

**THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

The distribution of this document and/or any accompanying documents into a jurisdiction other than the United Kingdom may be restricted by law or regulation and therefore such documents should not be distributed, forwarded to or transmitted in or into the United States of America, Canada, Australia, Japan or the Republic of South Africa, nor in or into any other jurisdiction where the extension of the Open Offer would breach any applicable law or regulation. If you have sold or transferred part of your holding of Existing Ordinary Shares prior to the Ex-Entitlement Date, you are advised to consult your stockbroker, bank or other agent through whom the sale or transfer was effected and refer to the instructions regarding split applications set out in the accompanying Application Form.

The total consideration under the Open Offer shall be less than €8 million (or an equivalent amount in sterling) in aggregate and the Placing Shares shall only be available to qualified investors for the purposes of the Prospectus Rules (issued by the FCA) or otherwise in circumstances not resulting in an offer of transferable securities to the public under section 102B of FSMA. Neither the Placing nor Open Offer constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and accordingly this document does not constitute a prospectus for the purposes of the Prospectus Rules made by the FCA pursuant to sections 73A(1) and (4) of FSMA and has not been pre-approved by the FCA pursuant to sections 85 and 87 of FSMA, the London Stock Exchange, any securities commission or any other authority or regulatory body. In addition this document does not constitute an admission document drawn up in accordance with the AIM Rules for Companies.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority (being the FCA acting as competent authority for the purposes of Part V of FSMA) (“UKLA”). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the UKLA has examined or approved the contents of this document. The AIM Rules for Companies are less demanding than those of the Official List of the UKLA. It is emphasised that no application is being made for admission of the Existing Ordinary Shares or the New Ordinary Shares to the Official List of the UKLA.**

The Company and the Directors, whose names are set out on page 4 of this document, accept responsibility, both collectively and individually, for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

---

## **Mercantile Ports & Logistics Limited**

*(Incorporated and registered in Guernsey with registered number 52321)*

**Placing of up to 973,151,000 New Ordinary Shares at 2 pence per share  
Open Offer of up to up to 103,504,424 New Ordinary Shares at 2 pence per share  
Subscription for 414,349,000 New Ordinary Shares at 2 pence per share**

**and**

### **Notice of Annual General Meeting**

---

You should read the whole of this document. Your attention is drawn to the letter from the Executive Chairman of the Company which is set out on pages 12 to 21 (inclusive) of this document and which recommends you to vote in favour of the Resolutions to be proposed at the Annual General Meeting.

The Notice of Annual General Meeting to be held at the Company’s registered office at Intertrust International Management Limited, Martello Court, Admiral Park, St. Peter Port, Guernsey GY1 3HB at 2.00 p.m. on 6 December 2018, is set out at the end of this document. A paper proxy form is not enclosed with this document. Shareholders are able to vote online by logging on to [www.signalshares.com](http://www.signalshares.com) and following the instructions provided or, in the case of CREST members, by using the CREST electronic proxy appointment service set out in note 6 to the Notice of Annual General Meeting. A hard copy proxy form can be requested from the Registrars, further details of which are set out in note 5 to Notice of Annual General Meeting.

The Existing Ordinary Shares of the Company are admitted to trading on AIM. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected, subject to, *inter alia*, the passing of the Transaction Resolutions at the Annual General Meeting, that Admission of the New Ordinary Shares will become effective and that dealings will commence at 8.00 a.m. on 7 December 2018. The New Ordinary Shares will, when issued, rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares and otherwise rank *pari passu* in all respects with the Existing Ordinary Shares.

Cenkos Securities, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as nominated adviser and broker to the Company in connection with the Transaction. Persons receiving this document should note that Cenkos Securities will not be responsible to anyone other than the Company for providing the protections afforded to customers of Cenkos Securities or for advising any other person on the arrangements described in this document. No representation or warranty, expressed or implied, is made by Cenkos Securities as to any of the contents of this document and Cenkos Securities has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Cenkos Securities for the accuracy of any information or opinions contained in this document or for the omission of any information.

This document does not constitute an offer to sell or an invitation to subscribe for, or solicitation of an offer to subscribe for or buy New Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation. In particular, this document must not be taken, transmitted, distributed or sent, directly or indirectly, in, or into, the United States of America, Canada, Australia, New Zealand, Japan or the Republic of South Africa or transmitted, distributed or sent to, or by, any national, resident or citizen of such countries. Accordingly, the New Ordinary Shares may not, subject to certain exceptions, be offered or sold, directly or indirectly, in, or into, the United States of America, Canada, Australia, New Zealand, Japan or the Republic of South Africa or in any other country, territory or possession where to do so may contravene local securities laws or regulations. The Ordinary Shares and New Ordinary Shares have not been, and will not be, registered under the Securities Act or qualified for sale under the laws of any state or other jurisdiction of the United States or under the applicable laws of Canada, Australia, New Zealand, Japan or the Republic of South Africa and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia, New Zealand, Japan or the Republic of South Africa.

THE NEW ORDINARY SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY OTHER FEDERAL 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 TRANSACTION OR THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the registered office of the Company at Intertrust International Management Limited, Martello Court, Admiral Park, St. Peter Port, Guernsey GY1 3HB for a period of one month from the date of this document and on the Company's website at [www.mercpl.com](http://www.mercpl.com).

### **FORWARD LOOKING STATEMENTS**

This document includes "forward-looking statements" which include all statements other than statements of historical facts, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations, or any statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "could" or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules for Companies.

## CONTENTS

	Page
Directors and Advisers	4
Expected Timetable of Principal Events	5
Key Statistics	6
Definitions	8
Part 1 Letter from the Chairman	12
Part 2 Risk Factors	22
Part 3 Terms and Conditions of the Open Offer	30
Part 4 Questions and Answers about the Open Offer	52
Notice of Annual General Meeting	59

## DIRECTORS AND ADVISERS

<b>Directors</b>	Nikhil Gandhi Pavandeep Bakhshi Jay Mehta Andrew Henderson Lord Flight John Fitzgerald	<i>Executive Chairman</i> <i>Managing Director</i> <i>Chief Operating Officer</i> <i>Chief Financial Officer</i> <i>Non-Executive Director</i> <i>Non-Executive Director</i>
<b>Company Secretary</b>	Cosign Limited Martello Court Admiral Park St. Peter Port Guernsey GY1 3HB	
<b>Registered Office</b>	Intertrust International Management Limited Martello Court Admiral Park St. Peter Port Guernsey GY1 3HB	
<b>Nominated Adviser and Broker</b>	Cenkos Securities plc 6,7,8 Tokenhouse Yard London EC2R 7AS	
<b>Lawyers to the Company as to English Law</b>	DWF LLP 20 Fenchurch Street London EC3M 3AG	
<b>Lawyers to the Company as to Guernsey Law</b>	Carey Olsen (Guernsey) LLP Carey House Les Banques St Peter Port Guernsey GY1 4BZ	
<b>Lawyers to the Nominated Adviser and Broker</b>	CMS Cameron McKenna Nabarro Olswang LLP Cannon Place 78 Cannon Street London EC4N 6AF	
<b>Registrars</b>	Link Market Services (Guernsey) Limited Mont Crevelet House Bulwer Avenue St Sampson Guernsey GY2 4LH	
<b>Receiving Agent</b>	Link Asset Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for the Open Offer	5.00 p.m. on 15 November 2018
Announcement of the Placing, Open Offer and Subscription	16 November 2018
Publication and posting of this document and the Application Form	17 November 2018
Ex-entitlement Date	8.00 a.m. on 19 November 2018
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders	20 November 2018
Recommended latest time and date for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 30 November 2018
Latest time and date for Depositing Open Offer Entitlements in CREST	3.00 p.m. on 3 December 2018
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 3 December 2018
Latest time and date for receipt of electronic votes to be valid at the Annual General Meeting	2.00 p.m. on 4 December 2018
<b>Latest time and date for acceptance of the Open Offer and receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instructions (if appropriate)</b>	<b>11.00 a.m. on 5 December 2018</b>
Annual General Meeting	2.00 p.m. on 6 December 2018
Announcement of result of Annual General Meeting and Open Offer	6 December 2018
Admission and commencement of dealings in the New Ordinary Shares on AIM	8.00 a.m. on 7 December 2018
New Ordinary Shares credited to CREST members' accounts	7 December 2018
Despatch of definitive share certificates in certificated form	within 10 business days of Admission

**If any of the details contained in the timetable above should change, the revised times and dates will be notified by means of an announcement through a Regulatory Information Service.**

**Certain of the events in the above timetable are conditional upon, amongst other things, the approval of the Resolutions to be proposed at the Annual General Meeting.**

**All references in this document are to London time unless stated otherwise.**

**The ability to participate in the Open Offer is subject to certain restrictions relating to Qualifying Shareholders with registered addresses or located or resident in countries outside the United Kingdom, details of which are set out in paragraph 7 of Part 3 of this document. Subject to certain exceptions, Application Forms will not be dispatched to, and Open Offer Entitlements will not be credited to the stock account in CREST of, Shareholders with registered addresses in any of the Restricted Jurisdictions.**

## KEY STATISTICS

### PLACING STATISTICS

Number of Existing Ordinary Shares	414,017,699
Number of Placing Shares*	up to 973,151,000
Offer Price	2p
Number of Ordinary Shares in issue immediately following the Placing and the Subscription**	1,801,517,699
Percentage of the Enlarged Share Capital represented by the Placing Shares and the Subscription Shares**	72.8 per cent.
Gross Proceeds of the Placing and the Subscription**	approximately £27.8 million

\* on the assumption that the Placing is fully subscribed

\*\* on the assumption that the Placing is fully subscribed and that all of the Subscription Shares are issued

### OPEN OFFER STATISTICS

Number of Offer Shares*	103,504,424
Offer Price	2p
Basis of Open Offer	1 Offer Shares for every 4 Existing Ordinary Shares
Gross proceeds from the Open Offer*	up to approximately £2.07 million
Enlarged Share Capital following the Placing, the Subscription and Open Offer*	up to 1,905,022,123
Offer Shares as a percentage of the Enlarged Share Capital*	up to 5.4 per cent.
Market capitalisation of the Company immediately following the Placing, Open Offer and the Subscription at the Offer Price*	approximately £38.1 million
Open Offer Basic Entitlements ISIN	GG00BH47XX90
Open Offer Excess Applications ISIN	GG00BH47XZ15

\* on the assumption that the Placing and Open Offer are fully subscribed and that all of the Subscription Shares are issued

## **FOREIGN CURRENCY AMOUNTS**

Where relevant in this document, unless otherwise stated, Indian Rupee amounts have been converted into Sterling at Rs. 91: £1.00.

## DEFINITIONS

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

<b>“Admission”</b>	the admission of the New Ordinary Shares to trading on AIM in accordance with the AIM Rules for Companies
<b>“AIM”</b>	the AIM market operated by London Stock Exchange
<b>“AIM Rules for Companies”</b>	the AIM Rules for Companies and guidance notes as published by London Stock Exchange from time to time
<b>“Application Form”</b>	the non-CREST Application Form
<b>“Board” or “Directors”</b>	the directors of the Company as at the date of this document
<b>“BOOT”</b>	build, own, operate and transfer
<b>“CAGR”</b>	compounded annual growth rate
<b>“Cenkos Securities”</b>	Cenkos Securities plc
<b>“Code”</b>	the City Code on Takeovers and Mergers
<b>“Companies Law”</b>	the Companies (Guernsey) Law 2008 as amended from time to time
<b>“Company”</b>	Mercantile Ports & Logistics Limited
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations)
<b>“CREST member”</b>	a person who has been admitted to CREST as a system-member (as defined in the CREST Manual)
<b>“CREST member account ID”</b>	the identification code or number attached to a member account in CREST
<b>“CREST participant”</b>	a person who is, in relation to CREST, a system-participant (as defined in the CREST regulations)
<b>“CREST participant ID”</b>	shall have the meaning given in the CREST Manual issued by Euroclear
<b>“CREST payment”</b>	shall have the meaning given in the CREST Manual issued by Euroclear
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
<b>“CREST sponsor”</b>	a CREST participant admitted to CREST as a CREST sponsor
<b>“CREST sponsored member”</b>	a CREST member admitted to CREST as a sponsored member
<b>“Debt Facility”</b>	the rupee term loan of INR 480 crore (£52.75 million) entered into on 28 February 2014 between KTLPL and a syndicate of four Indian public sector banks, the term of which was extended by a letter dated 29 September 2017 to a total term of 13 years and 6 months
<b>“Deed of Lease”</b>	the lease entered into between Karanja Infrastructure Private Limited (“ <b>KIPL</b> ”) and MMB on 31 August 2009 with an effective date of 7 August 2009 in respect of the Project Land with a concession to develop on a BOOT basis; (i) the Facility; and (ii) a ship repair facility, as novated to KTLPL via a deed of confirmation entered into between KIPL, KTLPL and MMB on 28 September 2010 and varied by a letter from MMB dated 11 May 2017 to extend the term of the lease to 50 years
<b>“Enlarged Share Capital”</b>	the entire issued share capital of the Company following completion of the Placing, Open Offer and Subscription on Admission, assuming the Placing and Open Offer are each fully subscribed, that all of the Subscription Shares are issued
<b>“EU”</b>	the European Union



<b>“Euro” or “€”</b>	euros, the legal currency of the members of the European Union who have entered into an Economic and Monetary Union
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited
<b>“Excess Application Facility”</b>	the arrangement pursuant to which Qualifying Shareholders may apply for additional Offer Shares in excess of their Open Offer Entitlement in accordance with the terms and conditions of the Open Offer
<b>“Excess CREST Open Offer Entitlement”</b>	in respect of each Qualifying CREST Shareholder, their entitlement (in addition to their Open Offer Entitlement) to apply for Offer Shares in accordance with the Excess Application Facility, which is conditional on them taking up their Open Offer Entitlement in full
<b>“Excess Shares”</b>	Offer Shares applied for by Qualifying Shareholders in accordance with the Excess Application Facility
<b>“Ex-entitlement Date”</b>	the date on which the Existing Ordinary Shares are marked “ex” for entitlement under the Open Offer, being 19 November 2018
<b>“Existing Ordinary Shares”</b>	the 414,017,699 Ordinary Shares in issue on the date of this document
<b>“Annual General Meeting”</b>	the Annual General Meeting of the Company, convened for 2.00 p.m. on 6 December 2018 or at any adjournment thereof, notice of which is set out at the end of this document
<b>“Facility”</b>	the completed Logistics Park and Multi-purpose Terminal
<b>“FCA”</b>	the Financial Conduct Authority of the UK
<b>“FSMA”</b>	Financial Services and Markets Act 2000 (as amended)
<b>“GDP”</b>	gross domestic product
<b>“Group”</b>	the Company and its subsidiaries
<b>“Hunch Ventures”</b>	Hunch Ventures and Investment Private Limited, a company incorporated in India, with company registration number 289161 and whose registered office is at 5 Ground Floor, Plot No. 09 Copia Corporate Suites, Jasola New Delhi, South Delhi DL 110044, India
<b>“India”</b>	the Republic of India
<b>“JNPT”</b>	Jawaharlal Nehru Port Trust
<b>“KTLCL”</b>	Karanja Terminal & Logistics (Cyprus) Ltd (Company No. 272677), a company incorporated in Cyprus under the Companies Law, Cap 113 of Cyprus on 31 August 2010, whose registered office is at Vyzantiou, 30, Vyzantio Building, Floor 2, Flat 22 Strovolos 2064, Lefkosia, Cyprus
<b>“KTLPL”</b>	Karanja Terminal & Logistics Private Limited (CIN U63090MH2010PTC203226), a company incorporated and registered in India under the Companies Act, 1956 of India on 14 May 2010, whose registered office is at 13/14, Khetan, Bhavan, 3rd Floor, 198 Jamshedji Tata Road, Churchgate, Mumbai-40020, India
<b>“Link Asset Services”</b>	a trading name of Link Market Services Limited
<b>“Logistics Park”</b>	the logistics park being developed by the Group on the Project Land
<b>“London Stock Exchange”</b>	the London Stock Exchange plc

<b>“Major Port”</b>	each of the 12 ports located in India designated as ‘Major Ports’ by India’s Ministry of Shipping
<b>“Minor Port”</b>	any port located in India which is not a Major Port
<b>“MMB”</b>	Maharashtra Maritime Board
<b>“Money Laundering Regulations”</b>	the Money Laundering Terrorist Financing and Transfer of Funds Regulations 2017, the money laundering provisions of the Criminal Justice Act 1993 and the Proceeds of Crime Act 2002
<b>“Mumbai Trans-Harbour Link”</b>	the proposed 22 kilometre freeway grade road bridge connecting Mumbai with Navi Mumbai, its satellite city
<b>“Multi-purpose Terminal”</b>	the multi-purpose port terminal being developed by the Group on the Project Land
<b>“New Ordinary Shares”</b>	the Placing Shares, the Offer Shares and the Subscription Shares
<b>“Notice of Annual General Meeting”</b>	the notice convening the Annual General Meeting as set out at the end of this document
<b>“Offer Price”</b>	2 pence per New Ordinary Share
<b>“Offer Shares”</b>	up to 103,504,424 Ordinary Shares being made available to Qualifying Shareholders pursuant to the Open Offer
<b>“Open Offer”</b>	the conditional invitation made to Qualifying Shareholders to apply to subscribe for the Offer Shares at the Offer Price on the terms and subject to the conditions set out in Part 3 of this document and, where relevant, in the Application Form
<b>“Open Offer Entitlement”</b>	the entitlement of Qualifying Shareholders to subscribe for Offer Shares allocated to Qualifying Shareholders on the Record Date pursuant to the Open Offer
<b>“Ordinary Shares”</b>	ordinary shares of no par value each in the capital of the Company
<b>“Overseas Shareholders”</b>	a Shareholder with a registered address outside the United Kingdom or who is a citizen of, or incorporated, registered or otherwise resident in, a country outside the United Kingdom
<b>“Placees”</b>	subscribers for Placing Shares
<b>“Placing”</b>	the placing by the Company of the Placing Shares with certain institutional and other investors pursuant to the Placing Agreement
<b>“Placing Agreement”</b>	the agreement entered into between the Company and Cenkos Securities in respect of the Placing dated 16 November 2018, as described in this document
<b>“Placing Shares”</b>	up to 973,151,000 New Ordinary Shares the subject of the Placing
<b>“Project Land”</b>	the 1,642,880 square miles (approximately 400 acres) of land with a sea frontage of approximately 2,000 metres at Karanja Creek, Chanje Village, Taluka Uran, District Raigad, Maharashtra, India as described in the Deed of Lease
<b>“Promissory Note/Bank Guarantee”</b>	the promissory note/bank guarantee (or other similar form of financial instrument or guarantee) to be issued to and for the benefit of the Company in an amount equal to approximately £8.29 million pursuant to the terms of the Subscription Agreement
<b>“Prospectus Rules”</b>	the Prospectus Rules made in accordance with the EU Prospectus Directive 2003/71/EC in relation to offers of securities to the public and the admission of securities to trading on a regulated market
<b>“Qualifying CREST Shareholders”</b>	Qualifying Shareholders holding Existing Ordinary Shares in a CREST account

