distribution and/or other return of capital is authorised, declared, made or paid or is payable and it is: (i) transferred pursuant to the Offer on a basis which entitles BDB Nominee to receive the dividend, distribution or return of capital and to retain it; or (ii) cancelled, the consideration payable under the terms of the Offer will not be subject to change in accordance with this paragraph. Any exercise by BDB Nominee of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Offer.
13. The Offer will be governed by the laws of England and Wales and be subject to the jurisdiction of the courts of England and Wales. The Offer will also be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange, the FCA and the AIM Rules. In addition, it will be subject to the terms and conditions set out in the Offer Document.
14. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

## APPENDIX II

### SOURCES OF INFORMATION AND BASES OF CALCULATION

In this Announcement, unless otherwise stated, or the context otherwise requires, the following bases and sources have been used:

1. The value attributed to the fully diluted share capital of HML is based upon: (i) the 45,995,135 HML Shares in issue; and (ii) the 4,702,250 in-the-money options outstanding under the HML Share Option Schemes; in each case as at 29 July 2020 (being the last Business Day prior to the date of this Announcement).
2. The maximum cash consideration payable pursuant to the Offer is based on the Offer Price and the fully diluted share capital as set out in 1. above.
3. Unless otherwise stated, all prices for HML Shares are closing middle market quotations derived from the AIM Appendix to the London Stock Exchange's Daily Official List for the particular date(s) concerned.
4. The volume weighted average price of 25.95 pence per HML Share over the three month period up to and including 29 July 2020, is derived from Bloomberg's daily volume weighted average price data.
5. Unless otherwise stated, the financial information relating to the HML Group has been extracted or derived (without material adjustment) from HML's preliminary unaudited consolidated financial statements for the financial year ended 31 March 2020 prepared in accordance with IFRS.
6. All information relating to BDB Nominee has been provided by persons duly authorised by the BDB Nominee Board.
7. All information relating to Harwood and the Harwood Funds has been extracted from published sources and/or provided by persons duly authorised by Harwood and the Harwood Funds.
8. All information relating to HML has been extracted from published sources (including the abovementioned financial information) which has been extracted without material adjustment from such sources and/or provided by persons duly authorised by HML.
9. 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 III

### DETAILS OF IRREVOCABLE UNDERTAKINGS

#### **HML Directors**

The HML Directors have given irrevocable undertakings to accept the Offer (or if BDB Nominee exercises its right to structure the Offer as a Scheme of Arrangement, to vote in favour of such Offer) as follows:

<b>Name of HML Director</b>	<b>Number of HML Shares to which undertaking relates*</b>	<b>Percentage of HML's existing issued ordinary share capital</b>
Richard Smith	1,953,399	4.25%
James Howgego	1,594,100	3.47%
Geoffrey Griggs	533,167	1.16%
<b>TOTAL :</b>	<b>4,080,666</b>	<b>8.87%</b>

\* - the undertakings and the numbers referred to above refer only to those HML Shares to which the relevant director is beneficially entitled or any share such director is otherwise able to control the exercise of in terms of the rights attaching to such share, including the ability to procure the transfer of such share. The numbers referred to in this table exclude any award that may be

The HML Directors' irrevocable undertakings shall lapse and cease to become binding, *inter alia*, if (i) the Offer Document is not published within 28 days of this Announcement (or within such longer period as the Panel may agree); (ii) the Offer lapses or is withdrawn without becoming or being declared unconditional in all respects; or (iii) BDB Nominee announces that it will not proceed with the Offer.

#### ***Institutional and other HML Shareholders***

The following HML Shareholders have given irrevocable undertakings to accept the Offer (or if BDB Nominee exercises its right to structure the Offer as a Scheme of Arrangement, to vote in favour of such Offer) as follows:

<b>Name of HML Shareholder</b>	<b>Number of HML Shares to which undertaking relates</b>	<b>Percentage of HML's existing issued ordinary share capital</b>
LTC Holdings plc	9,432,117	20.51%
Robert Plumb	2,964,067	6.44%
<b>TOTAL:</b>	<b>12,396,184</b>	<b>26.95%</b>

The irrevocable undertakings for LTC Holdings plc and Mr Robert Plumb shall lapse and cease to become binding, *inter alia*, if (i) the Offer Document is not published within 28 days of this Announcement (or within such longer period as the Panel may agree); (ii) the Offer lapses or is withdrawn without becoming or being declared unconditional in all respects; or (iii) BDB Nominee announces that it will not proceed with the Offer.

