

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF EU REGULATION 596/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018.

THIS ANNOUNCEMENT AND THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN, INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA, JAPAN, SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE TO DO SO WOULD BREACH ANY APPLICABLE LAW OR REGULATION. PLEASE SEE THE IMPORTANT NOTICE AT THE END OF THIS ANNOUNCEMENT.

THIS ANNOUNCEMENT IS AN ADVERTISEMENT AND DOES NOT CONSTITUTE A PROSPECTUS OR PROSPECTUS EQUIVALENT DOCUMENT. NEITHER THIS ANNOUNCEMENT NOR ANYTHING CONTAINED HEREIN SHALL FORM THE BASIS OF, OR BE RELIED UPON IN CONNECTION WITH, ANY OFFER OR COMMITMENT WHATSOEVER IN ANY JURISDICTION. ANY DECISION TO PURCHASE, SUBSCRIBE FOR, OTHERWISE ACQUIRE, SELL OR OTHERWISE DISPOSE OF ANY SECURITIES REFERRED TO IN THIS ANNOUNCEMENT MUST BE MADE SOLELY ON THE BASIS OF THE INFORMATION THAT IS CONTAINED IN THE PROSPECTUS TO BE PUBLISHED BY THE COMPANY IN DUE COURSE.

KIER GROUP PLC
("Kier" or the "Company")

Proposed c.£241 million Capital Raise by way of a Firm Placing and Placing and Open Offer of c.284 million New Ordinary Shares at 85 pence per share

Kier, a leading infrastructure services and construction group, today announces that it proposes to raise gross proceeds of approximately £241 million by way of a fully underwritten Firm Placing and Placing and Open Offer and separate Directors' Subscription (the "**Capital Raise**") of, in aggregate, 284,049,829 New Ordinary Shares at an issue price of 85 pence per New Ordinary Share (the "**Issue Price**").

The Capital Raise, which together with the recent sale of Kier Living Limited, will raise approximately £351.4 million of gross proceeds for the Group. The proceeds will provide the Group with the financial and operational flexibility to continue to deliver on its strategic objectives within its chosen markets and will allow it to further enhance and capitalise on its position as a strategic partner to its customers.

The Firm Placing and Placing and Open Offer, which have been fully underwritten by Numis Securities plc ("**Numis**") and Peel Hunt LLP ("**Peel Hunt**"), are being conducted by way of an accelerated bookbuild process (the "**Bookbuild**") which will be launched immediately following this announcement (the "**Announcement**"). The Firm Placing and Placing are subject to the terms and conditions set out in the Appendix to this Announcement (which forms part of this Announcement) (the "**Appendix**"). Numis and Peel Hunt are acting as joint bookrunners and joint brokers to the Company in connection with the Capital Raise (the "**Joint Bookrunners**"). **Rothschild & Co** is acting as financial adviser and sponsor to the Company.

Key Capital Raise Highlights:

- Intention to raise gross proceeds of approximately £241 million through a Firm Placing and Placing and Open Offer:
 - o £120.6 million to be raised through the Firm Placing through the placing of 141,851,386 Firm Placing Shares; and
 - o £120.6 million to be raised through the Placing and Open Offer through the placing of 141,851,386 Open Offer Shares.
- In addition, certain Directors (or their closely associated persons) are expected to subscribe for approximately £0.3 million in aggregate of New Ordinary Shares at the Issue Price (the "**Director Subscriptions**").
- The Board believes that the Capital Raise will provide the Group with the financial and operational flexibility to continue to deliver on its strategic objectives. In particular, the Capital Raise will:
 - o Create a strong, resilient and flexible balance sheet, providing the Group with the capacity to invest; and provide its clients, customers, suppliers and other stakeholders, with greater confidence in Kier as a counterparty;
 - o Increase the financial headroom available to the Group, allowing for more effective working capital management in the current environment; and
 - o Facilitate the re-financing of the Group's existing borrowing facilities.
- The Group intends to use the net proceeds from the Capital Raise to immediately reduce the Group's net debt and facilitate prudent investment in the business to allow the Group to drive sustainable, profitable organic growth. Use of proceeds will be split as follows:
 - o £144.4 million will be used to prepay a portion of the balance outstanding under the 2017 RCF Facility and associated fees pursuant to the RCF Stage 3 Amendment;
 - o £43.5 million will be used to repay balances outstanding under the Second *Schuldschein* Loan Agreement and the Fourth *Schuldschein* Loan Agreement and associated fees pursuant to the 13 April 2021 amendments thereto;
 - o £16.5 million will be used to make payments to holders of the 2012 Notes and 2014 Notes;
 - o £6.8 million will be used to pay other fees associated with the Principal Debt Facilities Amendments;
 - o £0.7 million will be used to pay an additional contribution to the trustee of the Group's pension schemes; and
 - o the balance of £16.9 million will be retained within the Group's cash reserves.
- Following the completion of the Capital Raise, Kier's lenders have agreed to extend the Group's debt facilities to January 2025, providing the Group with additional balance sheet strength as it pursues its target of a net cash position within 2-3 years.
- The Issue Price represents a discount of 17.0 per cent. to the closing price of 102.4 pence per Ordinary Share on 12 May 2021 (being the last Business Day prior to the publication of this Announcement). The Capital Raise is conditional upon, among other things, the approval of Kier Shareholders at a general meeting of the Company which will take place at 10.00 a.m. on 16 June 2021

Kier Group Investment Highlights:

The Board believes Kier and the Capital Raise represent a compelling investment opportunity:

- Kier has made significant progress on its financial and operational turnaround strategy, having simplified the Group's portfolio, right sized its cost base, and embedded operational improvements throughout.

- Kier is now focussed on nation-wide markets in both infrastructure and construction, which are defined by significant and committed UK government and regulated industry spend over the medium and long term.
- Kier's position as a clear leader in its core markets is underpinned by long-term contracts, and framework agreements, creating high visibility of revenues and contract profitability. As at 31 March 2021, Kier has an order book of £8 billion, which covers 62 per cent. of year to 30 June 2022 forecast revenues and has been awarded places on long-term frameworks worth up to £80 billion, across several sectors including, health, education and justice.
- Kier's scale, leading delivery capability at both national and regional levels, operational delivery processes and expertise, and balance sheet strength resulting from the Capital Raise, should enable Kier to take maximum advantage of its leading market positions.
- Kier has successfully executed an ambitious self-help programme and now has the appropriate cost base and "Performance Excellence" culture embedded throughout the Group to ensure contracts are won and executed on terms and values appropriate to their risk. The Group expects to deliver at least £115 million of annualised cost savings by the end of financial year 2021 (as compared to financial year 2018) and continues to review its cost base to identify additional cost saving measures.
- Kier expects actions taken to right size the Group as part of the turnaround strategy will result in continued improved financial performance. The net proceeds from the Capital Raise will further strengthen the Group's balance sheet, building on the sale of Kier Living, and underpin Kier's medium-term value creation plan targets:
 - o Revenue: £4.0 - 4.5 billion
 - o Adjusted operating margin: c.3.5 per cent.
 - o Cash conversion of operating profit: c.90 per cent.
 - o Balance sheet: Sustainable net cash position with capacity to invest
 - o Dividend: Sustainable dividend policy with dividend cover of around three times earnings through the cycle

Bookbuild:

The Firm Placing and Placing and Open Offer are fully underwritten by the Joint Bookrunners on the terms and subject to the conditions of the Underwriting Agreement, and are, along with the Director Subscriptions, conditional upon, among other things, the approval of Kier Shareholders at a general meeting of the Company. Kier proposes to raise:

- £120.6 million through a Firm Placing of 141,851,386 Firm Placing Shares at the Issue Price. The Firm Placing will not be subject to clawback to satisfy valid applications for Open Offer Shares by Qualifying Shareholders in the Open Offer.
- £120.6 million through a Placing and Open Offer of 141,851,386 Open Offer Shares at the Issue Price. The Open Offer Shares will be subject to clawback to satisfy valid applications for Open Offer Shares by Qualifying Shareholders in the Open Offer.
- The Open Offer Shares will be made available to Qualifying Shareholders on the share register at the Record Date. Qualifying Shareholders are being given the opportunity to subscribe for Open Offer Shares pro rata to their holdings of Existing Ordinary Shares on the basis of 7 Open Offer Shares for every 8 Existing Ordinary Shares held by them and registered in their name at the Record Date.
- In addition, Qualifying Shareholders will be able to apply for excess entitlements in the Open Offer of up to 1x their basic entitlement, subject to Open Offer Shares being available to satisfy such excess entitlements, to allow them to maintain their pro-rata shareholding in Kier.
- The Firm Placing Shares and Open Offer Shares, when issued, will be fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares.

The Bookbuild is expected to close no later than 12p.m. on 13 May 2021, subject to acceleration. Timing of the closing of the Bookbuild and allocations are at the discretion of the Joint Bookrunners and the Company. Details of the results of the Capital Raise will be announced as soon as practicable after the close of the Bookbuild.

Your attention is drawn to the detailed terms and conditions of the Firm Placing and Placing described in Appendix V to this Announcement. Capitalised terms used but not otherwise defined in the text of this Announcement are defined in Appendix III of this Announcement.

Set out below in Appendix I to this Announcement is some further information regarding the Company and the Capital Raise. The Company intends to send to Shareholders and publish on its website a shareholder Prospectus (the "**Prospectus**"), including the Notice of General Meeting, shortly after the announcement of the results of the Bookbuild this morning.

Andrew Davies, CEO, commented:

"Today's proposed capital raise represents the final milestone in the Group's strategy to simplify the Group; to improve cash generation; and to strengthen our balance sheet. This capital raise will provide Kier with the financial and operational flexibility to continue to pursue our strategic objectives, within our chosen markets, and to facilitate investment in the business to help drive sustainable, profitable organic growth and the achievement of our medium-term financial targets"

For further information, please contact:

Kier Group plc	
Investor Relations	+44 (0) 7933 388 746
Kier Press office	+44 (0) 1767 355 096
<hr/>	
Rothschild & Co	
Financial Adviser and Sponsor	+44 (0) 20 7280 5000
John Deans, Neil Thwaites, Shannon Nicholls	
<hr/>	
Numis Securities	
Joint Bookrunner and Joint Broker	
Jonathan Wilcox, Richard Thomas, Jamie Loughborough, Howard Seymour, Hannah Boros	+44 (0) 20 7260 1000
<hr/>	
Peel Hunt	
Joint Bookrunner and Joint Broker	
Harry Nicholas, Charles Batten, Sam Cann, John Welch, Alastair Rae (Syndicate)	+44 (0) 20 7418 8900
<hr/>	
FTI Consulting:	
Richard Mountain, Nick Hasell	+44 (0) 20 3727 1340
<hr/>	
Gleacher Shacklock LLP	
Debt Adviser	+44 (0) 20 7484 1150
Michael Grayer, Tom Quinn, Christopher Lloyd-Davies	
<hr/>	

Key dates for the Firm Placing and Placing and Open Offer

Record Date for entitlements under the Open Offer	5.00 p.m. on 12 May 2021
Publication of the Prospectus, the Notice of General Meeting and the Form of Proxy	13 May 2021
Ex-Entitlement Date for the Open Offer	8.00 a.m. on 14 May 2021
Posting of the Prospectus, Application Forms (to Qualifying Non-CREST Shareholders only) and Forms of Proxy	17 May 2021
Open Offer Entitlements and Excess Open Offer Entitlements credited to stock accounts in CREST (Qualifying CREST Shareholders only)	as soon as practicable after 8.00 a.m. on 18 May 2021
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 14 June 2021
Latest time and date for receipt of completed Application Forms and payments in full and settlement of CREST instructions (as appropriate)	11.00 a.m. on 14 June 2021
Announcement of the results of the Open Offer	15 June 2021
General Meeting	10.00 a.m. on 16 June 2021
Admission and dealings in New Ordinary Shares to commence on the London Stock Exchange	8.00 a.m. on 18 June 2021

Market Abuse Regulation

This Announcement contains inside information for the purposes of EU MAR and UK MAR (together, "**MAR**"). In addition, market soundings (as defined in MAR) were taken in respect of the matters contained in this Announcement, with the result that certain persons became aware of such inside information as permitted by MAR. That inside information is set out in this Announcement and has been disclosed as soon as possible in accordance with paragraph 7 of article 17 of both EU MAR and UK MAR. Upon the publication of this Announcement, the inside information is now considered to be in the public domain and such persons shall therefore cease to be in possession of inside information in relation to the Company and its securities.

The person who arranged the release of this Announcement on behalf of Kier was Phil Higgins, Company Secretary.

IMPORTANT NOTICES

Important notices

This Announcement may contain certain forward-looking statements, beliefs or opinions, with respect to the financial condition, results of operations and business of the Company and the Group. This Announcement includes statements that are, or may be deemed to be, "forward-looking statements". The words "believe," "estimate," "target," "anticipate," "expect," "could," "would," "intend," "aim," "plan," "predict," "continue," "assume," "positioned," "may," "will," "should," "shall," "risk", their negatives and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. Forward-looking statements in this Announcement include, but are not limited to, statements about: the conditions to the Capital Raise becoming effective being met, and the current development and aftermath of the COVID-19 pandemic. An investor should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the control of the Company or the Group. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions investors that forward-looking statements are not guarantees of future performance and that its actual results of operations and financial condition, and the development of the industry in which it operates, may differ materially from those made in or suggested by the forward-looking statements contained in this Announcement and/or information incorporated by reference into this Announcement. In addition, even if the Company's or the Group's results of operation, financial position and growth, and the development of the markets and the industry in which the Group operates, are consistent with the forward-looking statements contained in this Announcement, these results or developments may not be indicative of results or developments in subsequent periods. The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that the Company, or persons acting on its behalf, may issue.

N.M. Rothschild & Sons Limited ("**Rothschild & Co**"), Numis Securities Limited and Peel Hunt LLP, which are each authorised and regulated in the UK by the FCA, are each acting exclusively for the Company and no one else in connection with the contents of this Announcement, the Capital Raise and any other matters referred to in this Announcement and will not regard any other person as a client in relation to the Capital Raise or any other matters referred to in this Announcement and will not be responsible to anyone for providing the protections afforded to their clients nor for giving advice to any other person in relation to the contents of this Announcement, the Capital Raise or any other matter or arrangement referred to in this Announcement. Neither Rothschild & Co nor the Joint Bookrunners are responsible for the contents of this Announcement.

Past performance of the Company cannot be relied on as a guide to future performance. A variety of factors may cause the Company's or the Group's actual results to differ materially from the forward-looking statements contained in this Announcement. The Group, Rothschild & Co and the Joint Bookrunners and each of their respective directors, officers, employees, agents, affiliates and advisers expressly disclaim any obligation to supplement, amend, update or revise any of the forward-looking statements made herein, except where required to do so under applicable law.

No statement in this Announcement is intended as a profit forecast, project, prediction or estimate and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

This Announcement has been issued by and is the sole responsibility of the Company. No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by Rothschild & Co, either Joint Bookrunner or by any of their respective affiliates, directors, employees, advisers or agents as to, or in relation to, the accuracy or completeness of this Announcement or any other written or oral information made available to any interested party or its advisers, and any liability therefore is expressly disclaimed.

No reliance may or should be placed by any person for any purpose whatsoever on the information contained in this Announcement or on its accuracy or completeness. The information in this Announcement is subject to change.

This Announcement, including the appendices, is for information purposes only and is not intended to and does not constitute or form part of any offer or invitation to sell, allot or issue, or any offer or invitation to purchase or subscribe for, or any solicitation to purchase or subscribe for, any securities in the United States (including its territories and possessions), Australia, its territories and possessions, Canada, Japan, South Africa or in any jurisdiction to whom or in which such offer or invitation is unlawful, nor does the fact of its distribution form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment whatsoever with respect to such securities, the Company or otherwise.

Neither this Announcement nor any copy of it nor the information contained in it and any related materials is for publication, distribution or release, in whole or in part, directly or indirectly, in or into or from the United States (including its territories and possessions, any State of the United States and the District of Columbia) (subject to certain restrictions), Australia, its territories and possessions, Canada, Japan, South Africa, or any other jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

The distribution of this Announcement and the offering of the New Ordinary Shares may be restricted by law in certain jurisdictions.

