

Offer for Alternative Credit Investments plc

Released 07:00:06 03 November 2020

RNS Number : 0232E
Waterfall Asset Management, LLC
03 November 2020

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION

FOR IMMEDIATE RELEASE

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) NO. 596/2014

3 November 2020

RECOMMENDED CASH OFFER

for

ALTERNATIVE CREDIT INVESTMENTS PLC

(formerly Pollen Street Secured Lending plc)

by

WATERFALL EIT UK LIMITED

(a newly formed company owned by funds managed by Waterfall Asset Management, LLC.)

to be effected by means of a Scheme of Arrangement

under Part 26 of the Companies Act 2006

Summary

- The board of directors of Waterfall EIT UK Limited ("**Bidco**") and the board of directors of Alternative Credit Investments plc ("**ACI**") (the "**ACI Board**" or the "**ACI Directors**") are pleased to announce that they have reached agreement on the terms of a recommended cash offer to be made by Bidco for the entire issued ordinary share capital of ACI (the "**Acquisition**"). It is intended that the Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.
- Under the terms of the Acquisition, each ACI Shareholder will be entitled to receive:
 - 870 pence in cash per ACI Share**
- ACI Shareholders will also be entitled to receive an interim dividend of up to 12 pence per ACI Share if declared and paid by the ACI Board in respect of the period ended 30 September 2020 (the "**Q3 Dividend**"). The ACI Board currently anticipates declaring the Q3 Dividend at or around the time of the publication of month-end NAV for the month ended 30 September 2020, which is currently expected to be released in the week ending 13 November 2020.
- The Acquisition values the entire issued and to be issued ordinary share capital of ACI at approximately £639.2 million.
- The Acquisition Price represents:
 - a premium of approximately 5.1 per cent. to the Closing Price of 828 pence per ACI Share on 24 February 2020 (being the last Business Day prior to the commencement of the Offer Period);
 - a premium of approximately 5.1 per cent. to the Volume Weighted Average Price per ACI Share during the three month period ended 24 February 2020;
 - a premium of approximately 4.8 per cent. to the Volume Weighted Average Price per ACI Share during the six month period ended 24 February 2020; and
 - a discount of approximately 6.3 per cent. to the Adjusted August NAV, compared to the average discount to cum income NAV of 14.2 per cent. during the six month period ended 24 February 2020.

Recommendation

- The ACI Directors, who have been so advised by Smith Square Partners as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing its advice to the ACI Directors, Smith Square Partners has taken into account the commercial assessments of the ACI Directors.
- Accordingly, the ACI Directors intend to recommend unanimously that ACI Shareholders vote or procure votes in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting (or, if Bidco exercises its right to implement the Acquisition by way of a Takeover Offer, to accept such offer), as the ACI Directors who hold ACI Shares (in a personal capacity or through a nominee) have irrevocably undertaken to do in respect of their own beneficial holdings of 50,985 ACI Shares (representing, in aggregate, approximately 0.1 per cent. of the ACI Shares in issue on 2 November 2020 (being the last Business Day prior to this Announcement)).

Irrevocable undertakings

- In addition to the irrevocable undertakings from the ACI Directors, Waterfall and Bidco have also received irrevocable undertakings to vote or procure votes in favour of the Resolutions to be proposed at the General Meeting (or, if Bidco exercises its right to implement the Acquisition by way of a Takeover Offer, to accept such offer) from Invesco Asset Management Limited, Pentwater Capital Management LP, Berry Street Capital Management LLP, GLG Partners LP and Premier Fund Managers Limited in respect of 28,726,180 ACI Shares (representing, in aggregate, approximately 39.1 per cent. of the ACI Shares in issue on 2 November 2020 (being the last Business Day prior to this Announcement)).
- In addition to the irrevocable undertakings, Waterfall and Bidco have received a letter of intent to vote or procure votes in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting (or, if Bidco exercises its right to implement the Acquisition by way of a Takeover Offer, to accept such offer) from Berry Street Capital Management LLP in respect of 1,200,000 ACI Shares (representing, in aggregate, approximately 1.6 per cent. of the ACI Shares in issue on 2 November 2020 (being the last Business Day prior to this Announcement)).
- In total therefore, as at the date of this Announcement, Waterfall and Bidco have received shareholder support in the form of irrevocable undertakings and a letter of intent to vote or procure votes in favour of the Scheme at the Court Meeting with respect to a total of 29,977,165 ACI Shares (representing approximately 40.8 per cent. of the ACI Shares in issue on 2 November 2020 (being the last Business Day prior to this Announcement)). Full details of the irrevocable undertakings and letter of intent received by Bidco are set out in Appendix III to this Announcement.

Information on Bidco and Waterfall

- Bidco is a newly incorporated company, formed on behalf of funds managed by Waterfall.
- Waterfall is an investment adviser, registered with the U.S. Securities and Exchange Commission, formed in 2005 which specialises in acquiring, managing, servicing and financing commercial loans including asset backed securities and mortgage backed loans.
- Waterfall was appointed as ACI's delegated portfolio manager with effect from 1 October 2020 (with Mirabella Financial Services LLP being appointed as ACI's alternative investment fund manager pursuant to the AIFM Rules with effect from the same date).

Timetable and Conditions

- It is intended that the Acquisition be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act. The purpose of the Scheme is to provide for Bidco to become the owner of the whole of the issued and to be issued ordinary share capital of ACI. The Scheme will be put to Scheme Shareholders at the Court Meeting and to ACI Shareholders at the General Meeting. In order to become effective, the Scheme must be approved by a majority in number of the Scheme Shareholders voting at the Court Meeting, either in person or by proxy, representing at least 75 per cent. in value of the Scheme Shares voted. The implementation of the Scheme must also be approved by ACI Shareholders at the General Meeting.
- The Acquisition is subject to the Conditions and certain further terms set out in Appendix I and to the full terms and conditions which will be set out in the Scheme Document. The Conditions include the receipt of approval by the Financial Conduct Authority and anti-trust approval in the US as further described in this Announcement.
- It is expected that the Scheme Document, containing further information about the Acquisition and notices of the Court Meeting and ACI General Meeting, together with the associated forms of proxy, will be posted to ACI Shareholders within 28 days of this announcement (or such later time as ACI, Bidco and the Panel agree) and the Meetings are expected to be held shortly thereafter.
- The Acquisition is currently expected to complete during the first quarter of 2021, subject to the satisfaction or waiver of the Conditions. An expected timetable of key events relating to the Acquisition will be provided in the Scheme Document.

Commenting on the Acquisition, Simon King, Chairperson of ACI, said:

"The Board welcomes and unanimously recommends the Offer from Waterfall, which we believe is the best outcome for shareholders, providing liquidity and certainty. The offer already has the support of holders of 40.8% of the Company's shares and we urge undecided shareholders to consider the advantages of this firm cash offer against the alternatives in highly uncertain markets."

Commenting on the Acquisition, Patrick Lo, Partner of Waterfall, said:

"We are very pleased to announce this Acquisition with the unanimous recommendation of the Board of ACI. As an experienced asset manager in the structured credit market, we believe that the Acquisition represents an attractive opportunity to secure a portfolio of assets that fits with our existing investment strategy, while seeking to provide ACI Shareholders with certain and timely liquidity at an attractive price."

This summary should be read in conjunction with, and is subject to, the full text of this Announcement and its Appendices. In particular, the Acquisition is subject to the Conditions and certain further terms set out in Appendix I and to the full terms and conditions which will be set out in the Scheme Document. Appendix II contains details of sources of information and bases of calculation contained in this Announcement. Appendix III contains certain details relating to the irrevocable undertakings and letter of intent referred to in this Announcement. Appendix IV contains definitions of certain terms used in this Announcement.

Enquiries:

Smith Square Partners (financial adviser to ACI)

Ben Mingay / John Craven

Tel: +44 (0)20 3696 7260

Liberum Capital Limited (corporate broker to ACI)

Gillian Martin / Cameron Duncan / Owen Matthews

Tel: +44 (0)20 3100 2000

Brunswick Group LLP (communications adviser to ACI)

Nick Cosgrove / Pip Green

Tel: +44 (0)20 7404 5959

Waterfall

Tel: +44 (0)20 3997 9095

Numis (financial adviser to Waterfall and Bidco)

Stuart Ord / Nathan Brown / George Fry

Tel: +44 (0)20 7260 1000

Garfield Advisory (communications adviser to Waterfall)

Andrew Garfield
Jason Nisse

Tel: +44 (0) 797 498 2337
Tel: +44 (0) 776 968 8618

Latham & Watkins LLP are retained as legal adviser to Waterfall and Bidco.

Smith Square Partners LLP ("Smith Square Partners"), which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for ACI and no one else in connection with the Acquisition and other matters set out in this Announcement and will not be responsible to anyone other than ACI for providing the protections afforded to clients of Smith Square Partners nor for providing advice in relation to the Acquisition or any other matters referred to in this Announcement. Neither Smith Square Partners nor any of its 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 Smith Square Partners in connection with this Announcement, any statement contained herein or otherwise.

Liberum Capital Limited ("Liberum") which is authorised and regulated by the FCA in the United Kingdom is appointed as corporate broker to ACI and is acting exclusively for ACI and no one else in connection with the Acquisition and other matters set out in this Announcement, and will not be responsible to anyone other than ACI for providing the protections afforded to clients of Liberum, nor for providing advice in relation to the Acquisition or any other matters referred to in this Announcement.

Numis Securities Limited ("Numis"), which is regulated by the FCA in the United Kingdom, is acting exclusively for Waterfall and Bidco and no one else in connection with the Acquisition and other matters set out in this Announcement and will not be responsible to anyone other than Waterfall and Bidco for providing the protections afforded to clients of Numis, or for providing advice in connection with the Acquisition or any matter referred to herein. Neither Numis nor any of its 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 Numis in connection with this Announcement, any statement contained herein or otherwise.

This Announcement is for information purposes only and is not intended to and does not constitute, or form any part of, an offer to sell or subscribe for, or any invitation to purchase or subscribe for, any securities, or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise. The Acquisition will be made solely through and on the terms set out in the Scheme Document (or, in the event that the Acquisition is to be implemented by means of a Takeover Offer, the offer document) and the accompanying Forms of Proxy, which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Scheme. Any approval, decision or other response to the Acquisition should be made only on the basis of the information in the Scheme Document. Scheme Shareholders are strongly advised to read the formal documentation in relation to the Acquisition once it has been despatched.

The statements contained in this Announcement are made as at the date of this Announcement, unless some other time is specified in relation to them, and service of this Announcement shall not give rise to any implication that there has been no change in the facts set forth in this Announcement since such date.

Overseas shareholders

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

The laws of the relevant jurisdictions may affect the availability of the Acquisition to persons who are not resident in the United Kingdom. Persons who are not resident in the United Kingdom, or who are subject to laws of any jurisdiction other than the United Kingdom, should inform themselves about, and observe any applicable requirements. Any person (including, without limitation, nominees, trustees and custodians) who would, or otherwise intends to, forward this Announcement, the Scheme Document or any accompanying document to any jurisdiction outside the United Kingdom should refrain from doing so and seek appropriate professional advice before taking any action. In particular, the ability of persons who are not resident in the United Kingdom to vote their Scheme Shares at the Court Meeting or the General Meeting, or to execute and deliver Forms of Proxy appointing another to vote their Scheme Shares in respect of the Court Meeting or the General Meeting on their behalf, may be affected by the laws of the relevant jurisdiction in which they are located or to which they are subject.

Any failure to comply with the applicable legal or regulatory requirements may constitute a violation of the laws and/or regulations of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility and liability for the violation of such restrictions by any person.

