

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or about what action to take, you are recommended immediately to seek your own professional advice from your stockbroker, solicitor, accountant or other appropriately qualified independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are taking advice in the United Kingdom or, if you are taking advice in another jurisdiction, from another appropriately authorised independent financial adviser. All Shareholders are advised to consult their professional advisers regarding their own tax position.

If you have sold or otherwise transferred all of your Shares in Colefax Group PLC you should pass this document, but not the accompanying personalised Tender Offer Application Form, as soon as possible, to the purchaser or transferee or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee. This Circular and all accompanying documents should not, however, be forwarded or transmitted in or into any Restricted Jurisdiction.

Peel Hunt LLP, which is authorised and regulated in the United Kingdom by the Financial Services Authority in the conduct of investment business, is acting for the Company and no one else in connection with the proposals set out in this Circular and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Peel Hunt LLP nor for providing advice in relation to the Tender Offer.

Colefax Group PLC

(incorporated and registered in England and Wales with registered number 01870320)

Tender Offer

by

Peel Hunt LLP

**to purchase, on behalf of the Company,
up to 11.5 per cent. of the Company's issued share capital**

The Tender Offer will close at 11.00 a.m. on 7 September 2012. Shareholders who do not wish to participate in the Tender Offer do not need to return Tender Offer Application Forms or submit a TTE Instruction.

Shareholders holding their Shares in certificated form and wishing to tender Shares for purchase in the Tender Offer should ensure that their completed Tender Offer Application Forms are returned to the Registrars by post to Computershare Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to arrive by no later than 11.00 a.m. on 7 September 2012. Shareholders who hold their Shares in certificated form should also return their share certificate(s) and/or other documents of title in respect of the Shares tendered.

Shareholders who hold their Shares in uncertificated form (that is, in CREST) who wish to tender Shares for purchase in the Tender Offer should arrange for the Shares tendered to be transferred into escrow as described in Part III of this document.

The availability of the Tender Offer to Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction in which they are located. Persons who are not resident in the United Kingdom should read the paragraph headed "Overseas Shareholders" set out in Part III of this document and should inform themselves about, and observe, any applicable legal or regulatory requirements.

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Expected Timetable of Events

Announcement of Tender Offer	28 August 2012
Record Date for the Tender Offer	close of business on 6 September 2012
Latest time and date for receipt of Tender Offer Application Forms and TTE Instructions in relation to Tender Offer	11.00 a.m. on 7 September 2012
Trade Date	10 September 2012
Announcement of take-up level under the Tender Offer	10 September 2012
Annual General Meeting	11.00 a.m. on 11 September 2012
General Meeting	11.15 a.m. on 11 September 2012
Settlement date for the Tender Offer: cheques despatched and assured payments made through CREST	13 September 2012

Definitions

In this Circular, unless the context otherwise requires, the following expressions bear the following meanings:

Act	the Companies Act 2006
Articles	the articles of association of the Company as amended from time to time
Basic Entitlement	11.5 per cent. of the Shares held by an Eligible Shareholder
Business Day	any day (excluding Saturdays, Sundays and public holidays) on which banks are open for normal banking business in the City of London
Circular	this document dated 28 August 2012, addressed to the Shareholders
Closing Date	11.00 a.m. on 7 September 2012
Company	Colefax Group PLC
CREST	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)) for the paperless settlement of transfers and the holding of shares in uncertificated form which is administered by Euroclear UK & Ireland Limited
Directors or Board	the directors of the Company, whose names are set out on page 6 of this document
Eligible Shareholder	a Shareholder on the register of members of the Company at close of business on the Record Date
Escrow Agent	Computershare Investor Services PLC
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST
London Stock Exchange	London Stock Exchange plc
Overseas Shareholder	a Shareholder resident in, or citizens or nationals of, jurisdictions outside the United Kingdom
Peel Hunt	Peel Hunt LLP
Record Date	close of business on 6 September 2012
Registrars	Computershare Investor Services PLC
Repurchase Agreement	the agreement dated 28 August 2012 between the Company and Peel Hunt for the repurchase by the Company of the Shares purchased by Peel Hunt pursuant to the Tender Offer (or otherwise a corresponding number of Shares) by way of an on market purchase
Resolution	the Resolution passed on 13 September 2011 at the Company's last Annual General Meeting authorising the purchase of shares by the Company in accordance with s701 of the Act
Restricted Jurisdiction	the United States, Canada, Australia and Japan and any other jurisdiction where the mailing of this document into or inside such

	jurisdiction would constitute a violation of the laws of such jurisdiction
Shareholders	holders of Shares
Shares	ordinary shares of 10 pence each in the capital of the Company
Tender Offer	the tender offer enabling Shareholders to apply for Peel Hunt to acquire, on behalf of the Company, up to 11.5 per cent. of the issued share capital of the Company on and subject to the terms and conditions set out in this Circular
Tender Offer Application Form	the application form in relation to the Tender Offer which is enclosed with this document
Tender Price	250 pence per Share
Tendering Shareholders	Eligible Shareholders (other than certain Shareholders in Restricted Jurisdictions) participating in the Tender Offer
Trade Date	the date on which Shares are bought from Tendering Shareholders by Peel Hunt and subsequently repurchased by the Company, being 10 September 2012
TFE Instruction	a transfer from escrow instruction (as defined by the CREST Manual issued by Euroclear)
TTE Instruction	a transfer to escrow instruction (as defined by the CREST Manual issued by Euroclear)
Whitewash Circular	the Circular to Shareholders dated 2 August 2012 notifying Shareholders of a General Meeting on 11 September 2012 and proposing a resolution to grant a waiver of Rule 9 of the Takeover Code.