No action has been taken by the Company, Rothschild & Co, the Joint Bookrunners or any of their respective affiliates that would permit an offer of the New Ordinary Shares or possession or distribution of this Announcement or any other offering or publicity material relating to such New Ordinary Shares in any jurisdiction where action for that purpose is required. Persons into whose possession this Announcement comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The New Ordinary Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or under any securities laws of any state or other jurisdiction of the United States. The New Ordinary Shares may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, into or within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the New Ordinary Shares in the United States. The New Ordinary Shares are being offered: (i) outside the United States in "offshore transactions" as defined in, and in accordance with, Regulation S under the Securities Act; and (ii) in the United States to persons reasonably believed to be "qualified institutional buyers", as defined in Rule 144A under the Securities Act ("**QIBs**") who are subscribing for the New Ordinary Shares in private placement transactions pursuant to Section 4(a)(2) of the Securities Act; or (iii) pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. Prospective purchasers are notified that the Company as issuer of the New Ordinary Shares is relying upon an exemption from the registration requirements of Section 5 of the Securities Act.

In addition, until 40 days after the commencement of the offering of the New Ordinary Shares, an offer, sale or transfer of the New Ordinary Shares within the United States by any dealer (whether or not participating in the Capital Raise) may violate the registration requirements of the Securities Act.

The New Ordinary Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, or state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Capital Raise or the accuracy or adequacy of these terms and conditions. Any representation to the contrary is a criminal offence in the United States.

Subject to certain exceptions, this Announcement does not constitute an offer of the New Ordinary Shares to any person with a registered address, or who is resident or located in the United States or any of the Excluded Territories. The New Ordinary Shares have not been and will not be registered under the relevant laws of any state, province or territory of the United States or any of the Excluded Territories and may not be offered, sold, resold, taken up, transferred, delivered or distributed, directly or indirectly within the United States or any Excluded Territory except pursuant to an applicable exemption from registration requirements.

This Announcement does not constitute a recommendation concerning any investor's options with respect to the Capital Raise. The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the shares. The contents of this Announcement are not to be construed as legal, business, financial or tax advice. Each investor or prospective investor should consult his, her or its own legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice.

The New Ordinary Shares to be issued or sold pursuant to the Capital Raise will not be admitted to trading on any stock exchange other than the London Stock Exchange.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this Announcement.

UK Product Governance Requirements

Solely for the purposes of the product governance requirements contained within the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Rules**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any 'manufacturer' (for the purposes of the UK Product Governance Rules) may otherwise have with respect thereto, the New Ordinary Shares have been subject to a product approval process, which has determined that such New Ordinary Shares are: (a) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in Chapter 3 of the FCA Handbook Conduct of Business Sourcebook ("**COBS**"); and (b) eligible for distribution through all permitted distribution channels (the "**UK target market assessment**"). Notwithstanding the UK target market assessment, distributors should note that: the price of the New Ordinary Shares may decline and investors could lose all or part of their investment; the New Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the New Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The UK target market assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Capital Raise. Furthermore, it is noted that, notwithstanding the UK target market assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the UK target market assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of COBS 9A and COBS 10A, respectively; or (b) a recommendation to any investor or group of investors to invest in, or purchase or take any other action whatsoever with respect to the New Ordinary Shares. Each distributor is responsible for undertaking its own UK target market assessment in respect of the New Ordinary Shares and determining appropriate distribution channels.

EU Product Governance Requirements

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (**MiFID II**); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the New Ordinary Shares to be issued in the Capital Raise have been subject to a product approval process, which has determined that the New Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the Target Market Assessment). Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Ordinary Shares may decline and investors could lose all or part of their investment; the New Ordinary Shares to be issued in the Capital Raise provide no guaranteed income and no capital protection; and an investment in the New Ordinary Shares to be issued in the Capital Raise is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Capital Raise. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to, the New Ordinary Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the New Ordinary Shares and determining appropriate distribution channels.

Unless the context otherwise requires, all references to time are to London time.

APPENDIX I

FURTHER INFORMATION REGARDING THE COMPANY AND THE PROPOSED CAPITAL RAISE

Kier Group PLC

Firm Placing of 141,851,386 Firm Placing Shares at 85 pence each

Placing and Open Offer of 141,851,386 Open Offer Shares at 85 pence each

Notice of General Meeting

PROPOSED FIRM PLACING AND PLACING AND OPEN OFFER

1. Introduction

Kier has today announced a proposed fully underwritten Firm Placing and Placing and Open Offer, which, together with the Director Subscriptions, will raise gross proceeds of £241 million (the "**Capital Raise**"). The Firm Placing and Placing and Open Offer will be fully underwritten by the Joint Bookrunners, subject to the conditions set out in the Underwriting Agreement.

Kier has made significant progress on the implementation of the conclusions of the strategic review undertaken by the Chief Executive, Andrew Davies, and announced in June 2019; to simplify and focus the Group, improve the Company's cash generation and strengthen its balance sheet. Kier is now focused on its strong, core, cash generating businesses in Infrastructure Services and Construction, where it has market leading positions. In addition, Property has recently been categorised as a core business due to the operational synergies it achieves with other Group businesses. Kier is a national strategic partner in sectors based around long term frameworks with the UK government and other regulated industry clients.

The Board believes that the Capital Raise, which together with the recent sale of Kier Living will raise £351.4 million of gross proceeds for the Group, and the conditional extension of the Group's 2017 RCF Facility to 31 January 2025 will provide the Group with the financial and operational flexibility to continue to pursue its strategic objectives within its chosen markets and will allow it to further enhance and capitalise on its position as a strategic partner to its customers.

Shareholders should note that the extension of certain of the Group's Principal Debt Facilities, including the Group's 2017 RCF Facility, which matures on 30 September 2022, is subject to receipt of the net proceeds from the Capital Raise. See "*Risk Factors-Risks relating to the Group's debt*" within the Prospectus.

The Capital Raise is conditional on, among other things, the passing of the Resolutions by Shareholders at a General Meeting. The General Meeting will take place at 10.00 a.m. on 16 June 2021 at the Tungsten Building, Central Boulevard, Blythe Valley Park, Solihull B90 8AU. You will find a Notice of General Meeting set out in the Prospectus.

The Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting. Each of the Directors who is a Shareholder intends to vote in favour of the resolutions to be proposed at the General Meeting. In addition, certain Directors intend to participate in the Capital Raise and subscribe for the Subscription Shares.

2. Kier represents a compelling investment opportunity

The Board believes Kier and the Capital Raise represent a compelling investment opportunity:

- Kier is now focussed on nation-wide markets in both infrastructure and construction, which are defined by significant and committed UK government and regulated industry spend over the medium and long term;
- Kier's position as a clear leader in its core markets is underpinned by long-term contracts, and framework agreements, creating high visibility of revenues and contract profitability. As at 31 December 2020, Kier has an order book of £8 billion, which covers 62 per cent. of year to 30 June 2022 forecast revenues, and has been awarded places on long-term frameworks worth up to £80 billion, across a number of sectors including, health, education and justice, providing it with long-term revenue streams, an established operating platform and strengthened customer relationships;
- Kier's scale, leading delivery capability at both national and regional levels, operational delivery processes and expertise, and balance sheet strength resulting from the Capital Raise, should enable Kier to take maximum advantage of its leading market positions;
- Kier has successfully executed an ambitious self-help programme and now has the appropriate cost base and "Performance Excellence" culture embedded throughout the Group to ensure contracts are won and executed on terms and values appropriate to their risk. The Group expects to deliver at least £115 million of annualised cost savings by the end of the financial year ending 30 June 2021 (as compared to the financial year ended 30 June 2018), and continues to review its cost base to identify additional cost saving measures;
- Kier expects actions taken to right size the Group as part of the turnaround strategy will result in continued improved financial performance and expects that over the medium term the Group will be capable of the following medium-term targets:

• Organic annual revenue	c.£4.0 - 4.5 billion
• Adjusted operating margin	c.3.5 per cent.
• Cash conversion of operating profit	c.90 per cent.
• Balance sheet	Sustainable net cash position with capacity to invest
• Dividend	Sustainable dividend policy with dividend cover of around three times earnings through the cycle

Kier has the senior leadership team with the expertise and track record to deliver this value creation plan.

3. Background to, and Reasons for, the Capital Raise

3.1. Introduction to Kier - a leading UK infrastructure services and construction company

Kier is a leading UK infrastructure services and construction company with approximately 100 years of experience. Kier is focused on areas which are aligned to the UK government's investment priorities and critical to the economic recovery of the UK.

Kier is a strategic partner to the UK government and regulated industry clients, providing a "one-stop-shop" to clients from design, project management, complex engineering solutions, logistical issues, management of supply-chain as well as after care.

Kier operates across the UK in attractive and growing sectors which are increasingly defined by long term, committed spend, including health, education, prisons, defence, transport, energy, power, telecoms and water.

Under Kier's previous management, the Company undertook an acquisition-led growth strategy, which included the acquisitions of May Gurney, Mouchel and McNicholas in the four years to 2017. Whilst these transactions built on and added to Kier's leading positions in a number of attractive markets, they also left the business with a lack of strategic and operational focus, a complex and large cost base, and an over-leveraged balance sheet.

During 2019, Kier's management team was significantly strengthened, with the appointment of Andrew Davies as Chief Executive and Simon Kesterton as Chief Financial Officer, bringing directly relevant strategic and operational expertise, combined with broad and demonstrated experience in cost reduction and balance sheet strengthening. Kier put in place an executive committee comprising the Chief Executive and Chief Financial Officer alongside the five Group Managing Directors, the Group Commercial Director and the Group HR Director to oversee more effectively strategic progress and operating activities.

In June 2019, Kier announced the results of a comprehensive strategic review led by Andrew Davies, which was focused on simplifying the Group, better allocating capital resources across the Group, improving cash generation and reducing balance sheet leverage.

This strategic review concluded that Kier would focus on its core businesses: Highways, Infrastructure, Utilities and Construction. These businesses are high-quality, have national, market-leading positions and are underpinned by long-term contracts, a total order book of £8 billion as at 31 December 2020, and positions on £80 billion of frameworks for the UK government and regulated clients. Kier's strong order book is underpinned by contract wins and de-risked contracts, and 51 per cent. of the order book is under target cost or cost reimbursable contracts. The increased order book, coupled with shift towards lower risk contracts, provides clear visibility over medium term targets. In addition, Kier has categorised its Property business as core due to the potential for operational synergies with Kier's other businesses.

Kier has made significant progress on its financial and operational turnaround strategy. In particular, Kier has:

- **Simplified the Group's portfolio:** reducing or exiting those activities identified in the strategic review as non-core:
 - o **Living** - the sale of Kier Living for £110 million was announced on 16 April 2021;
 - o **Facilities Management** - certain contracts have been successfully concluded and the remaining business appropriately rationalised;
 - o **Environmental Services** - the business has been substantially exited.
- **Right-sized cost base:** fundamentally restructured the Group to deliver annualised cost savings of at least £115 million by June 2021 (as compared to the financial year ended 30 June 2018), and Kier continues to review its cost base to identify additional cost saving measures.
- **Operational improvement:** embedded a culture of "Performance Excellence" throughout the Group and introduced a new operating framework focused on people, processes, projects and costs, underpinned by a "Back to basics" approach, resulting in the delivery of high-quality projects on time and to budget consistently across the Group.

As a result, the Board believes Kier is now strongly positioned in its significant and growing markets, and the Capital Raise will allow Kier to take maximum advantage of these market opportunities.

3.2. Kier's market opportunities

In the National Infrastructure Strategy, published in November 2020 the UK government has committed to address the historical under-investment in critical infrastructure by investing over £600 billion over the next five years, focusing on roads, railways, communications, schools, hospitals and power networks.

The National Infrastructure Strategy contained the following commitments in Kier's focus markets:

- Over £27 billion to be invested in England's strategic roads between 2020 and 2025;
- Funding for the Shared Rural Network to improve mobile coverage in rural areas, and a £5 billion investment in gigabit broadband rollout;
- The School Rebuilding Programme, committing to a 10-year pipeline of 50 schools a year;
- A new £4 billion cross-departmental "Levelling Up" Fund that will invest in local infrastructure in England; and
- Setting up a new UK infrastructure bank to co-invest alongside the private sector in infrastructure projects.

In light of COVID-19, the UK government committed on 30 June 2020 to accelerate £5 billion of capital investment projects, including:

- £1.5 billion for building and maintaining hospitals;
- Over £1 billion for the first 50 projects of a new, ten-year school rebuilding programme, with construction on the first sites anticipated from September 2021, and £560 million and £200 million for repairs and upgrades to schools and further education colleges, respectively;
- £142 million for digital upgrades and maintenance to around 100 courts in 2020, £83 million for maintenance of prisons and youth offender facilities and £60 million for temporary prison places;
- £100 million for 29 projects to improve the United Kingdom's road network;
- £900 million for local areas to invest in priority infrastructure projects in England, ranging from development and regeneration of key local sites to investment to improve transport and digital connectivity; and
- £96 million to accelerate investment in town centres and high streets.

Infrastructure investment is fundamental to delivering net zero emissions by 2050, a target set out in the Prime Minister's Ten Point Plan for a Green Industrial Revolution, and which should create very significant, long term opportunities for Kier. Key measures set out in the National Infrastructure Strategy include:

- Significant investment in offshore wind and into modern ports and manufacturing infrastructure to expand the share of energy generation from renewables;
- Providing up to £525 million to bring forward large-scale nuclear and invest in the development of advanced nuclear technologies;

- £1 billion to support the establishment of carbon capture and storage in four industrial clusters; and
- Investing £1.3 billion in charging infrastructure to accelerate the mass adoption of electric vehicles ahead of ending the sale of new petrol and diesel cars by 2030.

Beyond the UK government's commitments, Kier is well placed to benefit from an estimated £125 billion spend on rail investment, approximately £7 billion investment to increase airport capacity, water companies pledging to spend more than £50 billion in AMP7 over the next five years and an estimated £138 billion in new UK energy infrastructure by 2028.

3.3. Kier's simplified and focused portfolio

As a result of actions taken by the new management team, Kier is now a highly-focused Group with the following attractive business units within its Infrastructure Services and Construction segments:

Infrastructure Services (42 per cent. of Group revenue for the six months ended 31 December 2020 and 44 per cent. of Group revenue for the financial year ended 30 June 2020):