The Acquisition will not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, telephonic or electronic) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, a Restricted Jurisdiction, and the Acquisition will not be capable of acceptance by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Accordingly, copies of this Announcement and formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded or distributed in, into or from a Restricted Jurisdiction and persons receiving this Announcement (including custodians, nominees and trustees) must not distribute or send it into or from a Restricted Jurisdiction.

The Acquisition relates to the shares of a company incorporated in England and it is proposed to be made by means of a scheme of arrangement provided for under English law. The Scheme will relate to the shares of a UK company that is a "foreign private issuer" as defined under Rule 3b-4 under the US Exchange Act. A transaction effected by means of a scheme of arrangement is not subject to the shareholder vote, proxy solicitation and tender offer rules under the US Exchange Act. Accordingly, the Scheme is subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement, which differ from the disclosure requirements and practices of US shareholder vote, proxy solicitation and tender offer rules. Financial information included in the relevant documentation will have been prepared in accordance with accounting standards applicable in the UK and may not be comparable to the financial statements of US companies. However, if Bidco were to elect to implement the Acquisition by means of a Takeover Offer, such Takeover Offer shall be made in compliance with all applicable laws and regulations, including section 14(e) of the US Exchange Act and Regulation 14E thereunder. In the event that the Acquisition is implemented by way of a Takeover Offer and extended into the US, Bidco will do so in satisfaction of the procedural and filing requirements of the US securities laws at that time, to the extent applicable thereto. Such Takeover Offer would be made in the US by Bidco and no one else. In addition to any such Takeover Offer, Bidco, certain affiliated companies and the nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, shares in ACI outside such Takeover Offer during the period in which such Takeover Offer would remain open for acceptance. If such purchases or arrangements to purchase are made they would be made outside the United States in compliance with applicable law, including the US Exchange Act.

Forward-looking statements

This Announcement may contain certain "forward-looking statements" with respect to Waterfall, Bidco and ACI. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "will", "may", "should", "would", "could" or other words or terms of similar meaning or the negative thereof. 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 of Waterfall and/or Bidco and the expansion and growth of ACI and potential synergies resulting from the Acquisition; and (iii) the effects of government regulation on the business of ACI.

These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or developments to differ materially from those expressed in or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding present and future strategies and environments. None of Waterfall, Bidco or ACI, 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. You are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. All subsequent oral or written forward-looking statements attributable to Waterfall, Bidco or ACI or any person acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Announcement. Bidco and ACI assume no obligation to update publicly or revise forward-looking or other

statements contained in this Announcement, whether as a result of new information, future events or otherwise, except to the extent legally required.

No profit forecasts or estimates

No statement in this Announcement is intended as a profit forecast or estimate for Waterfall, Bidco or ACI in respect of any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per ACI Share for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per ACI Share.

Right to switch to a Takeover Offer

Waterfall and Bidco reserve the right to elect, with the consent of the Takeover Panel, to implement the Acquisition by way of a Takeover Offer for the entire issued and to be issued ordinary share capital of ACI as an alternative to the Scheme. In such an event, the Takeover Offer will be implemented on the same terms or, if Waterfall so decides, on such other terms being no less favourable (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme and subject to the amendment referred to in Appendix I to this Announcement.

Publication on website

A copy of this Announcement and the documents required to be published pursuant to Rule 26.1 and 26.2 of the Code will be made available (subject to certain restrictions relating to persons resident in Restricted Jurisdictions), free of charge, on Waterfall's website at <https://www.waterfallam.com/possible-offer/> by no later than 12:00 noon on the Business Day following this Announcement. Neither the contents of this website nor the content of any other website accessible from hyperlinks on such websites is incorporated into, or forms part of, this Announcement.

Requesting hard copies

In accordance with Rule 30.3 of the Code, a person so entitled may request a hard copy of this Announcement, free of charge, by contacting Link Company Matters on +44 (0) 20 7954 9664 / companymatters@linkgroup.co.uk. For persons who receive a copy of this Announcement in electronic form or via a website notification, a hard copy of this Announcement will not be sent unless you have previously notified ACI that you wished to receive all documents in hard copy form or unless requested by contacting Link Company Matters on +44 (0) 20 7954 9664 / companymatters@linkgroup.co.uk. In accordance with Rule 30.3 of the Code, a person so entitled may also request that all future documents, announcements and information to be sent to them in relation to the Acquisition should be in hard copy form.

Electronic communications - information for ACI Shareholders

Please be aware that addresses, electronic addresses and certain information provided by ACI Shareholders, persons with information rights and other relevant persons for the receipt of communications from ACI may be provided to Waterfall and Bidco during the Offer Period as required under section 4 of Appendix 4 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.

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm on the 10th Business Day (as defined in the Code) following the commencement of the offer period and, if appropriate, by no later than 3.30 pm on the 10th Business Day (as defined in the Code) following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company and (ii) any securities exchange offeror; save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm on the Business Day (as defined in the Code) following the date of the relevant dealing.

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

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

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Takeover 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.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION

FOR IMMEDIATE RELEASE

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) NO. 596/2014

3 November 2020

RECOMMENDED CASH OFFER

for

(formerly Pollen Street Secured Lending plc)

by

WATERFALL EIT UK LIMITED

(a newly formed company owned by funds managed by Waterfall Asset Management, LLC.)

to be effected by means of a Scheme of Arrangement

under Part 26 of the Companies Act 2006

1. Introduction

The board of directors of Waterfall EIT UK Limited ("**Bidco**") and the board of directors of Alternative Credit Investments plc ("**ACI**") (the "**ACI Board**" or the "**ACI Directors**") are pleased to announce that they have reached agreement on the terms of a recommended cash offer to be made by Bidco for the entire issued ordinary share capital of ACI (the "**Acquisition**").

It is intended that the Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act (although Bidco reserves the right to effect the Acquisition by way of an Offer, subject to the consent of the Panel).

2. The Acquisition

Under the terms of the Acquisition, which will be subject to the Conditions and certain further terms set out in Appendix I and to the full terms and conditions which will be set out in the Scheme Document, each ACI Shareholder will be entitled to receive:

870 pence in cash per ACI Share

ACI Shareholders will also be entitled to receive an interim dividend of up to 12 pence per ACI Share if declared and paid by the ACI Board in respect of the period ended 30 September 2020 (the "**Q3 Dividend**"). The ACI Board currently anticipates declaring the Q3 Dividend at or around the time of the publication of month-end NAV for the month ended 30 September 2020, which is currently expected to be released in the week ending 13 November 2020.

The Acquisition values the entire issued and to be issued ordinary share capital of ACI at approximately £639.2 million.

The Acquisition Price represents:

- a premium of approximately 5.1 per cent. to the Closing Price of 828 pence per ACI Share on 24 February 2020 (being the last Business Day prior to the commencement of the Offer Period);
- a premium of approximately 5.1 per cent. to the Volume Weighted Average Price per ACI Share during the three month period ended 24 February 2020;
- a premium of approximately 4.8 per cent. to the Volume Weighted Average Price per ACI Share during the six month period ended 24 February 2020; and
- a discount of approximately 6.3 per cent. to the Adjusted August NAV, compared to the average discount to cum income NAV of 14.2 per cent. during the six month period ended 24 February 2020.

The ACI Shares will be acquired by Bidco with full title guarantee, fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party rights or interests whatsoever and together with all rights existing at the date of this Announcement or thereafter attaching thereto, including (without limitation) the right to receive and retain, in full, all dividends, except for the Q3 Dividend which the ACI Shareholders shall be entitled to receive, and other distributions (if any) declared, made or paid or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the date of this Announcement in respect of the ACI Shares.

Except in respect of the Q3 Dividend, if any dividend or other distribution in respect of the ACI Shares is declared, paid or made on or after the date of this Announcement Bidco reserves the right to reduce the consideration payable for each ACI Share under the terms of the Acquisition by the amount per ACI Share of such dividend or distribution, in which case any reference in this announcement to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced.

3. Background to and reasons for the Acquisition

Waterfall is an experienced asset manager in the structured credit (asset backed securities and loans) market with a 15 year track record. Waterfall utilises a relative value approach to investing in structured credit and loan products and leverages the extensive experience of its founding partners and portfolio managers to source, analyse, and purchase ABS and loan investments across multiple sectors globally. With an emphasis on non-traditional segments of the market Waterfall seeks to capture illiquidity and complexity premiums that it believes cannot be unlocked by more traditional asset managers.

ACI has an attractive portfolio of investments in small private credit assets across SME, consumer (secured and unsecured), real estate and trade finance asset classes across the US and Europe which fit well within Waterfall's existing portfolio and asset management experience. In addition, Waterfall has existing relationships, or a degree of familiarity, with many of the ACI strategic partners which encompass marketplace lending platforms, balance sheet lenders and other non-bank loan originators.

As an experienced asset manager in the structured credit market, Waterfall considers it is well placed to support the ACI portfolio of investments during its investment cycle and be a strong counterparty to ACI's strategic partners while realising value that may not be achievable within a listed vehicle. Waterfall believes that the Acquisition represents an attractive opportunity to secure a portfolio of assets that fit with its existing investment strategy, while providing ACI Shareholders with a premium to the 24 February 2020 prevailing share price and certain and timely liquidity.

It is Waterfall's intention to reposition ACI's assets from a high-cost evergreen portfolio to a low-cost amortising portfolio, ending reinvestments into new opportunities to allow for a portfolio run-off.

4. Recommendation

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

Accordingly, the ACI Directors intend to recommend unanimously that ACI Shareholders vote or procure votes in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting, as the ACI Directors have irrevocably undertaken to do in respect of their own beneficial holdings of 50,985 ACI Shares (representing, in aggregate, approximately 0.1 per cent. of the ACI Shares in issue on 2 November 2020 (being the last Business Day prior to this Announcement)).

5. Background to and reasons for the recommendation

ACI was launched in May 2014 as P2P Global Investments plc with a view to providing shareholders with an attractive level of dividend income and capital growth through exposure to investments in alternative finance and related instruments. At the time of its launch, managed by Marshall Wace LLP (with the assistance of principals and employees of Eaglewood Europe LLP), ACI sought to invest in credit assets (including, *inter alia*, consumer loans, SME loans, advances against corporate trade receivables and/or purchases of corporate trade receivables) with targeted net annualised returns of 5 to 15 per cent. The management agreement appointing Marshall Wace LLP was novated to Eaglewood Europe LLP on 1 May 2015 (known as MW Eaglewood Europe LLP from March 2016).

In January 2017, ACI's investment manager at the time, MW Eaglewood Europe LLP, announced that it was dissatisfied with the net returns achieved by ACI and was undertaking a review of additional steps that may be taken to improve results. The ACI Board, having identified that ACI was not meeting its stated investment objectives, initiated a review of ACI's investment management arrangements in April 2017. In May 2017, ACI announced that it had accepted a joint proposal from Pollen Street Capital Limited and MW Eaglewood Europe LLP to manage ACI, the two firms having agreed to merge.

Following the completion of the merger in September 2017, ACI announced an updated investment strategy and amended its investment policy on 19 December 2017, shifting its strategy to more specialist asset classes while placing its legacy book of predominantly unsecured consumer loans into run-off and its name was changed to Pollen Street Secured Lending plc on 17 September 2019. As part of its revised investment strategy, ACI committed to an invigorated and substantial share buyback programme, against a backdrop of the continued dislocation between the share price and the underlying value of the portfolio.

The approach from Waterfall

It was against this background that the ACI Board received an unsolicited approach in relation to a possible cash offer by Waterfall to acquire ACI's issued and to be issued share capital at 900 pence per ACI Share, subject to confirmatory due diligence (the "**December Potential Offer**"). Reference was made to the December Potential Offer in the announcement by ACI on 25 February 2020. The ACI Board, having confirmed to Waterfall that the December Potential Offer was at a value the ACI Board would be minded to recommend, believed that ACI Shareholders should be given the opportunity to consider the December Potential Offer.