#### ***Oryx's and Harwood Capital Nominees Limited's Irrevocable Undertakings***

Oryx has irrevocably undertaken to accept or procure the acceptance of the Offer in relation to HML Shares representing approximately 14.68 per cent. of the share capital of HML in issue on 29 July 2020 (being the last Business Day prior to the date of this Announcement).

Harwood Capital Nominees Limited has irrevocably undertaken to accept or procure the acceptance of the Offer in relation to HML Shares representing approximately 0.38 per cent. of the share capital of HML in issue on 29 July 2020 (being the last Business Day prior to the date of this Announcement).

These irrevocable undertakings shall lapse and cease to be binding *inter alia*, if (i) the Offer Document is not published within 28 days of this Announcement (or within such longer period as the Panel may agree); (ii) the Offer lapses or is withdrawn without becoming or being declared unconditional in all respects; or (iii) BDB Nominee announces that it will not proceed with the Offer.

## **APPENDIX IV**

### **DEFINITIONS**

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

<b>"Acceptance Condition"</b>	the acceptance condition in paragraph 1(a) of Part A of Appendix I to this Announcement;
<b>"Acquisition"</b>	the acquisition of the entire issued and to be issued share capital of HML to be effected by way of the Offer (or if BDB Nominee so elects by way of a Scheme of Arrangement (subject to Panel consent));
<b>"AIM"</b>	AIM, a market operated by the London Stock Exchange;
<b>"AIM Rules"</b>	the AIM Rules for Companies published by the London Stock

	Exchange (as amended from time to time);
<b>"Announcement"</b>	this announcement including its Appendices made pursuant to Rule 2.7 of the Code dated 30 July 2020;
<b>"Appendices"</b>	the appendices to this Announcement;
<b>"Authorisations"</b>	regulatory authorisations, grants, orders, recognitions, confirmations, arrangements, consents, licences, clearances, certificates, permissions, exemptions or approvals;
<b>"BDBNominee"</b>	BDB Nominee Company Limited, a company incorporated in England and Wales under registration number 12708049 with limited liability having its registered office at 6 Stratton Street, London W1J 8LD;
<b>"BDB Nominee Directors"</b>	the board of directors of BDB Nominee as at the date of this Announcement;
<b>"BDB Nominee Group"</b>	BDB Nominee and its direct and indirect holding companies (including, for the avoidance of doubt, HPE V);
<b>"BDBNomineeOrdinaryShares"</b>	ordinary shares of 10 pence each in the capital of BDB Nominee;
<b>"BDB Nominee ZRP Shares"</b>	redeemable, zero dividend redeemable preference shares of £1 each in the capital of BDB Nominee;
<b>"Bloomberg"</b>	Bloomberg L.P., a financial software services, news and data company;
<b>"Board"</b>	the board of directors of HML or BDB Nominee (as applicable) and the terms <b>"HML Board"</b> and <b>"BDB Nominee Board"</b> shall be construed accordingly;
<b>"Business Day"</b>	a day (other than a Saturday, Sunday or UK public holiday) on which clearing banks in the City of London are open for the transaction of general commercial business;
<b>"Closing Price"</b>	the closing middle market price of an HML Share on a particular trading day as derived from the AIM Appendix to the Daily Official List for that trading day;
<b>"CMA"</b>	a UK statutory body established under the Enterprise and Regulatory Reform Act 2013;
<b>"CMA Phase 2 Reference"</b>	a reference of the Offer to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013;
<b>"Code"</b>	the City Code on Takeovers and Mergers in the UK issued by the Panel;
<b>"Companies Act 2006"</b>	the Companies Act 2006 (as amended from time to time);
<b>"Conditions"</b>	the conditions to implementing the Offer as set out in Appendix I to this Announcement and to be set out in the Offer Document;
<b>"ConfidentialityAgreement"</b>	the confidentiality agreement entered into by HML and Harwood on 14 May 2020 in respect of confidential information relating to HML;
<b>"Daily Official List"</b>	the Daily Official List published by the London Stock Exchange;
<b>"Dealing Disclosure"</b>	has the same meaning as in Rule 8 of the Code;
<b>"Fairly Disclosed"</b>	as publicly announced by or on behalf of HML through (i) a Regulatory Information Service on or before the date of this Announcement, (ii) the publication of such information on the main website maintained by HML before the date of this Announcement, (iii) filings made with the Registrar of Companies and appearing on HML's or any member of the Wider HML Group's file at Companies House within the last two years, (iv) in this Announcement, or (v) as otherwise fairly disclosed by any member of the HML Group or any