- **Highways:** Kier's Highways business delivers emergency response services and reactive maintenance, planned recurring maintenance and enhancements to critical UK infrastructure. Kier believes it has a leading position in strategic highways and top 3 in local highways, with over two-thirds of revenues undertaken on a low commercial risk cost-reimbursable basis. The Highways team includes designers, environmentalists, ecologists, traffic engineers and safety engineers. The business has the technical expertise, network knowledge and skills to develop, design and manage the delivery of highways maintenance and improvement schemes across the UK:
 - o The business is the largest highway services provider in the UK, working with Highways England and a wide range of local authorities who are collectively responsible for the UK's road network;
 - o Core capabilities of the Highways business include:
 - § Managing, maintaining and improving more than 30,000 kilometres of local authority and strategic roads (for example, maintaining the spaghetti junction in the West Midlands, which carries over 200,000 vehicles each day);
 - § Managing and maintaining tunnels;
 - § Analysing network needs, designing, developing and implementing road schemes (for example, the 50/50 joint venture between Kier and Tarmac recently secured a position on all three of Transport for London's frameworks to deliver and support the construction, renewal and enhancement of highways infrastructure across London);
 - § Preparing technical designs and undertaking supporting work for capital projects, through a team of 520 designers. Design support ranging from initial scheme feasibility to as-build phases.
 - o In addition, Kier is typically delivering over £1 billion of capital programmes at any one time. Current live major regional capital projects include, but are not limited to:
 - § M6 Smart Motorway in Staffordshire (£265 million contract value);
 - § A585 Windy Harbour Bypass in Lancashire (£140 million contract value); and
 - § Port of Liverpool in Merseyside (£195 million contract value).
- **Infrastructure:** Kier's Infrastructure business provides a range of services to the UK government and public sector including emergency response for flood relief victims across the nation, providing innovative solutions in the energy production and defence sectors or performing a critical role in the delivery of the UK's largest and most complex infrastructure schemes. Kier's Infrastructure business is characterised by repeat business relationships typically exceeding 10 years for customers in its chosen sectors, and 81 per cent. of contracts on a reimbursable-costs basis. Core capabilities of the Infrastructure business include:
 - o **Project management:** Kier has more than 150 qualified civil engineering project leads with extensive project management experience. Kier has significant experience as a "systems integrator", which is increasingly required on complex projects, such as Crossrail and HS2;
 - o **Design management:** Kier has 75 structural and civil engineering designers providing technical advice and support across offices in Manchester, Leeds, Liverpool, Birmingham, Norwich and Bristol;
 - o **Procurement and cost control:** Kier has more than 120 qualified commercial and procurement staff, providing control of projects and contracts from inception to completion, cost certainty and value add to customers;
 - o **Quality management:** Kier has a dedicated team of 17 people whose primary role is to ensure quality assurance;
 - o Major infrastructure schemes include:
 - § **Hinkley Point C** - Kier is delivering earthworks, site preparation and infrastructure for the new nuclear power station adjacent to the Somerset coast;
 - § **Crossrail** - Kier has worked on five major contracts as part of the overall £15 billion Crossrail project, including constructing two railway tunnels that run for 6.4 kilometres between the Royal Oak portal and the new Farringdon Crossrail station in London, and large scale building of station tunnel caverns at Bond Street, Tottenham Court Road and Farringdon;
 - § **HS2** - Kier is a key partner on the largest section of the scheme (80 kilometre central section) using its earthwork expertise. Kier provides the majority of the project management and engineering for the section.
- **Utilities:** Kier's Utilities business enables consumers, businesses and public bodies to remain connected to essential water, energy, telecoms and rail networks. Through its Utilities business, Kier believes it is a top 3 contractor in the water and energy sectors, deriving over 90 per cent. of revenues from long-term contracts and alliances, with the majority of contracts on a cost-reimbursable basis. Utilities is supported by a design team of 80 civil and electrical engineers and utility specialist designers (on a full-time equivalent basis) providing support across a wide range of water, energy, rail and telecom projects. The main design brand used by the Utilities business is Source Design Services. Core capabilities of the Utilities business include:
 - o **Water:** Kier enables clean and waste water to flow to approximately 18 million properties in the UK. Customers include Thames Water, Scottish Water, Yorkshire Water, Affinity, South West Water and Anglian Water;
 - o **Electricity:** Kier supports electricity connectivity for approximately 10 million properties in the United Kingdom whilst also carrying out emergency responses and building new connections network reinforcements and renewables. Clients include UK Power Networks and Western Power Distribution;
 - o **Gas:** Kier provides similar services for several UK gas companies. Kier is the only gas distribution contractor operating in Northern Ireland. Customers include Phoenix Natural Gas, firmus energy and SGN Natural Gas;
 - o **Telecom:** Working for all three of the UK's largest digital infrastructure platforms, Kier keeps business and domestic broadband services functioning, including:

- § Installing of high-speed fibre optic networks to "fibre-up" the UK in both urban and rural environments for Openreach, Virgin Media, CityFibre and others;
 - § Providing 24/7 emergency restoration services to keep broadband connections functioning throughout Scotland, South London, the South East, South Coast, Hampshire and Berkshire; and
 - § Undertaking a task every 4 minutes, 24 hours a day, maintaining key parts of the UK's 4G and 5G access network.
- o **Rail:** Kier delivers essential high voltage power and signalling operations to sections of the rail network responsible for 1.7 billion rail passenger journeys (pre-COVID-19). Kier is currently providing design and value optimisation of enabling works for HS2. Other clients include Network Rail and Transport for London.

Construction (56 per cent. of Group revenue for the six months ended 31 December 2020 and 54 per cent. of Group revenue for the financial year ended 30 June 2020):

Management believes that Kier's construction business is the #1 UK national builder. The business primarily delivers projects for the public sector, typically delivering approximately 150 projects for UK government departments and local authorities nationally with a combined value in excess of £1 billion per annum. The projects range in value from £150,000 to over £200 million and are located across the UK, with 78 per cent. of projects for repeat customers.

The Construction business has a dedicated building services design and install organisation of 40 employees providing whole project lifecycle support. The team are based in Basingstoke but provide support across Construction. In addition, the Construction business has use of 150 architectural and structural engineers, building service designers, surveyors, project managers and installers to support its business objectives and maximise asset value.

Construction operates across a number of sectors including Education, Health, Justice and Defence:

- o **Education:** Kier is the delivered almost £5 billion of primary, secondary and tertiary facilities in the past 15 years:
 - § Kier currently has 24 Department for Education Framework projects on site, with 5 schemes being developed in the preconstruction phase; and
 - § Kier delivers value for the Department of Education by supporting design improvements, developing the wider social value strategy, supporting the carbon agenda, using optimum procurement arrangements and implementing effective risk management.
- o **Health:** Kier has a long-standing collaborative relationship with the health authorities across England, Scotland and Wales. This expertise and ability to understand the demands and requirements of the NHS enables Kier to respond to the specific challenges of the UK health sector:
 - § Kier has delivered over 100 healthcare projects in the past 10 years, working in partnership with over 80 NHS Trusts;
 - § Kier currently has 16 health projects on site and 14 in development;
 - § Kier undertook the Project Management Office role in support of NHS England and NHS Improvement in coordinating the national effort to provide additional bed spaces in response to COVID-19;
 - § Additionally, Kier has responded to COVID-19 by providing health and safety equipment and the delivery of surge hospitals to Glasgow, Swansea and Bristol; and
 - § Kier has a specialist healthcare team with the expertise to assist the Department of Health to deliver its significant future investment in the UK's health sector.
- o **Justice:** Kier has a 14-year relationship with the Ministry of Justice ("MoJ") delivering over £600 million of new build and refurbishment projects across all categories of prison and courts, for example:
 - § Her Majesty's Prison ("HMP") Five Wells in Wellingborough, which is due for completion in 2021, is a £253 million resettlement prison comprising 60,000 square metres of accommodation and ancillary buildings using Modern Methods of Construction ("MMC") to maximise efficiency and value for money for the taxpayer;
 - § Kier's innovative approach builds on its experience of successfully delivering the 1,600 capacity for HMP Oakwood, near Wolverhampton;
 - § The standardised design approach at HMP Wellingborough acts as the blueprint for the platform-based design due to be rolled out across the future prisons programme, as part of the providing 10,000 prison places;
 - § Kier has hosted multiple design workshops and site tours to showcase best practice to modern rehabilitative prison design;
 - § Kier is undertaking carbon footprint analysis in collaboration with the MoJ and Carbon Trust to determine science-based targets to reduce carbon across the prison programme; and
 - § Kier is also leading the development of a MMC social value calculator following its use on custodial projects.
- o **Defence:** Kier is a key partner on national and regional Defence Infrastructure Organisation ("DIO") frameworks and is delivering a number of defence projects. Examples include:
 - § RAF Lakenheath - a £246 million development programme to deliver new base facilities and infrastructures for the US Air Force F-35 Fighter Jet;
 - § RAF Lyneham - a £50 million contract to build a military technical training base; and
 - § Other projects - over £100 million of projects involving physical training and flight simulator facilities, barracks and headquarter upgrades.

Property:

The Property business invests and develops schemes and sites across the UK. This business was established in 2002 through the acquisition of Laing Property Developments. It invests in and develops schemes and sites across the United Kingdom and is principally focussed on mixed-use urban regeneration schemes.

3.4. Kier's restructured and right-sized cost base

To support the delivery of the Group's strategic priorities Kier has made a number of structural changes, including increasing the level of divisional accountability, removing a number of layers of management and significantly reducing the central overhead through actions including outsourcing IT and fleet management functions.

These changes have resulted in the Group's headcount reducing by approximately 1,700 overall and Kier expects that this reduction in headcount, along with the delivery of our other strategic actions, will enable the Group to realise at least £115 million of annualised cost savings by the end of the financial year ending 30 June 2021 (as compared to the financial year ended 30 June 2018), while maintaining capacity to support additional growth. Kier continues to review its cost base to identify additional cost saving measures.

3.5. Kier's embedded culture of "Performance Excellence"

Kier now operates with a strong operational and financial risk management framework, which is fundamental to and embedded in Kier's contract selection and delivery processes.

Kier's Performance Excellence culture introduced a consistent approach in how Kier develops and manages people, as well as processes, projects, costs and its way of working:

- Deliver projects on time and to budget, thereby meeting clients' and customers' expectations;
- Do not enter into contracts with unacceptable risk profiles;
- Introduce increased levels of resilience, and a consistency of approach, across the Group; and
- Win new business with attractive margins.

Kier launched a new Operating Framework in January 2020, which sets out the governance structure within which the Group now operates, including a new framework for the assessment of contract risk and new project reviews to ensure that the group only enters into contracts with an acceptable and appropriate risk and financial reward profile.

Performance Excellence is also fundamental to Kier's approach to safety, with the aim of continuing to improve the overall safety performance as Kier has done year-on-year over the past five years.

3.6. Kier - laying down a sustainable path

In July 2020, Kier launched a new sustainability policy "Building for a Sustainable World", which reframed sustainability away from being an environmental specialism to being a strategic and business critical mindset, balancing the need for environmental resilience, community resilience and profitability in day to day decision making. Across environmental and social sustainability, the framework focuses on the following critical areas for improvement and builds on the Group's historical successes:

Environmental sustainability

The framework is governed through Sustainability Leadership Forums established at Group level and for each core business. Under this framework, Kier has committed to achieving net zero carbon across its own operations and supply chain by 2045, eliminating single use plastics by 2030, and to tackling inequality by providing support, opportunities and training to local communities.

Kier's environmental sustainability approach is based on five pillars:

- **Pollution prevention:** Kier's annual target for avoidable compliance is zero. Kier will restore and replenish environmental areas affected by unavoidable compliance issues;
- **Responsible sourcing and supply chain:** Kier will cause no harm to the environment from the resources it uses;
- **Carbon impact:** Kier will achieve net zero carbon across its own operations and supply chain by 2045;
- **Zero waste:** Kier will design out waste and produce no avoidable waste by 2035. Kier's operations will be single-use-plastic-free by 2030; and
- **Protection of habits and resources:** Kier will promote a healthy environment for future generations.

In the current financial year, the Group's businesses have concentrated on achieving their environmental framework reduction targets, which they are well on the way towards, and also on developing the Group's pathway to Net Zero, with interim targets, annual carbon budgets and limits on carbon off-setting. The Group is launching carbon, water, waste and biodiversity, and seeking to employ innovation, new technology and best practices in pollution prevention. The pathway and budgets will be published in the Group's annual report for the year ending 30 June 2021, along with the refined social value targets for the year ending 30 June 2022.

Kier has won a number of "Green Apple" awards for biodiversity and protected species enhancement. In partnership with Network Rail, it won a "Sustainability & Environmental Excellence" award at the 2020 Rail Business Awards, for its work in the community. Kier was shortlisted for "Most Innovative Use of Existing Tech" at the 2020 Water Industry Awards, as a result of its collaboration with Huber and South West Water to reduce chemical consumption and operating costs in the South West of the UK.

Social sustainability

Kier is also focused on social sustainability: Kier's work and actions directly and positively impact the communities it serves, and this in turn generates wider value for society. The Group has achieved progress on these objectives, including its graduate intake comprising 27 per cent. women in 2018, and in 2020 achieving 99 per cent. of expenditure on a number of public sector frameworks with SMEs and training 700 mental health first aiders. In 2021, the Group introduced a new severity-based metric to focus on wider health and safety performance in its operations. This follows an established track record on social sustainability matters. For example, Kier was the first construction company to support 16 to 25 year olds to have spent time as cared for children through the Department of Education's Care Leaver Covenant. Kier's Highways business and its HS2 joint venture are both Disability Confident employers. The Highways business has also been a Disability Confident Leader since 2019, enabling people of all abilities to come into the workplace.

The independent organisation, the Social Value Business, awarded Kier's Construction business the "Social Value Quality Mark" (Mark 1& 2), the standard it created to measure an organisation's commitment to, and delivery of, social value. Kier is the first construction company in the UK to be awarded the mark.

In October 2019, Kier was awarded "Innovation of the Year" at the UK Social Mobility Awards for the development and implementation of its Shaping Our Communities calculator which Kier uses as a tool to record its social value.

The Group's social framework commitments include developing and launching a new employee health and well-being strategy, as well as a Group Equality, Diversity and Inclusion strategy to be driven by appointment of a Group Head of Equality, Diversity and Inclusion. These efforts will be supported by a focus on social purpose that aims to tackle inequality by giving individuals and communities the tools and opportunities to create brighter futures. The Group had 618 apprentices participating on a Kier apprenticeship programme during the financial year ended 30 June 2020 (including 161 graduate apprentices) and expects to have developed 965 apprentices by the end of the current financial year.

Governance and the Group's sustainability framework

Governance will remain a core component of the Group's approach to operations. The Group monitors governance matters through Annual BSI audits on ISO14001, 45001 & 9001 compliance, Integrated Operational Assurance Statement & processes and operating assurance statements. The Group's internal policy centre supports the Group's efforts in governance focus areas such as modern slavery, anti-bribery and corruption, data protection and whistleblowing matters. Framework commitments on governance matters include continued participation in sustainability leadership forums, ensuring board oversight and cross-functional input, as well as implementation of project lifecycle management systems and processes, and continuous improvement of the Operational Assurance Statement processes and increased training requirements.

3.7. Reasons for the Capital Raise

The Board believes that Kier has established a strong platform, based on robust and focused operating performance and cash generation, and that Kier has significant opportunities as a result of the sector-leading positions of each of its businesses in its chosen markets.

The Board believes that the Capital Raise will provide the Group with the financial and operational flexibility to continue to pursue its strategic objectives. In particular, the Capital Raise will:

- Create a strong, resilient and flexible balance sheet, providing the Group with the capacity to invest, and its clients, customers, suppliers and other stakeholders, with greater confidence in Kier as a counterparty;
- Increase the financial headroom available to the Group, allowing for more effective working capital management in the current environment; and
- Facilitate the re-financing of the Group's existing borrowing facilities (the terms of which are summarised in paragraph 3.9 below).

The Board has therefore concluded that the Capital Raise is in the best interests of the Group.

3.8. Cash flow track record and use of proceeds

As at 31 December 2020, Kier had net debt of £354 million and, in the six-month period to 31 December 2020, Kier had average month-end net debt of £436 million (compared to £395 million in the equivalent period to 31 December 2019). This net cash outflow was the combination of strong operating cash flow in the period offset by the cash impact of COVID-19, contributions to the Group's Pension Schemes, and certain one off items.

In addition, Kier announced on 16 April 2021 the sale Kier Living for gross proceeds of £110 million. The net proceeds from this sale will be used to reduce the Group's indebtedness and the current funding deficit under its Pension Schemes through a £10 million contribution.

The Group intends to use the net proceeds from the Capital Raise of £229 million as follows:

- o £144.4 million will be used to prepay a portion of the balance outstanding under the 2017 RCF Facility and associated fees payable to the lenders pursuant to the RCF Stage 3 Amendment;
- o £43.4 million will be used to repay balances outstanding under the Second *Schuldschein* Loan Agreement and the Fourth *Schuldschein* Loan Agreement and associated fees payable to the lenders pursuant to the 13 April 2021 amendments thereto;
- o £16.5 million will be used to make payments to holders of the 2012 Notes and 2014 Notes in respect of certain principle amounts outstanding under the 2014 Notes and associated fees on the 2012 Notes and 2014 Notes payable to the lenders pursuant to the 2012 Stage 3 Amendment and the 2014 Stage 3 Amendment, respectively;
- o £6.8 million will be used to pay other fees associated with the Principal Debt Facilities Stage Amendments;
- o £0.7 million will be used to pay an additional contribution to the trustee of the Group's pension schemes; and
- o £16.9 million will be retained within the Group's cash reserves.

The targeted result of these actions will be to:

- o Immediately further reduce the Group's net debt; and
- o Facilitate prudent investment in the business, so as to drive sustainable, profitable organic growth and generate a sustainable net cash position within 2-3 years.

3.9. Financing and liquidity

On 13 April 2021, the Group agreed with the Principal Debt Facility lenders and noteholders to a series of amendments permitting the extension of certain maturity dates and amendment of certain terms of the Group's borrowings under these arrangements. These Principal Debt Facilities Amendments comprise:

- the Principal Debt Facilities Stage 1 Amendments, which became effective on 13 April 2021, and
- the Principal Debt Facilities Stage 2 Amendments, which become effective upon completion of certain conditions, namely completion of the Capital Raise.