The December Potential Offer had the support of ACI's largest shareholder at the time, Invesco Asset Management Limited ("**Invesco**"), who provided an irrevocable undertaking to Waterfall in respect of Invesco's then entire shareholding representing approximately 24.6 per cent. of ACI's issued ordinary share capital as at 25 February 2020.

For the reasons stated in its announcement of 25 February 2020, the ACI Board further announced that it had served 12 months' notice on its then investment manager to terminate its investment management agreement.

The ACI Board has received only one other approach in the last twelve months, from Honeycomb Investment Trust plc ("**HIT**"), as announced by HIT on 6 August 2020. The ACI Board did not believe this approach compared favourably in value or liquidity terms to the December Potential Offer. Accordingly, as stated on 7 August 2020, the ACI Board did not believe that the HIT proposal was likely to command sufficient support from its shareholders. After consulting a number of the ACI Shareholders, HIT announced on 3 September 2020 that it was withdrawing its proposal.

Market uncertainty and volatility

In March 2020, the World Health Organisation recognised an outbreak of a new virus that causes coronavirus disease 2019 ("**COVID-19**") as a pandemic. COVID-19 and associated Government interventions caused vast, unprecedented and severe disruption to businesses and economic activity. Against this backdrop of highly uncertain market conditions, ACI announced on 24 March 2020 that its focus would be on the preservation of liquidity. Since then, it has continued to adopt a prudent strategy with a focus being on managing the existing portfolio and ensuring that cash collections remain robust.

Update on cash position and debt facilities

ACI's August NAV showed that it had £138.5 million of liquidity on its balance sheet, calculated on the basis of total cash balances less short term liabilities including, but not limited to, accrued costs and expenses. Concurrently with the August NAV, ACI had £232.9 million of consolidated debt on its balance sheet calculated on a look-through basis (the "**August Consolidated Debt**"). The August Consolidated Debt was comprised of £67.4 million of recourse debt at the ACI level (the "**Recourse Debt**") and £165.5 million of non-recourse financing in the form of warehouse facilities and securitisations (the "**Non-Recourse Debt**"). ACI's net debt position at the time of the August NAV was £94.4 million which represented 13.8% of the Adjusted August NAV. Subject to the following paragraph, ACI's financial position in this regard has not materially changed from the August NAV to the date of this Announcement.

Since it announced that its focus was on the preservation of liquidity, and on the basis that it is expected that the credit environment will remain challenging in the near term with a conservative approach being taken in relation to new lending, the ACI Board determined, in consultation with Waterfall, that the most effective use of ACI's cash balances was the repayment of the Recourse Debt. As a consequence, ACI has reduced its interest expense and negative carry. Furthermore, the repayment of the Recourse Debt has removed encumbrances from ACI Group's assets. ACI's remaining debt, the Non-Recourse Debt, exists on a non-recourse basis. ACI remains in a net debt position at the date of this Announcement however, the level of leverage has reduced compared to previous years.

Shareholder consultation and change of investment manager

ACI announced on 16 June 2020 that it had consulted with ACI Shareholders accounting for a significant majority of its shares outstanding, where a majority of the ACI Shareholders consulted (by both number and percentage of shares held) indicated that they wished to see the December Potential Offer brought to the table and otherwise were minded to support an orderly run-off of ACI's assets and return of capital to ACI Shareholders.

Following a competitive manager selection process in which the ACI Board received a number of high quality proposals and conducted detailed discussions and negotiations with candidates, ACI announced on 14 August 2020 that it had entered into an interim advisory agreement with Waterfall for the provision of advisory services which included providing the ACI Board with proposals for the transfer of the management of ACI's portfolio of investments to a replacement investment manager. The ACI Board subsequently announced on 1 October 2020 that it had formalised the appointment of Waterfall as its delegated portfolio manager and the appointment of Mirabella Financial Services LLP as its alternative investment fund manager pursuant to the AIFM Rules.

The ACI Board's recommendation

Since the appointment of Waterfall as ACI's adviser and then investment manager the ACI Board has worked closely with Waterfall to review and assess the current performance and outlook of all assets held in the portfolio. As a result of this process it was identified that certain liquid holdings were being held on an amortised cost accounting basis. These holdings include a position in Amigo 7.625% Bonds (the "**Amigo Bonds**") in which there is a tradable market and an observable price. The market price of Amigo Bonds has deviated significantly from the price that the bonds were held in ACI's NAV since Q2 2020. On 1 October 2020, the total position was valued at £20.0 million compared to a market value of £12.0 million. The ACI Board concluded that the value of the Amigo Bonds should be impaired to reflect the expected credit loss implied by current market value and this will result in an 11 pence reduction to NAV per ACI Share in September 2020. In addition, there are several smaller positions in other tradeable bonds which require impairment for the same reason, resulting in a further 4 pence reduction.

Following the conclusion of its confirmatory due diligence, Waterfall made a revised proposal to the ACI Board to acquire ACI's issued and to be issued share capital at 870 pence per ACI Share in cash. The ACI Board is satisfied that, after adjusting the August cum income NAV, being 955.7 pence per ACI Share, for the Amigo Bonds impairment, the further asset write downs in other tradeable bonds and notes and the effect of the ex-dividend date in September, resulting in an adjusted August NAV of 928.6 pence per ACI Share (the "**Adjusted August NAV**"), the terms of the proposed Acquisition offer a similar discount to NAV to the December Potential Offer. The ACI Board believes the Acquisition is appropriate to recommend to ACI Shareholders.

In forming this view, the ACI Board is mindful that, as announced on 16 June 2020, a majority of ACI Shareholders consulted (by both number and percentage of shares held) wished to see the December Potential Offer brought to the table and otherwise were minded to support an orderly run-off of ACI's assets and return of capital to shareholders. Its recommendation of the Acquisition now is made against a backdrop of what the ACI Board perceives to be a highly uncertain macroeconomic climate including but not limited to the ongoing COVID-19 pandemic and associated Government interventions and continued uncertainty surrounding the exit arrangements of the United Kingdom from the European Union. The ACI Board notes that the ACI Shares have persistently traded at discounts to NAV (a low of 7.8 per cent and high of 55.1 per cent discount to the prevailing cum income NAV over the last 12 months) and further notes the share price volatility experienced by ACI Shareholders during 2020 (low of 432 pence per ACI Share in March 2020). It is in the context of all of the above and in light of the highly uncertain economic and market outlook that the ACI Board strongly and unanimously believes that the Acquisition provides ACI Shareholders with certain liquidity at an attractive value that is favourable to alternatives in the medium term.

The Acquisition Price represents:

- a premium of approximately 5.1 per cent. to the Closing Price of 828 pence per ACI Share on 24 February 2020 (being the last Business Day prior to the commencement of the Offer Period);
- a premium of approximately 5.1 per cent. to the Volume Weighted Average Price per ACI Share during the three month period ended 24 February 2020;
- a premium of approximately 4.8 per cent. to the Volume Weighted Average Price per ACI Share during the six month period ended 24 February 2020; and
- a discount of approximately 6.3 per cent. to the Adjusted August NAV, compared to the average discount to cum income NAV of 14.2 per cent. during the six month period ended 24 February 2020.

Following careful consideration together with its financial advisers, the ACI Board has unanimously concluded to recommend the Acquisition to ACI Shareholders.

6. Conditions

The Acquisition is conditional, amongst other things, upon:

- (a) the approval of the Scheme by a majority in number representing not less than 75 per cent. in value of the Scheme Shareholders entitled to vote and present and voting, either in person or by proxy, at the Court Meeting (or at any adjournment, postponement or reconvention of such meeting) on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and ACI and the Court may allow);
- (b) the passing of the Resolutions by the requisite majority at the General Meeting to be held on or before the 22nd day after the expected date of the General Meeting to be set out in the Scheme Document (or such later date, if any, as Bidco and ACI may agree and the Court may allow);
- (c) approval being received from the Financial Conduct Authority in respect of the change of control of ACI (or it otherwise being regarded under FSMA as having approved the same) either unconditionally or on terms acceptable to the relevant controllers; and
- (d) all required filings having been made under the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976 (as amended) and the rules and regulations made thereunder (the "**HSR Act**") and the waiting period under the HSR Act applicable to the completion of the Acquisition having expired or been terminated.

The attention of ACI Shareholders is drawn to the fact that the Acquisition is also conditional on other Conditions and certain further terms set out in Appendix I and to the full terms and conditions which will be set out in the Scheme Document.

The Scheme Document, along with the notice of the Court Meeting and the General Meeting and the Forms of Proxy will be despatched to ACI Shareholders within 28 days of the date of this Announcement, unless Bidco and ACI otherwise agree, and the Takeover Panel consents, to a later date.

7. Irrevocable undertakings and letter of intent for ACI

Waterfall and Bidco have received irrevocable undertakings to vote or procure votes in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting (or, if Waterfall exercises its right to implement the Acquisition by way of a Takeover Offer, to accept such offer) from the ACI Directors who hold ACI Shares (in a personal capacity or through a nominee) in respect of their entire beneficial holdings of ACI Shares, amounting, in aggregate, to 50,985 ACI Shares (representing, in aggregate, approximately 0.1 per cent. of the ACI Shares in issue on 2 November 2020 (being the last Business Day prior to this Announcement)).

In addition to the irrevocable undertakings from the ACI Directors, Waterfall and Bidco have also received irrevocable undertakings to vote or procure votes in favour of the Resolutions to be proposed at the General Meeting (or, if Bidco exercises its right to implement the Acquisition by way of a Takeover Offer, to accept such offer) from Invesco Asset Management Limited, Pentwater Capital Management LP, Berry Street Capital Management LLP, GLG Partners LP and Premier Fund Managers Limited in respect of, in aggregate, 28,726,180 ACI Shares (representing, in aggregate, approximately 39.1 per cent. of the ACI Shares in issue on 2 November 2020 (being the last Business Day prior to this Announcement)).

In addition to the irrevocable undertakings, Waterfall and Bidco have received a letter of intent to vote or procure votes in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting (or, if Bidco exercises its right to implement the Acquisition by way of a Takeover Offer, to accept such offer) from Berry Street Capital Management LLP in respect of 1,200,000 ACI Shares (representing, in aggregate, approximately 1.6 per cent. of the ACI Shares in issue on 2 November 2020 (being the last Business Day prior to this Announcement)).

In total therefore, as at the date of this Announcement, Waterfall and Bidco have received shareholder support in the form of irrevocable undertakings and a letter of intent to vote or procure votes in favour of the Scheme at the Court Meeting with respect to a total of 29,977,165 ACI Shares (representing approximately 40.8 per cent. of the ACI Shares in issue on 2 November 2020 (being the last Business Day prior to this Announcement)). Further details of these irrevocable undertakings (including details of the circumstances in which they cease to be binding) and letter of intent are set out in Appendix III to this Announcement.

8. Information on Waterfall and Bidco

Bidco

Bidco is a newly incorporated company, which is indirectly owned by funds managed by Waterfall. Bidco has not traded prior to the date of this Announcement nor has it entered into any obligation other than in connection with the Acquisition.

Waterfall

Waterfall is an investment adviser, registered with the U.S. Securities and Exchange Commission, focused on structured credit (asset-backed securities and loans) and private equity investments with approximately \$8.3 billion in assets under management. Waterfall was founded in 2005 and benefits from a global presence, with approximately 150 employees in USA, UK and Ireland, and currently runs primarily three investment strategies: high-yield asset backed securities, loan opportunity strategy and small balance commercial loans.

Waterfall was appointed as ACI's delegated portfolio manager with effect from 1 October 2020 (with Mirabella Financial Services LLP being appointed as ACI's alternative investment fund manager pursuant to the AIFM Rules with effect from the same date).