Part I – Letter from the Chairman

Colefax Group PLC
39 Brook Street
London
W1K 4JE

28 August 2012

Directors:

D. B Green (*Chairman and Chief Executive*)
R. M. Barker BSc ACA (*Group Finance Director*)
W. Nicholls (*Decorating Managing Director*)
K. Hall (*Chief Executive Officer – USA*)
A. K. P. Smith (*Non-Executive Director*)

Dear Shareholder

Tender Offer by Peel Hunt LLP to purchase, on behalf of the Company, up to 11.5 per cent. of the Company's issued share capital

Introduction

The purpose of this Circular is to set out your Board's proposals for a tender offer. The Company has for a number of years followed a policy of buying back Shares when they have become available in order to enhance earnings for the remaining shareholders. The Company has built up distributable reserves of approximately £6.9 million and the Board has recently decided that, rather than buying back Shares on an ad hoc basis when they become available through the market, it would be appropriate to offer all Shareholders the opportunity to realise some of their investment in the Company by means of a tender offer pursuant to which Peel Hunt will purchase, as principal, up to 11.5 per cent. of the issued share capital of the Company at a Tender Price of 250 pence per Share (the "Tender Offer"). These Shares will then be purchased from Peel Hunt by the Company and cancelled. The Tender Offer is subject to the average mid-market quotation for a Share as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the Trade Date not being below 238.25 pence.

This Circular sets out the terms and conditions of and the procedure for participating in the Tender Offer, details of which can be found in the accompanying Tender Offer Application Form.

Key points to the Tender Offer

The key points to the Tender Offer are as follows:

- The Tender Offer is for up to 11.5 per cent. of the Company's issued share capital (excluding treasury shares). Under the Tender Offer, each Shareholder is entitled to have up to 11.5 per cent. of his or her shareholding purchased by Peel Hunt at the Tender Price (250 pence per Share).
- The Tender Offer is being made at a premium to the closing market price on 24 August of 3.1 per cent.
- Shareholders will be able to decide whether to tender none, some or all of their Shares within the overall limits of the Tender Offer.
- Tenders in excess of a Shareholder's Basic Entitlement will only be accepted to the extent that other Shareholders tender less than their Basic Entitlement or do not tender any Shares and will, if necessary, be scaled back on a *pro rata* basis (save that tenders from Shareholders who hold less than 500 Shares will be accepted in full subject to there being capacity to purchase those Shares in accordance with the terms of the Tender Offer).

- The Tender Offer is subject to the terms of the Resolution and is therefore conditional on the average mid-market quotation for a Share as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the Trade Date not being below 238.25 pence.
- The Tender Offer closes at 11.00 a.m. on 7 September 2012, which is prior to the scheduled ex-dividend date for the Company's final dividend payment following the Annual General Meeting on 11 September 2012. As such, any shares successfully tendered in the Tender Offer will not be eligible for receipt of any final dividend payment.

The Shares purchased by Peel Hunt under the Tender Offer will subsequently be purchased by the Company under the terms of the Repurchase Agreement and will then be cancelled. The Tender Offer is subject to the conditions set out in the Repurchase Agreement being fulfilled. Following completion of the Repurchase Agreement, the Company's issued share capital will be reduced to 12.3 million Shares, assuming the Tender Offer is taken up in full. The Tender Offer is open to Shareholders on the register of the Company at the close of business on 6 September 2012.

There is no guarantee that the Tender Offer will take place. The Tender Offer is conditional on, among other things, the average mid-market quotation for a Share as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the Trade Date not being below 238.25 pence and will not proceed if any of the conditions specified in paragraph 2 of Part III of this document are not satisfied or if it is withdrawn by the Company at any point prior to the announcement of the results of the Tender Offer. The non-fulfilment of the specified conditions would mean that the Tender Offer could not be implemented and that the Company would have to bear the abortive costs of making the Tender Offer.

Options for Shareholders

Under the Tender Offer, Shareholders can choose:

- to do nothing and to retain in full their investment in the Company; or
- to tender some or all of their Shares for purchase and to receive cash in consideration of such purchase (subject to scaling back of tenders in excess of the Basic Entitlement).

Shareholders, other than certain Shareholders in Restricted Jurisdictions, will be entitled to have up to 11.5 per cent. of their respective holdings purchased under the Tender Offer. Such Shareholders will be able to tender additional Shares, but such tenders will only be satisfied, on a *pro rata* basis, to the extent that other Shareholders tender less than their Basic Entitlement or do not submit a tender, save that tenders from Shareholders who hold less than 500 Shares will be accepted in full subject to there being capacity to purchase those Shares in accordance with the terms of the Tender Offer.