These Principal Debt Facilities Stage 1 Amendments provided for, *inter alia*, the following:

- pursuant to the RCF Stage 3 Amendments, extension of the RCF Facility Termination Date to 30 September 2022, changes to the interest coverage ratio, leverage ratio and consolidated net worth covenants;
- pursuant to the SSD3 Stage 3 Amendment, amendment to the financial covenants in the *Third Schuldschein* Loan Agreement to substantially align with the 2017 RCF Agreement (save certain differences reflecting the longer remaining term in respect of the *Third Schuldschein* Loan Agreement); and
- pursuant to 2012 Stage 3 Amendment and the 2014 Stage 3 Amendment, respectively, amendment to the negative covenants in the 2012 Note Purchase Agreement and the 2014 Note Purchase Agreement to substantially align with the 2017 RCF Agreement, and changes to the interest coverage ratio, leverage ratio and consolidated net worth covenants under each agreement.

The Group's agreements with the Principal Debt Facility lenders and noteholders also provided for further amendments to and/or extensions of the Group's borrowings under certain of the Principal Debt Facilities. These Principal Debt Facilities Stage 2 Amendments provide for, *inter alia*, the following:

- **2017 RCF:** extension of the RCF Facility Termination Date to 31 January 2025, prepayment and cancellation of £135 million of available commitments, amendment of the applicable margin (and leverage linked ratchet), revisions to remove quarterly covenant testing and to amend covenant testing levels (as set out below), and relaxation of operational restrictions;
- **Third *Schuldschein* Loan Agreement:** an increase in the applicable rate by 0.25 per cent. per annum, revisions to remove quarterly covenant testing and the consolidated net worth and liquidity covenants, amendment to the leverage ratio and interest coverage ratio test levels (as set out below), and relaxation of operational restrictions to align with the 2017 RCF;
- **2012 Notes:** an increase in the applicable rate by 0.25 per cent. per annum, revisions to remove quarterly covenant testing and the consolidated net worth and liquidity covenants, amendment to the leverage ratio and interest coverage ratio test levels (as set out below), and relaxation of operational restrictions to align with the 2017 RCF;
- **2014 Notes:** extension of the 2014 Note (November 2024) maturity date to 31 January 2025, an increase in the applicable rate by 0.75 per cent. per annum (subject to further increases dependent on the Group's leverage ratio), revisions to remove quarterly covenant testing and the consolidated net worth and liquidity covenants, amendment to the leverage ratio and interest coverage ratio test levels (as set out below), relaxation of operational restrictions to align with the 2017 RCF, and a requirement to make an offer to redeem a portion of the 2014 Notes at par (such offer to be made without make-whole) in an amount equal to £15 million.

The changes to the Group's leverage ratio and interest cover ratio covenants under the Principal Debt Facilities Stage 2 Amendments are set out in the following table:

	Testing Date							
	2021		2022		2023		2024	
	June	Dec.	June	Dec.	June	Dec.	June	D
Leverage Ratio								
2017 RCF								
	4.00:1	3.50:1	3.00:1	3.00:1	3.00:1	3.00:1	2.50:1	2.5
Third <i>Schuldschein</i> Loan Agreement								
	4.00:1	3.50:1	3.00:1	3.00:1				
2012 Notes								
	4.00:1	3.50:1	3.00:1					
2014 Notes								
	4.00:1	3.50:1	3.00:1	3.00:1	3.00:1	3.00:1	2.50:1	2.5
Interest Cover Ratio								
2017 RCF								
	3.00:1	3.50:1	4.00:1	4.00:1	4.00:1	4.00:1	4.00:1	4.0
Third <i>Schuldschein</i> Loan Agreement								
	3.00:1	3.50:1	4.00:1	4.00:1				
2012 Notes								
	3.00:1	3.50:1	4.00:1					
2014 Notes								
	3.00:1	3.50:1	4.00:1	4.00:1	4.00:1	4.00:1	4.00:1	4.0

In addition, under the Principal Debt Facilities Stage 2 Amendments, the Group has also agreed to pay certain fees to the Principal Debt Facility lenders and noteholders following the Principal Debt Facilities Stage 2 Amendments Effective Date.

These borrowing arrangements, and the Principal Debt Facilities Amendments, are further described in the Prospectus.

3.10. Pensions

Kier operates a number of defined benefit pension schemes (the "**Pension Schemes**"). As at 31 December 2020, the net reported accounting deficit, which is the difference between the aggregate value of the schemes' assets and the present value of their future liabilities, was £1.4 million, before accounting for deferred tax.

The last triennial valuation of the following pension schemes was carried out as at 31 March 2019.

	As at 31 March 2019						Total
	Kier Group Pension Scheme	Mouchel Business Services Ltd - FS	Mouchel Superannuation Fund	Mouchel Staff Pension Scheme	Mouchel Business Services Ltd - MP	May Gurney Pension Scheme	
(£ millions, unless otherwise indicated)							
Value of Assets	1,166.2	130.5	222.0	116.4	17.2	79.9	1,732.2
Liabilities	(1,254.5)	(141.3)	(282.4)	(153.6)	(19.8)	(98.7)	(1,950.3)
Surplus / (Deficit)	(88.3)	(10.8)	(60.4)	(37.2)	(2.6)	(18.8)	(218.1)
Funding level	93per cent..	92per cent..	79per cent..	76per cent..	87per cent.	81per cent.	89per cent.

Triennial valuations are a requirement of the Pensions Act 2004 and are conducted by an actuary for the trustees of a pension scheme. The accounting method used to calculate an actuarial deficit or surplus differs from IAS19 and so the figures shown above do not equate to the reported accounting surplus.

In agreeing the triennial valuation as at 31 March 2019 of the Group's main schemes, and due to the impact on COVID-19, the Group has agreed a revised deficit recovery programme whereby £27 million was paid in the six month period to 31 December 2020, and deficit repayments of £9 million per calendar year will begin from July 2021. It has been agreed that, on completion of the Kier Living Disposal, a contribution of £10 million shall be made towards the funding of the pension schemes set out in the table above. For clarity, the McNicholas Construction (Holdings) Ltd Pension Scheme will not receive any contribution as a result of the Kier Living Disposal.

The next triennial valuation for the above schemes is due to be agreed as at 31 March 2022.

The last triennial valuation of the McNicholas Construction (Holdings) Ltd Pension Scheme was carried out as at 31 March 2017.

	As at 31 March 2017
	McNicholas Construction (Holdings) Ltd Pension Scheme
	(£ millions, unless otherwise indicated)
Value of Assets	21.1
Liabilities	(26.8)
Surplus / (Deficit)	(5.7)
Funding level	79 per cent.

Work is ongoing on the latest triennial valuation of the McNicholas Construction (Holdings) Ltd Pension Scheme (as at 31 March 2020), though this has not yet been finalised and so figures are currently unavailable.

3.11. Capital allocation

The Board recognises the importance of capital discipline across the Group and, following completion of the Capital Raise, Kier expects to adopt the following principles when allocating capital:

- Organic growth and cash generation: Kier will prioritise investment in opportunities to optimise organic growth and generate cash, where contract risk is considered to be appropriate relative to the potential returns of the opportunity.
- Balance sheet: Kier will operate with a strong, resilient and flexible balance sheet, targeting a sustainable net cash position in the medium term and a funding profile which is appropriate for the medium and long-term needs of the Group.
- Pensions: Kier will continue to support each of its pension schemes in line with the deficit recovery funding schedule which has been agreed with the trustees of each of the schemes from time to time.
- Dividends and dividend policy: Following completion of the Capital Raise, and recognising the importance to the Group of maintaining a strong and growing capital base, Kier will target a dividend cover of around three times earnings through the cycle. The Board will consider regularly the appropriateness of re-instating a dividend in light of the capital needs of the business and the progress made against its medium-term targets.

4. Current Trading and Prospects

Kier published its results for the six months ended 31 December 2020 on 21 April 2021 and made the following statement regarding its current trading and prospects:

"The results for the period reflect the realisation of the strategic imperatives outlined nearly two years ago. Kier is now profitable and generating underlying operating cash. These improvements result from the actions taken by the new management team in the last 24 months which include, the appointment of a new Executive team, the launch of Performance Excellence, the removal of management layers throughout the organisation, the exit of various contracts and business streams, and the implementation of a significant reduction in our cost base. The conclusion of the divestment of Living after the period end allows the Group to further strengthen the balance sheet and focus on our core businesses.

The Directors believe that the proposed Capital Raise is required to reduce average net debt and strengthen the balance sheet enabling the Group to drive sustainable, profitable organic growth.

The streamlined Group with its attractive customer proposition and history of complex project delivery has continued to win work throughout the period and remains well placed to benefit from any increased investment in UK infrastructure. The second half of the year has started well seeing a continuation of the positive trends of the first half and we are confident of achieving further progress this year in line with our expectations."

Kier has continued to trade in line with the Board's expectations since this statement was made.

5. Kier's Medium-Term Value Creation Plan

Kier intends to use the net proceeds from the Capital Raise to further strengthen the Group's balance sheet, building on the Kier Living Disposal, and to underpin Kier's medium-term value creation plan to deliver:

- Organic annual revenues of approximately £4.0 to £4.5 billion;
- A resilient and well-balanced portfolio, focused on:
 - o Infrastructure Services (approximately 55 per cent of Group revenue), comprising its Highways (20 per cent.), Infrastructure (15 per cent.), and Utilities (20 per cent.) businesses; and
 - o Construction (approximately 40 per cent. of Group revenue), comprising its Regional Building, Strategic Projects, International and Kier Places businesses; plus
 - o An attractive UK Property business generating high return on capital employed in the business.
- A sustainable Group adjusted operating margin of around 3.5 per cent.;
- A well-invested asset base, consistently generating returns which are in excess of Kier's cost of capital;
- Strong, consistent and sustainable operating cash flows, with operating cash flow conversion of around 90 per cent. of operating profit; and
- A strong, resilient and flexible balance sheet, with a sustainable net cash position within 2-3 years, and the capacity to invest in the future growth of the business and support a sustainable dividend policy with dividend cover of around three times earnings through the cycle.

The Group aims to drive these medium-term targets through a reversal of the increased project costs and volumes impact associated with COVID-19, and management discipline already established throughout the Group is expected to continue to drive additional margin growth. In addition, the Group expects to continue to benefit from its revised policies around contract volume / price mix, which are expected to drive organic revenue growth and margin expansion.

6. The Capital Raise

Kier is proposing to raise gross proceeds of £241.4 million (approximately £228.7 million after deduction of estimated fees, costs and expenses of £12.7 million) under the Capital Raise by way of:

- (i) a Firm Placing of 141,851,386 Firm Placing Shares, to raise gross proceeds of £120.6 million;
- (ii) a Placing and Open Offer of 141,851,386 Open Offer Shares, to raise gross proceeds of £120.6 million; and
- (iii) Director Subscriptions of 347,057 Subscription Shares, to raise gross proceeds of £0.3 million,

in each case at a price of 85 pence per New Ordinary Share. The New Ordinary Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Shares, including for dividends. The Firm Placing and Placing and Open Offer are fully underwritten by the Joint Bookrunners on the terms and subject to the conditions of the Underwriting Agreement, details of which are set out in the Prospectus.

A cash box structure will be used for the issue of the Firm Placing Shares and the Open Offer Shares pursuant to the Firm Placing and Placing and Open Offer.

The Board has considered the best way to structure the proposed Capital Raise. The decision to structure the Capital Raise by way of a combination of a Firm Placing and a Placing and Open Offer takes into account a number of factors, including the total net proceeds to be raised. The Board believes that the Firm Placing will enable Kier to satisfy demand from potential new investors. The Board has sought to balance the dilution to Shareholders not participating in the Firm Placing with the benefits of attracting new investors with guaranteed commitments to ensure the success of the Firm Placing and Placing and Open Offer. As a result, 49.9 per cent. of the New Ordinary Shares being issued will be available to existing Shareholders through the Open Offer on a pro rata basis. The Board is seeking the approval of Shareholders, by way of the Resolutions at the General Meeting, to undertake the proposed Capital Raise.

Further details of the terms and conditions of the Open Offer, including the procedure for acceptance and payment and the procedure in respect of Open Offer Entitlements not taken up, are set out in Part III of the Prospectus and, where relevant, the Application Form. Overseas Shareholders should refer to the Prospectus for further information regarding their ability to participate in the Firm Placing and Placing and Open Offer.

6.1. Price

The Firm Placing and Placing and Open Offer and the Director Subscriptions will each be made at a price of 85 per New Ordinary Share (the "**Issue Price**"). The Issue Price represents a 17.0 per cent. discount to the Closing Price of 102.4 pence on 12 May 2021. The Issue Price (and the discount) has been set by the Board following their assessment of the prevailing market conditions and anticipated demand for the New Ordinary Shares. The Board believes that the Issue Price (including the discount) is appropriate in the circumstances.

6.2. Firm Placing

Kier proposes to issue 141,851,386 Firm Placing Shares to Firm Placees at the Issue Price on a non-pre-emptive basis. The Firm Placing will not be subject to clawback to satisfy valid applications for Open Offer Shares by Qualifying Shareholders under the Open Offer.

Pursuant to the Underwriting Agreement, the Joint Bookrunners have severally agreed to use reasonable endeavours to procure subscribers for the Firm Placing Shares at the Issue Price. If the Joint Bookrunners are unable to procure subscribers for any of the Firm Placing Shares (or if a prospective Firm Placee fails to take up any or all of the Firm Placing Shares which have been allocated to it or which it has agreed to take up at the Issue Price), then each of the Joint Bookrunners has agreed, on the terms and subject to the conditions set out in the Underwriting Agreement, severally (and not jointly or jointly and severally) to subscribe for such Firm Placing Shares at the Issue Price in its agreed proportion.

6.3. Placing and Open Offer

Under the Open Offer, Qualifying Shareholders are being given the opportunity to subscribe for Open Offer Shares pro rata to their Existing Holdings on the basis of 7 Open Offer Shares for every 8 Existing Ordinary Shares held by them and registered in their name at the Record Date (and so in proportion to any other number of Existing Ordinary Shares then held) on the terms and subject to the conditions set out in the Prospectus (and, in the case of Qualifying Non-CREST Shareholders, the Application Form).

Qualifying Shareholders may apply for any whole number of Open Offer Shares in excess of their Open Offer Entitlement up to a maximum additional amount equal to such Qualifying Shareholder's Open Offer Entitlement, subject always to the Individual Shareholder Limit. The Excess Application Facility enables Qualifying Shareholders who have taken up their Open Offer Entitlement in full to apply for any whole number of additional Open Offer Shares equal to or less than their Open Offer Entitlement which, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST. Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form are treated as having separate holdings for the purpose of calculating their Open Offer Entitlements under the Open Offer. Applications under the Excess Application Facility will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Open Offer Entitlements. Applications under the Excess Application Facility shall be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications for additional Open Offer Shares under the Excess Application Facility by Qualifying Shareholders will be met in full or in part or at all. Fractions of Open Offer Shares will not be allotted and each Qualifying Shareholder's Open Offer Entitlement under the Open Offer will be rounded down to the nearest whole number. Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating Open Offer Entitlements.

Any Open Offer Shares which are not applied for under the Open Offer or the Excess Application Facility may be allocated to Conditional Placees at the Issue Price, with the proceeds retained for the benefit of Kier. Pursuant to the Underwriting Agreement, the Joint Bookrunners have severally agreed to use reasonable endeavours to procure Conditional Placees (subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders under the Open Offer and the Excess Application Facility) for the Open Offer Shares at the Issue Price. If the Joint Bookrunners are unable to procure Conditional Placees for any Open Offer Shares that are not taken up by Qualifying Shareholders pursuant to the Open Offer or the Excess Application Facility (or if a prospective Conditional Placee fails to take up any or all of the Firm Placing Shares which have been allocated to it or which it has agreed to take up at the Issue Price), then each of the Joint Bookrunners has agreed, on the terms and subject to the conditions set out in the Underwriting Agreement, severally (and not jointly or jointly and severally) to subscribe for such Open Offer Shares at the Issue Price in its agreed proportion.

Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST, and be enabled for settlement, the Open Offer Entitlements and Excess Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled to or by a person entitled by virtue of a *bona fide* market claim by Euroclear UK's Claims Processing Unit. The Excess Open Offer Entitlements will not transfer with the Open Offer Entitlements claim, but will be transferred as a separate claim. Euroclear UK's Claims Processing Unit will not generate market claims for the Excess CREST Open Offer Entitlements. Qualifying CREST Shareholders claiming Excess CREST Open Offer Entitlements by virtue of a *bona fide* market claim are advised to contact the Receiving Agent to request a credit of the appropriate number of Excess CREST Open Offer Entitlements to their CREST account.

Open Offer Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights, and will not receive any benefit, under the Open Offer. Any Open Offer Shares which are not applied for under the Open Offer may be allocated to Conditional Placees, subject to the terms and conditions of the Underwriting Agreement, with the proceeds retained for the benefit of Kier.

6.4. Dilution

If a Qualifying Shareholder who is not a Placee does not take up any of his Open Offer Entitlements, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 63.7 per cent. as a result of the Capital Raise.

If a Qualifying Shareholder who is not a Placee takes up his Open Offer Entitlement in full and does not apply for any Open Offer Shares under the Excess Application Facility, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 31.9 per cent. as a result of the Capital Raise.

If a Qualifying Shareholder who is not a Placee takes up (i) its Open Offer Entitlement in full, and (ii) the maximum additional amount available to it under the Excess Application Facility (equal to its Open Offer Entitlement), such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 0.1 per cent. as a result of the Capital Raise.

6.5. Conditionality

The Firm Placing and Placing and Open Offer are conditional, *inter alia*, upon:

- (i) the Resolutions having been passed by Shareholders at the General Meeting;

- (ii) the Underwriting Agreement having become unconditional in all respects, save for the condition relating to Admission, and not having been terminated in accordance with its terms before Admission occurs;
- (iii) completion under the sale and purchase agreement relating to the Kier Living Disposal having occurred (including the Company having received the proceeds due to it in respect of the Kier Living Disposal); and
- (iv) Admission having become effective by not later than 8.00 a.m. on 18 June 2021 (or such later time and/or date as the Joint Bookrunners, the Sponsor and Kier may agree, not being later than 25 June 2021).

If any of the conditions are not satisfied or, if applicable, waived, then the Firm Placing and Placing and Open Offer will not take place.

7. General Meeting

The Prospectus includes a Notice convening a General Meeting to be held at 10.00 a.m. on 16 June 2021 at the Tungsten Building, Central Boulevard, Blythe Valley Park, Solihull B90 8AU. The purpose of the General Meeting is to consider and, if thought fit, to pass the Resolutions. In light of the guidance related to physical meetings due to the COVID-19 pandemic (detailed in Note 1 of the Notice of General Meeting), the Chairman and the Chief Executive will be in attendance at the General Meeting to ensure a quorum and to conduct the business of the meeting and no other Directors will be physically present. Social distancing measures may need to be in place in order to comply with current guidance. Please be aware that in accordance with current UK government advice, Shareholders are strongly encouraged not to attend the General Meeting in person. Accordingly, Shareholders are encouraged to vote as outlined below and to submit questions in advance of the meeting by emailing cosec@kier.co.uk. Questions will also be permitted during the General Meeting via the same email address cosec@kier.co.uk or by telephone.

Shareholders are able to complete and return a form of proxy in accordance with the procedures set out below in order to vote in advance of the General Meeting. Arrangements have also been made to allow Shareholders to submit questions to the Board during the General Meeting via email at cosec@kier.co.uk or by telephone (see Notes 3 and 4 of the Notice of General Meeting). Shareholders are strongly encouraged to appoint the Chairman of the General Meeting as their proxy, which will ensure their votes are cast in accordance with their wishes. Depending on continued restrictions on public gatherings or other government measures at the time of the General Meeting, it may not be possible for other named proxies to physically attend.

The Company will hold a live webcast of the General Meeting for shareholders at www.kier.co.uk/investors. To be able to attend the webcast, shareholders will need to have registered by no later than 5.00 p.m. on 15 June 2021. Details of how to do so are on the Company's website.

Shareholders may also dial in to the General Meeting and will be able to ask questions to the Chairman during the meeting over the phone. If you are calling from within the UK, please dial 0203 936 2999; the call will be charged at your standard geographic rate. If you are calling from outside the UK, please dial +44 203 936 2999; you will be charged at the applicable international rate. The access code for the telephone call is 799437. There is no need to register if you wish to join the telephone call.

The methods available to appoint a proxy are set out below:

- (a) appointing a proxy electronically via the shareholder portal (www.signalshares.com). To vote via the shareholder portal enter "Kier Group plc" into the searchbox, click "Search" and click on the Company's name to be taken to the login page. From there, shareholders can log into their Link share portal account or register for the Link share portal by following the on-screen instructions. Shareholders will need their Investor Code (IVC) which can be found on their share certificate;
- (b) if you are an institutional investor, appointing a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Company's Registrar. Before appointing a proxy through Proxymity, a Shareholder will need to have agreed to Proxymity's associated terms and conditions. It is important that Shareholders read these carefully as they will be bound by them and they will govern the electronic appointment of their proxy. Further information in relation to Proxymity is available at www.proxymity.io;
- (c) returning the completed form of proxy to Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL; or
- (d) in the case of CREST members, using the CREST electronic proxy appointment service in accordance with the procedures set out in the Notice of General Meeting set out at the end of the Prospectus,

and in each case with instructions to be received by Link Group as soon as possible, but in any event by no later than 10.00 a.m. on 14 June 2021 (or, in the case of an adjournment, not later than two business days before the time fixed for the holding of the adjourned meeting).

Further details relating to voting by proxy are set out in the Notes to the Notice of General Meeting at the end of the Prospectus.

The Board will keep the situation under review and may need to make further changes to the arrangements relating to the General Meeting, including how it is conducted. Shareholders should continue to monitor the Company's website and announcements for any updates in relation to the General Meeting. Shareholders should also continue to monitor any guidance and/or directions issued by the UK government and relevant health authorities and act accordingly.

In summary, the Resolutions (which comprise two ordinary resolutions) seek the approval of Shareholders:

- (i) to the terms (including as to the discount) of the Capital Raise as set out in the Prospectus, and to direct the Board to exercise all powers to cause Kier to implement the Capital Raise; and
- (ii) to grant the Board authority to allot the New Ordinary Shares for the purposes of the Capital Raise pursuant to section 551 of the Companies Act; and

Please note that this is not the full text of the Resolutions and you should read this section in conjunction with the Notice of General Meeting set out at the end of the Prospectus.

8. Working Capital

The Company is of the opinion that, taking into account the net proceeds of the Firm Placing and Placing and Open Offer and the bank and other facilities available to the Group, the Group has sufficient working capital for its present requirements, that is, for at least 12 months from the date of the Prospectus.

The working capital statement in the Prospectus has been prepared in accordance with the ESMA Recommendations relating to working capital statements, and the technical supplement to the FCA Statement of Policy published 8 April 2020 relating to the COVID-19 crisis. In preparing the working capital statements above, the Company is required to identify, define and consider a reasonable worst-case scenario, which has involved making certain assumptions regarding the evolution of the COVID-19 pandemic and its potential impact on the Group, which are described in the Prospectus.

9. Directors' Participation in the Capital Raise

Pursuant to the Director Subscriptions, separate to the Firm Placing and Placing and Open Offer, certain Directors have agreed with the Company to subscribe for Subscription Shares at the Issue Price, conditional upon Admission occurring, as follows.

- (i) Each of Matthew Lester, Andrew Davies and Simon Kesterton (or their closely associated persons) proposes to subscribe for 88,235 Subscription Shares for an investment amount of £75,000; and

- (ii) Each of Justin Atkinson and Clive Watson (or their closely associated persons) proposes to subscribe for 41,176 Subscription Shares for an investment amount of £35,000,

which in each case represents an investment in excess of their pro rata entitlements under the Open Offer.

Such Director Subscriptions are not related party transactions requiring Shareholder approval in accordance with Chapter 11 of the Listing Rules due to their size. Such Director Subscriptions are not underwritten by the Joint Bookrunners pursuant to the Underwriting Agreement. However, due to the small quantum of such subscriptions in the overall context of the Capital Raise, the fact that they are not underwritten does not materially impact the Capital Raise. For further information on the Director Subscriptions, see the Prospectus.

10. Directors' Intentions and Recommendation

The Board is fully supportive of the Capital Raise and believes that the Capital Raise is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of each of the Resolutions to be put to the General Meeting.

Each of the Directors who is a Shareholder intends to vote in favour of the Resolutions to be proposed at the General Meeting.

APPENDIX II

CAPITAL RAISE STATISTICS

Number of Shares in issue on 10 May 2021 ⁽¹⁾	162,115,870
Number of Firm Placing Shares to be issued by the Company pursuant to the Firm Placing	141,851,386
Number of Open Offer Shares to be issued by the Company pursuant to the Placing and Open Offer	141,851,386
Number of Subscription Shares to be issued by the Company pursuant to the Director Subscriptions	347,057
Aggregate number of New Ordinary Shares to be issued by the Company pursuant to the Capital Raise	284,049,829
Enlarged Share Capital immediately following completion of the Capital Raise ⁽²⁾	446,165,699
New Ordinary Shares as a percentage of Enlarged Share Capital immediately following completion of the Capital Raise ⁽²⁾	63.7 per cent.
Open Offer Entitlement	7 New Ordinary Shares for every 8 Existing Ordinary Shares
Issue Price	85 pence
Discount of the Issue Price to the Closing Price of 102.4 pence per Share on 12 May 2021	17.0%
Estimated fees, costs and expenses in connection with the Capital Raise	£12.7 million
Estimated net proceeds of the Capital Raise receivable by the Company	£228.7 million

Notes:

- (1) Being the latest practicable date prior to the date of the Prospectus.
- (2) Assuming that no Shares are issued pursuant to options exercised under the Sharesave Scheme are exercised between the date of the Prospectus and Admission becoming effective.

APPENDIX III

DEFINITIONS

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

"Admission"	admission of the New Ordinary Shares to be issued pursuant to the Capital Raise to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities;
"Affiliates"	(a) in respect of each Joint Bookrunner, any other person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such person and specifically includes subsidiaries, branches, associated companies and holding companies and the subsidiaries of such holding companies, branches, associated companies and subsidiaries; and for these purposes "controlling person" means any person who controls any other person; "control" (including the terms "controlling" , "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management, policies or activities of a person whether through the ownership of securities, by contract or agency or otherwise; and the term "person" is deemed to include a partnership; and

	(b) in respect of the Company an undertaking which is its subsidiary undertaking or parent or a subsidiary undertaking of that parent undertaking; in relation to the sections that relate to US securities laws, the meaning given to it in Rule 405 or Rule 501(b) under the Securities Act (as applicable in the context used);
"Application Form"	the application to be issued to Qualifying Non-CREST Shareholders who are registered on the register of the Company at the Record Date for use in connection with the Open Offer;
"Bookbuild"	the accelerated bookbuild by which the Firm Placing and the Placing are being conducted;
"Business Day"	a day (other than Saturday, Sunday or a public holiday) in England and Wales;
"Capital Raise"	the Firm Placing and the Placing and Open Offer and the Director Subscriptions;
"Company"	Kier Group plc;
"Conditional Placee"	any person that has been procured by the Joint Bookrunners to subscribe for the Open Offer Shares issued in connection with the Placing subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer;
"Conditions"	all conditions to the obligations of the Joint Bookrunners included in the Placing Agreement;
"CREST"	the electronic transfer and settlement system for the paperless settlement of trades in listed securities operated by Euroclear;
"CREST member"	a person who has been admitted to Euroclear as a system-member (as defined in the CREST Regulations);
"Directors"	the directors of the Company, and 'Director' means any one of them;
"Director Subscriptions"	the subscription of New Ordinary Shares by certain Directors (or their closely associated persons), further details of which are to be contained in paragraph 6.2 " <i>Directors' participation in the Capital Raise</i> " of Part X " <i>Additional Information</i> " of the Prospectus;
"EEA"	the European Economic Area, being the European Union, Iceland, Norway and Liechtenstein;
"Equity Placings"	the Firm Placing and the Placing;
"Euroclear"	Euroclear UK and Ireland Limited, the operator (as defined in the CREST Regulations) of CREST;
"Excluded Territories"	the Commonwealth of Australia, its territories and possessions, each province and territory of Canada, Japan and the Republic of South Africa and any other jurisdiction where the extension into or availability of the Firm Placing and Placing and Open Offer would breach any applicable law;
"Existing Ordinary Shares"	the 162,115,870 Ordinary Shares in issue as at 10 May 2021 (being the latest practicable date prior to publication of this Announcement);
"FCA"	the United Kingdom Financial Conduct Authority;
"FCA Handbook"	the FCA's Handbook of Rules and Guidance, as amended from time to time;
"Firm Placee"	any person that has agreed to subscribe for Firm Placing Shares pursuant to the Firm Placing;
"Firm Placing"	the placing by the Joint Bookrunners, as agents of and on behalf of the Company, of the Firm Placing Shares with Firm Placees on the terms and subject to the conditions contained in the Placing Agreement and this Announcement;
"Firm Placing Shares"	the 141,851,386 New Ordinary Shares which are to be issued pursuant to the Firm Placing;
"FSMA"	the Financial Services and Markets Act 2000, as amended;
"General Meeting"	the general meeting of the Company to be held on 16 June 2021, or any adjournment thereof, to consider and, if thought fit, to approve the Resolutions;
"Group"	the Company and its subsidiary undertakings from time to time;
"Indemnified Person"	each of the Company, Rothschild & Co, the Joint Bookrunners and each of its or their respective Affiliates and each of its and their, and each of its and their respective Affiliates', respective directors, officers, employees and agents (in each case whether present or future);
"Issue Price"	85 pence per New Ordinary Share;

"Joint Bookrunners"	Numis and Peel Hunt;
"Kier Living Disposal"	the sale of all shares in Kier Living Limited pursuant to a sale and purchase agreement entered into on 16 April 2021 with Foster BidCo Limited;
"Listing Rules"	the listing rules made by the FCA under FSMA as amended from time to time;
"London Stock Exchange"	London Stock Exchange plc;
"MiFID II"	EU Directive 2014/65/EU on markets in financial instruments, as amended;
"New Ordinary Shares"	284,049,829 new Ordinary Shares proposed to be issued and allotted by the Company pursuant to the Capital Raise;
"Numis"	Numis Securities Limited;
"Official List"	the Official List maintained by the FCA;
"Open Offer"	the invitation to Qualifying Shareholders to subscribe for the Open Offer Shares at the Issue Price on the terms and subject to the conditions to be set out in the Prospectus and in the case of Qualifying Non-CREST Shareholders only, the Application Form/US Investor Letter (as applicable);
"Open Offer Entitlements"	the <i>pro rata</i> entitlement of Qualifying Shareholders to subscribe for 7 Open Offer Shares for every 8 Existing Ordinary Shares registered in their name as at the Record Date, on and subject to the terms of the Open Offer;
"Open Offer Shares"	means the 141,851,386 New Ordinary Shares which are proposed to be issued to Conditional Placees in the Placing, subject to clawback to satisfy Valid Applications in the Open Offer;
"Ordinary Shares"	an ordinary share in the capital of the Company (including, if the context requires, the New Ordinary Shares), being an ordinary share of one pence each in the capital of the Company;
"Overseas Shareholders"	Qualifying Shareholders with registered addresses in, or who are citizens, residents or nationals of, jurisdictions outside of the United Kingdom;
the "Order"	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended;
"Peel Hunt"	Peel Hunt LLP;
"Placee"	any Firm Placee and/or Conditional Placee, as the case may be;
"Placing"	the conditional placing, by the Joint Bookrunners, on behalf of the Company, of the Open Offer Shares with Conditional Placees subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer pursuant to the terms and subject to the conditions contained in the Placing Agreement and this Announcement;
"Placing Agreement"	the Sponsor, Firm Placing and Placing and Open Offer Agreement dated 13 May 2021 between the Company, Rothschild & Co and the Joint Bookrunners relating to the Capital Raise;
"Placing Proof"	for the purposes of the Firm Placing and the Placing the draft prospectus dated 11 May 2021 prepared by, and relating to, the Company;
"Prospectus"	the prospectus (when published), comprising a circular and a prospectus relating to the Company for the purpose of the Capital Raise and Admission;
"Prospectus Regulation Rules"	the prospectus regulation rules made by the FCA pursuant to Part VI of FSMA (as set out in the FCA Handbook), as amended from time to time;
"Qualified institutional buyer" or "QIB"	"qualified institutional buyer" as defined in Rule 144A of the Securities Act;
"Qualifying CREST Shareholders"	Qualifying Shareholders holding Ordinary Shares in uncertificated form on the Record Date;
"Qualifying Non-CREST Shareholders"	Qualifying Shareholders holding Ordinary Shares in certificated form on the Record Date;
"Qualifying Shareholders"	holders of Ordinary Shares on the register of members of the Company at the Record Date with the exclusion of (a) subject to certain exceptions, Overseas Shareholders with a registered address or located or resident in any Excluded Territory, and (b) Shareholders resident in the United States other than those who are reasonably believed to be qualified institutional buyers and who deliver to the Company a signed investor letter;
"Record Date"	close of business on 12 May 2021;
"Regulations"	the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

	and the Criminal Justice (Money Laundering and Terrorism Financing) Act 2010 and any related or similar rules, regulations or guidelines, issued, administered or enforced by any government agency having jurisdiction in respect thereof;
"Regulation S"	Regulation S under the Securities Act;
"Resolutions"	the resolutions to be proposed at the General Meeting in connection with the Capital Raise as set out in the 'Notice of the General Meeting';
"Rothschild & Co"	N.M. Rothschild & Sons Limited;
"Rules"	the rules of the FCA Handbook;
"Securities Act"	the US Securities Act of 1933, as amended;
"Shareholders"	holders of Ordinary Shares;
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"US" or "United States" or "United States of America"	the United States of America, its territories and possessions, any State of the United States and the District of Columbia; and
"US Open Offer Investor Letter"	the investor representation letter in relation to the Open Offer to be executed and returned to the Company by Qualifying Shareholders who are in the United States and are QIBs; and
"US Placing Investor Letter"	the investor representation letter in relation to the Equity Placings to be executed and returned to the Joint Bookrunners by placees located in the United States and who are QIBs.