9. Information on ACI

ACI is a closed-ended investment company incorporated and domiciled in the United Kingdom on 6 December 2013 with registered number 08805459 and the name 'P2P Global Investments plc'. On 17 September 2019, ACI was renamed from P2P Global Investments plc to Pollen Street Secured Lending plc. On 16 October 2020, its name was changed to Alternative Credit Investments plc following a change of investment manager.

ACI carries on business as an investment trust and its principal activity is investing in small size private credit assets across SME, consumer (secured and unsecured), real estate and trade finance asset classes through strategic partnerships which encompass marketplace lending platforms, balance sheet lenders and other non-bank loan originators.

10. Management, employees, research and development and locations of the ACI Group

ACI Group has no employees and therefore does not operate any pension scheme, nor does it have any arrangement in place for any employee involvement in its capital. ACI Group has no fixed assets, place of business, research and development function or headquarters.

The ACI Shares are currently listed on the Official List and admitted to trading on the London Stock Exchange. As set out in paragraph 14, should the Scheme be approved by ACI Shareholders, applications will be made for the cancellation of the listing of ACI Shares on the Official List and the cancellation of trading of the ACI Shares on the London Stock Exchange.

As Bidco intends to delist ACI following completion of the Acquisition, ACI will not require listed company governance structures and accordingly it is intended that the ACI Directors will cease to be directors of ACI following the Effective Date.

No statements in this paragraph 10 are "post-offer undertakings" for the purposes of Rule 19.5 of the Takeover Code.

11. Financing

The cash consideration payable to the ACI Shareholders under the terms of the Acquisition will be financed by a combination of: (a) indirect capital contributions to Bidco to be invested by funds managed and/or advised by Waterfall and; (b) a bridge term facility entered into by Bidco with (among others) Credit Suisse International as arranger and Credit Suisse AG, Cayman Islands Branch as lender that provides for a term loan facility, the proceeds of which may be used to fund the cash consideration payable to ACI Shareholders under the terms of the Acquisition. This term loan facility is made available on a certain funds basis.

Numis, in its capacity as financial adviser to Bidco, is satisfied that sufficient cash resources are available to Bidco to enable it to satisfy in full the consideration payable to ACI Shareholders in connection with the Acquisition.

Further information on the financing of the Acquisition will be set out in the Scheme Document.

12. Offer-related arrangements

Confidentiality Agreement

Waterfall and ACI entered into a confidentiality agreement dated 27 January 2020 pursuant to which, amongst other things, Waterfall has undertaken to: (a) subject to certain exceptions, keep confidential information relating to ACI confidential and not to disclose it to third parties; and (b) use such confidential information only in connection with the acquisition. The confidentiality obligations remain in force notwithstanding termination of discussions relating to the Acquisition. The Confidentiality Agreement further includes standstill obligations which restricted Waterfall, and any entity managed by Waterfall, from acquiring or offering to acquire interest in certain securities of ACI; those restrictions ceased to apply on the making of this announcement. The Confidentiality Agreement also contains restrictions on Waterfall, or any entity managed by Waterfall, encouraging persons with whom ACI has a business relationship with to cease their relationship.

13. Structure of the Acquisition

Scheme

It is intended that the Acquisition will be effected by a Court-sanctioned scheme of arrangement between ACI and the Scheme Shareholders under Part 26 of the Companies Act. The purpose of the Scheme is to provide for Bidco to become the owner of the whole of the issued and to be issued ordinary share capital of ACI. Under the Scheme, the Acquisition is to be achieved by the:

- transfer of the Scheme Shares held by Scheme Shareholders to Bidco in consideration for which the Scheme Shareholders will receive cash consideration pursuant to the Scheme; and
- passing of the Resolutions at the General Meeting.

Approval by Court Meeting and General Meeting

To become Effective, the Scheme requires, amongst other things, the:

- a) approval of a majority in number of the Scheme Shareholders who vote, representing not less than 75 per cent. in value of the Scheme Shares voted, either in person or by proxy, at the Court Meeting; and
- b) approval by the requisite majority of the Resolutions at the General Meeting (to be held directly after the Court Meeting) necessary in order to implement the Scheme.

Application to Court to sanction the Scheme

Once the approvals have been obtained at the Court Meeting and the General Meeting and the other Conditions have been satisfied or (where applicable) waived, the Scheme must be sanctioned by the Court at the Sanction Hearing.

The Scheme will become Effective in accordance with its terms on delivery of the Court Order to the Registrar of Companies. Upon the Scheme becoming Effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or General Meeting, or whether they voted in favour of or against the Scheme.

The Scheme will contain a provision for Bidco and ACI to jointly consent, on behalf of all persons concerned, to any modification of or addition to the Scheme or to any condition that the Court may approve or impose. ACI has been advised that the Court would be unlikely to approve any modification of, or addition to, or impose a condition to the Scheme which might be material to the interests of Scheme Shareholders unless Scheme Shareholders were informed of such modification, addition or condition. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of the ACI Shareholders should be held in these circumstances.

Full details of the Scheme to be set out in the Scheme Document

The Scheme Document will include full details of the Scheme, including the expected timetable and the action to be taken by Scheme Shareholders. The Scheme will be governed by English law. The Scheme will be subject to the applicable requirements of the Code, the Takeover

Panel, the London Stock Exchange and the FCA.

The Scheme Document, along with the notice of the Court Meeting and the General Meeting and the Forms of Proxy will be despatched to ACI Shareholders within 28 days of the date of this Announcement, unless Bidco and ACI otherwise agree, and the Takeover Panel consents, to a later date. Subject to certain restrictions relating to persons resident in Restricted Jurisdictions, the Scheme Document will also be made available on Waterfall's website at <https://www.waterfallam.com/possible-offer/>.

At this stage, subject to the satisfaction or waiver of the Conditions and certain further terms set out in Appendix I, Bidco and ACI expect the Acquisition to become Effective during the first quarter of 2021.

If the Scheme does not become Effective on or before the Long Stop Date (or such later date as Bidco and ACI may, with the consent of the Takeover Panel and, if required, the Court, agree) it will lapse and the Acquisition will not proceed (unless the Takeover Panel otherwise consents).

Right to switch to a Takeover Offer

Bidco reserves the right to elect, with the consent of the Takeover Panel, to implement the Acquisition by way of a Takeover Offer for the entire issued and to be issued ordinary share capital of ACI as an alternative to the Scheme. In such an event, the Takeover Offer will be implemented on the same terms or, if Bidco so decides, on such other terms being no less favourable (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme and subject to the amendment referred to in Appendix I to this Announcement.

14. De-listing and re-registration

It is intended that an application will be made to (i) the UK Listing Authority to cancel the listing of the ACI Shares on the Official List, and (ii) the London Stock Exchange to cancel trading of the ACI Shares on the Main Market of the London Stock Exchange to take effect on or shortly after the Effective Date. The last day of dealings in ACI Shares on the Main Market of the London Stock Exchange is expected to be the Business Day immediately prior to the Sanction Hearing and no transfers will be registered after 6.00 p.m. on that date.

On the Effective Date, ACI will become a wholly-owned subsidiary of Bidco and share certificates in respect of the ACI Shares will cease to be valid and should be destroyed. In addition, entitlements to ACI Shares held within the CREST system will be cancelled on the Effective Date.

As soon as practicable after the Effective Date, it is intended that ACI will be re-registered as a private limited company under the relevant provisions of the Companies Act.

15. Disclosure of interests in ACI

As at the close of business on 2 November 2020, being the last Business Day prior to this Announcement, save for (i) the irrevocable undertakings and letter of intent referred to in paragraphs 3 (*Recommendation*) and 7 (*Irrevocable undertakings and letter of intent*) above, including the shareholdings of Invesco Asset Management Limited, Pentwater Capital Management LP, Berry Street Capital Management LLP, GLG Partners LP and Premier Fund Managers Limited; and (ii) the holding by Abror Ismailov, a principal of Newstead Capital Limited, being a transaction adviser of the Offeror, who holds, together with his close relatives, 14,955 shares in ACI, so far as Bidco is aware, no person acting, or deemed to be acting, in concert with Bidco:

- a) had an interest in, or right to subscribe for, relevant securities of ACI;
- b) had any short position in (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 ACI;
- c) had procured an irrevocable commitment or letter of intent to accept the terms of the Acquisition in respect of relevant securities of ACI; or
- d) had borrowed or lent any ACI Shares.

Furthermore, save for the irrevocable undertakings and letter of intent described in paragraph 7 (*Irrevocable undertakings and letter of intent*) above, no arrangement exists between Bidco or ACI or a person acting in concert with Bidco or ACI in relation to ACI Shares. For these purposes, an "arrangement" includes any indemnity or option arrangement, any agreement or any understanding, formal or informal, of whatever nature, relating to ACI Shares which may be an inducement to deal or refrain from dealing in such securities.

16. Documents on display

Copies of this Announcement and the following documents will, by no later than 12 noon on the Business Day following the date of this Announcement, be made available on Waterfall's website at <https://www.waterfallam.com/possible-offer/> until the end of the Offer Period:

- this Announcement;
- the Confidentiality Agreement;
- the irrevocable undertakings and letter of intent referred to in paragraph 7; and
- the documents entered into for the financing of the Acquisition referred to in paragraph 11 above.

17. General

The Acquisition will be subject to the Conditions and certain further terms set out in Appendix I and to the full terms and conditions which will be set out in the Scheme Document. The Scheme Document, along with the notice of the Court Meeting and the General Meeting and the Forms of Proxy will be despatched to ACI Shareholders within 28 days of the date of this Announcement, unless Bidco and ACI otherwise agree, and the Takeover Panel consents, to a later date.

In deciding whether or not to vote or procure votes in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting, ACI Shareholders should rely on the information contained, and follow the procedures described, in the Scheme Document.

Numis and Smith Square Partners have each given and not withdrawn their consent to the inclusion in this Announcement of the references to their names in the form and context in which they appear.

Appendix II contains details of sources of information and bases of calculation contained in this Announcement. Appendix III contains certain details relating to the irrevocable undertakings and letter of intent referred to in this Announcement. Appendix IV contains definitions of certain terms used in this Announcement.

Enquiries:

Smith Square Partners (financial adviser to ACI)

Ben Mingay / John Craven

Tel: +44 (0)20 3696 7260

Liberum Capital Limited (corporate broker to ACI)

Gillian Martin / Cameron Duncan / Owen Matthews

Tel: +44 (0)20 3100 2000

Brunswick Group LLP (communications adviser to ACI)

Waterfall

Tel: +44 (0)20 3997 9095

Numis (financial adviser to Waterfall and Bidco)

Stuart Ord / Nathan Brown / George Fry

Tel: +44 (0)20 7260 1000

Garfield Advisory (communications adviser to Waterfall)Andrew Garfield
Jason NisseTel: +44 (0) 797 498 2337
Tel: +44 (0) 776 968 8618

Latham & Watkins LLP are retained as legal adviser to Waterfall and Bidco.

Stephenson Harwood LLP are retained as legal adviser to ACI.

Smith Square Partners LLP ("Smith Square Partners"), which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for ACI and no one else in connection with the Acquisition and will not be responsible to anyone other than ACI for providing the protections afforded to clients of Smith Square Partners nor for providing advice in relation to the Acquisition or any other matters referred to in this Announcement. Neither Smith Square Partners nor any of its 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 Smith Square Partners in connection with this Announcement, any statement contained herein or otherwise.

Liberum Capital Limited ("Liberum") which is authorised and regulated by the FCA in the United Kingdom is appointed as corporate broker to ACI and is acting exclusively for ACI and no one else in connection with the Acquisition and other matters set out in this Announcement, and will not be responsible to anyone other than ACI for providing the protections afforded to clients of Liberum, nor for providing advice in relation to the Acquisition or any other matters referred to in this Announcement.