Material Terms of Repurchase Agreement

The Repurchase Agreement between the Company and Peel Hunt is dated 28 August 2012. Under this agreement, the parties agree that, subject to:

- (a) the Tender Offer becoming unconditional in all respects and not lapsing or terminating in accordance with its terms; and
- (b) an amount equal to the Tender Price multiplied by the number of Shares successfully tendered, plus a fee payable to Peel Hunt and fees and expenses payable by Peel Hunt to its settlement agent, being paid by the Company,

Peel Hunt shall purchase, on-market at the Tender Price, the Shares successfully tendered up to a maximum of 11.5 per cent. of the Shares in issue.

The Company has agreed that immediately following the purchase by Peel Hunt of all Shares which it has agreed to purchase under the terms of the Repurchase Agreement, the Company will purchase from Peel Hunt such Shares, at the Tender Price.

The Repurchase Agreement contains certain representations, warranties and undertakings from Peel Hunt in favour of the Company concerning its authority to enter into the agreement and to make the purchase of Shares pursuant thereto.

The agreement also contains representations and warranties from the Company in favour of Peel Hunt and incorporates covenants in favour of Peel Hunt in respect of certain facts or events in relation to the Company that would affect the Tender Offer.

Impact on Resolutions to be proposed at the Annual General Meeting and General Meeting

As a result of the Tender Offer, which is being implemented under the authority granted by Shareholders at the Company's last Annual General Meeting held on 13 September 2011, the Company's issued share capital will decrease to 12,310,000 (assuming that the maximum of 1,600,000 Shares are bought back and cancelled pursuant to the Tender Offer). This impacts on the resolutions to be proposed at the Company's forthcoming Annual General Meeting and General Meeting to be held on 11 September 2012 and on certain of the information contained in the Whitewash Circular. Shareholders should note the following:

- In relation to Resolution 6 to be proposed at the Annual General Meeting, the Directors will restrict their authority pursuant to this Resolution to the allotment of Shares up to a maximum aggregate nominal amount of £410,333, being one third of the Company's issued share capital assuming the implementation in full of the Tender Offer;
- In relation to Resolution 7 to be proposed at the Annual General Meeting, the Directors will restrict their authority pursuant to this Resolution to the allotment of Shares other than on a pre-emptive basis up to a maximum aggregate nominal amount of £61,500, being 5 per cent. of the Company's issued share capital assuming the implementation in full of the Tender Offer;
- In respect of Resolution 8 to be proposed at the Annual General Meeting, the Directors will limit their authority pursuant to this Resolution to a maximum of 3,374,405 Shares over a five year period.

The information contained in the Whitewash Circular will be deemed to be amended to reflect the fact that the authority to be granted pursuant to Resolution 8 at the Annual General Meeting will be limited to a maximum of 3,374,405 Shares over a five year period. Accordingly, the table at the top of page 6 of the Whitewash Circular will be replaced with the following table.

	<i>Current Shareholding (beneficial and non-beneficial)¹</i>	<i>Current percentage of issued share capital</i>	<i>Shareholding (beneficial and non-beneficial) following the Tender Offer²</i>	<i>Percentage of issued share capital following the Tender Offer³</i>	<i>Percentage of issued share capital following maximum buy-back and cancellation⁴</i>
David Green	4,558,862	32.8	4,458,862	36.2	49.9
	<u>4,558,862</u>	<u>32.8</u>	<u>4,458,862</u>	<u>36.2</u>	<u>49.9</u>

Notes:

- 1 Current interest of Mr Green in the Company's issued share capital.
- 2 Assumes that Mr Green will successfully tender 100,000 Shares pursuant to the Tender Offer.
- 3 Assumes that the maximum of 1,600,000 Shares will be bought back and cancelled by the Company pursuant to the Tender Offer.
- 4 The percentage shareholding which would arise assuming the Company was to acquire and subsequently cancel or put into treasury 3,374,405 Shares under the authority to be granted pursuant to Resolution 8 at the Company's Annual General Meeting to be held on 11 September 2012, assuming the Shares purchased were not held by Mr Green.

The Ordinary Resolution to be proposed at the General Meeting on 11 September 2012, will be proposed on the basis that the shareholding of Mr Green referred to therein will be 4,458,862 Shares rather than 4,558,862 Shares but the other information contained therein, including the maximum percentage shareholding of Mr Green, will be unaffected.

Action to be taken by Shareholders

Shareholders who hold their shares in certificated form will find accompanying this Circular a personalised Tender Offer Application Form for use by them in connection with the Tender Offer. Shareholders who wish to make an application in respect of some or all of the Shares registered in their name on the Record Date should complete the Tender Offer Application Form in accordance with the instructions printed thereon and in the section of this Circular headed “Terms and Conditions of the Tender Offer” and return it by post to, Computershare Investors Services PLC, Corporate Actions Projects, Bristol, BS99 6AH, or by hand (during normal business hours) to Colefax Group PLC Tender Offer, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, to arrive no later than 11.00 a.m. on 7 September 2012. A reply-paid envelope is enclosed for this purpose.

In addition, participating Shareholders who hold Shares in certificated form should return their share certificate(s) (at their own risk) for the Shares in respect of which they are making an application in the Tender Offer. Shareholders who hold Shares in CREST should comply with the procedures set out in the section of this Circular headed “Terms and Conditions of the Tender Offer” in respect of transferring uncertificated Shares in escrow through CREST.

Shareholders who do not wish to sell Shares in the Tender Offer should not return their Tender Offer Application Forms. A Tender Offer Application Form, once lodged, may not be withdrawn.