of its professional advisers, including any of its legal advisers and any of its financial advisers, to a member of the BDB Nominee Group or any of its professional advisers, including to any of its legal advisers and any of its financial advisers, before the date of this Announcement (including all matters fairly disclosed in the written replies, correspondence, documentation and information provided in an electronic data room created by or on behalf of HML or sent to any member of the BDB Nominee Group or any of its professional advisers during the due diligence process and whether or not in response to any specific request for information made by any member of the BDB Nominee Group or any of its professional advisers);

<b>"FCA Condition"</b>	the FCA condition in paragraph 1(b)(ii) of Part A of Appendix I to this Announcement;
<b>"Financial Conduct Authority" or "FCA"</b>	the Financial Conduct Authority in its capacity as the competent authority for the purposes of Part VI of the FSMA, including its successor(s) from time to time;
<b>"finnCap"</b>	finnCap Limited, the financial adviser, Rule 3 adviser, nominated adviser and broker to HML;
<b>"First Closing Date"</b>	the date which falls 21 days after the date of posting of the Offer Document;
<b>"Form of Acceptance"</b>	the form of acceptance and authority relating to the Offer, which will accompany the Offer Document;
<b>"FSMA"</b>	the Financial Services and Markets Act 2000 (as amended from time to time);
<b>"Harwood" or "Harwood Capital"</b>	Harwood Capital LLP, a limited liability partnership incorporated in England and Wales under the Limited Liability Partnerships Act 2000 under registered number OC304213;
<b>"Harwood Capital Management"</b>	Harwood Capital Management Limited, a company incorporated in England and Wales under registration number 07667924 with limited liability having its registered office at 6 Stratton Street, London W1J 8LD;
<b>"Harwood Capital Management Group"</b>	Harwood Capital Management and its subsidiaries;
<b>"Harwood Funds"</b>	certain discretionary investment management and/or advisory clients of Harwood and/or the Harwood Capital Management Group, including, <i>inter alia</i> , Oryx and HPE V;
<b>"HML" or the "Company"</b>	HML Holdings plc, a public limited company incorporated in England and Wales with registered number 05728008 whose registered office is at 9-11 The Quadrant, Richmond, Surrey TW9 1BP;
<b>"HML Directors"</b>	the board of directors of HML as at the date of this Announcement;
<b>"HMLGroup"</b>	HML and its subsidiary undertakings;
<b>"HML Share Option Schemes"</b>	the share option schemes in HML;
<b>"HMLShareholders"</b>	registered holders of HML Shares from time to time;
<b>"HMLShares"</b>	the ordinary shares of 1.5 pence each in the capital of the Company;
<b>"HPE V"</b>	Harwood Private Equity V L.P., a limited partnership registered in England and Wales on 2 July 2019 under registration number LP020344;
<b>"IFRS"</b>	International Financial Reporting Standards as adopted by the European Union;