<b>“Qualifying Non-CREST Shareholders”</b>	Qualifying Shareholders holding Existing Ordinary Shares in certificated form
<b>“Qualifying Shareholders”</b>	holders of Existing Ordinary Shares on the register of members of the Company at the Record Date (but excluding, subject to certain exceptions, any Overseas Shareholder who is located or resident or who has a registered address in, or who is a citizen of, the United States of America or any other Restricted Jurisdiction)
<b>“RBI”</b>	Reserve Bank of India
<b>“Record Date”</b>	5.00 p.m. on 15 November 2018 in respect of the entitlements of Qualifying Shareholders under the Open Offer
<b>“Registrars”</b>	Link Market Services (Guernsey) Limited
<b>“Regulatory Information Service”</b>	has the meaning given in the AIM Rules for Companies
<b>“Resolutions”</b>	the ordinary and special resolutions to be proposed at the Annual General Meeting, as set out in the Notice of the Annual General Meeting
<b>“Restricted Jurisdictions”</b>	United States of America, Canada, Australia, New Zealand, Japan and the Republic of South Africa and any other jurisdiction where the extension or availability of the Placing and Open Offer would breach any applicable law
<b>“Rupees” or “Rs”</b>	Indian Rupees, the legal currency of India
<b>“Securities Act”</b>	US Securities Act of 1933 (as amended)
<b>“Shareholders”</b>	the holders of Existing Ordinary Shares
<b>“Subscription”</b>	the subscription for Subscription Shares pursuant to the terms of the Subscription Agreement
<b>“Subscription Agreement”</b>	the subscription and relationship agreement entered into on or around 16 November 2018 between Hunch Ventures, the Company and Cenkos Securities in respect of both the Subscription and the relationship between the Company and Hunch Ventures following Admission
<b>“Subscription Price”</b>	approximately £8.29 million, being the aggregate subscription price payable in respect of the Subscription Shares at the Offer Price
<b>“Subscription Shares”</b>	the aggregate New Ordinary Shares to be issued by the Company under the terms of the Subscription Agreement
<b>“Transaction”</b>	the Placing, the Open Offer and the Subscription
<b>“Transaction Resolutions”</b>	those Resolutions number 13 and 14 in the Notice of Annual General Meeting
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“United States”, “United States of America” or “US”</b>	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
<b>“Uncertificated” or “Uncertificated form”</b>	recorded on the relevant register or other record of the Shares or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST

## PART 1

### LETTER FROM THE CHAIRMAN

# Mercantile Ports & Logistics Limited

(Incorporated in Guernsey with registered number 52321)

*Directors:*

Nikhil Gandhi	<i>Executive Chairman</i>
Pavandeep Bakhshi	<i>Managing Director</i>
Jay Mehta	<i>Chief Operating Officer</i>
Andrew Henderson	<i>Chief Financial Officer</i>
Lord Flight	<i>Non-Executive Director</i>
John Fitzgerald	<i>Non-Executive Director</i>

*Registered office:*

Intertrust International  
Management Limited  
Martello Court  
Admiral Park  
St. Peter Port  
Guernsey  
GY1 3HB

*For the attention of Shareholders*

17 November 2018

Dear Shareholder

**Placing of up to 973,151,000 New Ordinary Shares at 2 pence per share**  
**Open Offer of up to 103,504,424 New Ordinary Shares at 2 pence per share**  
**Subscription for 414,349,000 New Ordinary Shares at 2 pence per share**  
**Annual General Meeting**

#### 1. Introduction

The Company has announced a conditional placing, open offer and subscription to raise up to £29.82 million before expenses by the issue of up to 1,491,004,424 New Ordinary Shares at the Offer Price of 2 pence per Ordinary Share.

The Placing will raise approximately £19.46 million (before expenses) by the issue by the Company of 973,151,000 New Ordinary Shares at the Offer Price. In addition, in order to provide Shareholders who have not taken part in the Placing with an opportunity to participate in the proposed issue of New Ordinary Shares, the Company is providing all Qualifying Shareholders with the opportunity to subscribe at the Offer Price for an aggregate of up to 103,504,424 Offer Shares, to raise up to approximately £2.07 million (before expenses), on the basis of 1 Offer Share for every 4 Existing Ordinary Shares, at 2 pence each, payable in full on acceptance.

Furthermore, Hunch Ventures, an India-based strategic investor in growth opportunities, has agreed to subscribe for, and the Company has agreed to issue, 414,349,000 New Ordinary Shares at the Offer Price on Admission, representing gross subscription proceeds of approximately £8.29 million on such terms as are further described at paragraph 4 of this Part 1.

The receipt of the Transaction proceeds is conditional, *inter alia*, upon Shareholders approving the Transaction Resolutions at the Annual General Meeting that will grant to the Directors the authority to issue the New Ordinary Shares and the power to dis-apply pre-emption rights set out in the articles of incorporation of the Company in respect of the New Ordinary Shares and Admission. The Resolutions are contained in the Notice of Annual General Meeting at the end of this document. Admission is expected to occur no later than 8.00 a.m. on 7 December 2018 or such later time and/or date as Cenkos Securities and the Company may agree (not being later than 8:30 a.m. on 21 December 2018). The Transaction is not underwritten.

The Open Offer provides Qualifying Shareholders with an opportunity to participate in the proposed issue of the New Ordinary Shares on a pre-emptive basis while providing the Company with additional capital to invest in the business of the Group. The Offer Price is at a discount of 2.4 per cent. to the closing middle market price of 2.05 pence per Existing Ordinary Share on 16 November 2018 (being the last practicable date before publication of this document).

The purpose of this document is to explain the background to and reasons for the Transaction, the use of proceeds, the details of the Transaction, the other regular business to be considered at the Annual General Meeting, and to recommend that you vote in favour of the Resolutions.

## **2. Status of the Project**

The Company has made significant progress in achieving its goal of constructing and operating a 200 acre port and logistics facility at Karanja Creek near Navi Mumbai, India. One side of the Company's 400 metre general cargo jetty is capable of receiving vessels and the separate 200 metre bulk berth is nearly complete. Approximately 100 acres of land have been reclaimed, with approximately another 15 acres of reclamation material on site, meaning that there is significantly more than the 50 acres of back up land reclaimed as is required to enable the Facility to commence commercial operations. Storage facilities, which are not yet in place, will be completed in consultation with contracted customers and their requirements.

As previously reported, the customs approval process has taken longer than originally envisaged. Whilst this has been frustrating and delayed the start of commercial operations, the Company was pleased to report that all approvals had been received and that Karanja Terminal and Logistics Private Limited had received confirmation from the Ministry of Finance for the customs jurisdiction to be at Jawaharlal Nehru Customs House, which will enable the Company to have seamless container handling operations between the Facility and JNPT, India's largest and busiest container handling port. The Company still awaits the final allocation of customs staff and the Directors believe that this will take place imminently and enable the Company to commence unrestricted commercial operations.

In the meantime, the Facility has been granted No Objection Certificate (NOC) by the customs authorities, enabling it to handle domestic cargo, which does not require assessment of customs duty or its payment. Whilst operational trials have previously been carried out by the Company itself, the Facility has recently handled cargo for immediate onward transportation for one of India's most prominent steel manufacturers on a trial basis.

The Company is pleased with the level of visibility it has on its future revenues. As previously reported, the Company has signed contracts with two customers, which together envisage growing volume to 5 million tonnes of cargo in the third year of operations. In addition, the Company is in discussions to secure a number of contracts, including with one of India's largest fertilizer companies, with one of India's most prominent steel manufacturers (which has already conducted trials at the Facility) and also with a large fly ash distributor. This is alongside the discussions that continue with other interested parties and the encouragement from the MMB for arrangements to be reached with JNPT, to help relieve congestion.

The Directors consider the Facility to be well-aligned with Indian government policy, which is referred to in more detail below. In addition, the Directors believe that the Facility is ideally situated to benefit from some of the significant infrastructure projects that are taking place near the site. In particular, projects that have commenced or are proposed include the US\$2.7bn Mumbai Trans Harbour Link, the US\$2.5bn Navi Mumbai airport, JNPT's US\$1.3bn Fourth Terminal and the Navi Mumbai Digital City. Each of these projects will require enormous quantities of steel, cement and other materials, and the Directors expect the Facility to play a part in the logistics for the construction of some or all of these projects.

The Company has been delighted with the support that it has received from the MMB and in particular the extension of its lease of the Project Land to 2059. Whilst the Directors' immediate focus is on completing the build out of the Company's Facility to 200 acres, the Directors are proud to have received permission from the MMB to extend the Facility to 400 acres, with 2,000 metres of sea frontage, which the Directors intend to pursue in the future. The Directors expect the facility to be operational in the coming weeks and for the reclamation of land to continue this year and next year in parallel with the pipeline of new business becoming realised.

## **3. Background and Reasons for the Transaction**

In the Company's interim results for the six months ended 30 June 2018, announced on 28 September 2018, the Company referred to the banking crisis that continues in India and the fact that the Company had £20 million of headroom in its existing debt facility. The Company remains in compliance with the terms of its debt facility, which is personally guaranteed by the Company's Chairman, Nikhil Gandhi. While India's banking crisis continues, Mr Gandhi has provided an interest free, unsecured loan to the Company through Grevek Investment & Finance Private Limited, a company controlled by him. In addition, Mr Gandhi has offered to provide a loan on the same terms as the Company's existing banking facilities, if required. This offer has not been

acted on by the Company, although the Company has not been able to access its undrawn banking facilities.

In the Company's interim results, the Directors stated that they did not consider reliance upon financial support from the Chairman to be desirable and that the Company would consider alternatives to refinance its existing banking facilities. Having explored various options, and in consultation with some of the Company's major shareholders, the Directors have concluded that the Transaction should be pursued. The net proceeds of the Transaction will be used to substitute approximately £16 million of the undrawn banking facility, pay accrued interest and other outstanding liabilities, along with the continued construction and completion of the Facility. Any funds received under the Open Offer will be used to pay down or substitute the Company's debt, which the Directors consider to be expensive with an interest rate, which is a floating rate currently standing at approximately 13.2 per cent. per annum.

Upon completion of the Transaction, the Directors are confident that the Company will be able to complete the 200 acre Facility with the funds available to it and will not be reliant upon undrawn debt. Following Admission, the Company will explore different banking arrangements on more favourable terms.

#### **4. Subscription**

The Company has agreed with Hunch Ventures to issue 414,349,000 New Ordinary Shares to Hunch Ventures at the Offer Price per share. The Subscription is conditional on, *inter alia*:

- (a) the passing of the Transaction Resolutions at the Annual General Meeting;
- (b) Admission becoming effective by no later than 8.00a.m. on 7 December 2018 or such later date as the Company, Cenkos and Hunch Ventures may agree in writing; and
- (c) delivery of the Promissory Note/Bank Guarantee.

If any of the conditions are not satisfied, the Subscription Shares will not be issued to Hunch Ventures (or any member of Hunch Ventures' group of companies as Hunch Ventures may direct).

The Subscription Shares are not subject to clawback. The Subscription is not being underwritten.

The Subscription Shares will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

Application will be made to the London Stock Exchange for the admission of the Subscription Shares to trading on AIM. It is expected that Admission will occur and that dealings will commence at 8.00 a.m. on 7 December 2018 at which time it is also expected that the Subscription Shares will be enabled for settlement in CREST.

The Subscription Shares will comprise 23 per cent. of the Company's issued share capital following issue of the Placing Shares and the Subscription Shares.

##### *Subscription Agreement*

Pursuant to the terms of the Subscription Agreement, Hunch Ventures has agreed to subscribe for the Subscription Shares at the Offer Price per Subscription Share. The aggregate subscription price payable by Hunch Ventures in respect of the Subscription Shares amounts to approximately £8.29 million.

Hunch Ventures is registered in India and, as such, the prior approval of the RBI is required prior to Hunch Ventures being able to pay the Subscription Price, in cash, from India to the Company's bank account in Guernsey.

Hunch Ventures is unable to directly participate in the Placing purely by virtue of the fact that it is incorporated in India, and consequently, due to the requirements imposed on Indian entities by the RBI in respect of movement of cash outside of India. The prior consent of the RBI is needed, which would not be forthcoming in accordance with the timeframe envisaged for the Placing. The Board expects Hunch Ventures to be a long term, strategic investor to the Group and, as such, has agreed to structure the subscription in accordance with the terms of the Subscription Agreement in order to facilitate Hunch Ventures in a manner which ensures compliance with the requirements of the RBI.

The Subscription Agreement provides that the Subscription Shares shall be issued to Hunch Ventures on Admission provided that Hunch Ventures procures the issue to, and for benefit of, the Company the Promissory Note/Bank Guarantee by a counterparty bank in the amount of the Subscription Price. Pursuant to the terms of the Subscription Agreement, Hunch Ventures has until 8.00 a.m. on 31 March 2019 to obtain the requisite approval of the RBI to pay and transfer the Subscription Price, in cleared funds, to the Company's bank account in Guernsey.

If the requisite approval of the RBI is not obtained by 8.00 a.m. on 31 March 2019, the Subscription Agreement provides, *inter alia*, that the Company may:

- (a) direct that Hunch Ventures pays the Subscription Price to KTLPL (or to any other such party as the Company may direct); or
- (b) make a call under the Promissory Note/Bank Guarantee issued to the Company in respect of the Subscription Price and, if the Subscription Price is not received in full, the Company and each of its Directors is authorised to act as Hunch Ventures' attorney to sell the Subscription Shares and the Company shall apply the proceeds of any such sale towards Hunch Ventures' obligation to pay the Subscription Price.

The Subscription Agreement contains, *inter alia*, warranties given by both Hunch Ventures and the Company, namely relating to their respective authority and capacity to enter into the Subscription Agreement.

Furthermore, given that, following the issue of the Subscription Shares, Hunch Ventures will hold 23 per cent. of the Company's issued share capital following issue of the Placing Shares and the Subscription Shares, the Subscription Agreement also governs the relationship between the Company and Hunch Ventures by, *inter alia*, providing that:

- (a) Hunch Ventures shall have the right to appoint two Directors for so long as it holds more than 15 per cent. of the voting rights of the Company's issued share capital from time to time and the right to appoint one Director for so long as it holds more than 10 per cent. but less than 15 per cent. of the voting rights of the Company's issued share capital from time to time;
- (b) for a two year period from Admission, Hunch Ventures and its group of companies undertake not to be engaged in any competing business of the Company in India;
- (c) all transactions between Hunch Ventures and the Group shall be undertaken on an arms' length basis;
- (d) Hunch Ventures agrees not to dispose of any Subscription Shares without the prior consent of the Company and Cenkos during the 12 month period following Admission, except in certain customary exceptions; and
- (e) Hunch Ventures agrees to dispose of any Subscription Shares through Cenkos during the 36 month period following Admission so as to ensure an orderly market in the Enlarged Share Capital, subject to certain customary exceptions.

The Subscription Agreement and the obligations thereunder will cease to have effect on the earlier of: (i) the Ordinary Shares ceasing to be traded on AIM; or (ii) Hunch Ventures ceasing to hold at least 5 per cent. of the voting rights of Company's issued share capital from time to time.

The Subscription Agreement provides that the Subscription Shares may be issued to Hunch Ventures or any member of Hunch Ventures' group of companies. The obligations thereunder will also apply to the member of Hunch Ventures' group of companies to whom the Subscription Shares are issued to.

#### *Details of Hunch Ventures*

Hunch Ventures, which focusses on growth opportunities, has been following the development of the Facility for some time and the Directors are delighted to receive its support, with Hunch Ventures sharing the Directors' view on the opportunities available for the Facility and for the Company more widely. Following Admission, Hunch Venture's promoter, Karanpal Singh, will join the board and the Company looks forward to benefitting from his prior experience across a range of sectors including steel, iron ore, gold mining, power production and cement manufacturing.

## 5. Market and Macroeconomic Dynamics

### *Indian Macroeconomic Environment*

India's macroeconomic landscape includes economic growth forecasts which maintain the strong GDP figures of the previous decade. The World Bank is currently forecasting 7.3% real GDP growth for CY18E and 7.5% for CY19E and CY20E, placing India as one of the fastest growing major economies worldwide. GDP has more than doubled since 2007 to US\$2.6 trillion at a CAGR of 8.0%. This upward trend is expected to continue with the World Bank forecasting GDP terms to reach US\$3.2 trillion in CY20E.

Trade in India remains a fundamental part of GDP, accounting for circa 40% and the Directors believe that the continued economic strength will thus support shipping trade volumes which currently account for 95% of India's trading by volume and 70% by value. India's population of 1.4 billion is rapidly urbanising and has an increasing per capita wealth, which should result in an increase in the consumption of materials, and in turn increase demand for trade and shipping in the country.

### *Indian Shipping and Port Industry*

India's economic strength is placing substantial stress on its port and logistics infrastructure, an aspect in which India lags behind its counterparts (ranked 44th globally in World Bank 'International Logistics Ranking' 2018).

India's vast coast line (c7,500km) and inland water ways (c14,500km) offer substantial opportunities for domestic cargo transportation. The Directors believe that the Facility is well positioned both in location and berth size to accommodate ships used for domestic cargo transportation.

The cost per tonne per kilometer of moving cargo by sea or inland waterway routes can be up to 80 per cent. lower than by road or rail. However, the Directors believe that India's maritime logistics sector is under-utilised when compared to its road and railway logistics sectors.

Despite the under-utilisation of ports as a transportation method, India's Major Ports continue to be heavily congested. This results in inefficiencies. India's Major Ports have an average turnaround time, being the time in which a vessel can be loaded or discharged of cargo, of 4.5 days compared to only 1 day and 1.2 days in China and the United States respectively, which the Indian government fears could hamper India's potential for wider economic growth.