The attention of all Shareholders is drawn to paragraph 10 of the section headed “Terms and Conditions of the Tender Offer” set out in Part III of this document.

It is the responsibility of all Shareholders to satisfy themselves as to the observance of any legal requirements in their jurisdiction, including, without limitation, any relevant requirements in relation to the ability of such Shareholders to complete and return a Tender Offer Application Form or a TTE Instruction.

If you have any questions on the Tender Offer, please call the helpline on 0870 889 3295.

Recommendation

In the opinion of the Board, the proposals described in this Circular are in the best interests of the Shareholders as a whole.

Intentions of the Directors

The following Directors have informed the Company that they and their connected persons intend to tender the following number of Shares into the Tender Offer:

David Green	100,000
Robert Barker	13,700 ¹
Wendy Nicholls	100,000

In each case acceptance by the Company of an application under the Tender Offer in excess of 11.5 per cent. of the applicant’s holding is subject to there being capacity to purchase those Shares in accordance with the terms of the Tender Offer.

Yours sincerely

DAVID GREEN
Chairman

1 The shares to be tendered by Robert Barker comprise 6,700 in his name and 7,000 in his wife’s name.

Part II – Letter from Peel Hunt LLP

Peel Hunt LLP
Moor House
120 London Wall
London
EC2Y 5ET

28 August 2012

Dear Shareholder

1 TENDER OFFER

As explained in the letter from your Chairman in Part I of this document, Eligible Shareholders (other than certain Shareholders in Restricted Jurisdictions) are being given the opportunity to tender some or all of their Shares for purchase in the Tender Offer, subject to the scaling back of tenders in excess of the Basic Entitlement, on the basis set out below.

The purpose of this letter is to summarise the principal terms and conditions of the Tender Offer.

Peel Hunt hereby gives Eligible Shareholders (other than certain Shareholders in Restricted Jurisdictions) the opportunity to tender Shares for purchase by Peel Hunt at the Tender Price. The Company has agreed to purchase from Peel Hunt all Shares acquired by Peel Hunt from Tendering Shareholders and cancel those Shares.

This letter is not a recommendation to Shareholders to sell or tender their Shares and Shareholders are not obliged to tender any Shares. Shareholders who wish to retain all of their investment in the Company should not return a Tender Offer Application Form or submit a TTE Instruction. Shareholders may tender none, some or all of their Shares. If the aggregate number of Shares tendered by tendering Shareholders equals 11.5 per cent. or less of the Shares in issue as at the Record Date (excluding Shares held in treasury), all Shares validly tendered will be accepted and purchased. In the event that tenders in excess of 11.5 per cent. of the Shares in issue as at the Record Date (excluding Shares held in treasury) are received, such tenders will be scaled back on a *pro rata* basis to the oversubscription to ensure that the total number of Shares purchased pursuant to the Tender Offer does not exceed 11.5 per cent. of the Shares in issue as at the Record Date (excluding Shares held in treasury). Where scaling results in fractional numbers of Shares, requests to sell will be rounded down to the nearest whole number of Shares. Tenders from Shareholders owning fewer than 500 Shares will be accepted in full subject to there being capacity to purchase those Shares in accordance with the terms of the Tender Offer.

The Tender Offer is made on the terms and subject to the conditions set out in Part III of this document and the Tender Offer Application Form (for Shareholders holding Shares in certificated form), the terms of which will be deemed to be incorporated in this document and form part of the Tender Offer.

2 PROCEDURE FOR TENDERING SHARES

The procedure for tendering Shares depends on whether Shares are held in certificated or uncertificated form and is summarised below.

Ordinary Shares held in certificated form

Eligible Shareholders (other than Shareholders in Restricted Jurisdictions) who hold Shares in certificated form and wish to tender Shares should complete the Tender Offer Application Form in accordance with the instructions set out therein and return the completed Tender Offer Application Form by post to, Computershare Investors Services PLC, Corporate Actions Projects, Bristol, BS99 6AH or by hand (during normal business hours only) to Colefax Group PLC Tender Offer, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, to arrive no later than 11.00 a.m. on 7 September 2012.

Shareholders (other than certain Shareholders in Restricted Jurisdictions) who hold their Shares in certificated form must also return the Share certificate(s) and/or other document(s) of title in respect of the Shares tendered with their Tender Offer Application Form.

Ordinary Shares in uncertificated form

Eligible Shareholders who hold Shares in uncertificated form (that is, in CREST) and who wish to tender some or all of their Shares should send a TTE Instruction and follow the procedures set out in Part III of this document in respect of tendering uncertificated Shares, which must have been effected by 11.00 a.m. on 7 September 2012.

Completed Tender Offer Application Forms and/or TTE Instructions (as appropriate) must be received by the Registrars no later than 11.00 a.m. on 7 September 2012.

Shareholders should note that, once tendered, those Shares may not be sold, transferred, charged or otherwise disposed of other than in accordance with the Tender Offer.

Although the Tender Offer Application Form (in respect of certificated Shares) must be returned by 11.00 a.m. on 7 September 2012, the purchase by Peel Hunt of the Shares tendered by Shareholders will not be effected until on or about 10 September 2012. Upon having returned a Tender Offer Application Form, a Shareholder is deemed to accept that such a tender application may not be withdrawn or cancelled before the Closing Date.