<b>"Loan Agreement"</b>	the agreement made between (i) BDB Nominee and (ii) Harwood dated 30 July 2020;
<b>"London Stock Exchange"</b>	London Stock Exchange plc, a public company incorporated in England and Wales under number 02075721, together with any successors thereto;
<b>"Offer"</b>	the recommended offer of 37.5 pence in cash to be made by BDB Nominee for the entire issued and to be issued share capital of HML on the terms and conditions to be set out in the Offer Document (or if BDB Nominee elects (subject to the consent of the Panel) in the document relating to the Scheme of Arrangement), including, where the context so requires, any subsequent revision, variation, extension or renewal of such offer;
<b>"Offer Document"</b>	the formal document containing the Offer to be posted to HML Shareholders and others containing, <i>inter alia</i> , the terms and conditions of the Offer;
<b>"Offer Period"</b>	the offer period (as defined by the Code) relating to HML, which commenced on 30 July 2020, being the date of this Announcement, and ending on the latest of: (i) 1.00 p.m. (London time) on the First Closing Date; (ii) the time and date on which the Offer becomes or is declared unconditional as to acceptances; and (iii) the time and date on which the Offer lapses or is withdrawn (or such other date as the Panel may decide);
<b>"Offer Price"</b>	37.5 pence per HML Share;
<b>"Opening Position Disclosure"</b>	has the same meaning as in Rule 8 of the Code;
<b>"Oryx"</b>	Oryx International Growth Fund Limited, a closed-ended investment company incorporated in Guernsey, whose shares are traded on the Main Market of the London Stock Exchange, whose registered number is GG28917;
<b>"Overseas Shareholders"</b>	HML Shareholders (or nominees of, or custodians or trustees for, HML Shareholders) not resident in, or nationals or citizens of, the United Kingdom;
<b>"Panel"</b>	the Panel on Takeovers and Mergers in the UK;
<b>"Registrar of Companies"</b>	the Registrar of Companies in England and Wales within the meaning of the Companies Act 2006;
<b>"Regulatory Information Service"</b>	a primary information provider which has been approved by the FCA to disseminate regulated information and is included in the list maintained on the London Stock Exchange's website;
<b>"Relevant Authority"</b>	any 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;
<b>"Restricted Jurisdiction"</b>	the United States, Canada, Australia, Japan, South Africa or any other jurisdiction where making the Offer or making information concerning the Offer available may (i) constitute a violation of the relevant laws or regulations of such jurisdiction, or (ii) result in the requirement to comply with any governmental or other consents or any registration, filing or other formality which BDB Nominee and HML regard as unduly onerous;
<b>"Rule"</b>	a rule of the Code;
<b>"Scheme of Arrangement"</b>	as defined in section 895 of the Companies Act 2006;
<b>"Share Registrars"</b>	Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey, GU9 7DR;

<b>"Strand Hanson"</b>	Strand Hanson Limited, the financial adviser to BDB Nominee and Harwood Capital;
<b>"Subscription Agreement"</b>	the agreement made between (i) BDB Nominee and (ii) Harwood, dated 30 July 2020;
<b>"United Kingdom" or "UK"</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>"United States"</b>	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all areas subject to its jurisdiction or any political sub-division thereof;
<b>"Wider BDB Nominee Group"</b>	the BDB Nominee Group and associated undertakings of BDB Nominee and any other body corporate, partnership, joint venture or person in which members of the BDB Nominee Group (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent; and
<b>"Wider HML Group"</b>	the HML Group and associated undertakings of HML and any other body corporate, partnership, joint venture or person in which members of the HML Group (aggregating their interests) have an interest of more than 20 per cent. of the total voting rights or equity share capital or the equivalent.

For the purposes of this Announcement, "**subsidiary**", "**subsidiary undertaking**", "**parent undertaking**", "**undertaking**" and "**associated undertaking**" have the respective meanings given thereto by the Companies Act 2006.

All references to "**GBP**", "**pounds**", "**poundsSterling**", "**Sterling**", "**£**", "**pence**", "**penny**" and "**p**" are to the lawful currency of the United Kingdom.

All times referred to in this Announcement are UK times unless otherwise stated.

In this Announcement, references to the singular include the plural and vice versa, unless the context otherwise requires and words importing the masculine gender shall include the feminine or neutral gender.

All references to legislation in this Announcement are to English legislation unless the contrary is stated.

Any references to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

**END**

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