India's Prime Minister has stated that ports are the gateways to development in the country and that past governments have failed to recognise the importance of ports and water ways in the country. The Indian government plans to develop 14 coastal economic regions as part of plans to revive the country's Sagarmala (string of ports) project. The Sagarmala initiative was approved by the Indian Government's Ministry of Shipping with the stated aim of "accelerating economic development in the country by harnessing the potential of India's coastline and river network". The Sagarmala project is a strategic and customer-oriented initiative to modernise India's ports and develop coastal shipping, an area of opportunity for the Facility. Under the National Perspective Plan for Sagarmala, six new mega ports are proposed to be developed in the country, and the economic regions are to be converted into manufacturing hubs, supported by port modernisation projects. The Directors believe that this further validates the Group's investment in the Facility to date and represents opportunities once the Facility is fully operational.

JNPT is located twelve nautical miles via sea and 14km via road from the Facility. The proximity of the Facility to JNPT is a key factor that the Directors believe will contribute to the Company's success. JNPT is India's largest container handler by volume and is the primary gateway for container shipments in India. JNPT accounts for approximately 60 per cent. of India's container traffic and is ranked 24<sup>th</sup> among global container ports. Congestion issues have been a recent problem at JNPT, with poor evacuation infrastructure leading to high levels of congestion and resulting in an inability to grow volumes through the port. The Directors believe that the Facility can play an important role in relieving congestion at JNPT.

The Directors continue to believe that the Facility will have limited direct competition from surrounding Minor Ports and that the Facility will also benefit from the expected phasing out of Mumbai Port, which is expected to be developed as prime real estate.



## **6. The Placing and Open Offer**

### ***Details of the Placing***

The Company has conditionally raised approximately £19.46 million before expenses by the conditional Placing of 973,151,000 Placing Shares at the Offer Price to the Placees.

The Placing is conditional, *inter alia*, upon:

- (a) the passing of the Transaction Resolutions at the Annual General Meeting;
- (b) the Placing Agreement and the Subscription Agreement becoming or being declared unconditional in all respects and not having been terminated in accordance with their terms prior to Admission;
- (c) Admission becoming effective by no later than 8.00 a.m. on 7 December 2018 or such later time and/or date (being no later than 8.30 a.m. on 21 December 2018) as Cenkos Securities and the Company may agree.

If any of the conditions are not satisfied, the Placing Shares will not be issued and all monies received from the Placees will be returned to the Placees (at the Placees' risk and without interest) as soon as possible thereafter.

The Placing Shares are not subject to clawback. The Placing is not being underwritten.

The Placing Shares will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

Application will be made to the London Stock Exchange for the admission of the Placing Shares to trading on AIM. It is expected that Admission will occur and that dealings will commence at 8.00 a.m. on 7 December 2018 at which time it is also expected that the Placing Shares will be enabled for settlement in CREST.

### ***Use of net proceeds***

The net proceeds of the Placing and Subscription are expected to be approximately £26 million and it is proposed that such proceeds, together with the proceeds of the Subscription, shall be used as follows:

- substitute approximately £16 million of undrawn bank debt facilities; and
- the balance to pay accrued bank interest and other outstanding liabilities, along with the continued construction and completion of the Facility.

To the extent that further funds are raised via the Open Offer, these will be used to pay down or substitute further bank debt.

### ***Details of the Open Offer***

The Company is proposing to raise up to approximately £2.07 million before expenses through the Open Offer. A total of 103,504,424 New Ordinary Shares are available to Qualifying Shareholders pursuant to the Open Offer at the Offer Price, payable in full on acceptance. Any Offer Shares not subscribed for by Qualifying Shareholders will be available to Qualifying Shareholders under the Excess Application Facility. The balance of any Offer Shares not subscribed for under the Excess Application Facility will not be available to Placees under the Placing.

Qualifying Shareholders may apply for Offer Shares under the Open Offer at the Offer Price on the following basis:

1 Offer Share for every 4 Existing Ordinary Shares

and so in proportion for any number of Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. Entitlements of Qualifying Shareholders will be rounded down to the nearest whole number of Offer Shares. Fractional entitlements which would otherwise arise will not be issued to the Qualifying Shareholders but will be aggregated and be made available under the Excess Application Facility. The Excess Application Facility enables Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlement. Not all Shareholders will be Qualifying Shareholders. Shareholders who are located in, or are citizens of, or have a registered office in Restricted Jurisdictions will not qualify to participate in the Open Offer. The attention of Overseas Shareholders is drawn to paragraph 7 of Part 3 of this document.

Valid applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements as shown on the Application Form or credited to their CREST account(s). Applicants can apply for less or more than their entitlements under the Open Offer but the Company cannot guarantee that any application for Excess Shares under the Excess Application Facility will be satisfied as this will depend in part on the extent to which other Qualifying Shareholders apply for less than or more than their own Open Offer Entitlements. The Company may satisfy valid applications for Excess Shares of applicants in whole or in part but reserves the right not to satisfy any excess above any Open Offer Entitlement. The Board may scale back applications made in excess of Open Offer Entitlements on such basis as it reasonably considers to be appropriate.

Application has been made for the Open Offer Entitlements to be admitted to CREST. It is expected that such Offer Shares will be credited to CREST on 20 November 2018. The Open Offer Entitlements will be enabled for settlement in CREST until 11.00 a.m. on 5 December 2018. Applications through the CREST system may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of *bona fide* market claims. The Offer Shares must be paid in full on application. The latest time and date for receipt of completed Application Forms or CREST applications and payment in respect of the Open Offer is 11.00 a.m. on 5 December 2018. The Open Offer is not being made to certain Overseas Shareholders, as set out in paragraph 7 of Part 3 of this document.

**Qualifying Shareholders should note that the Open Offer is not a rights issue and therefore any Offer Shares which are not applied for by Qualifying Shareholders will not be sold in the market for the benefit of the Qualifying Shareholders who do not apply under the Open Offer. The Application Form is not a document of title and cannot be traded or otherwise transferred.**

Further details of the Open Offer and the terms and conditions on which it is being made, including the procedure for application and payment for Offer Shares, are contained in Part 3 of this document and, in the case of Qualifying Non-CREST Shareholders on the accompanying Application Form.

The Open Offer is conditional on the Placing and Subscription becoming or being declared unconditional in all respects and not being terminated before Admission (as the case may be). If the Placing and Subscription does not proceed, the Offer Shares will not be issued and all monies received by the Receiving Agents from applicants will be returned to such applicants (at the applicants' risk and without interest) as soon as possible, but within 14 days thereafter. Any Open Offer Entitlements admitted to CREST will thereafter be disabled.

The Offer Shares will be issued free of all liens, charges and encumbrances and will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

Application will be made to the London Stock Exchange for the admission of the Offer Shares to trading on AIM. It is expected that Admission will occur and that dealings will commence at 8.00 a.m. on 7 December 2018 at which time it is also expected that the Offer Shares will be enabled for settlement in CREST.

### ***Placing Agreement***

Pursuant to the Placing Agreement, Cenkos Securities have agreed to use its reasonable endeavours as agent of the Company to procure subscribers for the Placing Shares at the Offer Price.

The Company will bear all other expenses of, and incidental to, the Placing, Open Offer and Subscription, including the fees of the London Stock Exchange, printing costs, Registrars' and Receiving Agent's fees, all legal and accounting fees of the Company and all stamp duty and other taxes and duties payable.

The Placing Agreement contains certain customary warranties and indemnities from the Company in favour of Cenkos Securities and is conditional, *inter alia*, upon:

- (a) the passing of the Transaction Resolutions at the Annual General Meeting;
- (b) the Placing Agreement and the Subscription Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms prior to Admission;

- (c) Admission becoming effective not later than 8.00 a.m. on 7 December 2018 or such later time and/or date as the Company and Cenkos Securities may agree, being not later than 8.30 a.m. on 21 December 2018; and
- (d) the Promissory Note/Bank Guarantee (i) having been duly entered into by the parties to such agreement (ii) not having lapsed or been terminated and (iii) having become unconditional, in each case save for Admission.

Cenkos Securities may terminate the Placing Agreement if, *inter alia*: the Company is in material breach of any of its obligations under the Placing Agreement; or there has occurred, in the opinion of Cenkos Securities, acting in good faith, a material adverse change in the business of the Group or in the financial or trading position or prospects of the Group.

## **7. Effect of the Transaction**

Upon Admission, the New Ordinary Shares will represent approximately 78.3 per cent. of the Enlarged Share Capital (assuming full take up under the Placing, the Open Offer and that all of the Subscription Shares are issued).

Following the issue of the New Ordinary Shares pursuant to the Placing, Open Offer and Subscription and assuming full take up thereunder, Qualifying Shareholders who do not take up their Open Offer Entitlements will suffer a dilution of approximately 78.3 per cent. to their interest in the Company. If a Qualifying Shareholder takes up their Open Offer Entitlements in full they will suffer a dilution of approximately 72.8 per cent. to their interest in the Company as a result of the issue of the Placing Shares and the Subscription Shares (assuming the Placing and Open Offer are fully subscribed and that all of the Subscription Shares are issued).

In due course, the Company intends to carry out a share consolidation. Further details will be announced as appropriate.

### ***Directors' participation in the Transaction***

The Directors have indicated that they intend to subscribe for a combined total of £410,000 in the Placing. In addition, they may apply for New Ordinary Shares under the Open Offer.

## **8. Board Changes**

Following Admission, it is proposed that Karanpal Singh and Jeremy Warner Allen join the Board. As referred to above, as promoter of Hunch Ventures and with experience across a range of sectors including steel, iron ore, gold mining, power production and cement manufacturing, the Directors look forward to welcoming Mr Singh to the Board. Mr Warner Allen had a successful career in the City as an adviser to growth companies across multiple sectors. As a previous adviser to MPL, he has in depth knowledge of the Company and the opportunities. With his previous background advising public companies, the Board looks forward to benefitting from his experience, particularly in matters relating to communication with shareholders. The optimum construct of the Board will be considered by the Board post Admission and the appointment of the new Directors.

## **9. Related Party Transactions**

M&G Investment Management (“**M&G**”), Legal and General Investment Management (“**L&G**”) and Schroder Investment Management (“**SIM**”) are substantial Shareholders in the Company and consequently are considered to be related parties of the Company pursuant to Rule 13 of the AIM Rules for Companies. M&G, L&G and SIM are subscribing for 286,300,000 Placing Shares, 164,462,000 Placing Shares and 118,211,000 Placing Shares respectively. These subscriptions by M&G, L&G and SIM each constitute a related party transaction for the purposes of the AIM Rules for Companies. In the absence of any independent directors for the purposes of opining on the fairness of the terms of the transaction, given the expectation that each Director will participate in the Transaction, the Company’s nominated adviser considers that that the participation in the Placing by M&G, L&G and SIM are fair and reasonable insofar as the Shareholders are concerned.

## **10. Overseas Shareholders**

The attention of Qualifying Shareholders who have registered addresses outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are holding Existing Ordinary Shares for the benefit of such persons, (including, without limitation,

custodians, nominees, trustees and agents) or who have a contractual or other legal obligation to forward this document or the Application Form to such persons, is drawn to the information which appears in paragraph 7 of Part 3 of this document.

In particular, Qualifying Shareholders who have registered addresses in or who are resident in, or who are citizens of, countries other than the UK (including, without limitation, the United States of America), should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements under the Open Offer.

### **Risk Factors and questions and answers about the Open Offer**

The attention of Shareholders is drawn to the risk factors set out in Part 4 and the information contained in Part 2 of this document, which provide some questions and answers about the Open Offer.

### **11. Annual General Meeting**

The Company is convening its Annual General Meeting for 2018. Information on the ordinary business at the Annual General Meeting is set out at the end of the Notice of Annual General Meeting. As the Directors do not currently have authority to issue all of the New Ordinary Shares and, accordingly, the Board is also seeking the approval of Shareholders to issue the New Ordinary Shares at the Annual General Meeting.

A notice convening the Annual General Meeting, which is to be held at the registered office of the Company at Intertrust International Management Limited, Martello Court, Admiral Park, St. Peter Port, Guernsey GY1 3HB at 2.00 p.m. on 6 December 2018, is set out at the end of this document. At the Annual General Meeting, the Transaction Resolutions will be proposed to authorise the Directors to issue 1,491,004,424 New Ordinary Shares and to authorise the Directors to issue 1,491,004,424 New Ordinary Shares pursuant to the Placing, Open Offer and Subscription (and in order to satisfy its subscription obligations to Cenkos Securities under the Placing Agreement) on a non-pre-emptive basis.

The authorities to be granted pursuant to the Transaction Resolutions shall expire on whichever is the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2019 or the date falling six months from the date of the passing of the Transaction Resolutions (unless renewed, varied or revoked by the Company prior to or on that date) and shall be in addition to any existing Directors' authorities to issue relevant securities and dis-apply statutory pre-emption rights

The Transaction Resolutions proposed will facilitate the completion of the Transaction and thereby enable the Company to complete the construction of the Facility. The Company will receive 2p per New Ordinary Share, which the Directors consider to be a fair and reasonable amount per share on the basis that the closing market price on 16 November 2018 was 2.05p per Existing Ordinary Share.

### **12. Action to be taken**

#### ***In respect of the Annual General Meeting***

A paper proxy form is not enclosed with this document. Shareholders who do not intend to be present at the Annual General Meeting are able to vote online by logging on to [www.signalshares.com](http://www.signalshares.com) and following the instructions provided or, in the case of CREST members, by using the CREST electronic proxy appointment service set out in note 6 to the Notice of Annual General Meeting, in each case so that your vote is received by 2.00 p.m. on 4 December 2018. A paper copy proxy form can be requested from the Registrars, further details of which are set out in note 5 to the Notice of Annual General Meeting.

#### ***In respect of the Open Offer***

Qualifying Non-CREST Shareholders wishing to apply for Offer Shares or the Excess Shares must complete the enclosed Application Form in accordance with the instructions set out in paragraph 3.1 of Part 3 (Terms and Conditions of the Open Offer) of this document and on the accompanying Application Form and return it with the appropriate payment to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive no later than 11.00 a.m. on 5 December 2018.

If you do not wish to apply for any Offer Shares under the Open Offer, you should not complete or return the Application Form. Shareholders are nevertheless encouraged to vote at the Annual General Meeting in accordance with note 3 of the notes to the Notice of Annual General Meeting enclosed in this document.

If you are a Qualifying CREST Shareholder, no Application Form will be sent to you. Qualifying CREST Shareholders will have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to their stock accounts in CREST. You should refer to the procedure for application set out in paragraph 3.2 of Part 3 (Terms and Conditions of the Open Offer) of this document. The relevant CREST instructions must have settled in accordance with the instructions in paragraph 3.2 of Part 3 of this document by no later than 11.00 a.m. on 5 December 2018.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

### **13. Recommendation**

The Directors believe that the Transaction and the passing of the Resolutions (including the Transaction Resolutions) are in the best interests of the Company and Shareholders, taken as a whole. Accordingly the Directors unanimously recommend that Shareholders vote in favour of the Resolutions, as they intend to do in respect of their own holdings of Ordinary Shares, totalling 46,370,528 Ordinary Shares, being approximately 11.2 per cent. of the Existing Ordinary Shares.

The Transaction is conditional, *inter alia*, upon the passing of the Transaction Resolutions at the Annual General Meeting. Shareholders should be aware that if the Transaction Resolutions are not approved at the Annual General Meeting, the Placing, Open Offer and Subscription will not proceed.

Yours faithfully

**Nikhil Gandhi**  
Executive Chairman  
17 November 2018

## PART 2

### RISK FACTORS

An investment in the Company is subject to a number of risks and uncertainties. Accordingly, in evaluating whether to make an investment in the Company, potential investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Company, including (but not limited to) the risk factors described below, before making any investment decision with respect to the New Ordinary Shares. The risk factors described below do not purport to be an exhaustive list and do not necessarily comprise all of the risks to which the Company is exposed or all those associated with an investment in the Company. In particular, the Company's performance is likely to be affected by changes in market and/or economic conditions and in legal, accounting, regulatory and tax requirements. The risk factors described below are not intended to be presented in any assumed order of priority. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Company. If any of the following risks were to materialise, the Group's business, financial condition, results, prospects and/or future operations might be materially adversely affected. In such case, the value of the Ordinary Shares might decline and investors might lose all or part of their investment.

#### 1. GENERAL RISKS

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss that may result from the investment. A prospective investor should consider with care whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him. The investment opportunity offered in this document may not be suitable for all recipients of this document. Investors are therefore strongly recommended to consult an investment adviser authorised under FSMA, or such other similar body in their jurisdiction, who specialises in advising on investments of this nature before making a decision to invest.

Investment in the Company should not be regarded as short-term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the commercial objectives of the Company will be achieved. Investors may not get back the full amount initially invested.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.

#### 2. RISKS RELATING TO THE GROUP

##### **Lack of revenue**

The Group expects to continue to incur losses until such time as the Facility is in an operational state and the Facility enters into commercial operation and generates sufficient revenues to fund its continuing operations. The completion and operation of the Facility will require the commitment of substantial resources to fund the construction and development of the Facility. There can be no assurance that the Group will generate any revenues or achieve profitability.

Furthermore, the Group has no assets other than the Facility. An investment in the Company is, therefore, highly speculative in that it is based upon the future prospects of the Facility and the ability of the Directors and the Company management to execute on their plans to develop and construct the Facility and similar future projects in order to generate revenue. No assurances can be given that the Facility will be completed and the failure to complete the Facility would likely result in a loss of an investment in the Company.

Although the Company has signed contracts with two customers to handle significant volumes of cargo over the next 7 years, there is a risk that those customers will not pay the invoices issued by the Company in full, in a timely manner or at all. No assurances can be given that these customers will have the demand for the quantities agreed in the contracts with the Company. If the expected revenues from these trading arrangements are not received by the Company and the Company does not find alternative customer demand, the Company may need additional funding, which may not be available on satisfactory terms or at all. In such circumstances, the Group's business and the value of any investment in the Company could be worthless.