Full details of the procedure for tendering Shares are set out in Part III of this document and (for Shareholders holding Shares in certificated form) in the Tender Offer Application Form.

3 VALIDITY OF TENDER OFFER APPLICATION FORMS

Tender Offer Application Forms or TTE Instructions which are received by the Registrars after 11.00 a.m. on 7 September 2012, or which at that time are incorrectly completed or not accompanied by all relevant documents or instructions, may be rejected and returned to Shareholders or their appointed agent, together with any accompanying Share certificate(s) and/or other document(s) of title or a satisfactory indemnity in lieu thereof.

Peel Hunt reserves the right to treat as valid Tender Offer Application Forms or TTE Instructions which are not entirely in order and which are not accompanied (in the case of Shares held in certificated form) by the relevant Share certificate(s) and/or other document(s) of title or a satisfactory indemnity in lieu thereof and shall be entitled (in its sole discretion) to accept late Tender Offer Application Forms or TTE Instructions.

4 SHAREHOLDERS IN RESTRICTED JURISDICTIONS AND OTHER OVERSEAS SHAREHOLDERS

The Tender Offer is generally not available to Shareholders with registered or mailing addresses in Restricted Jurisdictions, or who are citizens or nationals of, or resident in, a Restricted Jurisdiction and such Shareholders should read paragraph 10 of Part III of this document and the relevant provisions of the Tender Offer Application Form.

Overseas Shareholders (not being Shareholders in Restricted Jurisdictions) who wish to accept the Tender Offer should also read paragraph 10 of Part III and satisfy themselves that they have fully observed any applicable legal requirements under the laws of the relevant jurisdiction.

5 CONDITIONS

The Tender Offer is conditional on the terms specified in paragraph 2 of Part III of this document.

6 TERMINATION OF OFFER

The Tender Offer may be terminated in the circumstances described in paragraph 8 of Part III of this document.

7 FINAL SETTLEMENT

Subject to the Tender Offer becoming unconditional, final cash payments to Shareholders whose tenders have been accepted will be made (by a sterling cheque or by a CREST payment, as appropriate) by 13 September 2012.

8 FURTHER INFORMATION

Your attention is drawn to the information contained in the rest of this document, including, in particular, the terms and conditions of the Tender Offer in Part III of this document.

Yours faithfully

Peel Hunt LLP

Part III – Terms and Conditions of the Tender Offer

1 Applications

- 1.1 Every Eligible Shareholder on the register on the Record Date may apply in respect of Shares (up to the number of Shares registered in his or her name on the Record Date) for purchase by Peel Hunt, on the terms and subject to the conditions set out in this Circular and the accompanying Tender Offer Application Form (which together constitute the “Tender Offer”). Shareholders are not obliged to make an application under the Tender Offer. The Company will, in turn, repurchase from Peel Hunt the Shares purchased by Peel Hunt pursuant to the Tender Offer. All of the Shares purchased by the Company will be cancelled.
- 1.2 The Tender Offer is made at the Tender Price.
- 1.3 Upon the Tender Offer becoming unconditional, and unless the Tender Offer has been terminated in accordance with the provisions of paragraph 8 below, Peel Hunt will accept the applications of Shareholders validly made in accordance with these terms and conditions, subject as mentioned below, on the following basis:
 - (a) each Eligible Shareholder will be entitled to sell to Peel Hunt a number of Shares equivalent to the Basic Entitlement of that Eligible Shareholder;
 - (b) the Basic Entitlement will apply to each Eligible Shareholder (Eligible Shareholders who hold for multiple beneficial owners may decide the allocation between such beneficiaries in their own discretion); and
 - (c) each Eligible Shareholder will also be entitled to sell Shares in excess of his or her Basic Entitlement, to the extent that other Shareholders do not apply at all or apply in respect of less than the whole of their own individual Basic Entitlement; any such excess applications will be satisfied *pro rata* in proportion to the number of Shares in respect of which applications are made in excess of the Basic Entitlement rounded down to the nearest whole number of Shares, provided that Tenders from Eligible Shareholders owning less than 500 Shares will be accepted in full subject to there being capacity to purchase those Shares in accordance with the terms of the Tender Offer.
- 1.4 Subject to the terms of the Tender Offer, Peel Hunt will purchase shares tendered by Eligible Shareholders under the Tender Offer at the Tender Price on 10 September 2012.
- 1.5 The total number of Shares purchased pursuant to the Tender Offer will not exceed 1,600,000 Shares (equivalent to a maximum total amount payable, excluding expenses, of £4,000,000).
- 1.6 The Tender Offer will close on the Closing Date except to the extent that Peel Hunt extends the period for applications under the Tender Offer, in which case a new closing date will be given. Peel Hunt reserves the right, subject to applicable legal and regulatory requirements, to amend the expected timetable shown on page 3 of this Circular, which includes extending the period for applying under the Tender Offer, at any time prior to 11.00 a.m. on 7 September 2012. Any material change to the expected timetable will be notified to Shareholders by way of an announcement through a regulatory information service provider of the London Stock Exchange. Any such changes will comply with all applicable legal and regulatory requirements, including, but not limited to, the duration of any extensions.