Numis Securities Limited ("Numis"), which is regulated by the FCA in the United Kingdom, is acting exclusively for Waterfall and Bidco and no one else in connection with the Acquisition and other matters set out in this Announcement and will not be responsible to anyone other than Waterfall and Bidco for providing the protections afforded to clients of Numis, or for providing advice in connection with the Acquisition or any matter referred to herein. Neither Numis nor any of its 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 Numis in connection with this Announcement, any statement contained herein or otherwise.

This Announcement is for information purposes only and is not intended to and does not constitute, or form any part of, an offer to sell or subscribe for or any invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise. The Acquisition will be made solely through and on the terms set out in the Scheme Document (or, in the event that the Acquisition is to be implemented by means of a Takeover Offer, the offer document) and the accompanying Forms of Proxy, which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Scheme. Any approval, decision or other response to the Acquisition should be made only on the basis of the information in the Scheme Document. Scheme Shareholders are strongly advised to read the formal documentation in relation to the Acquisition once it has been despatched.

The statements contained in this Announcement are made as at the date of this Announcement, unless some other time is specified in relation to them, and service of this Announcement shall not give rise to any implication that there has been no change in the facts set forth in this Announcement since such date.

Overseas shareholders

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

The laws of the relevant jurisdictions may affect the availability of the Acquisition to persons who are not resident in the United Kingdom. Persons who are not resident in the United Kingdom, or who are subject to laws of any jurisdiction other than the United Kingdom, should inform themselves about, and observe any applicable requirements. Any person (including, without limitation, nominees, trustees and custodians) who would, or otherwise intends to, forward this Announcement, the Scheme Document or any accompanying document to any jurisdiction outside the United Kingdom should refrain from doing so and seek appropriate professional advice before taking any action. In particular, the ability of persons who are not resident in the United Kingdom to vote their Scheme Shares at the Court Meeting or the General Meeting, or to execute and deliver Forms of Proxy appointing another to vote their Scheme Shares in respect of the Court Meeting or the General Meeting on their behalf, may be affected by the laws of the relevant jurisdiction in which they are located or to which they are subject.

Any failure to comply with the applicable legal or regulatory requirements may constitute a violation of the laws and/or regulations of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility and liability for the violation of such restrictions by any person.

The Acquisition will not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, telephonic or electronic) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, a Restricted Jurisdiction, and the Acquisition will not be capable of acceptance by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Accordingly, copies of this Announcement and formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded or distributed in, into or from a Restricted Jurisdiction and persons receiving this Announcement (including custodians, nominees and trustees) must not distribute or send it into or from a Restricted Jurisdiction. In the event that the Acquisition is implemented by way of a Takeover Offer and extended into the US, Bidco will do so in satisfaction of the procedural and filing requirements of the US securities laws at that time, to the extent applicable thereto.

The Acquisition relates to the shares of a company incorporated in England and it is proposed to be made by means of a scheme of arrangement provided for under English law. The Scheme will relate to the shares of a UK company that is a "foreign private issuer" as defined under Rule 3b-4 under the US Exchange Act. A transaction effected by means of a scheme of arrangement is not subject to the shareholder vote, proxy solicitation and tender offer rules under the US Exchange Act. Accordingly, the Scheme is subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement, which differ from the disclosure requirements and practices of US shareholder vote, proxy solicitation and tender offer rules. Financial information included in the relevant documentation will have been prepared in accordance with accounting standards applicable in the UK and may not be comparable to the financial statements of US companies. However, if Bidco were to elect to implement the Acquisition by means of a Takeover Offer, such Takeover Offer shall be made in compliance with all applicable laws and regulations, including section 14(e) of the US Exchange Act and Regulation 14E thereunder. In the event that the Acquisition is implemented by way of a Takeover Offer and extended into the US, Bidco will do so in satisfaction of the procedural and filing requirements of the US securities laws at that time, to the extent applicable thereto. Such Takeover Offer would be made in the US by Bidco and no one else. In addition to any such Takeover Offer, Bidco, certain affiliated companies and the nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, shares in ACI outside such Takeover Offer during the period in which such Takeover Offer would remain open for acceptance. If such purchases or arrangements to purchase are made they would be made outside the United States in compliance with applicable law, including the US Exchange Act.

Forward-looking statements

This Announcement may contain certain "forward-looking statements" with respect to Waterfall, Bidco and ACI. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "will", "may", "should", "would", "could" or other words or terms of similar meaning or the negative thereof. 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 of Waterfall and/or Bidco and the expansion and growth of ACI and potential synergies resulting from the Acquisition; and (iii) the effects of government regulation on the business of ACI.

These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or developments to differ materially from those expressed in or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding present and future strategies and environments. None of Waterfall, Bidco or ACI, 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. You are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. All subsequent oral or written forward-looking statements attributable to, Waterfall, Bidco or ACI or any person acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Announcement. Bidco and ACI assume no obligation to update publicly or revise forward-looking or other statements contained in this Announcement, whether as a result of new information, future events or otherwise, except to the extent legally required.

No profit forecasts or estimates

No statement in this Announcement is intended as a profit forecast or estimate for Waterfall, Bidco or ACI in respect of any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per ACI Share for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per ACI Share.

Right to switch to a Takeover Offer

Waterfall and Bidco reserve the right to elect, with the consent of the Takeover Panel, to implement the Acquisition by way of a Takeover Offer for the entire issued and to be issued ordinary share capital of ACI as an alternative to the Scheme. In such an event, the Takeover Offer will be implemented on the same terms or, if Waterfall so decides, on such other terms being no less favourable (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme and subject to the amendment referred to in Appendix I to this Announcement.

Publication on website

A copy of this Announcement and the documents required to be published pursuant to Rule 26.1 and 26.2 of the Code will be made available (subject to certain restrictions relating to persons resident in Restricted Jurisdictions), free of charge, on Waterfall's website at <https://www.waterfallam.com/possible-offer/> by no later than 12:00 noon on the Business Day following this Announcement. Neither the contents of this website nor the content of any other website accessible from hyperlinks on such websites is incorporated into, or forms part of, this Announcement.

Requesting hard copies

In accordance with Rule 30.3 of the Code, a person so entitled may request a hard copy of this Announcement, free of charge, by contacting Link Company Matters on +44 (0) 20 7954 9664 / companymatters@linkgroup.co.uk. For persons who receive a copy of this Announcement in electronic form or via a website notification, a hard copy of this Announcement will not be sent unless you have previously notified ACI that you wish to receive all documents in hard copy form or unless requested by contacting Link Company Matters on +44 (0) 20 7954 9664 / companymatters@linkgroup.co.uk. In accordance with Rule 30.3 of the Code, a person so entitled may also request that all future documents, announcements and information to be sent to them in relation to the Acquisition should be in hard copy form.

Electronic communications - information for ACI Shareholders

Please be aware that addresses, electronic addresses and certain information provided by ACI Shareholders, persons with information rights and other relevant persons for the receipt of communications from ACI may be provided to Waterfall and Bidco during the Offer Period as required under section 4 of Appendix 4 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.

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm on the 10th Business Day (as defined in the Code) following the commencement of the offer period and, if appropriate, by no later than 3.30 pm on the 10th Business Day (as defined in the Code) following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm on the Business Day (as defined in the Code) following the date of the relevant dealing.

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

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

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Takeover 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.

APPENDIX I

CONDITIONS OF THE ACQUISITION AND CERTAIN FURTHER TERMS

Part A: Conditions of the Scheme and the Acquisition

The Acquisition is conditional upon the Scheme becoming unconditional and effective, subject to the Code, by not later than 11:59 p.m. on the Long Stop Date:

1. The Scheme shall be subject to the following conditions:
 - (a) its approval by a majority in number of the Scheme Shareholders who are on the register of members of ACI at the Voting Record Time and who are present and vote, whether in person or by proxy, at the Court Meeting (and at any separate class meeting which may be required by the Court) and who represent 75 per cent. in value of the Scheme Shares voted by those Scheme Shareholders on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document (or such later date, if any, as Bidco and ACI may agree and the Court may allow);
 - (b) the passing of the Resolutions (as set out in the notice of General Meeting to be set out in the Scheme Document in due course) by the requisite majority at the General Meeting to be held on or before the 22nd day after the expected date of the General Meeting to be set out in the Scheme Document (or such later date, if any, as Bidco and ACI may agree and the Court may allow);
 - (c) the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to Bidco and ACI) on or before the 22nd day after the expected date of the Sanction Hearing to be set out in the Scheme Document (or such later date, if any, as Bidco and ACI may agree and the Court may allow); and
 - (d) delivery of a copy of the Court Order to the Registrar of Companies.
2. In addition, subject as stated in Part B below and to the requirements of the Takeover Panel, the Acquisition shall be conditional upon the following Conditions and, accordingly, the Court Order shall not be delivered to the Registrar of Companies unless such Conditions (as amended, if appropriate) have been satisfied (and continue to be satisfied pending the commencement of the Sanction Hearing) or, where relevant, waived in writing prior to the Scheme being sanctioned by the Court:

Financial Conduct Authority

- (a) in respect of each notice under section 178 of FSMA which Bidco or any other person who has decided to acquire or increase control for the purposes of Part XII of FSMA over any member of the Wider ACI Group which is a UK authorised person (as such term is defined in section 191G of FSMA) is under a duty to give in connection with the proposed implementation of the Acquisition:
 - (i) the FCA having given notice in writing pursuant to section 189(4)(a) of FSMA that it has determined unconditionally to approve such acquisition or increase in control pursuant to section 185 of FSMA; or
 - (ii) the FCA having given notice in writing pursuant to section 189(7) of FSMA that it has determined to approve such acquisition subject to condition(s) specified in the decision notice and such condition(s) being satisfactory to Bidco and any other proposed controllers; or
 - (iii) the FCA being treated, under section 189(6) of FSMA, as having approved such acquisition or increase in control;

US Anti-Trust

- (b) all required filings having been made under the HSR Act and the waiting period under the HSR Act applicable to the completion of the Acquisition having expired or been terminated;

Third Party Regulatory action

- (c) no Third Party having decided, threatened or given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or having required any action to be taken or otherwise having done anything, or having enacted, made or proposed any statute, regulation, decision, order or change to published practice and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to (in any case to an extent or in a manner which is material in the context of the Acquisition, the Wider ACI Group or the Wider Bidco Group, as the case may be, in each case, taken as a whole):
 - (i) require, prevent or materially delay the divestiture or materially alter the terms envisaged for such divestiture by any member of the Wider Bidco Group or by any member of the Wider ACI Group of all or any material part of their respective businesses, assets, property or any shares or other securities (or the equivalent) in any member of the Wider ACI Group or any member of the Wider Bidco Group or impose any material limitation on the ability of all or any of them to conduct their respective businesses (or any part thereof) or to own, control or manage any of their respective assets or properties (or any part thereof);
 - (ii) except pursuant to section 160 of the Companies Act, in the event that Bidco elects to implement the Acquisition by way of a Takeover Offer, require any member of the Wider Bidco Group or the Wider ACI Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider ACI Group or any asset owned by any Third Party (other than in connection with the implementation of the Acquisition);
 - (iii) impose any material limitation on, or result in a material delay in, the ability of any member of the Wider Bidco Group, directly or indirectly, to acquire, hold or exercise effectively all or any rights of ownership in respect of shares or loans or securities convertible into shares or other securities (or the equivalent) in ACI or on the ability of any member of the Wider ACI Group or any member of the Wider Bidco Group, directly or indirectly, to hold or exercise effectively all or any rights of ownership in respect of shares or loans or any other securities (or the equivalent) in, or to exercise voting or management control over, any other member of the Wider ACI Group;
 - (iv) except as Disclosed, result in any member of the Wider ACI Group or any member of the Wider Bidco Group ceasing to be able to carry on business under any names under which it currently carries on business;
 - (v) make the Acquisition, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, ACI by any member of the Wider Bidco Group void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise, directly or indirectly, prevent or prohibit, restrict, restrain or delay or otherwise interfere with the implementation of, or impose additional conditions or obligations with respect to, or otherwise challenge, impede, interfere or require material amendment to the terms of the Acquisition or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, ACI by any member of the Wider Bidco Group;
 - (vi) impose any material limitation on, or result in material delay in, the ability of any member of the Wider Bidco Group or any member of the Wider ACI Group to conduct, integrate or co-ordinate all or any part of its business with all or any

part of the business of any other member of the Wider Bidco Group and/or the Wider ACI Group;