**The Transaction is conditional upon Shareholder approval which, if not forthcoming, may have a significant detrimental effect on the future prospects of the Group.**

The Transaction is conditional, *inter alia*, upon the Transaction Resolutions being passed at the Annual General Meeting of the Company. In the event that the Transaction Resolutions are not passed, the Transaction will not be able to proceed and the Company will need to seek alternative sources of funding to secure the additional amount required in order to complete the build-out of the Facility. Alternative sources of funding may not be available on terms acceptable to the Company, or at all, and if not available, the Facility may not be capable of completion and this may cause the Group to default on the terms of its Debt Facility and the terms of the Deed of Lease. In such circumstances, the Group's business and the value of any investment in the Company could be worthless.

**Failure to secure the total funding requirement to complete the Facility**

There is a risk that the existing lenders under the Debt Facility may not permit any further drawdown of the current headroom under the existing Debt Facility whilst any discussions or negotiations in respect of increasing the headroom to the existing Debt Facility are ongoing. Furthermore, any alternative sources of funding may not be available or on terms acceptable to the Company, or at all, and if not available, the Facility may not be capable of completion. In such circumstances, the Group's business and the value of any investment in the Company could be worthless.

**Estimate of the total funding requirement**

The Directors estimate the cost to complete the project to be £35 million. Along with the resources already available to the Company, following receipt of the proceeds of the Transaction, the Directors believe the Company has adequate resources. However, the Group may require additional funds in excess of this figure, whether by virtue of cost overruns due to unforeseeable delays in the construction of the Facility or otherwise. There is a risk that there could be price inflation of the materials required to construct the Facility and/or the Rupee could strengthen against Sterling, increasing the total funding requirement. In addition, there is a risk that alternative sources of any additional funding may not be available as and when they are required, or on terms acceptable to the Company, or at all, and if not available, the Facility may not be capable of completion. In such circumstances, the Group's business and the value of any investment in the Company could be worthless.

**Reliance on Deed of Lease**

The Facility is being developed on a 'build, own, operate and transfer' basis and will be transferred free of charge to the Maharashtra Maritime Board at the end of the fifty year lease period set out in the Deed of Lease, being 7 August 2059. The Facility is currently the only business activity of the Group and, therefore, the Group's only current source of income will be from the operation of the Facility upon its completion. If the Deed of Lease is terminated early due to default by the Group, whether for failure to pay rent or other charges, or for breach by the Group of the terms and conditions of the Deed of Lease, it would have a material adverse effect on the Group's business, financial condition and results of business.

**Operational targets and delays**

The Facility is being developed pursuant to the terms of the Deed of Lease with respect to the Project Land upon which the Facility is being built. The Deed of Lease operational targets in relation to the Facility, as set out in the Deed of Lease, are subject to the completion of planned operational goals on time and according to budget, and are dependent on the effective support of the Group's personnel, systems, procedures and controls. If the Facility is not constructed and commissioned within the timeframes set out in the Deed of Lease, except due to a force majeure or a change in law, the Maharashtra Maritime Board may require the Group to rectify this non-compliance within six months and, if not so rectified, the Maharashtra Maritime Board may give notice of its intention to terminate the Deed of Lease one calendar month later if the breach is not rectified in that time. Whilst the Maharashtra Maritime Board have waived their right to terminate the Deed of Lease in relation to the delays to the construction of Facility to date, if there are any further delays which result in the Maharashtra Maritime Board exercising their right to terminate the

Deed of Lease, this would have a material adverse effect on the Group's business, financial condition and results of operations.

#### **No limitation on rent increases**

The Deed of Lease provides that the initial rent for the land for the Facility shall be Rs. 1,70,85,952 per annum (₹188,795). However the Deed of Lease provides that the rent may be increased by the State Government of Maharashtra, or by the Maharashtra Maritime Board with the approval of the State Government of Maharashtra, from time to time. The Deed of Lease does not provide for any limitations on these increases. Increases on the rent for the Facility could have a material adverse effect on the Group's results or operations.

#### **No limit on increases to charges**

The Deed of Lease requires the Group to pay cargo and all vessel related charges to MMB in accordance with a scale of rates fixed by MMB. These rates may be increased at MMB's discretion. In addition, the Group is required to pay MMB a minimum guaranteed annual revenue for cargo and all vessel related charges regardless of the actual amount of cargo handled at the Multi-purpose Terminal. A failure to meet these targets may result in the termination of the Deed of Lease. A material increase in the scale of rates payable for cargo and vessel related charges could have a material adverse effect on the Group's financial condition and results of operations. In addition, if the actual cargo handled at the Multi-purpose Terminal is less than that projected by the Group, it could have a material adverse effect on the Group's financial condition and results of operations.

#### **Risks associated with the Subscription Agreement**

Due to the requirement of the RBI to approve the movement of material amounts of cash outside of India, the prior approval of the RBI is required to allow Hunch Ventures to pay the Subscription Price in cash to the Company. As a result, the Company has agreed, pursuant to the terms of the Subscription Agreement, to issue the Subscription Shares to Hunch Ventures following the receipt of the Promissory Note/Bank Guarantee. Under Companies Law, the issue of the Promissory Note/Bank Guarantee constitutes valid non-cash consideration for the issue of the Subscription Shares.

There is no guarantee that Hunch Ventures will be able to procure the prior approval of the RBI in relation to the payment of the Subscription Price in cash to the Company by 8.00 a.m. on 31 March 2019 or if at all.

The Subscription Agreement provides for a number of remedies in the event that RBI approval for the payment by Hunch Ventures of the Subscription Price in cash to the Company is not obtained by 8.00 a.m. on 31 March 2019.

Firstly, the Company is able seek to call against the counterparty bank under the Promissory Note/Bank Guarantee for the full amount of the Subscription Price. The counterparty bank to the Promissory Note/Bank Guarantee will then be obligated to pay the Subscription Price to the Company. The counterparty bank may also required RBI approval in order to transfer the cash to the Company. This approval cannot be guaranteed.

In addition, the Company has the right to require Hunch Ventures to pay the Subscription Price in cash to KTLCL in India (or any other entity as the Company may direct). There is a risk that any such payment could contravene the applicable laws and/or regulations of the RBI and any resultant sanctions could adversely impact the business and financial condition of the Group.

Furthermore, the Subscription Agreement provides that the Company will be entitled to sell the Subscription Shares issued to Hunch Ventures for cash. There is a risk that the Company is unable to sell such Subscription Shares in the market, or that such sale or the perception that such sale could occur, could adversely affect the market price of the Ordinary Shares and may make it more difficult for investors to sell their Ordinary Shares at a time and price which they deem appropriate. In addition, there is a risk that any such sale of the Subscription Shares is at an aggregate price which is less than the Subscription Price which could have a materially adverse affect on the Group's financial condition and prospects.

Also, the Company could claim for damages in the event of non-payment of the Subscription Price in cash. The Subscription Agreement is governed by English law and contains provisions relating to any disputes being resolved via arbitral proceedings in London ensuring that any enforcement award is more readily enforceable against Hunch Ventures in India. However, any such legal or



arbitral proceedings would have no guarantee of success and the related costs could have an adverse impact on the Group's financial condition and prospects.

The Board is of the opinion that Hunch Ventures will prove to be a long term strategic investor following completion of the Subscription, which will promote the success of the Group for the benefit of the members as a whole and, as such, any inherent risks of the Subscription are acceptable.

### **Environmental factors**

The construction and development of the Facility is subject to environmental regulation (including regular environmental impact assessments and permitting). Such regulation covers a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The Group may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under the location of the Facility or which may be produced as a result of its operations. Environmental legislation and permitting in India are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments and a heightened degree of responsibility for companies and their directors and employees.

### **Construction contracts**

The Group is reliant on the provision of contracting services in relation to the Facility from third parties. There can be no assurance that these business relationships will continue to be maintained or that new ones will be successfully formed. A breach or disruption in these relationships could be detrimental to the ability of the Group to complete the Facility which will be detrimental to the future business, operating results and/or profitability of the Group. To the extent that the Group cannot engage contractors according to its plans and budgets, its financial and operational performance may be impaired.

Contractors in India are increasingly reluctant to enter into fixed fee contracts that do not provide for price increases based on increases in the cost of materials or increases in the cost of labour. As such, the Group expects that it will be exposed to the risk of such cost increases. Therefore, any material increase in the actual cost of materials and labour for the construction of the Facility compared to the estimated or contracted costs for materials and labour may have a material adverse effect on the Group's financial condition and results of operations.

### **Actions of contractors and partners**

In certain circumstances, the Group may be liable for the acts or omissions of its contractors or partners. If a third party pursues a claim against the Group as a result of the acts or omissions of the Group's contractors or partners, the Group's ability to recover from such contractors or partners may be limited. Recovery under such arrangements may involve delay, management time, costs and expenses or may not be possible at all which, in each case, could adversely affect the Group's financial performance and condition.

### **Debt Facility**

KTLPL entered into a secured rupee term loan of INR 480 crore (£52.75 million) on 28 February 2014 with a syndicate of four Indian public sector banks for a ten year term, which was extended on 29 September 2017 for a further 3 years. The terms of the Debt Facility contain restrictive covenants which, among other things, require the prior approval of lenders, for, among of other things, any reorganisation of the Group, amalgamation or merger, incurrence of additional indebtedness, declaring or making any restricted payments, making any investments by way of deposits, loans and share capital, revaluing assets, the disposition of assets beyond permissible limits and expansion of or change in the Group's financing or business plan. There can be no assurance that such approvals will be granted.

In addition the lenders have the right to appoint nominee directors on the Board, to convert at their option the whole or part of any defaulted amount into fully paid up shares of KTLPL or to seek early repayment of the loan.

Any failure to service the Group's indebtedness, maintain the required security interests, comply with requirements to obtain consents or otherwise perform the Group's obligations under its

financing arrangements could lead to termination of the facility, enforcement of security over the Group's assets (including the ownership of KTLPL), trigger cross-default provisions, or result in penalties of amounts due under the facility (which will include liquidated damages), which could have a material adverse effect on the Group's business, financial condition and results of operations.

### **Tax risk**

The current tax law (including any double taxation agreements or treaties) and practice of the tax authorities of India (where KTLPL and all of the Group's current assets are held), Cyprus (where KTLCL, the holding company of KTLPL, is based), Guernsey (where the Company is incorporated) and the UK (where the New Ordinary Shares are to be admitted to trading) is subject to change, and any such change could have an adverse effect on the Group's financial condition and results of operations. Changes to the tax residency of the Company and other members of the Group or changes to the intra-group arrangements could adversely affect the Company's financial condition and results of operations.

### **Maintenance of tax residency in Guernsey**

The Company is incorporated, and tax resident, in Guernsey and currently pays tax at a rate of zero per cent. in Guernsey. In order to ensure the Company does not become tax resident in any jurisdiction other than Guernsey, the Company is required to be controlled and managed in Guernsey. The composition of the Board, the place of residence of individual members of the Board and the location(s) in which the Board makes decisions will be important in ensuring that the Company does not become tax resident in any jurisdiction other than Guernsey. While the Company is incorporated in Guernsey, continued attention must be addressed to ensure that management and control decisions are made in Guernsey (and not made, for example, in the United Kingdom or India), or the Company may become a tax resident in a jurisdiction other than Guernsey which could have a material adverse effect on the Company's business, financial condition, results of operations, value of the Ordinary Shares and the after-tax return to Shareholders.

### **Insurance coverage**

There are significant operating risks associated with the construction and development of the Facility, including adverse weather conditions and environmental risks, all of which can result in injury to persons as well as damage to or destruction of the plant, equipment, production facilities and other property in relation to the Facility. In addition, the Group will be subject to liability for environmental risks such as pollution and abuse of the environment. Although the Group exercises due care in the conduct of its business and maintains what it believes to be customary insurance for companies in similar operations, the Group is not fully insured against all risk in its business. The occurrence of a significant event against which the Group is not fully insured could have a material adverse effect on its operations and financial performance. In addition, in the future some or all of the Group's insurance coverage may become unavailable or prohibitively expensive.

### **Retention and hiring of key personnel risk**

The Group's future success depends in part on a small number of key individuals, in particular the Directors and senior management employed, and to be employed, by the Group, as well as on its ability to attract employees with relevant expertise. The Group's business may be negatively affected by the departure of any of these individuals. There can be no assurance that the Group will be able to attract and retain personnel on acceptable terms.

### **Competition**

The Facility will primarily compete for business with ports and logistics parks located on the west coast of India. Some of these businesses are owned by companies that have greater financial resources, marketing and other capabilities than those of the Group. There can be no guarantee that the Group will be able to compete successfully against current or future competitors or that increased competitive pressures on the Group will not have a material adverse effect on the Group's business, financial condition and results of operations.

### **Exposure to international trade and markets**

Changes in economic conditions in the United Kingdom, the United States, India, Asia and elsewhere, including, for example, interest rates, fluctuations in currency exchange rates, rates of inflation, industry conditions, political and diplomatic events and trends, tax laws, gross domestic product levels, credit conditions and other factors could have an adverse effect on the financial performance and prospects of the Group.

### **KTLPL relationship**

The Deed of Lease, licences and permits on which the Group relies in relation to the Facility are held by KTLPL. The Group relies on KTLPL maintaining the relevant applications and paying relevant fees in relation to the Deed of Lease, licences and permits which KTLPL holds. To the extent that KTLPL breaches any of these obligations (whether willfully or due to financial constraints or other issues) the value of the Group as whole could be seriously and adversely affected.

### **Doing business in India**

The Group's assets and operations are located in India which exposes it to risks over which it has no, or limited, control. These may include economic, social or political instability or change, currency non-convertibility or instability and changes of laws affecting foreign ownership, government participation, taxation, working conditions, exchange control and customs duties as well as government control over domestic production which could adversely affect the Group's financial condition and results of operations.

Whilst the Indian economy has sustained growth over the last several years and, therefore the Group's business plan in relation to the Facility is based in part on continued economic growth, any slowdown in the growth of the Indian economy could have an adverse effect on the Group's results of operations and financial condition.

The legal system in India is different to that of the UK. This could result in risks such as: (i) difficulties in obtaining effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; (v) relative inexperience of the judiciary and courts in such matters; and (vi) agreements in place may be susceptible to revision or cancellation and legal redress may be uncertain or delayed, the occurrence of any of which could have an adverse effect on the Group's results of operations and financial condition.

### **Approvals, licences and permits in India**

Government approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or government offices. The Group must comply with known standards, existing laws and regulations in India which may entail greater or lesser costs and delays depending on the interpretation of the laws and regulations implemented by the permitting authority. New laws and regulations, amendments to existing laws and regulations, or more stringent enforcement of existing laws and regulations could have a material adverse impact on the Group's results of operations and financial condition.

Furthermore, any failure to obtain or maintain such approvals, licences and permits could result in the Deed of Lease being terminated or other sanctions being imposed which may have a material adverse effect on the Group's operations and financial condition.

### **Infrastructure and utilities**

The Group must use public infrastructure and public utilities such as electricity and water in India for its operations. There is a risk that some of the infrastructure required by the Group may not be available at times required as much of the public infrastructure in India is in a dilapidated or poor condition.

### **Terrorist attacks, civil unrest or war in or involving India**

Terrorist attacks, civil unrest or war in or involving India could have a negative impact on the Indian economy by disrupting communications and making travel more difficult, and such events

could create a perception that investments in Indian companies or Indian based projects involve a higher degree of risk. In addition, the Deed of Lease provides that in the event of the Multi-purpose Terminal is required by the MMB or the State Government of Maharashtra due to exigencies of war operations connected with national security, the Group is required to hand over control of the Multi-purpose Terminal until cessation of the circumstances requiring such control. Events of this nature could have an adverse effect on the Group's business, financial condition and results of operations, as well as the price of the Ordinary Shares.

### **3. RISKS RELATING TO THE NEW ORDINARY SHARES**

#### **Dilution**

Existing Shareholders' proportionate ownership and voting interest in the Company will be significantly reduced pursuant to the Placing (whether or not they participate in the Placing or otherwise). Furthermore, Existing Shareholders' proportion ownership and voting interest in the Company will be further reduced pursuant to the Open Offer to the extent that Existing Shareholders whether or not they take up the offer of Offer Shares under the Open Offer or otherwise. Subject to certain exceptions, Existing Shareholders in the United States and other Restricted Jurisdictions will not be able to participate in the Open Offer.

#### **Trading market for the New Ordinary Shares**

The Offer Price may not be indicative of the market price for the New Ordinary Shares following Admission. The share price of publicly traded companies, including those listed on AIM, can be highly volatile and shareholdings illiquid. The market price of the Ordinary Shares will be influenced by a large number of factors, which could include, but not be limited to, the performance of both the Group's and its competitors' businesses, variations in the operating results of the Group, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, large purchases or sales of Ordinary Shares, legislative changes and general economic, political and regulatory conditions. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Group's performance. Prospective investors should be aware that the value of an investment in the Company may go down as well as up. Investors may therefore realise less than, or lose all of, their investment. The volume of shares traded on AIM can be limited and this may restrict the ability of Shareholders to dispose of Ordinary Shares at any particular time. It may be more difficult for an investor to realise his investment in the Group than in a company whose shares are quoted on the Official List. The AIM Rules for Companies are less demanding than those of the Official List. It is emphasised that no application is being made for the admission of the Company's securities to the Official List.

#### **Additional working capital and dilution**

Assuming that the Funding is obtained, the Directors do not currently anticipate that the Group will require additional working capital to further its strategy. Nevertheless, it is possible that the Group will need or choose to raise extra working capital in the future to finance the development of future projects, to develop fully the Group's business, to take advantage of acquisition opportunities or respond to new competitive pressures. If the Group is unable to obtain this financing on terms acceptable to it then it may be forced to curtail its development. If additional funds are raised through the issue of new equity or equity-linked securities of the Company other than on a *pro rata* basis to existing Shareholders, the percentage ownership of such Shareholders may be substantially diluted. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for New Ordinary Shares at the same price as the Offer Price or higher.

#### **Substantial Share Sales**

The Company cannot predict what effect, if any, future sales of Ordinary Shares, or the availability of Ordinary Shares for future sale, will have on the market price of Ordinary Shares. Sales of substantial amounts of Ordinary Shares in the public market following the Placing, Open Offer and Subscription, or the perception that such sales could occur, could adversely affect the market price of the Ordinary Shares and may make it more difficult for investors to sell their Ordinary Shares at a time and price which they deem appropriate.

## **Dividends**

The Company is a holding company and as such it will only be able to pay dividends to the extent that KTLPL can pay dividends to KTLCL and to the extent that KTLCL can pay dividends to the Company.