2 Conditions

- 2.1 The Tender Offer is conditional on:
 - (a) the average mid-market quotation for a Share as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the Trade Date not being below 238.25 pence;

- (b) Peel Hunt being satisfied that the Company has paid funds to Peel Hunt in accordance with the terms of the Repurchase Agreement (to hold on trust for the Company pending completion of the Tender Offer), sufficient to allow Peel Hunt to complete the purchase of the Shares to be acquired by Peel Hunt pursuant to the Tender Offer;
- (c) Peel Hunt being satisfied that the Company is in a position to purchase all Shares which it is required to purchase from Peel Hunt out of profits available for distribution (as defined in Section 830 of the Act);
- (d) the Repurchase Agreement not having been terminated in accordance with its terms; and
- (e) the Tender Offer not having been terminated in accordance with paragraph 8 (the “Tender Conditions”).

Peel Hunt will not purchase Shares pursuant to the Tender Offer unless the Tender Conditions have been satisfied. The Tender Conditions may not be waived by Peel Hunt or the Company. If any of the above conditions is not satisfied by 11.00 a.m. on 10 September 2012 (or such later time and date as the Company and Peel Hunt may agree), the Tender Offer will not proceed and will lapse.

3 Procedure for application

There are different procedures for application under the Tender Offer depending on whether your Shares are held in certificated or uncertificated form.

If you hold Shares in certificated form, you may apply only by completing and returning the Tender Offer Application Form in accordance with the procedure set out in paragraph 3.1 below. Additional Tender Offer Application Forms are available from Computershare Investor Services PLC by telephone on 0870 889 3295 (or, if you are calling from outside the United Kingdom, +44 (0)870 889 3295).

If you hold Shares in uncertificated form (that is, in CREST), you may apply only by TTE Instruction in accordance with the procedure set out in paragraph 3.3 below and, if those Shares are held under different account IDs, you should send a separate TTE Instruction for each member account ID.

If you are in any doubt as to how to complete the Tender Offer Application Form or as to the procedure for application under the Tender Offer, please contact Computershare Investor Services by telephone on 0870 889 3295 (or, if you are calling from outside the United Kingdom, +44 (0)870 889 3295).

Calls to the helpline cost approximately 8 pence per minute (excluding VAT) from a BT landline. Other network providers' costs may vary. Lines are open from 9.00 a.m. to 5.00 p.m. Monday to Friday (except UK public holidays). Calls to the Shareholder helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.

Please note that, for legal reasons, the helpline is only able to provide information contained in this Circular, information relating to the Company's register of members and information regarding completion of forms and is unable to give advice on the merits of the Tender Offer or to provide legal, financial, tax or investment advice. You are reminded that, if you are a CREST Sponsored Member, you should contact your CREST sponsor before taking any action.

3.1 Procedure for Shares held in certificated form (that is, not in CREST)

To apply in respect of Shares held in certificated form you must complete, sign and have witnessed the Tender Offer Application Form.

The completed, signed and witnessed Tender Offer Application Form should be sent either by post in the accompanying reply-paid envelope (for use in the UK only) or by hand during normal business

hours only along with the relevant share certificate(s) and/or other documents of title to Colefax Group Tender Offer, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE as soon as possible and, in any event, so as to be received no later than 11.00 a.m. on 7 September 2012. Peel Hunt shall be entitled (in its sole discretion) to accept late Tender Offer Application Forms, but, subject to the exercise of this discretion, applications received after 11.00 a.m. on 7 September 2012 will not be valid. No acknowledgement of receipt of documents will be given.

If your share certificate(s) and/or other documents of title are not readily available (for example, if they are with your stockbroker, bank or other agent) or are lost, the Tender Offer Application Form should nevertheless be completed, signed and returned as described above so as to be received by Computershare Investor Services PLC, at either of the addresses above not later than 11.00 a.m. on 7 September 2012 together with any share certificate(s) and/or documents of title you may have available, accompanied by a letter of explanation stating that the (remaining) share certificate(s) and/or other document(s) of title will be forwarded as soon as possible thereafter and, in any event, not later than 11.00 a.m. on 7 September 2012. Computershare Investor Services PLC will effect such procedures as are required to transfer your Shares to the Company under the Tender Offer. If you have lost your share certificate(s) and/or other document(s) of title, you should write to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, for a letter of indemnity in respect of the lost share certificate(s) which, when completed in accordance with the instructions given, should be returned to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH so as to be received not later than 11.00 a.m. on 7 September 2012.

3.2 *Validity of Tender Offer Application Form*

Notwithstanding the powers in paragraph 9.4 below Peel Hunt reserves the right to treat as valid only Tender Offer Application Forms which are received entirely in order by 11.00 a.m. on 7 September 2012 and which are accompanied (in the case of Shares held in certificated form) by the relevant share certificate(s) and/or other document(s) of title or a satisfactory indemnity in lieu thereof or (in the case of Shares held in uncertificated form) by the relevant TTE Instruction, in each case in respect of the entire number of Shares in respect of which application is made. The Record Date for the Tender Offer is close of business on 6 September 2012.

Notwithstanding the completion of a valid Tender Offer Application Form, the Tender Offer may be suspended or terminated or may lapse in accordance with these terms and conditions. Peel Hunt shall be entitled to accept Tender Offer Application Forms which are received after 11.00 a.m. on 7 September 2012 in its sole discretion. The decision of the Company as to the Shares in respect of which applications have been validly made shall be conclusive and binding on all Shareholders.