Unless otherwise indicated in this Announcement, all references to "£", "GBP", "pounds", "pound sterling", "sterling", "p", "penny" or "pence" are to the lawful currency of the UK

APPENDIX IV

KEY RISKS SPECIFIC TO THE ISSUER

- The COVID-19 pandemic has materially and adversely affected the Group's business and the ultimate impact on its business and financial results will depend on future developments.
- Global economic conditions or other macroeconomic or political developments in the geographic regions and markets in which the Group operates may adversely affect its business, financial condition and results of operations.
- The Group operates in highly competitive markets.
- The Group depends on UK government customers and other UK public sector bodies and agencies for a substantial proportion of its revenues.
- Changes in governments' budgets, policies and investment levels may adversely affect the Group's business, financial condition and results of operations.
- The conditions and covenants contained in the Group's financing arrangements limit its financial and operating flexibility.
- If the Principal Debt Facilities Stage 2 Amendments do not become effective, the Group could be required to source alternate financing arrangements, which could increase costs or restrict operating activities compared to Principal Debt Facilities.
- The Group may not be successful in the implementation of its strategic actions or any additional or replacement strategy or strategic actions.
- Contracts are subject to the risks associated with pricing, cost overruns and delays, contract management, as well as risks associated with delays in payment by customers.
- Failure to successfully defend claims made by customers, suppliers or sub-contractors, or failure to recover adequately on claims made against customers, suppliers or sub-contractors, could materially adversely affect the Group's business, financial condition and results of operations.
- Failure to meet customer expectations on project delivery could result in reputational damage and/or loss of repeat business and potentially lead to litigation.
- Failure or security breaches of information technology ("IT") systems and/or data security may result in losses for the Group.

APPENDIX V

TERMS AND CONDITIONS OF THE FIRM PLACING AND THE PLACING

IMPORTANT INFORMATION ON THE FIRM PLACING AND PLACING FOR INVITED PLACEEES ONLY.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE FIRM PLACING OR THE PLACING. THE TERMS AND CONDITIONS SET OUT HEREIN ARE FOR INFORMATION PURPOSES ONLY AND ARE ONLY DIRECTED AT, AND BEING DISTRIBUTED TO, PERSONS WHOSE ORDINARY ACTIVITIES INVOLVE THEM IN ACQUIRING, HOLDING, MANAGING AND DISPOSING OF INVESTMENTS (AS PRINCIPAL OR AGENT) FOR THE PURPOSES OF THEIR BUSINESS AND WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ARE: (A) IF IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA ("EEA"), PERSONS WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(E) OF REGULATION (EU) 2017/1129 (AS AMENDED) (THE "**PROSPECTUS REGULATION**") ("**QUALIFIED INVESTORS**"); OR (B) IF IN THE UNITED KINGDOM, PERSONS WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(E) OF REGULATION (EU) 2017/1129 (AS AMENDED) AS IT FORMS PART OF UK LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (THE "**UK PROSPECTUS REGULATION**") WHO ARE ALSO: (I) PERSONS WHO FALL WITHIN THE DEFINITION OF "**INVESTMENT PROFESSIONALS**" IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "**ORDER**"); (II) PERSONS FALLING WITHIN ARTICLE 49(2) OF THE ORDER; OR (III) PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS IN (B) TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**"), IN EACH CASE WHO HAVE BEEN INVITED TO PARTICIPATE IN THE FIRM PLACING AND/OR THE PLACING BY THE JOINT BOOKRUNNERS.

THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON, IN THE EEA, BY PERSONS WHO ARE NOT QUALIFIED INVESTORS OR, IN THE UNITED KINGDOM, BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY PERSON WHO HAS RECEIVED OR IS DISTRIBUTING THESE TERMS AND CONDITIONS MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THESE TERMS AND CONDITIONS RELATE IS, IN THE EEA, AVAILABLE ONLY TO QUALIFIED INVESTORS AND, IN THE UNITED KINGDOM, AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH SUCH PERSONS. THESE TERMS AND CONDITIONS DO NOT THEMSELVES CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE SECURITIES MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY IN, INTO OR WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THERE WILL BE NO PUBLIC OFFERING OF THE SECURITIES IN THE UNITED STATES.

EACH INVITED PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN ACQUISITION OF NEW ORDINARY SHARES (AS SUCH TERM IS DEFINED IN THE ANNOUNCEMENT OF WHICH THESE TERMS AND CONDITIONS FORM PART).

Unless otherwise defined in these terms and conditions, capitalised terms used in these terms and conditions shall have the meaning given to them in the Announcement of which these terms and conditions form part.

If a Relevant Person, in the United Kingdom, or a Qualified Investor, in the EEA, indicates to the Joint Bookrunners that it wishes to participate in the Firm Placing and/or the Placing by making an oral or written offer to subscribe for the Firm Placing Shares and/or Open Offer Shares pursuant to the terms of the Firm Placing and/or Placing it will be deemed to have read and understood each of: (i) these terms and conditions; (ii) the Announcement of which these terms and conditions form part; and (iii) the Placing Proof in their entirety, to be making such offer to participate in accordance with these terms and conditions and to be providing the representations, warranties, indemnities, agreements and acknowledgements contained in these terms and conditions. In particular, each such Placee represents, warrants, undertakes and acknowledges to the Company, Rothschild & Co and the Joint Bookrunners that:

1. if it is a Qualified Investor in the EEA or a Relevant Person in the UK, it will subscribe for, hold, manage and dispose of any of the New Ordinary Shares that are allocated to it for the purposes of its business only;
2. if it is in the EEA and subscribes for New Ordinary Shares pursuant to the Equity Placings, it is a Qualified Investor;
3. if it is in the UK and subscribes for New Ordinary Shares pursuant to the Equity Placings, it is a Relevant Person;
4. it is acquiring the New Ordinary Shares for its own account or is acquiring the New Ordinary Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties, indemnities, agreements and acknowledgements, contained in these terms and conditions;
5. in the case of any New Ordinary Shares subscribed for by it as a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation and/or Article 5(1) of the UK Prospectus Regulation, that: (i) the New Ordinary Shares subscribed for by it in the Equity Placings will not be subscribed for on a non-discretionary basis on behalf of, nor will they be subscribed for with a view to their offer or resale to persons in a member state of the EEA, other than to Qualified Investors, or persons in the UK, other than to Relevant Persons, or in circumstances which may give rise to an offer of securities to the public other than an offer or resale in a member state of the EEA to Qualified Investors or in the UK to Relevant Persons, or in circumstances in which the prior consent of the Joint Bookrunners has been given to each such proposed offer or resale; or (ii) where the New Ordinary Shares have been subscribed for by it on behalf of persons in any member state of the EEA, other than Qualified Investors, or in the UK, other than Relevant Persons, the offer of those New Ordinary Shares to it is not treated under the Prospectus Regulation and/or the UK Prospectus Regulation as having been made to such persons;
6. it understands (or, if acting for the account of another person, such person understands) the resale and transfer restrictions set out in these terms and conditions; and
7. it is and, at the time the New Ordinary Shares are subscribed for, will be either: (A) outside the United States, and subscribing the New Ordinary Shares in an offshore transaction in accordance with Rule 903 and Rule 904 of Regulation S; or (B) inside the United States and a "qualified institutional buyer" that is acquiring shares in a transaction not involving any public offering pursuant to Section 4(a)(2) of the Securities Act, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, in each case, for its own account or purchasing the New Ordinary Shares for an account with respect to which it exercises sole investment discretion, and has signed and returned a US Open Offer Investor Letter or US Placing Investor Letter, as applicable.

These terms and conditions do not constitute an offer to sell or issue or the invitation or solicitation of an offer to buy New Ordinary Shares in the United States or any other jurisdiction where to do so may be unlawful, including, without limitation, Australia, its territories and possessions, Canada, Japan, South Africa, or any other Excluded Territory.

These terms and conditions and the information contained herein are not for release, publication or distribution, directly or indirectly, in whole or in part, to persons in the United States or any other jurisdiction where to do so may be unlawful, including, without limitation, Australia, its territories and possessions, Canada, Japan, South Africa, or any other Excluded Territory.

In particular, the New Ordinary Shares referred to in these terms and conditions have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and the New Ordinary Shares may not be offered, sold, resold, pledged or otherwise transferred, directly or indirectly, in, into or within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with any applicable state securities laws. There will be no public offering of the New Ordinary Shares in the United States. The New Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, or state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Equity Placings or the accuracy or adequacy of these terms and conditions. Any representation to the contrary is a criminal offence in the United States.

The distribution of these terms and conditions and the offer and/or placing of New Ordinary Shares in certain other jurisdictions may be restricted by law. No action has been taken by Rothschild & Co, the Joint Bookrunners or the Company that would permit an offer of the New Ordinary Shares or possession or distribution of these terms and conditions or any other offering or publicity material relating to the New Ordinary Shares in any jurisdiction where action for that purpose is required, save as mentioned above. Persons into whose possession these terms and conditions come are required by the Joint Bookrunners and the Company to inform themselves about and to observe any such restrictions.

Each Placee's commitments will be made solely on the basis of the information set out in this Announcement and the Placing Proof. Each Placee, by participating in the Equity Placings, agrees that it has neither received nor relied on any other information, representation, warranty or statement made by or on behalf of Rothschild & Co, either of the Joint Bookrunners or the Company and none of Rothschild & Co, the Joint Bookrunners, the Company, or any person acting on such person's behalf nor any of their respective Affiliates has or shall have liability for any Placee's decision to accept this invitation to participate in the Equity Placings based on any other information, representation, warranty or statement. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the

Company in accepting a participation in the Equity Placings. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

No undertaking, representation, warranty or any other assurance, express or implied, is made or given by or on behalf of Rothschild & Co, either Joint Bookrunner any of their respective Affiliates, their respective directors, officers, employees, representatives, agents, advisers, or any other person, as to the accuracy, completeness, correctness or fairness of the information or opinions contained in the Placing Proof and the Prospectus (when published), this Announcement or for any other statement made or purported to be made by any of them, or on behalf of them, in connection with the Company or the Equity Placings and no such person shall have any responsibility or liability for any such information or opinions or for any errors or omissions. Accordingly, save to the extent permitted by law, no liability whatsoever is accepted by Rothschild & Co, either Joint Bookrunner or any of their respective directors, officers, employees or Affiliates or any other person for any loss howsoever arising, directly or indirectly, from any use of this Announcement or such information or opinions contained herein or otherwise arising in connection with the Placing Proof and the Prospectus (when published).

These terms and conditions do not constitute or form part of, and should not be construed as, any offer or invitation to sell or issue, or any solicitation of any offer to purchase any New Ordinary Shares or any other securities or an inducement to enter into investment activity, nor shall these terms and conditions (or any part of them), nor the fact of their distribution, form the basis of, or be relied on in connection with, any investment activity. No statement in this Announcement is intended to be nor may be construed as a profit forecast and nor should any such statement be interpreted to mean that the Company's profits or earnings per share for any future period will necessarily match or exceed historical published profits or earnings per share of the Company.

Proposed Firm Placing of Firm Placing Shares and Placing of Open Offer Shares subject to clawback in respect of valid applications by Qualifying Shareholders pursuant to the Open Offer

Placees are referred to these terms and conditions, this Announcement and the Placing Proof containing details of, among other matters, the Equity Placings. These terms and conditions, this Announcement and the Placing Proof have been prepared and issued by the Company, and each of these documents is the sole responsibility of the Company.

The issue of the New Ordinary Shares is to be effected by way of a cash box placing. The Company will allot the New Ordinary Shares to Placees in consideration for the transfer to the Company by Numis of certain shares in a Jersey incorporated subsidiary of the Company, certain of which shares in the Jersey company Numis shall be obliged to subscribe for using the proceeds of the Equity Placings.

Applications will be made to the FCA for admission of the New Ordinary Shares to listing on the premium listing segment of the Official List of the FCA and to the London Stock Exchange for admission of the New Ordinary Shares to trading on its main market for listed securities.

Firm Placing

The Firm Placing Shares are not subject to clawback and do not form part of the Placing and Open Offer. The Firm Placing is subject to the same conditions and termination rights which apply to the Placing and Open Offer.

The Joint Bookrunners have severally agreed, pursuant to the Placing Agreement, as agent for the Company, to use their respective reasonable endeavours to procure Firm Placees for the Firm Placing Shares at the Issue Price. The Firm Placing is being fully underwritten by the Joint Bookrunners on, and subject to, the terms of the Placing Agreement. To the extent that the Joint Bookrunners fail to procure Firm Placees for any Firm Placing Shares, or any Firm Placee fails pay for any Firm Placing Shares which have been allocated to it in the Firm Placing, the Joint Bookrunners have severally agreed, on the terms and subject to the conditions in the Placing Agreement, to take up such Firm Placing Shares at the Issue Price.

Subject to the conditions below being satisfied, it is expected that Admission will become effective on 18 June 2021 and that dealings in the Firm Placing Shares will commence at 8.00 a.m. on the same day. The Firm Placing Shares, when issued and fully paid, will be identical to, and rank *pari passu* with, the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Existing Ordinary Shares by reference to a record date on or after Admission.

Placing and Open Offer

The Joint Bookrunners have severally agreed, pursuant to the Placing Agreement, as agent for the Company, to use their respective reasonable endeavours to procure Conditional Placees for the Open Offer Shares at the Issue Price. The commitments of the Conditional Placees in the Placing in respect of the Open Offer Shares are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer. The Placing is being fully underwritten by the Joint Bookrunners on, and subject to, the terms and conditions of the Placing Agreement. To the extent that there are Open Offer Shares for which valid applications have not been received from Qualifying Shareholders and the Joint Bookrunners fail to procure Conditional Placees for such Open Offer Shares or if any Conditional Placee procured by the Joint Bookrunners fails to pay for such Open Offer Shares which have been allocated to it in the Placing, the Joint Bookrunners have severally agreed, on the terms and subject to the conditions in the Placing Agreement, to take up such Open Offer Shares at the Issue Price.

Qualifying Shareholders are being given the opportunity to apply for the Open Offer Shares at the Issue Price on and subject to the terms and conditions of the Open Offer, pro rata to their holdings of Existing Ordinary Shares on the Record Date. Fractions of New Ordinary Shares will not be allotted and each Qualifying Shareholder's entitlement to apply for Open Offer Shares under the Open Offer will be rounded down to the nearest whole number.

The Open Offer Shares issued under the Placing and Open Offer, when issued and fully paid, will be identical to, and rank *pari passu* with, the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Existing Ordinary Shares after Admission.