## **Application of Guernsey legislation**

The Company is a non-cellular company limited by shares incorporated under the Companies Law. Guernsey law does not make a distinction between private and public companies and some of the protections and safeguards that investors may expect to find in relation to a public company are not provided for under Guernsey law. The rights of Shareholders will be governed by the Companies Law and the Articles, as amended from time to time, although the Company has inserted provisions in its Articles and adopted certain procedures to make the Company's governance closer to that of a UK listed company, these do not cover all the differences between applicable law in the UK and in Guernsey. The Company is subject to the Code which provides certain protections to Shareholders in the event of a takeover bid. Should the Ordinary Shares cease to trade on AIM, or should the place of central management and control alter from Guernsey, investors may not however be afforded the protections of the Code.

## **Taxation**

The Group's business model assumes that the tax treatment of the Group remains consistent with the manner in which the Group has accounted for such taxes as at the date of this document. Any changes to the tax regime in the countries it is operating in could have a material adverse effect on the Group's financial performance. The nature and amount of tax which members of the Group expect to pay and the reliefs expected to be available to any member of the Group are each dependent upon a number of assumptions, any one of which may change and which would, if so changed, affect the nature and amount of tax payable and reliefs available. Tax assessments are increasingly based on a system of self-declaration under which tax authorities may open enquiries or investigations several years after the period to which the tax charge relates. Tax charges and liabilities may also therefore be subject to change retrospectively.

**The taxation of an investment in the Company depends on the specific circumstances of the relevant investor. Investors should consider carefully whether an investment in the Company is suitable for them in light of the risk factors outlined above, their personal circumstances and the financial resources available to them. This list should not be considered an exhaustive statement of all potential risks and uncertainties.**

## PART 3

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### Introduction

As explained in the letter from the Chairman set out in Part 1 of this document, the Company is proposing to raise up to £29.82 million (approximately £28.0 million net of expenses) by way of the Placing, Open Offer and Subscription, of which up to approximately £2.07 million (before expenses) may be raised from the offer of the Offer Shares at the Offer Price to Qualifying Shareholders under the Open Offer.

The purpose of this Part 3 “Terms and Conditions of the Open Offer” is to set out the terms and conditions of the Open Offer. Up to 103,504,424 New Ordinary Shares will be issued through the Open Offer. Qualifying Shareholders are being offered the right to subscribe for Offer Shares in accordance with the terms of the Open Offer. The Open Offer is not being underwritten.

The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders is 5.00 p.m. on 15 November 2018. Application Forms for Qualifying Non-CREST Shareholders accompanying this document will be posted on 17 November 2018 and Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST by 20 November 2018.

Subject to availability, the Excess Application Facility will enable Qualifying Shareholders to apply for Excess Shares. Further details in relation to the Excess Application Facility are set out in Part 4 “Questions and Answers about the Open Offer” in this document and, for Qualifying Non-CREST Shareholders, the Application Form.

The latest time and date for receipt of a completed Application Form and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is 11.00 a.m. on 5 December 2018 with Admission and commencement of dealings in Offer Shares expected to take place at 8.00 a.m. on 7 December 2018.

This document and, for Qualifying Non-CREST Shareholders only, the Application Form contains the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 3 of this Part 3 “Terms and Conditions of the Open Offer” which gives details of the procedure for application and payment for the Offer Shares and any Excess Shares applied for pursuant to the Excess Application Facility.

The Offer Shares will, when issued and fully paid, rank equally in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

The Offer Shares will be issued only pursuant to the Open Offer and, subject as set out in this Part 3 “Terms and Conditions of the Open Offer”), will not otherwise be marketed or made available in whole or in part to the public.

The Open Offer is an opportunity for Qualifying Shareholders to apply for up to 103,504,424 Offer Shares *pro rata* (excepting fractional entitlements) to their current holdings at the Offer Price in accordance with the terms of the Open Offer.

Qualifying Shareholders are also being offered the opportunity to apply for additional Offer Shares in excess of their Open Offer Entitlement to the extent that other Qualifying Shareholders do not take up their Open Offer Entitlements in full. The Excess Application Facility enables Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlements as at the Record Date.

Any Qualifying Shareholder who has sold or transferred all or part of his/her registered holding(s) of Existing Ordinary Shares prior to the Ex-entitlement Date is advised to consult his or her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Offer Shares under the Open Offer may be a benefit which may be claimed from him/her by the purchasers under the rules of the London Stock Exchange.

## 1. The Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Application Form), Qualifying Shareholders are being given the opportunity under the Open Offer to subscribe for Offer Shares at the Offer Price *pro rata* to their holdings of Existing Ordinary Shares as at the Record Date, payable in full on application. The Offer Price represents a discount of 2.4 per cent. to the closing mid-market price of 2.05 pence per Existing Ordinary Share on 16 November 2018 (being the last practicable date before publication of this document).

Qualifying Shareholders have basic entitlements of:

### 1 Offer Share for every 4 Existing Ordinary Shares

registered in their name as at 5.00 p.m. on the Record Date. Entitlements under the Open Offer will be rounded down to the nearest whole number of Offer Shares, with fractional entitlements being aggregated and made available under the Excess Application Facility.

**Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.**

If you are a Qualifying Non-CREST Shareholder, the Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date (in Box 6) and your Open Offer Entitlement (in Box 7).

If you are a Qualifying CREST Shareholder, application will be made for your Open Offer Entitlement and Excess CREST Open Offer Entitlement to be credited to your CREST account. Open Offer Entitlements and Excess CREST Open Offer Entitlements are expected to be credited to CREST accounts on 20 November 2018. The Existing Ordinary Shares are already admitted to CREST. Accordingly, no further application for admission to CREST is required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Subject to availability, the Excess Application Facility will enable Qualifying Shareholders, provided they have taken up their Open Offer Entitlement in full, to apply for further Offer Shares in excess of their Open Offer Entitlement. Further details in relation to the Excess Application Facility are set out in Part 4 “Questions and Answers about the Open Offer” and, for Qualifying Non-CREST Shareholders, the Application Form. Qualifying CREST Shareholders will have their Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to their stock accounts in CREST and should refer to paragraph 3.2 of this Part 3 “Terms and Conditions of the Open Offer” for information on the relevant CREST procedures and further details on the Excess Application Facility. Qualifying CREST Shareholders can also refer to the CREST Manual for further information on the relevant CREST procedures.

If applications under the Excess Application Facility are received for more than the total number of Offer Shares available following take up of Open Offer Entitlements, such applications may be allocated in such manner as the Directors may determine in their absolute discretion and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all.

Please refer to paragraphs 3.1(f) and 3.2(k) of this Part 3 “Terms and Conditions of the Open Offer” for further details of the Excess Application Facility.

**Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should also note that their respective Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited through CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear’s Claims Processing Unit. Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply to take up their Open Offer Entitlements and Excess CREST Open Offer Entitlements, but may be issued to Qualifying Shareholders to meet any valid applications under the Excess Application Facility. Qualifying Shareholders who do not apply to take up their entitlements to Offer Shares will have no rights under the Open Offer. If valid acceptances are not**

**received in respect of all the Offer Shares under the Open Offer, unallocated Offer Shares may be issued to Qualifying Shareholders to meet any valid applications under the Excess Application Facility. The Open Offer is not being underwritten.**

**The attention of Overseas Shareholders is drawn to paragraph 7 of this Part 3.**

The gross proceeds of the Open Offer will amount to a maximum of up to approximately £2.07 million. The Offer Shares (assuming full take up thereunder and that the Placing is fully subscribed) will represent approximately 5.4 of the Enlarged Share Capital.

The Offer Shares will, when issued and fully paid, rank in full for all dividends and other distributions declared, made or paid after the date of this document and otherwise *pari passu* in all respects with the Existing Ordinary Shares. The Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

## **2. Conditions and further terms of the Open Offer**

The Open Offer is conditional on the Placing becoming or being declared unconditional in all respects and not being terminated before Admission. The principal conditions to the Placing are:

- (a) the passing of the Resolutions at the Annual General Meeting;
- (b) the Placing Agreement having become or being declared unconditional in all respects and not having been terminated in accordance with its terms prior to Admission; and
- (c) admission of the Placing Shares occurring not later than 8.00 a.m. on 7 December 2018 (or such later time and/or date as the Company and Cenkos Securities may agree being no later than 8.30 a.m. on 21 December 2018).

Accordingly, if any of these conditions are not satisfied or waived (where capable of waiver), the Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (in each case at the applicant's sole risk), without payment of interest, as soon as practicable, but within 14 days thereafter. Any Open Offer Entitlements admitted to CREST will thereafter be disabled.

No temporary documents of title will be issued in respect of Offer Shares held in uncertificated form. Definitive certificates in respect of Offer Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Offer Shares in certificated form within 10 business days of Admission.

In respect of those Qualifying Shareholders who have validly elected to hold their Offer Shares in uncertificated form, the Offer Shares are expected to be credited to their stock accounts maintained in CREST as soon as practicable after 8.00 a.m. on 7 December 2018.

Applications will be made for the Offer Shares to be admitted to trading on AIM. Admission is expected to occur on 7 December 2018, when dealings in the Offer Shares are expected to begin.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will notify the London Stock Exchange and make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

## **3. Procedure for application and payment**

The action to be taken by you in respect of the Open Offer depends on whether, at the relevant time, you are sent an Application Form in respect of your Open Offer Entitlement under the Open Offer or your Open Offer Entitlement and Excess CREST Open Offer Entitlement is credited to your CREST stock account.

Qualifying Shareholders who hold all or part of their Existing Ordinary Shares in certificated form will receive the Application Form, enclosed with this document. The Application Form shows the number of Existing Ordinary Shares held at the Record Date. It will also show Qualifying Shareholders their Open Offer Entitlement that can be issued in certificated form. Qualifying Shareholders who hold all their Existing Ordinary Shares in CREST will be issued Offer Shares in CREST.

Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form will be issued Offer Shares in uncertificated form to the extent that their entitlement to Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them



from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 3.2(f) of this Part 3 “Terms and Conditions of the Open Offer”.

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess CREST Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

**Qualifying Shareholders who do not want to apply for the Offer Shares under the Open Offer should take no action and should not complete or return the Application Form, or send a USE (as defined below) message through CREST. Qualifying Shareholders, however, are encouraged to vote at the Annual General Meeting by attending in person or by voting online via [www.signalshares.com](http://www.signalshares.com) or appointing a proxy via CREST.**

### **3.1 If you have an Application Form in respect of your Open Offer Entitlement under the Open Offer**

#### **(a) General**

Subject to paragraph 7 of Part 3 “Terms and Conditions of the Open Offer” in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Application Form. The Application Form shows the number of Existing Ordinary Shares registered in their name on the Record Date in Box 6. It also shows the Open Offer Entitlement allocated to them set out in Box 7. Entitlements to Offer Shares are rounded down to the nearest whole number and any fractional entitlements to Offer Shares will be aggregated and made available under the Excess Application Facility. Box 8 shows how much Qualifying Non-CREST Shareholders would need to pay if they wish to take up their Open Offer Entitlement in full. Qualifying Non-CREST Shareholders may apply for less than their entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim.

Under the Excess Application Facility, provided they have agreed to take up their Open Offer Entitlement in full, Qualifying Non-CREST Shareholders may apply for more than the amount of their Open Offer Entitlement should they wish to do so. The Excess Application Facility enables Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlement as at the Record Date. The Excess Shares may be allocated in such manner as the Directors may determine in their absolute discretion and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all.

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer in relation to Qualifying Non-CREST Shareholders.

#### **(b) Bona fide market claims**

Applications to acquire Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer. Application Forms may not be sold, assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 3 December 2018. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Existing Ordinary Shares prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to participate in the Open Offer, should contact his broker or other professional adviser authorised under FSMA through whom the sale or purchase was effected as soon as possible, as the invitation to acquire Offer Shares under the Open Offer may be a benefit which may be claimed by the purchaser(s) or transferee(s).

Qualifying Non-CREST Shareholders who have sold all or part of their registered holding should, if the market claim is to be settled outside CREST, complete Box 11 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however be forwarded to or transmitted in or into any Restricted

Jurisdiction, including, without limitation, the United States. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedure set out in paragraph 3.2 below.

(c) *Application procedures*

Qualifying Non-CREST Shareholders wishing to apply to acquire Offer Shares (whether in respect of all or part of their Open Offer Entitlement or in addition to their Open Offer Entitlement under the Excess Application Facility) should complete the Application Form in accordance with the instructions printed on it. Qualifying Non-CREST Shareholders may only apply for Excess Shares if they have agreed to take up their Open Offer Entitlements in full. The Excess Shares may be allocated in such manner as the Directors may determine in their absolute discretion and no assurance can be given that applications for Excess Shares by Qualifying Shareholders will be met in full or in part or at all.

Completed Application Forms should be posted to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or returned by hand (during normal business hours only) so as to be received by the Receiving Agents by no later than 11.00 a.m. on 5 December 2018. The Company reserves the right to treat any application not strictly complying with the terms and conditions of application as nevertheless valid. The Company further reserves the right (but shall not be obliged) to accept either Application Forms or remittances received after 11.00 a.m. on 5 December 2018. Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. Multiple applications will not be accepted. If an Application Form is being sent by first-class post in the UK, Qualifying Non-CREST Shareholders are recommended to allow at least four Business Days for delivery.

The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) Application Forms received after 11.00 a.m. on 5 December 2018; or
- (ii) applications in respect of which remittances are received before 11.00 a.m. on 5 December 2018 from authorised persons (as defined in FSMA) specifying the Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

All documents and remittances sent by post by, to, from or on behalf of an applicant (or as the applicant may direct) will be sent entirely at the applicant's own risk.

(d) *Payments*

All payments must be in pounds sterling and made by cheque made payable to Link Market Services Limited Re: Mercantile Ports & Logistics Limited – Open Offer A/C and crossed "A/C Payee Only". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third-party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the full name of the building society or bank account holder and has added the building society or bank branch stamp. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted.

Cheques will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agents to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity (and withhold definitive share certificates (or credit to the relevant member account, as applicable) pending clearance thereof). It is a term of the Open Offer that cheques shall be honoured on first presentation

and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents and cheques sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted. If the Open Offer does not become unconditional, no Offer Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable, but within 14 days, following the lapse of the Open Offer.

If Offer Shares have already been issued to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Receiving Agents shall be authorised (in their absolute discretion as to manner, timing and terms) to make arrangements, on behalf of the Company, for the sale of such Qualifying Non-CREST Shareholder's Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Receiving Agents, Cenkos Securities or the Company nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholders.

(e) *Incorrect Sums*

If an Application Form encloses a payment for an incorrect sum, the Company through the Receiving Agent reserves the right:

- (i) to reject the application in full and return the cheque or refund the payment to the Qualifying Non-CREST Shareholder in question; or
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Offer Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the Qualifying Non-CREST Shareholder in question, save that any sums of less than £1 will be retained for the benefit of the Company; or
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all of the Offer Shares referred to in the Application Form, refunding any unutilised sums to the Qualifying Non-CREST Shareholder in question, save that any sums of less than £1 will be retained for the benefit of the Company.

All monies received by the Receiving Agent in respect of Offer Shares will be held in a separate non-interest bearing account.

(f) *The Excess Application Facility*

Provided they choose to take up their Open Offer Entitlement in full, the Excess Application Facility enables Qualifying Non-CREST Shareholders to apply for Excess Shares. Qualifying Non-CREST Shareholders wishing to apply for Excess Shares may do so by completing Box 3 of the Application Form.

If applications under the Excess Application Facility are received for more than the total number of Offer Shares available following take up of Open Offer Entitlements, the Excess Shares may be allocated in such manner as the Directors may determine in their absolute discretion and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all. Qualifying Non-CREST Shareholders who wish to apply for Excess Shares must complete the Application Form in accordance with the instructions set out on the Application Form.

Should the Open Offer become unconditional and applications for Offer Shares exceed 103,504,424 Offer Shares, resulting in a scale back of applications, each Qualifying Non-CREST Shareholder who has made a valid application for Excess Shares and from whom payment in full for the Excess Shares has been received will receive a pounds sterling amount equal to the number of Excess Shares applied and paid for but not allocated to the relevant Qualifying Non-CREST Shareholder multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable thereafter, but within 14 days, without payment of interest and at the applicant's sole risk.

(g) *Effect of application*

All documents and remittances sent by post by, to, from, or on behalf of or to an applicant (or as the applicant may direct) will be sent entirely at the applicant's own risk. By completing and delivering an Application Form the applicant:

- (i) represents and warrants to the Company and Cenkos Securities that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with the Company and Cenkos Securities that all applications under the Open Offer and contracts resulting therefrom, and any non-contractual obligations related thereto, shall be governed by and construed in accordance with the laws of England;
- (iii) confirms to the Company and Cenkos Securities that in making the application he is not relying on any information or representation in relation to the Company other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information in relation to the Company contained in this document (including information incorporated by reference);
- (iv) represents and warrants to the Company and Cenkos Securities that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlement;
- (v) represents and warrants to the Company and Cenkos Securities that if he has received some or all of his Open Offer Entitlement from a person other than the Company he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (vi) requests that the Offer Shares to which he will become entitled shall be issued to him on the terms set out in this document and the Application Form;
- (vii) represents and warrants to the Company and Cenkos Securities that he is not, nor is he applying on behalf of any person who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of the United States of America or any other Restricted Jurisdiction and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Offer Shares which are the subject of his application to, or for the account or benefit of, a person who is in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of the United States of America or any other Restricted Jurisdiction (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its sole and absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor any person otherwise prevented by legal or regulatory restrictions from applying for Offer Shares under the Open Offer;
- (viii) confirms that the Offer Shares have not been offered to the applicant by the Company, Cenkos Securities, any of their respective affiliates or any person acting on any of their behalves by means of any "directed selling efforts", as defined in Regulation S under the Securities Act, or "general solicitation" or "general advertising", within the meaning of Rule 502(c) under the Securities Act;
- (ix) confirms that he is acquiring the Offer Shares from the Company in an "offshore transaction", as defined in Regulation S under the Securities Act;
- (x) represents and warrants to the Company and Cenkos Securities that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986; and

- (xi) confirms that in making the application he is not relying and has not relied on the Company or Cenkos Securities or any person affiliated with the Company or Cenkos Securities in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

Further representations and warranties are contained in the Application Form.