3.3 *Procedure for Shares held in uncertificated form (that is, in CREST)*

If the Shares in respect of which you wish to apply under the Tender Offer are held in uncertificated form, you should take (or procure to be taken) the action set out below to transfer (by means of a TTE Instruction) the number of Shares in respect of which you wish to make an application under the Tender Offer to an escrow balance, specifying Computershare Investor Services PLC (in its capacity as a CREST receiving agent under its participant ID and Member Account ID referred to below) as the Escrow Agent, **as soon as possible and, in any event, so that the transfer to escrow settles by no later than 11.00 a.m. on 7 September 2012. Peel Hunt shall be entitled (in its sole discretion) to accept late transfers to escrow.**

If you are a CREST Sponsored Member, you should refer to your CREST Sponsor before taking any action. Your CREST Sponsor will be able to confirm details of your Participant ID and the member account ID under which your Shares are held. In addition, only your CREST Sponsor will be able to send the TTE Instruction to Euroclear in relation to the Shares in respect of which you wish to apply. You should send (or, if you are a CREST Sponsored Member, procure that your CREST Sponsor sends) a TTE Instruction to Euroclear, which must be properly authenticated in accordance with

Euroclear's specifications and which must contain, in addition to other information that is required for the TTE Instruction to settle in CREST, the following details:

- the corporate action number of the Tender Offer. This is allocated by Euroclear and will be available on screen from Euroclear;
- the number of Shares to be transferred to an escrow balance;
- your Member Account ID;
- your participant ID;
- the Participant ID of the Escrow Agent, in its capacity as a CREST receiving agent. This is 3RA41;
- the Member Account ID of the Escrow Agent. This is COLEFAX;
- the intended settlement date for the transfer to escrow. This should be as soon as possible and, in any event, by no later than 11.00 a.m. on 7 September 2012;
- the ISIN of the Shares, which is GB0002090453;
- input with the standard delivery instruction, priority 80; and
- a contact name and telephone number in the shared note field.

After settlement of the TTE Instruction, you will not be able to access the Shares concerned in CREST for any transaction or for charging purposes, notwithstanding that they will be held by Computershare Investor Services PLC as your agent until completion or lapsing of the Tender Offer. If the Tender Offer becomes unconditional, Computershare Investor Services PLC will transfer your Shares to Peel Hunt. You are recommended to refer to the CREST manual published by Euroclear for further information on the CREST procedures outlined above. For ease of processing you are requested, wherever possible, to ensure that a Tender Offer Application Form relates to only one transfer to escrow. **You 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 connection with a TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST Sponsor) to enable a TTE Instruction relating to your Shares to settle prior to 11.00 a.m. on 7 September 2012.** In this connection you are referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings. Peel Hunt shall be entitled (in its sole discretion) to accept late TTE Instructions to settle but, subject to the exercise of this discretion, TTE Instructions which settle after 11.00 a.m. on 7 September 2012 will not be valid.

An appropriate announcement will be made if any of the details contained in this paragraph 3.3 are altered.

3.4 *Deposits of Shares into, and withdrawals of Shares from, CREST*

CREST procedures (including timings) apply in relation to any Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Tender Offer (whether such conversion arises as a result of a transfer of Shares or otherwise). Shareholders who are proposing to convert any such Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Shares as a result of the conversion to take all necessary steps in connection with such person's participation in the Tender Offer (in particular, as regards delivery of any share certificate(s) and/or other document(s) of title or transfers to an escrow balance as described above) prior to 11.00 a.m. on 7 September 2012.

4 Shares not purchased

- 4.1 If only part of a holding of Shares is sold pursuant to the Tender Offer or if, because of scaling back, any Shares in excess of the Basic Entitlement are not purchased pursuant to the terms of the Tender Offer:
- (a) where the Shares are held in certificated form, the Shareholder will be entitled to receive a certificate in respect of the balance of the remaining Shares; or
 - (b) where the Shares are held in uncertificated form (that is, in CREST), the unsold Shares will be transferred by the Escrow Agent by means of a TFE Instruction to the original available balance from which those Shares came.

5 Tender Offer Application Form

Each Shareholder by whom, or on whose behalf, a Tender Offer Application Form is executed hereby irrevocably undertakes, represents, warrants and agrees to and with Peel Hunt (so as to bind him or her and his or her personal representatives, heirs, successors and assigns) that:

- 5.1 the execution of the Tender Offer Application Form shall constitute an offer to sell to Peel Hunt such Basic Entitlement or, if relevant, the number of Shares inserted in Box 2B or 2C of the Tender Offer Application Form, in each case, on and subject to the terms and conditions set out or referred to in this Circular and the Tender Offer Application Form and that, once lodged, such offer shall be irrevocable;
- 5.2 such Shareholder has full power and authority to submit a Tender Offer Application Form, sell, assign or transfer the Shares in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are purchased by Peel Hunt, Peel Hunt will acquire such Shares with full title guarantee, fully paid and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the Closing Date including the right to receive all dividends and other distributions declared paid or made after that date;
- 5.3 the execution of the Tender Offer Application Form will, subject to the Tender Offer becoming unconditional, in respect of Shares held in certificated form, constitute the irrevocable appointment of any director or officer of Peel Hunt as such Shareholder's attorney and/or agent (the "attorney"), and an irrevocable instruction and authority to the attorney to:
- (a) complete and execute all or any instruments of transfer and/or other documents at the attorney's discretion in relation to the Shares referred to in paragraph 5.1 above in favour of Peel Hunt or such other person or persons as Peel Hunt may direct;
 - (b) to deliver such instrument(s) of transfer and/or other documents at the discretion of the attorney, together with the share certificate(s) and/or other document(s) relating to such Shares, for registration within six months of the Tender Offer becoming unconditional and to do all such other acts and things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the Tender Offer and to vest in Peel Hunt, or its nominee(s) or such other person(s) as Peel Hunt may direct, such Shares;
 - (c) procure the purchase of the Shares which are the subject of the Tender Offer Application Form and sell such Shares to the Company for cancellation; and
 - (d) despatch or otherwise make payment of the proceeds of sale in respect of the purchased Shares in accordance with the settlement provision set out in these terms and conditions;
- 5.4 such Shareholder shall not take any action which would prevent the Company or Computershare Investor Services from cancelling the Shares tendered under the Tender Offer;