- (vii) require any member of the Wider ACI Group to relinquish, terminate or amend in any material way any material contract to which any member of the Wider ACI Group or the Wider Bidco Group is a party;
- (viii) require any member of the Wider Bidco Group or any member of the Wider ACI Group or any of their respective affiliates to: (A) invest, contribute or loan any capital or assets to; or (B) guarantee or pledge capital assets for the benefit of any member of the Wider Bidco Group or any member of the Wider ACI Group, which in each such case or together is material and adverse in the context of any member of the Wider Bidco Group or any member of the Wider ACI Group or in the context of the Acquisition; or
- (ix) otherwise materially adversely affect all or any of the business, value, assets, liabilities, profits, operational performance, financial or trading position or prospects of any member of the Wider ACI Group or any member of the Wider Bidco Group;

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

Other regulatory approvals

- (d) each Governmental Entity, which regulates or licences any member of the ACI Group or any other body corporate in which any member of the ACI Group has an interest in shares, and whose prior approval, consent or non-objection to any change in control, or acquisition of (or increase in) control in respect of that or any other member of the ACI Group is required, or any Governmental Entity, whose prior approval, consent or non-objection of the Acquisition is otherwise required, or from whom one or more material licences or permissions are required in order to complete the Acquisition, having given its approval, non-objection or legitimate deemed consent or consent in writing thereto and, as the case may be, having granted such licences and permissions (in each case where required and on terms reasonably satisfactory to Bidco), and in each case the impact of which would materially adversely affect the Wider ACI Group or the Wider Bidco Group, taken as a whole;

Notifications, waiting periods and authorisations

- (e) all material notifications, filings or applications which are necessary or considered appropriate or desirable by Bidco having been made in connection with the Acquisition and all necessary waiting and other time periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with, in each case, in respect of the Scheme and the Acquisition and all Authorisations deemed reasonably necessary or appropriate by Bidco in any jurisdiction for or in respect of the Acquisition and, except pursuant to section 160 of the Companies Act, the Acquisition or the proposed acquisition of any shares or other securities in, or control or management of, ACI or any other member of the Wider ACI Group by any member of the Wider Bidco Group having been obtained in terms and in a form reasonably satisfactory to Bidco from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider ACI Group or the Wider Bidco Group has entered into contractual arrangements and all such Authorisations necessary, appropriate or desirable to carry on the business of any member of the Wider ACI Group in any jurisdiction having been obtained and all such Authorisations remaining in full force and effect at the time at which the Acquisition becomes otherwise wholly unconditional and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations;

ACI Shareholder resolution

- (f) except with the consent or the agreement of Bidco, no action having been taken or proposed by any member of the ACI Group, or having been approved by a resolution of ACI Shareholders, or consented to by the Takeover Panel, which falls within or under Rule 21.1 of the Code;

Certain matters arising as a result of any arrangement, agreement, etc.

- (g) except as Disclosed, there being no provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Wider ACI Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or subject, or any event or circumstance which, as a consequence of the Acquisition or the acquisition or the proposed acquisition by any member of the Wider Bidco Group of any shares or other securities (or the equivalent) in ACI or because of a change in the control or management of any member of the Wider ACI Group or otherwise, would or might reasonably be expected to result in (in each case to an extent or in a manner which is material in the context of the Wider ACI Group taken as a whole):
 - (i) any monies borrowed by, or any other indebtedness or liabilities, actual or contingent, of, or any grant available to, any such member being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
 - (ii) the creation, save in the ordinary and usual course of business, or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of such member or any such mortgage, charge or other security interest (whenever created, arising or having arisen) becoming enforceable;
 - (iii) any such arrangement, agreement, lease, licence, franchise, permit or other instrument or the rights, liabilities, obligations or interests of any such member in or with any other person (or any arrangement or arrangements relating to any such interests or business) being adversely modified or adversely affected or any onerous obligation or liability arising or any adverse action being terminated, taken or arising thereunder;
 - (iv) any liability of any such member to make any severance, termination, bonus or other payment to any of its directors or other officers;
 - (v) the rights, liabilities, obligations, interests or business of any such member under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any such member or any member of the Wider ACI Group in or with any other person or body or firm or company (or any arrangement relating to any such interests or business) being terminated, or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken thereunder;
 - (vi) any such member ceasing to be able to carry on business under any name under which it presently carries on business;
 - (vii) any assets or interests of, or any asset the use of which is enjoyed by, any such member being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any such member otherwise than in the ordinary course of business;
 - (viii) the financial or trading position or prospects of, any such member being prejudiced or adversely affected; or

(ix) the creation or acceleration of any material liability (actual or contingent) by any such member other than trade creditors or other liabilities incurred in the ordinary course of business,

and no event having occurred which, under any provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider ACI Group is a party or by or to which any such member or any of its assets are bound, entitled or subject, would or might result in any of the events or circumstances as are referred to in Conditions (g)(i) to (ix) above, in each case which is or would be material in the context of the Wider ACI Group taken as a whole;

Certain events occurring since 31 December 2019

- (h) except as Disclosed, no member of the Wider ACI Group having since 31 December 2019:
- (i) issued or agreed to issue or authorised or proposed or announced its intention to authorise or propose the issue, of additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of ACI Shares out of treasury (except, where relevant, as between ACI and wholly-owned subsidiaries of ACI or between the wholly-owned subsidiaries of ACI);
 - (ii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than dividends (or other distributions whether payable in cash or otherwise) lawfully paid or made by any wholly-owned subsidiary of ACI to ACI or any of its wholly-owned subsidiaries;
 - (iii) other than pursuant to the Acquisition (and except for transactions between ACI and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of ACI and transactions in the ordinary course of business) implemented, effected, authorised or proposed or announced its intention to implement, effect, authorise or propose any merger, demerger, reconstruction, amalgamation, scheme, commitment or acquisition or disposal of assets or shares or loan capital (or the equivalent thereof) in any undertaking or undertakings in any such case to an extent which is material in the context of the Wider ACI Group taken as a whole or in the context of the Acquisition;
 - (iv) except for transactions between ACI and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of ACI and transactions in the ordinary course of business, disposed of, or transferred, mortgaged or created any security interest over any material asset or any right, title or interest in any material asset or authorised, proposed or announced any intention to do so;
 - (v) except for transactions between ACI and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of ACI issued, authorised or proposed or announced an intention to authorise or propose, the issue of or made any change in or to the terms of any debentures or become subject to any contingent liability or incurred or increased any indebtedness which in any such case is material in the context of the Wider ACI Group taken as a whole or in the context of the Acquisition;
 - (vi) entered into or varied or authorised, proposed or announced its intention to enter into or vary any material contract, arrangement, agreement, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, unusual or onerous nature or magnitude or which is or which involves or could involve an obligation of an onerous nature or magnitude, otherwise than in the ordinary course of business and in each case to an extent which is material in the context of the Wider ACI Group taken as a whole;
 - (vii) entered into, materially varied, authorised or proposed entry into or variation of, or announced its intention to enter into or materially vary the terms of, or made any offer (which remains open for acceptance) to enter into or vary to a material extent the terms of any contract, service agreement, commitment or arrangement with any director or senior executive of any member of the Wider ACI Group, otherwise than in the ordinary course of business in each case to an extent which is material in the context of the Wider ACI Group taken as a whole;
 - (viii) establish any share option scheme, incentive scheme or other benefit in respect of the Wider ACI Group;
 - (ix) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or made any other change to any part of its share capital (except, in each case, where relevant, as between ACI and wholly-owned subsidiaries of ACI or between the wholly-owned subsidiaries of ACI);
 - (x) waived, compromised or settled any claim other than in the ordinary course of business and which is material in the context of the Wider ACI Group as a whole;
 - (xi) terminated or varied the terms of any agreement or arrangement between any member of the Wider ACI Group and any other person in a manner which would or might have a material adverse effect on the financial position of the Wider ACI Group taken as a whole;
 - (xii) save as required in connection with the Acquisition, made any material alteration to its memorandum, articles of association or other incorporation documents or any material alteration to the memorandum, articles of association or other incorporation documents of any other member of the Wider ACI Group which is material in the context of the Scheme or the Acquisition or the acquisition by Bidco or any shares or other securities in, or in control of, ACI, or any member of the Wider ACI Group;
 - (xiii) establish any pension scheme(s) in respect of the Wider ACI Group;
 - (xiv) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business which is material in the context of the Wider ACI Group taken as a whole;
 - (xv) (other than in respect of a member of the Wider ACI Group which is dormant and was solvent at the relevant time) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of a receiver, administrator, manager, administrative receiver, trustee or similar officer of all or any material part of its assets or revenues or any analogous or equivalent steps or proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed;
 - (xvi) (except for transactions between ACI and its wholly-owned subsidiaries or between the wholly-owned subsidiaries) made, authorised, proposed or announced an intention to propose any change in its loan capital;
 - (xvii) entered into, implemented or authorised the entry into, any joint venture, asset or profit sharing arrangement, partnership or merger of business or corporate entities, which in any such case is material in the context of the Wider ACI Group as a whole or in the context of the Acquisition; or
 - (xviii) otherwise than in the ordinary course of business, entered into any agreement, arrangement, commitment or contract or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention

to, or to propose to, effect any of the transactions, matters or events referred to in this Condition (g) and which is material in the context of the Wider ACI Group taken as a whole;

No adverse change, litigation, regulatory enquiry or similar

- (i) except as Disclosed, since 31 December 2019 there having been:
 - (i) no adverse change and no circumstance having arisen which would reasonably be expected to result in any adverse change in, the business, value, assets, liabilities, shareholders' equity, financial or trading position or profits, operational performance or prospects of any member of the Wider ACI Group which is material in the context of the Wider ACI Group taken as a whole or in the context of the Acquisition;
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider ACI Group is or may become a party (whether as a claimant, defendant or otherwise) having been threatened, announced, implemented or instituted by or against or remaining outstanding against or in respect of, any member of the Wider ACI Group, in each case which would reasonably be expected to have a material adverse effect on the Wider ACI Group taken as a whole or in the context of the Acquisition;
 - (iii) no enquiry, review or investigation by, or complaint or reference to, any Third Party against or in respect of any member of the Wider ACI Group (or any person in respect of which any such member has or may have responsibility or liability) having been threatened, announced, implemented or instituted or remaining outstanding by, against or in respect of any member of the Wider ACI Group, in each case, which would reasonably be expected to have a material adverse effect on the Wider ACI Group taken as a whole or in the context of the Acquisition;
 - (iv) no contingent or other liability having arisen or become apparent to Bidco or increased other than in the ordinary course of business which is reasonably likely to affect adversely the business, assets, financial or trading position, profits or operational performance of any member of the Wider ACI Group to an extent which is material in the context of the Wider ACI Group taken as a whole or in the context of the Acquisition;
 - (v) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider ACI Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which would reasonably be expected to have a material adverse effect on the Wider ACI Group taken as a whole or in the context of the Acquisition; and
 - (vi) no member of the Wider ACI Group having conducted its business in material breach of any applicable laws and regulations which in any case is material in the context of the Wider ACI Group taken as a whole;