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to the Receiving Agent, Link Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

(h) *Online Voting*

Qualifying Non-CREST Shareholders who do not want to take up or apply for the Offer Shares under the Open Offer should take no action and should not complete or return the Application Form. However, you are encouraged to vote at the Annual General Meeting via [www.signalshares.com](http://www.signalshares.com).

A Qualifying Non-CREST Shareholder who is also a CREST member may elect to receive the Offer Shares to which he is entitled in uncertificated form in CREST. Please see paragraph 3.2(f) below for more information.

**3.2 If you have an Open Offer Entitlement and an Excess CREST Open Offer Entitlement credited to your stock account in CREST in respect of your entitlement under the Open Offer**

(a) *General*

Subject to paragraph 7 of Part 3 “Terms and Conditions of the Open Offer” in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlement equal to the maximum number of Offer Shares for which he is entitled to apply under the Open Offer plus the number of Excess Shares for which he is entitled to apply under the Excess CREST Open Offer Entitlement. Entitlements to Offer Shares will be rounded down to the nearest whole number. Any fractional entitlements to Offer Shares arising will be aggregated and made available under the Excess Application Facility.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the relevant Open Offer Entitlement and Excess CREST Open Offer Entitlement have been allocated.

If for any reason Open Offer Entitlements and/or the Excess CREST Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 5.00 p.m. on 20 November 2018, or such later time and/or date as the Company may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlement and Excess CREST Open Offer Entitlement which should have been credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive an Application Form.

CREST members who wish to apply to acquire some or all of their Open Offer Entitlements and their Excess CREST Open Offer Entitlements should refer to the CREST Manual for further information on the CREST procedures referred to below.

**If you have any questions relating these procedures, please contact the Receiving Agent Link Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and**

**calls may be recorded and monitored for security and training purposes. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.**

(b) *Market claims*

Each of the Open Offer Entitlements and Excess CREST Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess CREST Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlements and Excess CREST Open Offer Entitlements will generate appropriate market claim transactions and the relevant Open Offer Entitlements and Excess CREST Open Offer Entitlements will thereafter be transferred accordingly.

(c) *Unmatched Stock Event (“USE”) instructions*

Qualifying CREST Shareholders who are CREST members and who want to apply for Offer Shares in respect of all or some of their Open Offer Entitlements and their Excess CREST Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an USE instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agents under the participant ID and member account ID specified below, with a number of Open Offer Entitlements or Excess CREST Open Offer Entitlements corresponding to the number of Offer Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agents in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Offer Shares referred to in paragraph 3.2(c)(i) above.

(d) *Content of USE instruction in respect of Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear’s specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Offer Shares for which application is being made (and hence the number of the Open Offer Entitlements being delivered to the Receiving Agents);
- (ii) the ISIN of the Open Offer Entitlements. This is GG00BDCG3J66 ;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agents in their capacity as a CREST receiving agent. This is 7RA33;
- (vi) the member account ID of the Receiving Agents in their capacity as a CREST receiving agent. This is 29948MER;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of New Ordinary Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 5 December 2018; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 5 December 2018. In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 5 December 2018 in order to be valid is 11.00 a.m. on that day. In the event that the Placing, the Subscription and Open Offer do not become unconditional by 8.00 a.m. on 7 December 2018 (or such later time and date as the Company and Cenkos Securities determine being no later than 8.30 a.m. on 21 December 2018), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agents will refund the amounts paid by Qualifying CREST Shareholders by way of a CREST payment, without interest, as soon as practicable thereafter.

(e) *Content of USE instruction in respect of Excess CREST Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Excess Shares for which application is being made (and hence being delivered to the Receiving Agents);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement. This is GG00BDCG3K71;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agents in their capacity as a CREST receiving agent. This is 7RA33;
- (vi) the member account ID of the Receiving Agents in their capacity as a CREST receiving agent. This is 29948MER;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 5 December 2018; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application in respect of an Excess CREST Open Offer Entitlement under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 5 December 2018.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contract name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 5 December 2018 in order to be valid is 11.00 a.m. on that day.

In the event that the Placing, Open Offer and the Subscription do not become unconditional by 8.00 a.m. on 7 December 2018 (or such later time and date as the Company and Cenkos Securities determine being no later than 8.30 a.m. on 21 December 2018), the Open Offer

will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agents will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable, but within 14 days thereafter.

(f) *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim), provided that such Qualifying Non-CREST Shareholder is also a CREST member. Similarly, Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the Open Offer Entitlement and entitlement to apply under the Excess Application Facility is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 3 December 2018. After depositing their Open Offer Entitlement into their CREST account, CREST holders will shortly thereafter receive a credit for their Excess CREST Open Offer Entitlement, which will be managed by the Receiving Agents.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agents, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility set out in such Application Form as Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST, is 3.00 p.m. on 3 December 2018 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST is 4.30 p.m. on 30 November 2018 in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements and the entitlement to apply under the Excess Application Facility, as the case may be, prior to 11.00 a.m. on 5 December 2018.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Receiving Agents by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" on page 2 of the Application Form, and a declaration to the Company and the Receiving Agents from the relevant CREST member(s) that it/they is/are not in the United States or citizen(s) or resident(s) of any Restricted Jurisdiction and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(g) *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 5 December 2018 will constitute a valid application under the Open Offer.

(h) *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored



member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 5 December 2018. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(i) *Online Voting*

If a Qualifying CREST Shareholder does not wish to apply for the Offer Shares under the Open Offer, they should take no action. They are however, encouraged to vote at the Annual General Meeting via [www.signalshares.com](http://www.signalshares.com).

(j) *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agents, reserves the right: (i) to reject the application in full and refund the payment to the CREST member in question (without interest); (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Offer Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the CREST member in question (without interest); and (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Offer Shares referred to in the USE instruction, refunding any unutilised sum to the CREST member in question (without interest).

(k) *The Excess Application Facility*

The Excess Application Facility enables Qualifying CREST Shareholders, who have taken up their Open Offer Entitlement in full, to apply for Excess Shares in excess of their Open Offer Entitlement as at the Record Date. If applications under the Excess Application Facility are received for more than the total number of Offer Shares available following take up of Open Offer Entitlements, the Excess Shares may be allocated in such manner as the Directors may determine in their absolute discretion and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all. Excess CREST Open Offer Entitlements may not be sold or otherwise transferred. Subject as provided in paragraph 7 of this Part 3 in relation to Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with Excess CREST Open Offer Entitlements to enable applications for Excess Shares to be settled through CREST. Qualifying CREST Shareholders should note that, although the Open Offer Entitlement and the Excess CREST Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities. Neither the Open Offer Entitlement nor the Excess CREST Open Offer Entitlements will be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlements and the relevant Open Offer Entitlements be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Open Offer Entitlements claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlements credited to CREST and allocated to the relevant Qualifying Shareholder will be transferred to the purchaser. Please note that an additional USE instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

Should the Open Offer become unconditional and applications for Offer Shares by Qualifying Shareholders under the Open Offer exceed 103,504,424 Offer Shares, resulting in a scale back of applications under the Excess Application Facility, each Qualifying CREST Shareholder who has made a valid application pursuant to his Excess CREST Open Offer Entitlement and from whom payment in full for the excess Offer Shares has been received, will receive a pounds sterling amount equal to the number of Offer Shares validly applied and paid for but which are not allocated to the relevant Qualifying CREST Shareholder multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable following the

completion of the scale back, without payment of interest and at the applicant's sole risk by way of cheque or CREST payment, as appropriate. Fractions of Offer Shares will be aggregated and made available under the Excess Application Facility.

The total number of Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Applications under the Excess Application Facility will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full or where fractional entitlements have been aggregated and made available under the Excess Application Facility. 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 by Qualifying Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned at to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

**All enquiries in connection with the procedure for applications under the Excess Application Facility and your Excess CREST Open Offer Entitlement should be addressed to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by contacting the Link Asset Services shareholder helpline on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.**

(l) *Effect of valid application*

A CREST member who makes or is treated as making a valid application for some or all of his *pro rata* entitlement to the Offer Shares in accordance with the above procedures thereby:

- (i) represents and warrants to the Company and Cenkos Securities that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agents' payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (iii) agrees with the Company and Cenkos Securities that all applications under the Open Offer and contracts resulting therefrom, and non-contractual obligations related thereto, under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (iv) confirms to the Company and Cenkos Securities that in making the application he is not relying on any information or representation in relation to the Company other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information in relation to the Company contained in this document (including information incorporated by reference);
- (v) represents and warrants that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements;

- (vi) represents and warrants to the Company and Cenkos Securities that if he has received some or all of his Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
  - (vii) requests that the New Ordinary Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the memorandum of incorporation and articles of incorporation of the Company from time to time;
  - (viii) represents and warrants to the Company and Cenkos Securities that he is not, nor is he applying on behalf of any person who is, in the United States or is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, of the United States of America or any other Restricted Jurisdiction and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the Offer Shares which are the subject of his application to, or for the account or benefit of, a person who is in the United States or who is a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws of the United States of America or any other Restricted Jurisdiction (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its sole and absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor any person otherwise prevented by legal or regulatory restrictions from applying for Offer Shares under the Open Offer;
  - (ix) confirms that the Offer Shares have not been offered to the applicant by the Company, Cenkos Securities, any of their respective affiliates or any person acting on any of their behalves by means of any “directed selling efforts”, as defined in Regulation S under the Securities Act, or “general solicitation” or “general advertising”, within the meaning of Rule 502(c) under the Securities Act;
  - (x) confirms that he is acquiring the Offer Shares from the Company in an “offshore transaction”, as defined in Regulation S under the Securities Act;
  - (xi) represents and warrants that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986; and
  - (xii) confirms that in making the application he is not relying and has not relied on Cenkos Securities or any person affiliated with the Company or Cenkos Securities in connection with any investigation of the accuracy of any information contained in this document or his investment decision.
- (m) *Company’s discretion as to the rejection and validity of applications*  
The Company may in its sole discretion:
- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part 3 “Terms and Conditions of the Open Offer”;
  - (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
  - (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the “first instruction”) as not constituting a valid application if, at the time at which the Receiving Agents receive a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agents have received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
  - (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event

that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agents in connection with CREST.

(n) *Lapse of the Open Offer*

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 7 December 2018 or such later time and date as the Company and Cenkos Securities may agree (being no later than 8.30 a.m. on 21 December 2018), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agents will refund the amount paid by Qualifying CREST Shareholders by way of a CREST payments, without interest, as soon as practicable, but within 14 days thereafter.

#### 4. Money Laundering Regulations

##### 4.1 Holders of Application Forms

To ensure compliance with the Money Laundering Regulations, the Receiving Agents may require, at their absolute discretion, verification of the identity of the person by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the “**verification of identity requirements**”). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Receiving Agents. In such case, the lodging agent’s stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the “**acceptor**”), including any person who appears to the Receiving Agents to be acting on behalf of some other person, accepts the Open Offer in respect of such number of Offer Shares as is referred to therein (for the purposes of this paragraph 4 the “**relevant Offer Shares**”) and shall thereby be deemed to agree to provide the Receiving Agents with such information and other evidence as they may require to satisfy the verification of identity requirements.

If the Receiving Agents determine that the verification of identity requirements apply to any acceptor or application, the relevant Offer Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. the Receiving Agents are entitled, in their absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Receiving Agents nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Receiving Agents have not received evidence satisfactory to them as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor’s risk) without interest to the account of the bank or building society on which the relevant cheque was drawn.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company, the Receiving Agents and Cenkos Securities from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

- (i) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering (no.91/308/EEC));

- (ii) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (iii) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- (iv) if the aggregate subscription price for the Offer Shares is less than €15,000 (approximately £13,300 as at 5.00pm on the Record Date).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (a) if payment is made by cheque in sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques, should be made payable to Link Market Services Limited Re: Mercantile Ports & Logistics Limited – Open Offer A/C in respect of an application by a Qualifying Shareholder and crossed "A/C Payee Only". Third-party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the full name of the building society or bank account holder and has added the building society or bank branch stamp. The account name should be the same as that shown on the Application Form; or
- (b) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force, the agent should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agents. If the agent is not such an organisation, it should contact Link Asset Services, Corporate Actions, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

To confirm the acceptability of any written assurance referred to in (b) above, or in any other case, the acceptor should contact Link Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

If an Application Form is in respect of Offer Shares with an aggregate subscription price of the sterling equivalent of €15,000 (approximately £13,300 as at 5.00 p.m. on the Record Date) or more and is lodged by hand by the acceptor in person, or if the Application Forms in respect of Offer Shares is lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 5 December 2018, the Receiving Agents have not received evidence satisfactory to them as aforesaid, the Receiving Agents may, at their discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the payee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

#### **4.2 Open Offer Entitlements in CREST**

If you hold your Open Offer Entitlement and Excess CREST Open Offer Entitlement in CREST and apply for Offer Shares in respect of some or all of your Open Offer Entitlement and Excess CREST Open Offer Entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agents are obliged to take

reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agents before sending any USE instruction or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agents such information as may be specified by the Receiving Agents as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agents as to identity, who may in their absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

## **5. Admission, settlement and dealings**

The result of the Open Offer is expected to be announced on 6 December 2018. Applications will be made to the London Stock Exchange for the Offer Shares to be admitted to trading on AIM. Subject to the Placing and Open Offer becoming unconditional in all respects (save only as to Admission), it is expected that Admission will become effective and that dealings in the Offer Shares, fully paid, will commence at 8.00 a.m. on 7 December 2018.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 5 December 2018 (the latest date for applications under the Open Offer). If the condition(s) to the Open Offer described above are satisfied, New Ordinary Shares will be issued in uncertificated form to those persons who submitted a valid application for New Ordinary Shares by utilising the CREST application procedures and whose applications have been accepted by the Company.

On 7 December 2018, the Receiving Agents will instruct Euroclear to credit the appropriate stock accounts of Qualifying CREST Shareholders with such Qualifying CREST Shareholders' entitlements to Offer Shares with effect from Admission. The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE instruction was given. Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess CREST Open Offer Entitlements, and to issue any Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agents in connection with CREST. Qualifying CREST Shareholders should note that they will be sent no confirmation of the credit of the Offer Shares to the CREST stock account nor any other written communication by the Company in respect of the issue of the Offer Shares.

For Qualifying non-CREST Shareholders who have applied by using an Application Form, share certificates for the Offer Shares validly applied for are expected to be despatched by post within 10 business days of Admission. No temporary documents of title will be issued. Pending despatch of definitive share certificates, transfers of Offer Shares by Qualifying non-CREST Shareholders will be certified against the UK share register of the Company. All documents or remittances sent by, to, from or on behalf of applicants, or as they may direct, will (in the latter case) be sent through the post and will (in both cases) be at the risk of the applicant. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to paragraph 3.1 above and their respective Application Form.

## **6. No public offering outside the United Kingdom**

The Company has not taken or will not take any action in any jurisdiction that would permit a public offering of Existing Ordinary Shares in any jurisdiction where action for the purpose is required, other than the United Kingdom.

## 7. Overseas Shareholders

The comments set out in this paragraph 7 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

### 7.1 General

**The distribution of this document and the Application Form and the making or acceptance of the Open Offer to or by persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom, may be affected by the laws or regulatory requirements of the relevant jurisdictions. It is the responsibility of those persons to consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirements or other formalities to enable them to apply for Offer Shares under the Open Offer.**

No action has been or will be taken by the Company, Cenkos Securities or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials or application forms relating to the Offer Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom. Receipt of this document and/or an Application Form and/or a credit of an Open Offer Entitlement or an Excess CREST Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in any jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

Due to restrictions under the securities laws of the Restricted Jurisdictions and certain commercial considerations, Application Forms will not be sent to, and Open Offer Entitlements and Excess CREST Open Offer Entitlements will not be credited to stock accounts in CREST of, persons who are located or resident in or who have registered addresses in the United States or any other Restricted Jurisdiction, or their agent or intermediary, except where the Company and Cenkos Securities are satisfied, in their respective sole and absolute discretions, that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements and/or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any applicable registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Offer Shares under the Open Offer to satisfy themselves as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company, Cenkos Securities nor any of their respective representatives, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements and/or Excess CREST Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer any Open Offer Entitlements or any Excess CREST Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements and/or Excess CREST Open Offer Entitlements to a stock account in CREST is received by any person in any such territory or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for Offer Shares in respect of the Open Offer unless the Company determines, in its sole and absolute discretion, that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Open Offer Entitlements and/or Excess CREST Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part 3 “Terms and Conditions of the Open Offer” and specifically the contents of this paragraph 7.

The Company and Cenkos Securities reserve the right to treat as invalid any application or purported application for Offer Shares that appears to the Company and Cenkos Securities or their agents to have been executed, effected or dispatched from the United States or any other Restricted Jurisdiction, by a person who has a registered address in the United States or any other Restricted Jurisdiction, or on behalf of such a person by his or her agent or intermediary, or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company and Cenkos Securities or their 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 Offer Shares or in the case of a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in the United States or any other Restricted Jurisdiction or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

Notwithstanding any other provision of this document or the relevant Application Form, the Company and Cenkos Securities reserve the right to permit any person to apply for Offer Shares in respect of the Open Offer if the Company and Cenkos Securities, in their absolute discretion, are satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Offer Shares should note that payment must be made in sterling denominated cheques or, where such Overseas Shareholder is a Qualifying CREST Shareholder, through CREST. Due to restrictions under the securities laws of the United States and the other Restricted Jurisdictions, and subject to certain exceptions, Qualifying Shareholders in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements. No public offer of Offer Shares is being made by virtue of this document or the Application Forms into the United States or any other Restricted Jurisdiction. Receipt of this document and/or an Application Form and/or a credit of an Open Offer Entitlement to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in the Restricted Jurisdictions and in those other jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

## **7.2 United States**

The Offer Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered or sold, re-sold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States except in reliance on 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.

Accordingly, the Company is not extending the Open Offer into the United States unless an exemption from the registration requirements of the Securities Act is available and, subject to certain exceptions, neither this document nor the Application Form constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any Offer Shares in the United States. Subject to certain exceptions, neither this document nor an Application Form will be sent to, and no Offer Shares will be credited to a stock account in CREST of, any Qualifying Shareholder with a registered address in the United States. Subject to certain exceptions, Application Forms sent from or postmarked in the United States will be deemed to be invalid and all persons acquiring Offer Shares and wishing to hold such Offer Shares in registered form must provide an address for registration of the Offer Shares issued upon exercise thereof outside the United States.