Subject to the conditions below being satisfied, it is expected that Admission will become effective on 18 June 2021 and that dealings in the Open Offer Shares will commence at 8.00 a.m. on the same day.

Conditionality of the Equity Placings

The Equity Placings are conditional, *inter alia*, upon:

- (i) the passing without amendment of the Resolutions by Shareholders at the General Meeting;
- (ii) Admission becoming effective by not later than 8.00 a.m. on 18 June 2021 (or such later time and/or date (being not later than 3.00 p.m. on 25 June 2021) as the Company, Rothschild & Co and the Joint Bookrunners may agree);
- (iii) the Placing Agreement having become unconditional in all respects; and
- (iv) completion under the sale and purchase agreement relating to the Kier Living Disposal having occurred (including the Company having received the proceeds due to it in respect of the Kier Living Disposal).

The full terms and conditions of the Open Offer will be contained in Part III of the Prospectus to be issued by the Company in connection with the Firm Placing and Placing and Open Offer and Admission. The Prospectus to be issued by the Company will be approved by the FCA under section 87A of the FSMA and made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules made under Part VI of the FSMA.

Bookbuild of the Equity Placings

The Joint Bookrunners are conducting the Bookbuild to determine demand for participation in the Equity Placings. The Joint Bookrunners will seek to procure Placees as agent for the Company as part of the Bookbuild pursuant to the terms of the Placing Agreement. These terms and conditions give details of the terms and conditions of, and the mechanics of Placee participation in, the Equity Placings.

The Joint Bookrunners and the Company shall be entitled to effect the Equity Placings by such alternative method to the Bookbuild as they may agree between them.

Principal terms of the Bookbuild

- a. By participating in the Equity Placings, Placees will be deemed to have read and understood this Announcement, these terms and conditions and the Placing Proof in their entirety and to be participating and making an offer for any New Ordinary Shares on these terms and conditions, and to be providing the representations, warranties, indemnities, agreements, acknowledgements and undertakings, contained in these terms and conditions.
- b. The Joint Bookrunners are arranging the Equity Placings severally, and not jointly, nor jointly and severally, as agents of the Company.
- c. Participation in the Equity Placings will only be available to persons who are, in the EEA, Qualified Investors or, in the UK, Relevant Persons, and who may lawfully be and are invited to participate by either of the Joint Bookrunners. The Joint Bookrunners and their respective Affiliates are entitled to enter bids as principal in the Bookbuild.
- d. To bid in the Bookbuild, Placees should communicate their bid by telephone or in writing to their usual sales contact at either Joint Bookrunner. Each bid should state the aggregate number of Firm Placing Shares and Open Offer Shares which the Placee wishes to subscribe for or the total monetary amount which it wishes to commit to subscribe for New Ordinary Shares, in each case at the Issue Price. Bids may be scaled down by the Joint Bookrunners on the basis referred to in paragraph (l) below.
- e. Allocations of New Ordinary Shares will be made in a combination that reflects an approximately 1:1 ratio of Firm Placing Shares to Open Offer Shares.
- f. The Bookbuild is expected to close no later than noon 13 May 2021 but may close earlier or later, at the discretion of the Joint Bookrunners and the Company. The timing of the closing of the books and allocations will be agreed between the Joint Bookrunners and the Company. The Joint Bookrunners may, in agreement with the Company, accept offers to subscribe for New Ordinary Shares that are received after the Bookbuild has closed.
- g. An offer to subscribe for New Ordinary Shares in the Bookbuild will be made on the basis of these terms and conditions (which shall be deemed to be incorporated in such offer) and the Placing Proof and will be legally binding on the Placee by which, or on behalf of which, it is made and will not be capable of variation or revocation.
- h. Subject to paragraph (f) above, the Joint Bookrunners reserve the right not to accept an offer to subscribe for New Ordinary Shares, either in whole or in part, on the basis of allocations agreed with the Company and may scale down any offer to subscribe for New Ordinary Shares for this purpose.
- i. If successful, each Placee's allocation will be confirmed to it by the Joint Bookrunners following the close of the Bookbuild. Oral or written confirmation (at the Joint Bookrunners' discretion) from the Joint Bookrunners to such Placee confirming its allocation will constitute a legally binding commitment upon such Placee (who at that point will become a Placee), in favour of the Joint Bookrunners and the Company to subscribe for the number of New Ordinary Shares allocated to it (and in the respective numbers of Firm Placing Shares and Open Offer Shares (subject to clawback) so allocated) on the terms and conditions set out herein (which shall be deemed to be incorporated in such legally binding commitment). Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to the Joint Bookrunners, to pay to the Joint Bookrunners (or as the Joint Bookrunners may direct) as agents for the Company in cleared funds an amount equal to the product of the Issue Price and the sum of the number of Firm Placing Shares and, once apportioned after clawback (in accordance with the procedure described in the paragraph entitled "*Placing Procedure*" below), the Open Offer Shares, for which such Placee has agreed to subscribe.
- j. Each Placee's allocation and commitment together with settlement arrangements will be confirmed by an electronic contract note and/or electronic trade confirmation issued to such Placee by one of the Joint Bookrunners in due course. The contract note or trade confirmation will include the payment and settlement procedures to be followed by Placees in connection with their acquisition of the New Ordinary Shares.
- k. The Company will make a further announcement following the completion of the Bookbuild. It is expected that such announcement will be made as soon as practicable after the close of the Bookbuild.
- l. The Joint Bookrunners reserve the right not to accept bids or to accept bids, either in whole or in part, on the basis of allocations determined by the Joint Bookrunners and the Company. The Joint Bookrunners may scale down any bids as they may determine to be necessary or desirable, subject to agreement with the Company. The acceptance of bids shall be at the Joint Bookrunners' absolute discretion, subject to agreement with the Company.
- m. Irrespective of the time at which a Placee's allocation(s) pursuant to the Equity Placings is/are confirmed, settlement for: (i) all Firm Placing Shares to be subscribed for pursuant to the Firm Placing will be required to be made at the time specified; and (ii) all Open Offer Shares to be subscribed for pursuant to the Placing will be required to be made at the later time specified, on the basis explained below under the paragraph entitled "*Registration and Settlement*".
- n. By participating in the Bookbuild, each Placee agrees that its rights and obligations in respect of the Firm Placing and/or the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee. All obligations under the Equity Placings will be subject to the fulfilment of the conditions referred to below under the paragraph entitled "*Conditions of the Equity Placings and Termination of the Placing Agreement*".
- o. To the fullest extent permissible by law, none of Rothschild & Co, the Joint Bookrunners, the Company, any of their respective Affiliates nor any of its or their respective Affiliates' agents, directors, officers or employees, respectively, shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, neither Rothschild & Co, the Joint Bookrunners nor any of their respective Affiliates nor any of its or their respective Affiliates' agents, directors, officers or employees, respectively, shall have any liability (including, to the extent permissible by law, any fiduciary duties) to Placees (or to any person whether acting on behalf of a Placee or otherwise) in respect of the Joint Bookrunners' conduct of the Bookbuild or of such alternative method of effecting the Equity Placings as the Joint Bookrunners and the Company may agree.

Conditions of the Equity Placings

Placees will only be called on to complete their agreed acquisitions of New Ordinary Shares if the obligations of the Joint Bookrunners under the Placing Agreement have become unconditional in all respects and the Joint Bookrunners have not terminated the Placing Agreement prior to Admission.

The Joint Bookrunners' and Rothschild & Co's obligations under the Placing Agreement in respect of the Firm Placing and the Placing and Open Offer are conditional upon, *inter alia*:

- (a) the Prospectus having been approved by the FCA and published in accordance with the Listing Rules and the Prospectus Regulation Rules by no later than 5.00 p.m. on 13 May 2021 (or such later time and/or date as Rothschild & Co and the Joint Bookrunners may agree with the Company);

- (b) Admission occurring at or before 8.00 a.m. on 18 June 2021 (or such later time and/or date (being not later than 3.00 p.m. on 25 June 2021) as the Company, Rothschild & Co and the Joint Bookrunners may agree);
- (c) the passing without amendment of the Resolutions at the General Meeting on 16 June 2021 (or at any adjournment thereof, or such later date as the Company, Rothschild & Co and the Joint Bookrunners may agree) and the Resolutions remaining in force; and
- (d) completion under the sale and purchase agreement relating to the Kier Living Disposal having occurred (including the Company having received the proceeds due to it in respect of the Kier Living Disposal).

If any Condition has not been satisfied, has not been waived by the Joint Bookrunners or has become incapable of being satisfied (and is not waived by the Joint Bookrunners as described below) or if the Placing Agreement is terminated, all obligations under these terms and conditions will automatically terminate.

The Joint Bookrunners may in their absolute discretion in writing waive fulfilment of certain of the Conditions in the Placing Agreement or extend the time provided for fulfilment of such Conditions. Any such extension or waiver will not affect Placees' commitments as set out in these terms and conditions.

Neither the Company, Rothschild & Co nor either Joint Bookrunner shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision made by the Joint Bookrunners as to whether or not to waive or to extend the time and/or date for the fulfilment of any condition in the Placing Agreement and/or whether or not to exercise any such termination right.

Termination of the Placing Agreement

The Joint Bookrunners are entitled, at any time before Admission, to terminate the Placing Agreement in accordance with its terms in certain circumstances, including, inter alia: (i) if there has been a breach by the Company of any of the warranties or any failure by the Company to perform any of its obligations contained in the Placing Agreement; (ii) if there has been a material adverse change in relation to the Group; (iii) if the application for Admission is withdrawn or refused by the FCA or the London Stock Exchange; or (iv) upon the occurrence of certain force majeure events.

By participating in the Equity Placings, each Placee agrees that its rights and obligations hereunder are conditional upon the Placing Agreement becoming unconditional in all respects in respect of the Firm Placing (in respect of Firm Placing Shares subscribed for under the Firm Placing) and/or in respect of the Placing (in respect of Open Offer Shares subscribed for under the Placing) and that its rights and obligations will terminate only in the circumstances described above and will not be capable of rescission or termination by it after oral or written confirmation by the Joint Bookrunners (at the Joint Bookrunners' discretion) following the close of the Bookbuild.

By participating in the Equity Placings each Placee agrees that the exercise by the Company or either Joint Bookrunner of any right or other discretion under the Placing Agreement shall be within the absolute discretion of the Company and each Joint Bookrunner (as the case may be) and that neither the Company nor either Joint Bookrunner need make any reference to such Placee (or to any other person whether acting on behalf of any Placee or otherwise) and that neither the Company nor either Joint Bookrunner shall have any liability to such Placee (or to any other person whether acting on behalf of any Placee or otherwise) whatsoever in connection with any such exercise.

Withdrawal Rights

Placees acknowledge that their acceptance of any of the New Ordinary Shares is not by way of acceptance of the public offer made in the Prospectus and (if applicable) the Application Form/US Open Offer Investor Letter or the US Placing Investor Letter (as applicable) but is by way of a collateral contract and as such Article 23(2) of the UK Prospectus Regulation does not entitle Placees to withdraw in the event that the Company publishes a supplementary prospectus in connection with the Capital Raise or Admission. If, however, a Placee is entitled to withdraw, by accepting the offer of a placing participation, the Placee agrees to confirm their acceptance of the offer on the same terms immediately after such right of withdrawal arises.

Placing Procedure

Placees shall subscribe for the Firm Placing Shares and Open Offer Shares to be issued pursuant to the Equity Placings (subject to clawback to satisfy valid applications by Qualifying Shareholders) and any allocation of the Firm Placing Shares and Open Offer Shares (subject to clawback to satisfy valid applications by Qualifying Shareholders) to be issued pursuant to the Equity Placings, and such allocations will be notified to them on or around noon on 13 May 2021 (or such other time and/or date as the Company and the Joint Bookrunners may agree).

Placees will be called upon to subscribe for, and shall subscribe for, the Open Offer Shares only to the extent that valid applications by Qualifying Shareholders:

- (a) under the Open Offer are not received by 11.00 a.m. on 14 June 2021; or
- (b) have otherwise not been deemed to be valid in accordance with the terms and conditions of the Open Offer set out in the Prospectus and the Application Form/US Open Offer Investor Letter or US Placing Investor Letter (as applicable).

The Joint Bookrunners will notify Placees if any of the dates in these terms and conditions should change, including as a result of delay in the posting of the Prospectus, the Application Forms, the US Investor Open Offer Investor Letter or the US Placing Investor Letter (as applicable) or the publication of a supplementary prospectus or otherwise.

Registration and Settlement

Settlement of transactions in the New Ordinary Shares following Admission will take place within the CREST system, subject to certain exceptions. The Joint Bookrunners and the Company reserve the right to require settlement for, and delivery of, the New Ordinary Shares to Placees by such other means that they deem necessary if delivery or settlement is not possible within the CREST system within the timetable set out in the Placing Proof and/or Prospectus (when published) or would not be consistent with the regulatory requirements in the Placee's jurisdiction. Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed in accordance with either the standing CREST or certificated settlement instructions which they have in place with the relevant Joint Bookrunner.

Placees should note the longer than usual settlement period for a firm placing and open offer and be aware of the extended timetable as set out in the Placing Proof and, when published, the Prospectus. Settlement for the Equity Placings will be on a T+2 and delivery versus payment basis, with T being the date of the General Meeting. Settlement is expected to take place on or around 18 June 2021, the business day after the General Meeting, with contract notes despatched following the General Meeting.

Each Placee is deemed to agree that if it does not comply with these obligations, the Joint Bookrunners may sell any or all of the New Ordinary Shares allocated to it on its behalf and retain from the proceeds, for its own account and benefit, an amount equal to the aggregate amount owed by the Placee. By communicating a bid for New Ordinary Shares, each Placee confers on the Joint Bookrunners all such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which the Joint Bookrunners lawfully take in pursuance of such sale. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax which may arise upon any transaction in the New Ordinary Shares on such Placee's behalf.