No discovery of certain matters regarding information and liabilities, corruption and intellectual property

- (j) except as Disclosed, Bidco not having discovered that:
 - (i) any financial, business or other information concerning the Wider ACI Group announced publicly by or on behalf of ACI through a RIS prior to the date of this Announcement or disclosed to any member of the Wider Bidco Group by or on behalf of any member of the Wider ACI Group prior to the date of this Announcement is misleading, contains a misrepresentation of any fact, or omits to state a fact necessary to make that information not misleading, in any such case which is material in the context of the Wider ACI Group taken as a whole;
 - (ii) any member of the Wider ACI Group or any partnership, company or other entity in which any member of the Wider ACI Group has a significant economic interest and which is not a subsidiary undertaking of ACI, otherwise than in the ordinary course of business, is subject to any liability, contingent or otherwise, and which is material in the context of the Wider ACI Group taken as a whole;
 - (iii) any past or present member, director, officer or employee of the Wider ACI Group, or any other person for whom any such person may be liable or responsible, has not complied with the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and any laws implementing the same, the UK Bribery Act 2010 and/or the US Foreign Corrupt Practices Act of 1977;
 - (iv) any past or present member, director, officer or employee of the Wider ACI Group, or any other person for whom any such person may be liable or responsible, has engaged in any business with or made any investment in, or made any payments to: (A) any government, entity or individual with which US or EU persons are prohibited from engaging in activities or doing business by US or EU laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control or HM Treasury & Customs, or (B) any government, entity or individual targeted by any of the economic sanctions of the United Nations or the European Union or any of their respective member states;
 - (v) any asset of any member of the Wider ACI Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition); or
 - (vi) since 31 December 2019, no circumstance having arisen or event having occurred in relation to any intellectual property owned, used or licensed by the Wider ACI Group or to any third parties, including: (A) any member of the Wider ACI Group losing its title to any intellectual property or any intellectual property owned by the Wider ACI Group being revoked, cancelled or declared invalid, (B) any agreement regarding the use of any intellectual property licensed to or by any member of the Wider ACI Group being terminated or varied, or (C) any claim being filed suggesting that any member of the Wider ACI Group infringed the intellectual property rights of a third party or any member of the Wider ACI Group being found to have infringed the intellectual property rights of a third party, in each case which is material in the context of the Wider ACI Group taken as a whole or in the context of the Acquisition.

Part B: Certain further terms of the Acquisition

1. Subject to the requirements of the Takeover Panel in accordance with the Code, Bidco reserves the right in its sole discretion to waive (if capable of waiver) in whole or part:
 - (i) any of the Conditions set out in paragraphs (a), (b) and (c) of the above Condition 1 of Part A only in so far as such conditions relate to the timing of the Court Meeting, the General Meeting and the sanctioning of the Scheme. If any of the deadlines for those events are not met, Bidco shall make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with ACI to extend the deadline in relation to the relevant Condition; and
 - (ii) all or any of the above Conditions 2(a) (Financial Conduct Authority) to (i) (No discovery of certain matters regarding information and liabilities, corruption and intellectual property) of Part A (inclusive).
2. Conditions 2(a) (Financial Conduct Authority) to (i) (No discovery of certain matters regarding information and liabilities, corruption and intellectual property) of Part A (inclusive) must be fulfilled or waived by no later than 11:59 p.m. on the date immediately preceding the date of the Sanction Hearing, failing which the Scheme will lapse or, if the Acquisition is implemented by way of a Takeover Offer, no later than as permitted by the Takeover Panel. Bidco shall be under no obligation to waive or treat as fulfilled any of the Conditions which

are capable of being waived by a date earlier than the latest date specified above for the fulfilment or waiver thereof, notwithstanding that any such Condition or other Conditions of the Scheme and the Acquisition may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.

3. Under Rule 13.5 of the Code, Bidco may not invoke a Condition so as to cause the Scheme not to proceed, or to lapse, or so as to cause any Takeover Offer to lapse or be withdrawn, unless the circumstances which give rise to the right to invoke the Condition are of material significance to Bidco in the context of the Acquisition. Condition 1 of Part A (and, if applicable, any acceptance condition adopted on the basis specified in paragraph 5 below in relation to any Takeover Offer) are not subject to this provision of the Code.
4. If Bidco is required by the Takeover Panel to make an offer for ACI Shares under the provisions of Rule 9 of the Code, Bidco may make such alterations to the Conditions and certain further terms of the Acquisition as are necessary to comply with the provisions of that Rule.
5. Bidco reserves the right to elect (with the consent of the Takeover Panel) to implement the Acquisition by making, directly or indirectly through a subsidiary or nominee of Bidco, a Takeover Offer as an alternative to the Scheme. In such event, the Takeover Offer will be implemented on the same terms or, unless Bidco otherwise determines and subject to the consent of the Takeover Panel, on such other terms being no less favourable, subject to appropriate amendments, as far as applicable, as those which would apply to the Scheme. The acceptance condition would be set at 75 per cent. of the shares to which such Takeover Offer relates (or such lesser percentage, being more than 50 per cent., as Bidco may decide with the consent of the Takeover Panel). Further, if sufficient acceptances of the Takeover Offer are received and/or sufficient ACI Shares are otherwise acquired, it is the intention of Bidco to apply the provisions of the Companies Act to compulsorily acquire any outstanding ACI Shares to which such Takeover Offer relates.
6. The Acquisition will lapse (unless otherwise agreed with the Takeover Panel) if:
 - (i) in so far as the Scheme or the Acquisition or any matter arising from or relating to the Scheme or Acquisition constitutes a concentration with a Community dimension within the scope of Council Regulation (EC) No. 139/2004, the European Commission either initiates proceedings under Article 6(1)(c) of Council Regulation (EC) No. 139/2004 or makes a referral to a competent authority of the United Kingdom under Article 9(1) of Council Regulation (EC) No. 139/2004 and there is then a CMA Phase 2 Reference; or
 - (ii) in so far as the Scheme or the Acquisition or any matter arising from or relating to the Scheme or the Acquisition becomes subject to a CMA Phase 2 Reference,
 - (iii) pursuant to the HSR Act, the Federal Trade Commission or Department of Justice issues a Second Request,in each case, before the date of the Court Meeting.
7. Bidco reserves the right for any other entity owned by Bidco from time to time to implement the Acquisition.
8. The ACI Shares shall be acquired by Bidco with full title guarantee, fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party rights and interests whatsoever and together with all rights existing at the date of this Announcement or thereafter attaching thereto, including (without limitation) the right to receive and retain, in full, all dividends and other distributions (if any) declared, made or paid or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the date of this Announcement in respect of the ACI Shares.
9. If, on or after the date of this announcement and prior to or on the Effective Date, any dividend, distribution or other return of value is declared, paid or made or becomes payable by ACI and with a record date on or prior to the Effective Date other than the Q3 Dividend in the amount of 12 pence, Bidco reserves the right (without prejudice to any right of Bidco, with the consent of the Panel, to invoke Condition 2(h)(ii) of this Appendix I) to reduce the consideration payable under the Acquisition to reflect the aggregate amount of such dividend, distribution or other return of value or excess. If and to the extent that any such dividend, distribution or other return of value is paid or made on or prior to the Effective Date and Bidco exercises its rights under this paragraph to reduce the consideration payable under the Acquisition, any reference in this announcement to the consideration payable under the terms of the Acquisition shall be deemed to be a reference to the consideration as so reduced.
10. The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of relevant jurisdictions. Therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom and any ACI Shareholders who are not resident in the United Kingdom will need to inform themselves about and observe any applicable requirements.
11. Unless otherwise determined by Bidco or required by the Code and permitted by applicable law and regulations, the Acquisition is not being, and will not be, made, directly or indirectly, in, into or by the use of the mails of, or by any other means or instrumentality (including, but not limited to, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and will not be capable of acceptance by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction.
12. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.
13. This Announcement and any rights or liabilities arising hereunder, the Acquisition, the Scheme and the Forms of Proxy will be governed by English law and will be subject to the jurisdiction of the English courts. The Acquisition shall be subject to the applicable requirements of the Code, the Takeover Panel, the London Stock Exchange and the FCA.

APPENDIX II

SOURCES OF INFORMATION AND BASES OF CALCULATION

In this Announcement:

- (i) As at 2 November 2020 (being the latest practicable date prior to publication of this announcement), there were 73,467,261 ACI Shares in issue (excluding ordinary shares held in treasury).
- (ii) Unless otherwise stated, financial information relating to ACI has been extracted from the audited consolidated financial statements of ACI for the financial year ended 31 December 2019.
- (iii) The value of the Acquisition is based upon the Acquisition Price of 870 pence per ACI Share and is calculated on the basis of the issued and to be issued share capital of ACI (as set out in paragraph (i) above).
- (iv) Unless otherwise stated, all prices for ACI Shares are the Closing Price for the relevant date.
- (v) The Closing Price of ACI Shares is taken from the Daily Official List.
- (vi) The three month and six month Volume Weighted Average Price are derived from Thomson Reuters Datastream data.
- (vii) The average discount to cum income NAV during the six month period ended 24 February 2020 is derived from Morningstar data.

- (viii) The Adjusted August NAV of 928.6 pence per ACI Share is derived from the August cum income NAV of 955.7 pence per ACI Share, less:
- (i) the 15 pence per ACI Share impairment described in Section 5, Background to and reasons for the recommendation; and
- (ii) the interim dividend of 12 pence per ACI Share for the three month period to 30 June 2020 paid on 9 October 2020.

APPENDIX III

DETAILS OF IRREVOCABLE UNDERTAKINGS AND LETTER OF INTENT

Waterfall and Bidco have received irrevocable undertakings and a letter of intent to accept the Acquisition Price in respect of a total of 29,977,165 ACI Shares (representing, in aggregate, approximately 40.8 per cent. of ACI's Shares in issue on 2 November 2020 (being the last Business Day prior to this Announcement)), comprised as follows:

ACI Directors' irrevocable undertakings

Name	Number of ACI Shares	Per cent. of ACI Shares in issue
Simon King	29,985	0.04%
Michael Cassidy	21,000	0.03%
Total	50,985	0.07%

The irrevocable undertakings from the ACI Directors named above will only cease to be binding if:

- the Scheme Document is not dispatched within 28 days of this Announcement (or within such longer period as Bidco and ACI may agree with the consent of the Panel);
- the Scheme or a Takeover Offer announced in implementation of the Acquisition has not become effective or been declared unconditional in all respects in accordance with the requirements of the Code (as the case may be) prior to the Long Stop Date; or
- the Scheme or a Takeover Offer (as the case may be) has lapsed or been withdrawn and no new, revised or replacement Scheme or Takeover Offer has been announced by Bidco or its affiliates in accordance with Rule 2.7 of the Code at the same time.

Other ACI Shareholders' irrevocable undertakings

Name	Number of ACI Shares	Per cent. of ACI Shares in issue
Pentwater Capital Management LP ("Pentwater")	11,719,057	16.0%
Invesco Asset Management Limited ("Invesco")	10,951,285	14.9%
Premier Fund Managers Limited ("Premier Fund Managers")	2,558,529	3.5%
GLG Partners LP ("GLG Partners")	2,497,309	3.4%
Berry Street Capital Management LLP ("Berry Street")	1,000,000	1.4%
Total	28,726,180	39.1%

The irrevocable undertakings from the other ACI Shareholders will only cease to be binding if:

- the Scheme Document is not dispatched within 28 days of this Announcement (or within such longer period as Bidco and ACI may agree with the consent of the Panel);
- a competing offer is announced in respect of ACI, in accordance with Rule 2.7 of the Code, and the consideration payable to ACI Shareholders under such competing offer is, in the reasonable opinion of the ACI Shareholders who have provided the irrevocable undertakings, at least 10% higher in value than that payable pursuant to the Acquisition;
- the Scheme or a Takeover Offer announced in implementation of the Acquisition has not become effective or been declared unconditional in all respects in accordance with the requirements of the Code (as the case may be) prior to 20 January 2021 (in the case of the undertaking from Invesco, Pentwater, Berry Street, GLG Partners and Premier Fund Managers) and the Long Stop Date (in the case of the other ACI Shareholders); or
- the Scheme or a Takeover Offer (as the case may be) has lapsed or been withdrawn and no new, revised or replacement Scheme or Takeover Offer has been announced by Bidco or its affiliates in accordance with Rule 2.7 of the Code at the same time.