Subject to certain exceptions, any person who acquires Offer Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this document or the Application Form and delivery of the Offer Shares, that they are not, and that at the time of acquiring the Offer Shares they will not be, in the United States or acting on behalf of, or for the account or benefit of a person on a non-discretionary basis in the United States.

The Company and Cenkos Securities reserves the right to treat as invalid any Application Form that appears to the Company and Cenkos Securities or their agents to have been executed in, or despatched from, the United States, or that provides an address in the United States for the receipt of Offer Shares, or which does not make the warranty set out in the Application Form to the effect that the person completing the Application Form does not have a registered address and is not otherwise located or resident in the United States and is not acquiring the Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Offer Shares in the United States or where the Company and Cenkos Securities believe acceptance of such Application Form may infringe applicable legal or regulatory requirements.

The Company will not be bound to issue any Offer Shares to any person with an address in, or who is otherwise located or resident in, the United States in whose favour an Application Form or any Offer Shares may be transferred. In addition, the Company reserves the right to reject any USE instruction sent by or on behalf of any CREST member with a registered address in the United States in respect of the Offer Shares. In addition, until 40 days after the commencement of the Open Offer, an offer, sale or transfer of the New Ordinary Shares within the United States by a dealer (whether or not participating in the and Open Offer) may violate the registration requirements of the Securities Act.

### **7.3 Restricted Jurisdictions**

Due to restrictions under the securities laws of the Restricted Jurisdictions and subject to certain exceptions, Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements or Excess CREST Open Offer Entitlements. The Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption.

No offer or invitation to apply for Offer Shares is being made by virtue of this document or the Application Form into any Restricted Jurisdiction.

### **7.4 Other overseas territories**

Application Forms will be sent to Qualifying Non-CREST Shareholders and Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the United States or the other Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, take up Offer Shares under the Open Offer in accordance with the

instructions set out in this document and the Application Form. Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the United Kingdom should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any Offer Shares in respect of the Open Offer.

## **7.5 Representations and warranties relating to Overseas Shareholders**

### **(a) *Qualifying Non-CREST Shareholders***

Any person completing and returning an Application Form or requesting registration of the Offer Shares comprised therein represents and warrants to the Company, Cenkos Securities and the Receiving Agents that, except where proof has been provided to the Company's satisfaction, in its sole and absolute discretion, that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant Offer Shares from within the United States or any other Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Offer Shares in respect of the Open Offer or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located or resident within any Restricted Jurisdiction (except as agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not acquiring Offer Shares with a view to offer, sale, resale, transfer, deliver or distribute, directly or indirectly, any such Offer Shares into any of the above territories. The Company and/or the Receiving Agents may treat as invalid any acceptance or purported acceptance of the issue of Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or dispatched from the United States or another Restricted Jurisdiction, by a person who has a registered address in the United States or any other Restricted Jurisdiction, or on behalf of such a person by his or her agent or intermediary, 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 (ii) provides an address in the United States or another Restricted Jurisdiction for delivery of the share certificates of Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the warranty required by this sub-paragraph (a).

### **(b) *Qualifying CREST Shareholders***

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part 3 "Terms and Conditions of the Open Offer" represents and warrants to the Company and Cenkos Securities that, except where proof has been provided to the Company's satisfaction, in its sole and absolute discretion, that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) neither he or she nor his or her client is within the United States or any other Restricted Jurisdiction; (ii) neither he or she nor his or her client is in any territory in which it is unlawful to make or accept an offer to acquire Offer Shares; (iii) he or she is not accepting on a non-discretionary basis for a person located or resident within any Restricted Jurisdiction (except as otherwise agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) neither he or she nor his or her client is acquiring any Offer Shares with a view the offer, sale, resale, transfer, delivery or distribute, directly or indirectly, any such Offer Shares into any of the above territories.

## **7.6 Waiver**

and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company in its sole and absolute discretion with the prior written approval of Cenkos Securities. Subject to this, the provisions of this paragraph 7 supersede any terms of the Open Offer inconsistent herewith. References in this paragraph 7 to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 7 shall apply to them jointly and to each of them.

## **8. Times and Dates**

The Company shall, in agreement with Cenkos Securities and after consultation with its financial and legal advisers, be entitled to amend the dates that Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall notify the London Stock Exchange, and make an announcement on a Regulatory Information Service but Qualifying Shareholders may not receive any further written communication.

If a supplementary circular is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this document, the latest date for acceptance under the Open Offer shall be extended to the date that is three Business Days after the date of issue of the supplementary circular (and the dates and times of principal events due to take place following such date shall be extended accordingly).

## **9. Taxation**

Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the United Kingdom, should immediately consult a suitable professional adviser.

## **10. Further information**

Your attention is drawn to the further information set out in this document and also, in the case of Qualifying Non-CREST Shareholders and other Qualifying Shareholders to whom the Company has sent Application Forms, to the terms, conditions and other information printed on the accompanying Application Form.

## **11. Governing law and jurisdiction**

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, English law.

The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Application Form. By taking up Offer Shares, by way of their Open Offer Entitlements and the Excess Application Facility (as applicable), in accordance with the instructions set out in this document and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the grounds that proceedings have been brought in an inconvenient forum.

## PART 4

### QUESTIONS AND ANSWERS ABOUT THE OPEN OFFER

The questions and answers set out in this Part 4 “Questions and Answers about the Open Offer” are intended to be in general terms only and, as such, you should read Part 3 “Terms and Conditions of the Open Offer” of this document for full details of what action to take. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, fund manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under FSMA if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

This Part 4 deals with general questions relating to the Open Offer and more specific questions relating principally to persons resident in the United Kingdom who hold their Existing Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 7 of Part 3 “Terms and Conditions of the Open Offer” of this document and you should take professional advice as to whether you are eligible for, and/or whether you need to observe any formalities to enable you to take up, your Open Offer Entitlement. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part 3 “Terms and Conditions of the Open Offer” of this document for full details of what action you should take.

If you are a CREST sponsored member, you should also consult your CREST sponsor. If you do not know whether your Existing Ordinary Shares are in certificated or uncertificated form, please call the Receiving Agents Link Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

The contents of this document should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action.

#### 1. What is an open offer?

An open offer is a way for companies to raise money. Companies usually do this by giving their existing Shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings. In this instance Shareholders will also be offered the opportunity to apply for additional shares in excess of their entitlement to the extent that other Qualifying Shareholders do not take up their entitlement in full. The fixed price is normally at a discount to the market price of the existing ordinary shares prior to the announcement of the open offer.

This Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire up to an aggregate of 103,504,424 New Ordinary Shares at a price of 2 pence per share. If you hold Existing Ordinary Shares on the Record Date or have a *bona fide* market claim, other than, subject to certain exceptions, where you are a Shareholder with a registered address or located or resident in the United States or another Restricted Jurisdiction, you will likely be entitled to buy Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 1 Offer Share for every 4 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Offer Shares is a whole number, you will not be entitled to buy a fraction of an Offer Share and your entitlement will be rounded down to the nearest whole number. The Offer Price of 2 pence per Offer Share represents a discount of approximately 2.4 per cent. to the closing middle-market price quotation as derived from the Daily Official List of the London Stock Exchange of 2.05 pence per Ordinary Share on 16 November 2018 (being the latest practicable date prior to the date of this document).

The Excess Application Facility allows Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlements. Applications made under the Excess Application Facility may be allocated in such manner as the Directors may determine in their absolute discretion in consultation with Cenkos Securities, if applications are received from Qualifying Shareholders for more than the available number of Offer Shares and no assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all.

Unlike in a rights issue, Application Forms are not negotiable documents and neither they nor Open Offer Entitlements can themselves be traded. Shareholders will not be able to apply for any Placing Shares which are the subject of the Placing using the Application Form.

**2. I hold my Existing Ordinary Shares in certificated form. How do I know whether I am eligible to participate in the Open Offer?**

If you receive an Application Form and, subject to certain exceptions, you are not a holder with a registered address or located or resident in the United States or any other Restricted Jurisdiction, then you will likely be eligible to participate in the Open Offer as long as you have not sold all of your Existing Ordinary Shares before 19 November 2018 (the time when the Existing Ordinary Shares are expected to be marked “ex-entitlement” by the London Stock Exchange).

**3. I hold my Existing Ordinary Shares in certificated form. How do I know how many Offer Shares I am entitled to take up?**

If you hold your Existing Ordinary Shares in certificated form and, subject to certain exceptions, do not have a registered address and are not located or resident in the United States or any other Restricted Jurisdiction, you will be sent an Application Form that shows:

- how many Existing Ordinary Shares you held at the close of business on the Record Date;
- how many Offer Shares are comprised in your Open Offer Entitlement; and
- how much you need to pay if you want to buy all your entitlement to the Offer Shares.

Subject to certain exceptions, if you have a registered address in the United States or any other Restricted Jurisdiction, you will not receive an Application Form.

If you would like to apply for any of or all of the Offer Shares comprised in your Open Offer Entitlement you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document. Completed Application Forms should be returned, along with a cheque drawn in the appropriate form, by post to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by hand (during normal office hours only) so as to be received by them by no later than 11.00 a.m. on 5 December 2018, after which time Application Forms will not be valid.

**4. I hold my Existing Ordinary Shares in certificated form and am eligible to receive an Application Form. What are my choices in relation to the Open Offer?**

**4.1 If you do not want to take up your Open Offer Entitlement**

If you do not want to take up the Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Offer Shares. You will also not receive any money when the Offer Shares you could have taken up are sold, as would typically happen under a rights issue.

You cannot sell your Application Form or your Open Offer Entitlement to anyone else. If you do not return your Application Form subscribing for the Offer Shares to which you are entitled by 11.00 a.m. on 5 December 2018, the Company will have made arrangements under which it has agreed to issue those Offer Shares to other Qualifying Shareholders under the Excess Application Facility.

If you do not take up your Open Offer Entitlement then, following the issue of the Offer Shares pursuant to the Open Offer, your interest in the Company will be significantly diluted. Even if a Qualifying Shareholder subscribes for the basic entitlement under the Open Offer, their proportionate economic interest will be diluted by the issue of New Ordinary Shares pursuant to the Excess Application Facility and the Placing.

**4.2 If you want to take up some but not all of your Open Offer Entitlement**

If you want to take up some but not all of the Offer Shares to which you are entitled, you should write the number of Offer Shares you want to take up in Boxes 2 and 4 of your Application Form; for example, if you are entitled to take up 50 shares but you only want to take up 25 shares, then you should write ‘25’ in Boxes 2 and 4. To work out how much you need to pay for the Offer Shares, you need to multiply the number of Offer Shares you want (in this example, ‘25’) by £0.02, which is the price in pounds of each Offer Share (giving you an amount of £0.5 in this example). You should write this amount in Box 5, rounding up to

the nearest whole pence and this should be the amount your cheque is made out for. You should then return the completed Application Form, together with a cheque for that amount, by post to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by hand (during normal office hours only) so as to be received by them by no later than 11.00 a.m. on 5 December 2018, after which time Application Forms will not be valid. If you post your Application Form by first class post, you should allow at least four Business Days for delivery.

All payments must be made in pounds sterling and made by cheque made payable to “Link Market Services Limited Re: Mercantile Ports & Logistics Limited – Open Offer A/C” and crossed “A/C Payee Only”. Cheques or banker’s drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker’s drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third-party cheques may not be accepted with the exception of building society cheques or banker’s drafts where the building society or bank has inserted details of the full name of the building society or bank account holder and has added the building society or bank branch stamp. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted.

Cheques will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agents to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents and cheques sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

A definitive share certificate will then be sent to you for the Offer Shares that you take up. Your definitive share certificate for Offer Shares is expected to be despatched to you by no later than 21 December 2018.

#### **4.3 If you want to take up all of your Open Offer Entitlement**

If you want to take up all of the Offer Shares to which you are entitled, all you need to do is send the Application Form (ensuring that all joint holders sign (if applicable)), together with your cheque for the amount (as indicated in Box 8 of your Application Form), by post to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by hand (during normal office hours only) so as to be received by them by no later than 11:00 a.m. on 5 December 2018, after which time Application Forms will not be valid. If you post your Application Form by first-class post, you should allow at least four Business Days for delivery.

All payments must be in pounds sterling and made by cheque made payable to “Link Market Services Limited Re: Mercantile Ports & Logistics Limited – Open Offer A/C” and crossed “A/C Payee Only”. Cheques or banker’s drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker’s drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third-party cheques may not be accepted with the exception of building society cheques or banker’s drafts where the building society or bank has inserted details of the full name of the building society or bank account holder and has added the building society or bank branch stamp. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted.

Cheques will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agents to seek special clearance of cheques to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on

first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents and cheques sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

A definitive share certificate will then be sent to you for the Offer Shares that you take up. Your definitive share certificate for Offer Shares is expected to be despatched to you by no later than 21 December 2018.

#### **4.4 If you want to apply for more than your Open Offer Entitlement**

Provided you have agreed to take up your Open Offer Entitlement in full, you can apply for further Offer Shares under the Excess Application Facility. The Excess Application Facility enables Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlement as at the Record Date. You should write the number of Offer Shares comprised in your Open Offer Entitlement (as indicated in Box 7 of the Application Form) in Box 2 and write the number of Excess Shares for which you would like to apply in Box 3. You should then add the totals in Boxes 2 and 3 and insert the total number of Offer Shares for which you would like to apply in Box 4. For example, if you have an Open Offer Entitlement for 50 Offer Shares but you want to apply for 75 Offer Shares in total, then you should write '50' in Box 2, '25' in Box 3 and '75' in Box 4. To work out how much you need to pay for the Offer Shares, you need to multiply the number of Offer Shares you want (in this example, '75') by £0.02, which is the price in pounds sterling of each Offer Share (giving you an amount of £1.50 in this example). You should write this amount in Box 5. You should then return your Application Form by post to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by hand (during normal office hours only) so as to be received by them by no later than 11.00 a.m. on 5 December 2018, after which time Application Forms will not be valid. If you post your application form by first class post, you should allow at least four Business Days for delivery.

If applications under the Excess Application Facility are received for more than the total number of Offer Shares available following take up of Open Offer Entitlements, the Excess Shares may be allocated in such manner as the Directors may determine in their absolute discretion in consultation with Cenkos Securities. No assurance can be given that excess applications by Qualifying Shareholders will be met in full or in part or at all.

A definitive share certificate will be sent to you for the Offer Shares that you take up and otherwise successfully apply for using the Excess Application Facility. Your definitive share certificate for Offer Shares is expected to be despatched to you by no later than 21 December 2018.

#### **4.5 I hold my Existing Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?**

CREST members should follow the instructions set out in Part 3 "Terms and Conditions of the Open Offer" of this document. Persons who hold Existing Ordinary Shares through a CREST member should be informed by the CREST member through which they hold their Existing Ordinary Shares of (i) the number of Offer Shares which they are entitled to acquire under their Open Offer Entitlement and (ii) how to apply for Offer Shares in excess of their Open Offer Entitlement under the Excess Application Facility provided they choose to take up their Open Offer Entitlement in full and should contact them should they not receive this information.

#### **4.6 I acquired my Existing Ordinary Shares prior to the Record Date and hold my Existing Ordinary Shares in certificated form. What if I do not receive an Application Form or I have lost my Application Form?**

If you do not receive an Application Form, this probably means that you are not eligible to participate in the Open Offer. Some Non-CREST Shareholders, however, will not receive an Application Form but may still be eligible to participate in the Open Offer, namely:

- Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 15 November 2018 and who have converted them to certificated form;

- Qualifying Non-CREST Shareholders who bought Existing Ordinary Shares before 15 November 2018 but were not registered as the holders of those shares at the close of business on 15 November 2018; and
- certain Overseas Shareholders.

If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact the Receiving Agents Link Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

#### **4.7 Can I trade my Open Offer Entitlement?**

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although Open Offer Entitlements will be admitted to CREST they will have limited settlement capabilities (for the purposes of market claims only), Open Offer Entitlements will not be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim. Offer Shares for which an 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 Open Offer Entitlement will have no rights under the Open Offer or receive any proceeds from it. The Offer Shares are not being underwritten.

#### **4.8 What if I change my mind?**

If you are a Qualifying Non-CREST Shareholder, once you have sent your Application Form and payment to the Receiving Agents, you cannot withdraw your application or change the number of Offer Shares for which you have applied, except in the very limited circumstances which are set out in this document.

#### **4.9 What if the number of Offer Shares to which I am entitled is not a whole number; am I entitled to fractions of Offer Shares?**

If the number is not a whole number, you will not receive a fraction of an Offer Share and your entitlement will be rounded down to the nearest whole number.

#### **4.10 I hold my Existing Ordinary Shares in certificated form. What should I do if I have sold some or all of my Existing Ordinary Shares?**

If you hold Existing Ordinary Shares in the Company directly and you sell some or all of your Existing Ordinary Shares before 15 November 2018, you should contact the buyer or the person/company through whom you sell your shares. The buyer may be entitled to apply for Offer Shares under the Open Offer. However, notwithstanding the above, you should not contact the buyer if he is located or resident in, is a citizen of, or has a registered office in a Restricted Jurisdiction. If you sell any of your Existing Ordinary Shares on or after 15 November 2018, you may still take up and apply for the Offer Shares as set out on your Application Form.

#### **4.11 I hold my Existing Ordinary Shares in certificated form. How do I pay?**

Completed Application Forms should be returned with a cheque drawn in the appropriate form. All payments must be in pounds sterling and made by cheque made payable to Link Market Services Limited Re: Mercantile Ports & Logistics Limited – Open Offer A/C and crossed “A/C Payee Only”. Cheques or banker’s drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker’s drafts to be cleared through the facilities provided by any of those companies or committees



and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Third-party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the full name of the building society or bank account holder and has added the building society or bank branch stamp. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted.

**4.12 Will the Existing Ordinary Shares that I hold now be affected by the Open Offer?**

If you decide not to apply for any of the Offer Shares to which you are entitled under the Open Offer, or only apply for some of your entitlement, your proportionate ownership and voting interest in the Company will be reduced.

**4.13 I hold my Existing Ordinary Shares in certificated form. Where do I send my Application Form?**

You should send your completed Application Form together with the monies in the appropriate form, by post to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by hand (during normal office hours only). If you post your Application Form by first-class post, you should allow at least four Business Days for delivery. If you do not want to take up or apply for Offer Shares then you need take no further action.