Acceptance

By participating in the Equity Placings, a Placee (and any person acting on such Placee's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with Rothschild & Co, the Joint Bookrunners and the Company, that:

1. in consideration of its allocation of a placing participation, to subscribe for at the Issue Price any New Ordinary Shares comprised in its allocation which it is required to subscribe for pursuant to these terms and conditions, subject, in respect of the Open Offer Shares only, to clawback in the Open Offer in respect of valid applications from Qualifying Shareholders in the Open Offer;
2. it has read and understood this Announcement (including these terms and conditions) and the Placing Proof in their entirety and that it has neither received nor relied on any information given or any investigations, representations, warranties or statements made at any time by any person in connection with Admission, the Equity Placings, the Company, the New Ordinary Shares, or otherwise, other than the information contained in this Announcement (including these terms and conditions) and the Placing Proof that in accepting the offer of its placing participation it will be relying solely on the information contained in this Announcement (including these terms and conditions) and the Placing Proof, receipt of which is hereby acknowledged, and undertakes not to redistribute or duplicate such documents;
3. its oral or written commitment will be made solely on the basis of the information set out in this Announcement (including these terms and conditions) and the Placing Proof, such information being all that such Placee deems necessary or appropriate and sufficient to make an investment decision in respect of the New Ordinary Shares and that it has neither received nor relied on any other information given, or representations or warranties or statements made, by Rothschild & Co, either Joint Bookrunner or the Company, or any of their respective Affiliates and none of Rothschild & Co, the Joint Bookrunners, the Company, any of their respective Affiliates or any person acting on behalf of any such person will be liable for any Placee's decision to participate in the Firm Placing and/or the Placing based on any other information, representation, warranty or statement;
4. the contents of this Announcement, these terms and conditions and the Placing Proof are exclusively the responsibility of the Company and it agrees that neither Rothschild & Co, the Joint Bookrunners nor any of their respective Affiliates nor any person acting on behalf of any of such persons will be responsible for or shall have liability for any information, representation or statements contained therein or any information previously published by or on behalf of the Company, and neither Rothschild & Co, the Joint Bookrunners, any of their respective Affiliates nor any person acting on behalf of any such person will be responsible or liable for a Placee's decision to accept its placing participation;
5. (i) it has not relied on, and will not rely on, any information relating to the Company contained or which may be contained in any research report or investor presentation prepared or which may be prepared by Rothschild & Co, either Joint Bookrunner or any of their respective Affiliates or any person acting on behalf of any such person; (ii) neither Rothschild & Co, the Joint Bookrunners nor any of their respective Affiliates nor any person acting on behalf of any of such persons has or shall have any responsibility or liability for public information relating to the Company; (iii) neither Rothschild & Co, the Joint Bookrunners nor any of their respective Affiliates nor any person acting on behalf of any of such persons has or shall have any responsibility or liability for any additional information that has otherwise been made available to it, whether at the date of publication of such information, the date of these terms and conditions or otherwise; and that (iv) neither Rothschild & Co, the Joint Bookrunners nor any of their respective Affiliates nor any person acting on behalf of any of such persons makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of any such information referred to in (i) to (iii) above, whether at the date of publication of such information, the date of this Announcement or otherwise;
6. it has made its own assessment of the Company and has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Equity Placings, and has satisfied itself concerning the relevant tax, legal, currency and other economic considerations relevant to its decision to participate in the Firm Placing and/or the Placing;
7. it is acting as principal only in respect of the Equity Placings or, if it is acting for any other person: (i) it is duly authorised to do so and has full power to make the acknowledgments, representations and agreements herein on behalf of each such person; (ii) it is and will remain liable to the Company and the Joint Bookrunners for the performance of all its obligations as a Placee in respect of the Equity Placings (regardless of the fact that it is acting for another person); (iii) if it is in the EEA, it is a Qualified Investor and undertakes that it will subscribe for, hold, manage or dispose of any New Ordinary Shares that are allocated to it for the purposes of its business; and/or if it is a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation, that (a) the New Ordinary Shares subscribed for by it in the Equity Placings will not be subscribed for on a non-discretionary basis for, or on behalf of, nor will they be subscribed for with a view to their offer or resale to, persons in a member state of the EEA other than Qualified Investors, or in circumstances which may give rise to an offer of securities to the public other than an offer or resale, in a member state of the EEA to Qualified Investors, or in circumstances in which the prior consent of the Joint Bookrunners has been given to each such proposed offer or resale; or (b) where the New Ordinary Shares have been subscribed for by it on behalf of persons in any member state of the EEA other than Qualified Investors, the offer of those New Ordinary Shares to it is not treated under the Prospectus Regulation as having been made to such persons;
8. if it is in the United Kingdom, it is a Relevant Person and undertakes that it will subscribed for, hold, manage or dispose of any New Ordinary Shares that are allocated to it for the purposes of its business; and/or if it is a financial intermediary, as that term is used in Article 5(1) of the UK Prospectus Regulation, that (a) the New Ordinary Shares subscribed for by it in the Equity Placings will not be subscribed for on a non-discretionary basis for, or on behalf of, nor will they be subscribed for with a view to their offer or resale to, persons in the United Kingdom other than Relevant Persons, or in circumstances which may give rise to an offer of securities to the public other than an offer or resale, in the United Kingdom to Relevant Persons, or in circumstances in which the prior consent of the Joint Bookrunners has been given to each such proposed offer or resale; or (b) where the New Ordinary Shares have been subscribed for by it on behalf of persons in the United Kingdom other than Relevant Persons, the offer of those New Ordinary Shares to it is not treated under the UK Prospectus Regulation as having been made to such persons
9. if it has received any "inside information" (as defined in the market abuse regulation No. 596/2014 and/or the market abuse regulation No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018) about the Company in advance of the Equity Placings, it has not: (i) dealt in the securities of the Company; (ii) encouraged or required another person to deal in the securities of the Company; or (iii) disclosed such information to any person, prior to the information being made generally available;
10. it has complied with its obligations in connection with money laundering and terrorist financing under the Regulations and, if it is making payment on behalf of a third party, it has obtained and recorded satisfactory evidence to verify the identity of the third party as may be required by the Regulations;
11. it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the New Ordinary Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person;
12. it is not acting in concert (within the meaning given in the City Code on Takeovers and Mergers) with any other Placee or any other person in relation to the Company;
13. it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the New Ordinary Shares in, from or otherwise involving the United Kingdom;

14. a communication that the Equity Placings or the book is "covered" (i.e. indicated demand from investors in the book equals or exceeds the amount of the securities being offered) is not any indication or assurance that the book will remain covered or that the Equity Placings and securities will be fully distributed by the Joint Bookrunners. Each of the Joint Bookrunners reserve the right to take up a portion of the securities in the Equity Placings as a principal position at any stage at their sole discretion, *inter alia*, to take account of the Company's objectives, MiFID II (as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018) requirements and/or their allocation policies;
15. it and any person acting on its behalf is entitled to subscribe for the New Ordinary Shares under the laws of all relevant jurisdictions and that it has all necessary capacity and has obtained all necessary consents and authorities to enable it to commit to this participation in the Equity Placings and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in these terms and conditions);
16. unless otherwise agreed by the Company (in agreement with the Joint Bookrunners), it is not, and at the time the New Ordinary Shares are subscribed for will not be, subscribing for and on behalf of a resident of the United States (subject to certain exceptions listed below in "**Selling Restrictions**") or any other jurisdiction where to do so may be unlawful, including, without limitation of Australia, its territories and possessions, Canada, Japan, South Africa, or any other Excluded Territory and further acknowledges that the New Ordinary Shares have not been and will not be registered under the securities legislation of any Excluded Territory and, subject to certain exceptions, may not be offered, sold, transferred, delivered or distributed, directly or indirectly, in or into those jurisdictions;
17. it agrees that Rothschild & Co and the Joint Bookrunners shall have no duties or responsibilities towards it for providing protections afforded to their respective clients under the Rules or for advising it with regard to the New Ordinary Shares and that it is not, and will not be, a client of Rothschild & Co or of either Joint Bookrunner as defined by the Rules. Likewise, any payment by it will not be treated as client money governed by the Rules;
18. any exercise by a Joint Bookrunner of any right to terminate the Placing Agreement or of other rights or discretions under the Placing Agreement or the Equity Placings shall, subject to the applicable terms of the Placing Agreement, be within that Joint Bookrunner's absolute discretion and neither Joint Bookrunner shall have any liability to any Placee whatsoever in relation to any decision to exercise or not to exercise any such right or the timing thereof;
19. neither it, nor the person specified by it for registration as a holder of New Ordinary Shares is, or is acting as nominee(s) or agent(s) for, and that the New Ordinary Shares will not be allotted to, a person/person(s) whose business either is or includes issuing depository receipts or the provision of clearance services and therefore that the issue to the Placee, or the person specified by the Placee for registration as holder, of the New Ordinary Shares will not give rise to a liability under any of sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services) and that the New Ordinary Shares are not being subscribed for in connection with arrangements to issue depository receipts or to issue or transfer New Ordinary Shares into a clearance system;
20. it has the funds available to pay for, and will make payment to the Joint Bookrunners (or as the Joint Bookrunners may direct) for, the New Ordinary Shares allocated to it in accordance with the terms and conditions of this Announcement on the due times and dates set out in this Announcement, failing which the relevant New Ordinary Shares may be sold to or placed with other persons on such terms as the Joint Bookrunners determine in their absolute discretion without liability to the Placee and on the basis that such Placee will remain liable for any shortfall below the net proceeds of such sale and the placing proceeds of such New Ordinary Shares and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to the terms set out or referred to in this Announcement) which may arise upon the sale of such Placee's New Ordinary Shares on its behalf;
21. the person who it specifies for registration as holder of the New Ordinary Shares will be (i) itself or (ii) its nominee, as the case may be, and acknowledges that the Joint Bookrunners and the Company will not be responsible for any liability to pay stamp duty or stamp duty reserve tax (together with interest and penalties) resulting from a failure to observe this requirement; and each Placee and any person acting on behalf of such Placee agrees to participate in the Equity Placings on the basis that the New Ordinary Shares will be allotted to a CREST stock account of one of the Joint Bookrunners who will hold them as nominee on behalf of the Placee until settlement in accordance with its standing settlement instructions with it;
22. where it is acquiring New Ordinary Shares for one or more managed accounts, it is authorised in writing by each managed account to subscribe for New Ordinary Shares for that managed account;
23. if it is a pension fund or investment company, its acquisition of any New Ordinary Shares is in full compliance with applicable laws and regulations;
24. it has not offered or sold and will not offer or sell any New Ordinary Shares to persons in any member state of the EEA or the United Kingdom prior to Admission except to persons whose ordinary activities involve them acquiring, holding, managing or disposing of investments (as principal or agent) for the purpose of their business or otherwise in circumstances which have not resulted and will not result in an offer to the public in any member state of the EEA or the United Kingdom within the meaning of the Prospectus Regulation and/or the UK Prospectus Regulation;
25. to provide Rothschild & Co and the Joint Bookrunners with such relevant documents as they may reasonably request to comply with requests or requirements that either they or the Company may receive from relevant regulators in relation to the Equity Placings, subject to its legal, regulatory and compliance requirements and restrictions;
26. any agreements entered into by it pursuant to these terms and conditions shall be governed by and construed in accordance with the laws of England and Wales and it submits (on its behalf and on behalf of any Placee on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the New Ordinary Shares (together with any interest chargeable thereon) may be taken by the Joint Bookrunners in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;
27. to fully and effectively indemnify and hold harmless the Company, Rothschild & Co and the Joint Bookrunners and each of their respective Indemnified Persons from and against any and all losses, claims, damages, liabilities and expenses (including legal fees and expenses) (i) arising from any breach by such Placee of any of the provisions of these terms and conditions and (ii) incurred by any Indemnified Person arising from the performance of the Placee's obligations as set out in these terms and conditions;
28. in making any decision to subscribe for New Ordinary Shares: (i) it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of acquiring the New Ordinary Shares; (ii) it is experienced in investing in securities of this nature and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain a complete loss in connection with, the Equity Placings; (iii) it has relied on its own examination, due diligence and analysis of the Company and its Affiliates taken as a whole (including the markets in which the Group operates) and the terms of the Equity Placings (including the merits and risks involved); (iv) it has had sufficient time to consider and conduct its own investigation with respect to the offer and purchase of the New Ordinary Shares, including the legal, regulatory, tax, business, currency and other economic and financial considerations relevant to such investment; and (v) will not look to Rothschild & Co, the Joint Bookrunners, any of their respective Affiliates or any person acting on their behalf for all or part of any such loss or losses it or they may suffer;

29. Rothschild & Co, the Joint Bookrunners and the Company and their respective Affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and undertakings which are irrevocable;
30. its allocation (if any) of New Ordinary Shares will represent a maximum number of New Ordinary Shares to which it will be entitled, and required, to subscribe for, and that the Joint Bookrunners or the Company may call upon it to subscribe for a lower number of New Ordinary Shares (if any) in particular as a result of clawback of Open Offer Shares pursuant to the Open Offer but in no event in aggregate more than the aforementioned maximum;
31. it acknowledges and agrees that neither Rothschild & Co, the Joint Bookrunners nor the Company owes any fiduciary or other duties to it in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement;
32. it acknowledges that it irrevocably appoints any director or authorised signatories of the Joint Bookrunners as its agent for the purposes of executing and delivering to the Company and/or its registrars any documents on its behalf necessary to enable it or the Placees to be registered as the holder of any of the New Ordinary Shares agreed to be taken up by it under the Equity Placings;
33. its commitment to subscribe for New Ordinary Shares will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Firm Placing and/or the Placing, and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's or the Joint Bookrunners' conduct of the Firm Placing and/or the Placing; and
34. each of Rothschild & Co, the Joint Bookrunners and their respective Affiliates may have engaged in transactions with, and provided various commercial banking, investment banking, financial advisory transactions and services in the ordinary course of their business with the Company and/or its affiliates for which they would have received customary fees and commissions. Each of Rothschild & Co, the Joint Bookrunners and their respective Affiliates may provide such services to the Company and/or its affiliates in the future.

Please also note that the agreement to allot and issue New Ordinary Shares to Placees (or the persons for whom Placees are contracting as agent) free of stamp duty and stamp duty reserve tax in the UK relates only to their allotment and issue to Placees, or such persons as they nominate as their agents, direct from the Company for the New Ordinary Shares in question. Such agreement assumes that such New Ordinary Shares are not being subscribed for in connection with arrangements to issue depository receipts or to transfer such New Ordinary Shares into a clearance service. If there were any such arrangements, or the settlement related to other dealing in such New Ordinary Shares, stamp duty or stamp duty reserve tax may be payable, for which neither the Company, Rothschild & Co, nor the Joint Bookrunners would be responsible and Placees shall indemnify the Company, Rothschild & Co and the Joint Bookrunners on an after-tax basis for any stamp duty or stamp duty reserve tax paid by them in respect of any such arrangements or dealings. Furthermore, each Placee agrees to indemnify on an after-tax basis and hold each of Rothschild & Co, the Joint Bookrunners and/or the Company and their respective Affiliates harmless from any and all interest, fines or penalties in relation to stamp duty, stamp duty reserve tax and all other similar duties or taxes to the extent that such interest, fines or penalties arise from the unreasonable default or delay of that Placee or its agent. If this is the case, it would be sensible for Placees to take their own advice and they should notify the relevant Joint Bookrunner accordingly. In addition, Placees should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the acquisition by them of any New Ordinary Shares or the agreement by them to subscribe for any New Ordinary Shares.

Selling Restrictions

By participating in the Equity Placings, a Placee (and any person acting on such Placee's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with each of Rothschild & Co, the Joint Bookrunners and the Company, the following:

1. it is not a person who has a registered address in, or is a resident, citizen or national of, a country or countries, in which it is unlawful to make or accept an offer to subscribe for New Ordinary Shares;
2. it has fully observed and will fully observe the applicable laws of any relevant territory, including complying with the selling restrictions set out herein and obtaining any requisite governmental or other consents and it has fully observed and will fully observe any other requisite formalities and pay any issue, transfer or other taxes due in such territories;
3. if it is in the United Kingdom, it is a Relevant Person;
4. if it is in a member state of the EEA, it is a Qualified Investor;
5. it is a person whose ordinary activities involve it (as principal or agent) in acquiring, holding, managing or disposing of investments for the purpose of its business and it undertakes that it will (as principal or agent) subscribe for, hold, manage or dispose of any New Ordinary Shares that are allocated to it for the purposes of its business; and
6. it is and, at the time the New Ordinary Shares are purchased, will be either: (A) outside the United States, purchasing in an offshore transaction within the meaning of, and pursuant to, Regulation S; or (B) inside the United States and (i) a "qualified institutional buyer" that is acquiring shares in a transaction not involving any public offering pursuant to Section 4(a)(2) of the Securities Act, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and (ii) has signed and returned a US Open Offer Investor Letter or US Placing Investor Letter (as applicable);
7. none of the New Ordinary Shares have been or will be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States; and
8. it (on its behalf and on behalf of any Placee on whose behalf it is acting) has: (a) fully observed the laws of all relevant jurisdictions which apply to it; (b) obtained all governmental and other consents which may be required; (c) fully observed any other requisite formalities; (d) paid or will pay any issue, transfer or other taxes; (e) not taken any action which will or may result in the Company or either Joint Bookrunner being in breach of a legal or regulatory requirement of any territory in connection with the Equity Placings; (f) obtained all other necessary consents and authorities required to enable it to give its commitment to subscribe for the relevant New Ordinary Shares; and (g) the power and capacity to, and will, perform its obligations under the terms contained in these terms and conditions.

Miscellaneous

If a Placee is entitled to participate in the Open Offer by virtue of being a Qualifying Shareholder it will be able to apply to subscribe for Open Offer Shares under the terms and conditions of the Open Offer.

The Company reserves the right to treat as invalid any application or purported application for New Ordinary Shares that appears to the Company or its agents to have been executed, effected or dispatched from the United States or any Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of New Ordinary Shares in, or in the case of a credit of Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be in, the United States, any other Excluded Territory or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

When a Placee or person acting on behalf of the Placee is dealing with either of the Joint Bookrunners, any money held in an account with either of the Joint Bookrunners on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the rules and regulations of the FCA made under the FSMA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from the Joint Bookrunners' money in accordance with the client money rules and will be used by each Joint Bookrunner in the course of its own business; and the Placee will rank only as a general creditor of the relevant Joint Bookrunner.

Times

Unless the context otherwise requires, all references to time are to London time. All times and dates in these terms and conditions may be subject to amendment. The Joint Bookrunners will notify Placees and any persons acting on behalf of the Placees of any changes.

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

IOEUOOVRAOUVARR