Letter of intent

Name	Number of ACI shares	Per cent. of ACI shares in issue
Berry Street Capital Management LLP	1,200,000	1.6%
Total	1,200,000	1.6%

APPENDIX IV

DEFINITIONS

In this Announcement, the following words and expressions have the following meanings, unless the context requires otherwise:

ACI	Alternative Credit Investments plc;
ACI's Articles	ACI's Articles of Association currently adopted and filed with the Registrar of Companies;
ACI Board	the board of directors of ACI from time to time;
ACI Directors	the directors of ACI from time to time;
ACI Group	ACI and its subsidiaries and subsidiary undertakings;
ACI Shareholders	the holders of ACI Shares;
ACI Shares	ordinary shares of £0.01 each in the capital of ACI and each an " ACI Share ";
Acquisition	the recommended offer to be made by Bidco to acquire the entire issued and to be issued ordinary share capital of ACI to be effected by means of the Scheme (or, if Bidco so elects and subject to the Takeover Panel's consent, a Takeover Offer) on the terms and subject to the conditions set out in the Scheme Document;
Acquisition Price	870 pence per Scheme Share;
Adjusted August NAV	928.6 pence per ACI Share as described under the sub-heading " <i>The ACI Board's recommendation</i> " on page 12 of this Announcement;
AIFM Rules	the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No. 1095/2010; the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision; the UK SI 2013/1773, the Alternative Investment Fund Managers Regulations 2013 and any other applicable national implementing measures, including the FCA Rules;
Announcement	this announcement of the Acquisition made in accordance with Rule 2.7 of the Code;
August Consolidated Debt	£232.9 million as described under the sub-heading " <i>Update on cash position and debt facilities</i> " on page 11 of this Announcement;
Authorisations	authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions, determinations, exemptions or approvals;
Bidco	Waterfall EIT UK Limited;
Business Day	a day, other than a Saturday, Sunday, public holiday or bank holiday, on which banks are generally open for normal business in the City of London;
Closing Price	the closing middle market quotation for a ACI Share as derived from the Daily Official List on that day;
CMA	the independent body which conducts inquiries into mergers, markets and the regulation of the major regulated industries in the United Kingdom (or any successor body or bodies carrying out the same functions in the United Kingdom from time to time);
CMA Phase 2 Reference	a reference of the Acquisition to the chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013;
Code	the City Code on Takeovers and Mergers;
Community	the European Community;
Companies Act	the UK Companies Act 2006, as amended;
Conditions	the conditions to the implementation of the Scheme and the Acquisition, which are set out in Appendix I to this Announcement and to be set out in the Scheme Document;
Confidentiality Agreement	the confidentiality agreement entered into by Waterfall and ACI on 27 January 2020;
Court	the High Court of Justice, Chancery Division (Companies Court) in England and Wales;
Court Meeting	the meeting (or any adjournment, postponement or reconvention thereof) of the Scheme Shareholders (or the relevant class or classes thereof) to be convened by order of the Court pursuant to section 896 of the Companies Act to consider and, if thought fit, approve the Scheme (with or without modification);
Court Order	the order of the Court sanctioning the Scheme;
CREST	the relevant system (as defined in the Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the Regulations);

Daily Official List	the Daily Official List of the London Stock Exchange;
Dealing Disclosure	has the same meaning as in Rule 8 of the Code;
Disclosed	(i) information in the annual report and accounts of the ACI Group for the financial year ended 31 December 2019 and the half year report and unaudited condensed financial statements of the ACI Group for the six months ended 30 June 2020; (ii) matters and information disclosed prior to the date of this Announcement by or on behalf of ACI to Waterfall or Bidco (or their respective officers, employees, agents or advisers in their capacity as such); (iii) matters and information disclosed to Waterfall (and its officers, employees, agents or advisers in their capacity as such) in its capacity as adviser and investment manager to ACI prior to the date of this Announcement; (iv) matters disclosed in any public announcement to a RIS made by ACI prior to the date of this Announcement; or (v) in this Announcement;
Disclosure Table	the disclosure table on the Takeover Panel's website at www.thetakeoverpanel.org.uk ;
Effective	in the context of the Acquisition: (a) if the Acquisition is implemented by way of a Scheme, the Scheme having become effective in accordance with its terms, upon the delivery of the Court Order to the Registrar of Companies; or (b) if the Acquisition is implemented by way of a Takeover Offer, the Takeover Offer having been declared or become unconditional in all respects in accordance with the requirements of the Code;
Effective Date	the date upon which: (a) the Scheme becomes Effective; or (b) if Bidco elects and the Takeover Panel consents to implement the Acquisition by way of a Takeover Offer, the Takeover Offer becomes Effective;
Excluded Shares	(a) any ACI Shares legally or beneficially held by Bidco or any member of the Wider Bidco Group; or (b) any Treasury Shares;
FCA	the UK Financial Conduct Authority or its successor from time to time;
FCA Rules	the rules comprised in the handbook of rules and guidance published by the FCA, as amended and replaced from time to time, and other such rules made by the FCA (or any duly authorised committee of the FCA) as altered, amended, added to or cancelled from time to time;
Forms of Proxy	the forms of proxy for use at the Court Meeting and the General Meeting respectively, which will accompany the Scheme Document;
FSMA	the Financial Services and Markets Act 2000, as amended;
General Meeting	the general meeting (or any adjournment, postponement or reconvention thereof) of ACI Shareholders to be convened in connection with the Scheme;
Governmental Entity	any supranational, national, state, municipal, local or foreign government, any instrumentality, subdivision, court, arbitrator or arbitrator panel, regulatory or administrative agency or commission, or other authority thereof, or any regulatory or quasi-regulatory organisation or private body exercising any regulatory, taxing, importing or other governmental or quasi-governmental authority;
HSR Act	the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976 (as amended) and the rules and regulations made thereunder;
ISIN	International Securities Identification Number;
London Stock Exchange	London Stock Exchange Plc;
Long Stop Date	25 March 2021 or such later date (if any) as Bidco and ACI may, with the consent of the Takeover Panel, agree and (if required) the Court may allow;
Listing Rules	the rules and regulations made by the UK Listing Authority under the Financial Services and Markets Act 2000 (as amended) and contained in the UK Listing Authority's publication of the same name, as amended from time to time;
Main Market	the main market of the London Stock Exchange;
NAV	net asset value;
Non-Recourse Debt	£165.6 million as described under the sub-heading " <i>Update on cash position and debt facilities</i> " on page 11 of this Announcement;
Numis	Numis Securities Limited;
Offer Period	the period which commenced on 25 February 2020 and ending on the date on which the Acquisition becomes Effective, lapses or is withdrawn (or such other date as the Takeover Panel may decide);
Official List	the official list maintained by the FCA pursuant to Part VI of FSMA;
Opening Position Disclosure	has the same meaning as in Rule 8 of the Code;
Recourse Debt	£67.4 million as described under the sub-heading " <i>Update on cash position and debt facilities</i> " on page 11 of this Announcement;
Registrar of Companies	Registrar of Companies of England and Wales;

Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
Resolutions	the resolutions to be proposed by ACI at the General Meeting in connection with the Acquisition;
Restricted Jurisdiction	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available in that jurisdiction;
RIS	a service approved by the London Stock Exchange for the distribution to the public of announcements and included within the list maintained on the London Stock Exchange's website;
Sanction Hearing	the hearing by the Court to sanction the Scheme and, if such hearing is adjourned, references to the commencement of any such hearing shall mean the commencement of the final adjournment thereof;
Scheme	the proposed scheme of arrangement under Part 26 of the Companies Act to effect the Acquisition between ACI and the Scheme Shareholders (the full terms of which will be set out in the Scheme Document), with or subject to any modification, addition or condition which Bidco and ACI may agree, and, if required, the Court may approve or impose;
Scheme Document	the document to be despatched to (amongst others) ACI Shareholders containing, amongst other things, the terms and conditions of the Scheme, the notices convening the Court Meeting and the General Meeting;
Scheme Record Time	the time and date to be specified in the Scheme Document, expected to be 6:00 p.m. on the Business Day immediately prior to the Effective Date;
Scheme Shareholders	holders of Scheme Shares;
Scheme Shares	<p>the ACI Shares:</p> <ul style="list-style-type: none"> (i) in issue at the date of the Scheme Document; (ii) (if any) issued after the date of the Scheme Document and prior to the Voting Record Time; and (iii) (if any) issued at or after the Voting Record Time but at or before the Scheme Record Time in respect of which the original or any subsequent holder thereof is bound by the Scheme or shall by such time have agreed in writing to be bound by the Scheme <p>in each case other than any Excluded Shares;</p>
Smith Square Partners	Smith Square Partners LLP;
Substantial Interest	in relation to an undertaking, a direct or indirect interest of 10 per cent. or more of the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking;
Takeover Offer	should the Acquisition be implemented by way of a takeover offer as defined in section 974 of the Companies Act 2006, the offer to be made by or on behalf of Bidco to acquire the entire issued and to be issued ordinary share capital of ACI and, where the context requires, any subsequent revision, variation, extension or renewal of such offer;
Takeover Panel	the UK Panel on Takeovers and Mergers;
Third Party	each of a central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, professional or investigative body or authority (including any antitrust or merger control authority), court, trade agency, professional association, institution, works council, employee representative body or any other similar body or person whatsoever in any jurisdiction;
Treasury Shares	any ACI Shares which are for the time being held by ACI as treasury shares (within the meaning of the Companies Act);
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland;
United States or US	the United States of America, its territories and possessions, all areas subject to its jurisdiction or any subdivision thereof, any state of the United States of America and the District of Columbia;
US Exchange Act	the United States Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder;
Volume Weighted Average Price	the volume weighted average of the per share trading prices of ACI Shares on the London Stock Exchange as reported through Thomson Reuters Datastream;
Voting Record Time	the date and time specified in the Scheme Document by reference to which entitlements to vote on the Scheme will be determined, expected to be 6.00 pm on the day which is two days before the date of the Court Meeting or, if the Court Meeting is adjourned, 6.00 pm on the second day before the date of such adjourned meeting;
Waterfall	Waterfall Asset Management, LLC.;
Wider ACI Group	ACI, its subsidiary undertakings, associated undertakings and any other undertaking, body corporate, partnership, joint venture or person in

which ACI and/or such undertakings (aggregating their interests) have a direct or indirect Substantial Interest or the equivalent;

Wider Bidco Group

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

£ or pence

pounds sterling or pence, the lawful currency of the UK; and

\$

US dollar, the lawful currency of the US.

In this Announcement:

- (a) all times referred to are to London time unless otherwise stated;
- (b) references to the singular include the plural and vice versa, unless the context otherwise requires;
- (c) "subsidiary", "subsidiary undertaking" and "undertaking" have the meanings given by the Companies Act and "associated undertaking" has the meaning given to it by paragraph 19 of Schedule 6 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, other than paragraph 1(b) thereof which shall be excluded for this purpose; and
- (d) all references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

OFFFSFSFDESSEIF