**4.14 I hold my Existing Ordinary Shares in certificated form. When do I have to decide if I want to apply for Offer Shares?**

The Receiving Agents must receive the Application Form by no later than 11.00 a.m. on 5 December 2018, after which time Application Forms will not be valid. If an Application Form is being sent by first class post in the UK, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

**4.15 How do I transfer my entitlements into the CREST system?**

If you are a Qualifying Non-CREST Shareholder, but are a CREST member and want your Offer Shares to be in uncertificated form, you should complete the CREST deposit form (contained in the Application Form), and ensure it is delivered to the CREST Courier and Sorting Service in accordance with the instructions in the Application Form. CREST sponsored members should arrange for their CREST sponsors to do this.

**4.16 I hold my Existing Ordinary Shares in certificated form. When will I receive my new share certificate?**

It is expected that the Receiving Agents will post all new share certificates by 21 December 2018.

**4.17 If I buy Existing Ordinary Shares after the Record Date, will I be eligible to participate in the Open Offer?**

If you bought your Existing Ordinary Shares after the Record Date, you are unlikely to be able to participate in the Open Offer in respect of such Ordinary Shares.

**4.18 Will I be taxed if I take up my entitlements?**

Shareholders who are in any doubt as to their tax position should consult an appropriate professional adviser immediately.

**4.19 What should I do if I live or am located outside the United Kingdom?**

Your ability to apply to acquire Offer Shares may be affected by the laws of the country in which you live or are located and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement. Shareholders with registered addresses or who are located or resident in the United States or any other Restricted Jurisdiction are, subject to certain exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 7 of Part 3 "Terms and Conditions of the Open Offer" of this document.

#### **4.20 Further assistance**

Should you require further assistance please call the Receiving Agents Link Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

**MERCANTILE PORTS & LOGISTICS LIMITED**  
(the “Company”)  
Registered Number 52321

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the annual general meeting of the Company shall be held at the registered office of the Company at Intertrust International Management Limited, Martello Court, Admiral Park, St. Peter Port, Guernsey, GY1 3HB on 6 December 2018 at 2.00 pm (the “Meeting”) for the purpose of considering and, if thought fit, passing the resolutions set out below. Resolutions 1 to 8 inclusive and resolutions 10, 11 and 13 shall be proposed as ordinary resolutions and resolutions 9, 12 and 14 shall be proposed as special resolutions.

**ORDINARY BUSINESS**

**ORDINARY RESOLUTIONS**

1. **THAT** the audited consolidated financial statements for the year ended on 31 December 2017 for the Company and its subsidiaries, together with the directors’ report and auditors’ report thereon, be received.
2. **THAT** the board of directors of the Company (the “Board” or the “Directors” and each a “Director”) be authorised to determine the Directors’ remuneration, which for each executive Director shall be informed by the recommendations of the remuneration committee of the Board, provided that no Director shall vote in relation to his own remuneration.
3. **THAT**, upon the recommendation of the Directors, Grant Thornton UK LLP be re-appointed as auditors to the Company, and that the Board be authorised to determine the remuneration of the auditors.
4. **THAT** Mr. Nikhil Gandhi, being eligible and offering himself for re-election, following his retirement by rotation pursuant to article 18 of the articles of incorporation of the Company (the “Articles”), be re-elected as a Director.
5. **THAT** Mr. Pavan Bakhshi, being eligible and offering himself for re-election, following his retirement by rotation pursuant to article 18 of the Articles, be re-elected as a Director.
6. **THAT** Lord Howard Flight, being eligible and offering himself for re-election, following his retirement by rotation pursuant to article 18 of the Articles, be re-elected as a Director.
7. **THAT** Mr. Jay Mehta, being eligible and offering himself for re-election, following his retirement by rotation pursuant to article 18 of the Articles, be re-elected as a Director.
8. **THAT**, in accordance with article 4.15 of the Articles, the Directors be authorised to exercise all powers of the Company to issue up to 634,943,873 ordinary shares of no par value (“Shares”) (or grant rights to subscribe for or to convert any security into such Shares), being one third of the number of Shares in issue at the date of Admission on the assumption that the Transaction is fully subscribed (as such terms are defined in the Circular posted to Shareholders detailing the Transaction (the “Circular”)) and such authority shall expire on the date which is 15 months from the date of the passing of this resolution or, if earlier, at the end of the next annual general meeting of the Company (unless previously renewed, revoked or varied by the Company by ordinary resolution) save that the Company may before such expiry make an offer or agreement which would or might require Shares to be issued (or require rights to subscribe for or to convert any security into shares to be granted) after such expiry and the Directors may issue shares (or grant such rights) in pursuance of such an offer or agreement as if the authority conferred by the above resolution had not expired.

### **SPECIAL RESOLUTION**

9. **THAT**, subject to and conditional upon the passing of resolution 8 above and in accordance with article 4.5 of the Articles, the Directors be authorised to issue, sell from treasury or grant rights to subscribe for or to convert any security into, Shares for cash as if the pre-emption rights contained in article 4.3 of the Articles did not apply to such issue, sale or grant provided that this authority shall be limited to the issue, sale or grant of up to 190,502,212 Shares, being 5 per cent. of the number of Shares in the capital of the Company in issue at the date of Admission on the assumption that the Transaction is fully subscribed (as such terms are defined in the Circular) provided that such authority shall expire on the date which is 15 months from the date of the passing of this resolution or, if earlier, at the end of the next annual general meeting of the Company (unless previously renewed, revoked or varied by the Company by special resolution) save that the Company may before such expiry make an offer or agreement which would or might require Shares to be issued (or sold from treasury or require rights to subscribe for or to convert any security into shares to be granted) after such expiry and the Directors may issue shares (or sell or grant such rights) in pursuance of such an offer or agreement as if the authority conferred by the above resolution had not expired.

### **SPECIAL BUSINESS**

#### **ORDINARY RESOLUTIONS**

10. **THAT** upon the recommendation of the Directors and in accordance with article 19.2 of the Articles, the maximum amount that any Director shall be entitled to receive by way of fees for their services as Directors in any financial year be increased to a maximum amount of £250,000
11. **THAT** prior payment of fees to Mr Pavan Bakhshi as a Director since incorporation of the Company on 24 August 2010 in excess of £125,000 be ratified.

#### **SPECIAL RESOLUTION**

12. **THAT** the Company's articles of incorporation be amended by the deletion of the entirety of articles 4.7 and 4.8 and the numbering of the subsequent articles and cross-references thereto be amended accordingly.

### **SPECIAL BUSINESS IN RELATION TO THE TRANSACTION**

#### **ORDINARY RESOLUTION**

13. **THAT**, in accordance with article 4.15 of the Articles, the Directors be authorised to exercise all powers of the Company to issue up to 1,491,004,424 ordinary shares of no par value ("**Fundraising Shares**") (or grant rights to subscribe for or to convert any security into such Fundraising Shares) pursuant to or in connection with the Transaction (as such term is defined in the Circular) and such authority to expire on the date which is 15 months from the date of the passing of this resolution or, if earlier, at the end of the next annual general meeting of the Company (unless previously renewed, revoked or varied by the Company by ordinary resolution) save that the Company may before such expiry make an offer or agreement which would or might require Shares to be issued (or require rights to subscribe for or to convert any security into shares to be granted) after such expiry and the Directors may issue shares (or grant such rights) in pursuance of such an offer or agreement as if the authority conferred by the above resolution had not expired.

This authority is in addition to the authority conferred on the Directors set out in resolution 8.

#### **SPECIAL RESOLUTION**

14. **THAT**, subject to and conditional upon the passing of resolution 13 above and in accordance with article 4.5 of the Articles, the Directors be authorised to issue, sell from treasury or grant rights to subscribe for or to convert any security into, Fundraising Shares for cash as if the pre-emption rights contained in article 4.3 of the Articles did not apply to such issue, sale or grant provided that this authority shall be limited to the issue, sale or grant of up to 1,491,004,424 Fundraising Shares provided that such authority shall expire on the date which is 15 months from the date of the passing of this resolution or, if earlier, at the end of the next annual general meeting of the Company (unless previously renewed, revoked or varied

by the Company by special resolution) save that the Company may before such expiry make an offer or agreement which would or might require Fundraising Shares to be issued after such expiry and the Directors may issue shares (or sell or grant such rights) in pursuance of such an offer or agreement as if the authority conferred by the above resolution had not expired.

This authority is in addition to the authority conferred on the Directors set out in resolution 9.

**BY ORDER OF THE BOARD**

17<sup>th</sup> November 2018

## BUSINESS TO BE CONDUCTED AT THE ANNUAL GENERAL MEETING

Information regarding the resolutions proposed at the annual general meeting of the Company to be held at the registered office of the Company at Intertrust International Management Limited, Martello Court, Admiral Park, St. Peter Port, Guernsey, GY1 3HB on 6 December 2018 at 2.00 p.m..

Resolution 1 – The Company is required by its articles of incorporation (“**Articles**”) to lay before the Meeting its consolidated accounts for the accounting year ended 31 December 2017, together with the directors’ and auditors’ reports thereon. Consolidated group accounts have been prepared for the year in respect of the Company and its subsidiaries, Karanja Terminal & Logistics (Cyprus) Limited, Mercantile Ports (Netherlands) BV and Karanja Terminal & Logistics Private Limited.

Resolution 2 – This resolution concerns the authority of the Board, subject to the recommendations of its remuneration committee in the case of executive directors, to fix the remuneration of the directors of the Company. The remuneration committee of the Board was established on 1 October 2010 and is currently made up of Mr. Howard Flight, Mr. Andrew Henderson and Mr. John Fitzgerald.

Resolution 3 – This resolution concerns the re-appointment of Grant Thornton UK LLP (“**GT**”), recommended by the Directors for operational reasons, as auditors to the Company. Whilst resolving to re-appoint GT as auditors to the Company, the resolution also authorises the Board to determine the auditors’ remuneration.

Resolutions 4,5,6 and 7 – A third (or the number nearest to and less than one-third) of the Directors are required to retire from office pursuant to article 18.3 of the Articles and seek re-appointment at the Meeting. These resolutions shall, therefore, propose the re-election of Mr. Nikhil Gandhi, Mr. Pavan Bakshi, Lord Howard Flight and Mr. Jay Mehta. More information in relation to these Directors is available at the Company’s website at [www.mercpl.com](http://www.mercpl.com).

Resolution 8 – The purpose of resolution 8 is to authorise the Directors to exercise all powers of the Company to issue, grant rights to subscribe for, or to convert any securities into, up to one third of the Company’s Enlarged Issued Share Capital (as such term is defined in the Circular). If granted, this authority will expire on the conclusion of the next annual general meeting of the Company or, if earlier, 15 months after the resolution is passed.

Resolution 9 – In certain circumstances, it may be in the best interests of the Company to issue Shares (or to grant rights over Shares or sell Shares from treasury) for cash without first offering them to existing shareholders in proportion to their holdings as envisaged by article 4.5 of the Articles. The purpose of resolution 9 is to grant to the Directors the power to issue Shares (or to grant rights over Shares or sell Shares from treasury) for cash without first offering such shares pro-rata to existing shareholders in accordance with the rights of pre-emption set out in article 4.3 of the Articles. The reason for this recommendation is to provide the Directors with a degree of flexibility to act in the best interests of the Company so that Shares may be issued for cash to persons other than existing shareholders. This resolution acts as a general disapplication of the rights of pre-emption in respect of 190,502,212 Shares representing 10 per cent. of the Enlarged Issued Share Capital (as such term is defined in the Circular). In accordance with article 4.6, if granted, this authority will expire on the conclusion of the next annual general meeting of the Company or, if earlier, 15 months after the resolution is passed.

Resolution 10 – This resolution concerns the increase to the maximum amount that any Director shall receive by way of fees for their services as Directors in any financial year. The current maximum amount under article 19.2 of the Articles of £125,000 and it is proposed that this is increased to a maximum of £250,000.

Resolution 11 – This resolution concerns the ratification of any prior breach by the Directors of article 19.2 of the Articles as a result of any Director previously receiving fees of an amount greater than £125,000 in any financial year.

Resolution 12 – This resolution concerns an amendment to the Articles to delete the provisions requiring the Directors to issue a board memorandum setting out, *inter alia*, the justification for issuing shares on a non pre-emptive basis. The Directors believe that a general disapplication of pre-emption rights without this requirement will give greater flexibility to the Company and recommend the deletions of these provisions in the Articles proposed by resolution 12.

**SPECIAL BUSINESS TO BE CONDUCTED AT THE ANNUAL GENERAL MEETING  
IN RELATION TO THE TRANSACTION**

Resolution 13 – The purpose of resolution 13 is to authorise the Directors to exercise all powers of the Company to issue the New Ordinary Shares pursuant to or in connection with the Transaction (as such terms are defined in the Circular) to raise up to £29.87 million pounds sterling.

Resolution 14 – The purpose of resolution 14 is to grant the power to the Directors to issue the New Ordinary Shares for cash pursuant to or in connection with the Transaction, without first offering such shares pro-rata to existing shareholders in accordance with the rights of pre-emption set out in article 4.3 of the Articles.

**Please also read the explanatory notes overleaf which provide further information in respect of the Meeting.**

## **EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING AND PROXY**

### **1. Quorum**

The quorum for the Meeting shall be two shareholders present in person or by proxy. If, within fifteen minutes from the appointed time for the Meeting, a quorum is not present, then the Meeting will stand adjourned to the same day in the next week (or if that day is a public holiday in the Island of Guernsey to the next working day thereafter) at the same time and place or to such other day, time or place as the Directors may determine and no notice of such adjournment need be given. At an adjourned meeting, shareholders present in person or by proxy will form a quorum.

### **2. Website address**

Information regarding the Meeting is available from [www.mercpl.com](http://www.mercpl.com).

### **3. Entitlement to attend, vote and speak**

- 3.1 Only those holders of ordinary shares of no par value in the capital of the Company (“Shares”) registered in the Company’s register of members at close of business on 4 December 2018 (“Members”) shall be entitled to attend, vote and speak at the meeting.
- 3.2 We will not be providing a paper proxy. Those Members entitled to attend, speak and vote at the Meeting are now able to vote online by logging on to [www.signalshares.com](http://www.signalshares.com) and following the instructions provided or in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below, in each case, by 2.00 p.m. GMT on 4 December, 2018. Should you not have access to vote by these methods a paper proxy may be obtained from the Registrar (see Note 5).

### **4. Appointment of Proxies**

- 4.1 Members are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the Meeting. A Member may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different Share or Shares held by that Member. A proxy need not be a Member of the Company.
- 4.2 In the case of joint holders of Shares, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company’s register of members in respect of the joint holding (the first named being the most senior).
- 4.3 A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

### **5. Appointment of Proxy using Hard Copy Form**

- 5.1 You may request a hard copy form of proxy directly from the registrars, Link Asset Services (previously called Capita) on Tel: 0371 664 0300. Calls cost 12 pence per minute plus your phone company’s access charge. Calls from outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30 GMT, Monday to Friday excluding public holidays in England and Wales.
- 5.2 The form of proxy and any power of attorney or other authority under which the form of proxy is signed (or a notarially certified copy or other copy certified in some other way approved by the Directors) under which it is executed must be received by Link Asset Registrars at PXS, 34 Beckenham Road, Beckenham BR3 4TU, United Kingdom at 2pm GMT on 4 December 2018 in respect of the Meeting. Any forms of proxy received before such time will be deemed to have been received at such time. In the case of an adjournment, the Form of Proxy must be received by Link Asset Registrars at the address above no later than 48 hours (excluding days which are not working days) before the rescheduled meeting. Completion of a form of proxy does not preclude a Member from attending and voting in person.



## **6. Appointment of Proxy via CREST**

- 6.1 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by using the procedures described in the CREST Manual (available at [www.euroclear.com/site/public/EUI](http://www.euroclear.com/site/public/EUI)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
- 6.2 In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 2pm GMT on 4 December 2018. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- 6.3 CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed one or more voting service providers, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this regard, CREST members and, where applicable, their CREST sponsors or voting system provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 34(1) of the Uncertificated Securities (Guernsey) Regulations 2009.

## **7. Termination of proxy appointments**

- 7.1 In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link Asset Registrars at PXS, 34 Beckenham Road, Beckenham BR3 4TU, United Kingdom.
- 7.2 In the case of a Member which is an individual, the revocation notice should be executed under the hand of the appointer or of his attorney duly appointed authorised in writing or in the case of a Member which is a company, the revocation should be executed under its common seal or under the hand of an officer or attorney duly authorised in that regard. Any power of attorney or any other authority under which the revocation notice is signed (or a notarially certified copy or other copy certified in some other way approved by the Directors) must be included with the revocation notice.
- 7.3 If you attempt to revoke your proxy appointment but the revocation is received after the time of the Meeting or the taking of the vote at which the proxy is used, then, subject to the Note 7.4 below, your proxy will remain valid.
- 7.4 If you submit more than one valid proxy appointment in respect of the same Share or Shares, the last proxy appointment received before the cut-off time for receipt of proxies will take precedence.
- 7.5 If you have appointed a proxy and attend the meeting in person, your proxy appointment will be automatically terminated.

## **8. Effective Constitution**

To allow effective constitution of the meeting, if it is apparent to the Chairman that no Members will be present in person or by proxy, other than by proxy in the Chairman's favour, the Chairman may appoint a substitute to act as proxy in his stead for any other Member, provided that such substitute proxy shall vote on the same basis as the Chairman.

## **9. Issued Shares and total voting rights**

- 9.1 The total number of shares in issue in the capital of the Company at the date of this notice is 414,017,699 Shares.
- 9.2 On a vote by a show of hands, every holder of Shares who is present in person or by proxy shall have one vote. On a poll, every holder of Shares who is present in person or by proxy shall have one vote for each Share held by them.

## **10. Communication**

- 10.1 Except as provided above, Members who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):
- a) calling Link Asset Registrars' shareholder helpline (lines are open from 8.30 a.m. to 5.30 p.m. Monday to Friday, excluding public holidays):
    - (i) from the UK: 0871 664 0300 (calls cost 10p per minute plus network extras);
    - (ii) from outside the UK: +44 208 639 3399 (calls from outside the UK are charged at applicable international rates); or
  - b) in writing to Link Asset Registrars at The Registry, 34 Beckenham Road, Beckenham BR3 4TU, United Kingdom.
- 10.2 You may not use any electronic address provided either:
- a) in this notice of meeting; or
  - b) any related documents (including the Form of Proxy for this Meeting), to communicate with the Company for any purposes other than those expressly stated.