- 5.5 such Shareholder will ratify and confirm each and every act or thing which may be done or effected by Peel Hunt or any of its directors or any person nominated by Peel Hunt in the proper exercise of its or his or her powers and/or authorities hereunder;
- 5.6 if holding Shares in certificated form, such Shareholder will deliver to Computershare Investor Services PLC his or her share certificate(s) and/or other document(s) of title in respect of the Shares referred to in paragraph 5.1 above, or an indemnity acceptable to Peel Hunt in lieu thereof, or will procure the delivery of such document(s) to such person as soon as possible thereafter and, in any event, not later than the Closing Date;
- 5.7 such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable, in each case to complete the purchase of the Shares and/or to perfect any of the authorities expressed to be given hereunder;
- 5.8 such Shareholder has observed the laws of all relevant jurisdictions, obtained any requisite consents, complied with all applicable formalities and confirms that the invitation under the Tender Offer may be made to him under the laws of the relevant jurisdiction, and has not taken or omitted to take any action which would otherwise result in Peel Hunt or the Company acting in breach of any applicable legal or regulatory requirement in respect of the purchase of the Shares tendered by him under the Tender Offer;
- 5.9 such Shareholder has not received or sent copies or originals of the Tender Offer Application Form or any related documents to any overseas jurisdiction and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile, transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of any overseas jurisdiction, that the Tender Offer Application Form has not been mailed or otherwise sent in, into or from the overseas jurisdiction and that such Shareholder is not accepting the Tender Offer from any overseas jurisdiction;
- 5.10 if such Shareholder is an Overseas Shareholder, (a) the Shareholder is not in any Restricted Jurisdiction or in any territory in which it is unlawful to make or accept the Tender Offer or to use the Tender Offer Application Form in any manner in which the person has used or will use it, (b) the Shareholder has fully observed any applicable legal and regulatory requirements of the territory in which such Overseas Shareholder is resident or located and (c) the invitation under the Tender Offer may be made to such Overseas Shareholder under the laws of the relevant jurisdiction;
- 5.11 the provisions of the Tender Offer Application Form shall be deemed to be incorporated into the terms and conditions of the Tender Offer;
- 5.12 the execution of the Tender Offer Application Form constitutes a warranty by such Shareholder that the information given by or on behalf of the Shareholder in the Tender Offer Application Form will be true in all respects at the time Peel Hunt purchases the Shares referred to in paragraphs 5.1 and 5.2 above as if it had been given afresh at such time and shall not be extinguished by such purchase;
- 5.13 the despatch of a cheque to a Shareholder as referred to in paragraph 7 of these terms and conditions headed "Settlement", will discharge fully any obligation of Peel Hunt to pay such Shareholder the consideration to which he is entitled under the Tender Offer;
- 5.14 on execution, the Tender Offer Application Form takes effect as a deed; and
- 5.15 the execution of the Tender Offer Application Form constitutes such Shareholder's submission to the exclusive jurisdiction of the courts of England in relation to all matters arising out of or in connection with the Tender Offer and/or the Tender Offer Application Form. A reference in this paragraph 5.15 to a Shareholder includes a reference to the person or persons executing the Tender Offer Application Form and, in the event of more than one person executing a Tender Offer Application Form, the provisions of this paragraph will apply to them jointly and to each of them.

6 Applications through CREST

Each Shareholder by whom, or on whose behalf, an application through CREST is made irrevocably undertakes, represents, warrants and agrees to and with Peel Hunt (so as to bind him or her and his or her personal representatives, heirs, successors and assigns) that:

- 6.1 the input of the TTE Instruction shall constitute an offer to sell to Peel Hunt such number of Shares as are specified in the TTE Instruction or in respect of which an application is deemed to be made, in each case, on and subject to the terms and conditions set out or referred to in this Circular and that once the TTE Instruction has settled, such application shall be irrevocable after 11.00 a.m. on 7 September 2012;
- 6.2 such Shareholder has full power and authority to submit a TTE Instruction, sell, assign or transfer the Shares in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are purchased by Peel Hunt, Peel Hunt will acquire such Shares with full title guarantee, fully paid and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, on or after the Closing Date including the right to receive all dividends and other distributions declared, paid or made after that date;
- 6.3 the input of the TTE Instruction will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of Peel Hunt or Computershare Investor Services PLC as the Shareholder's attorney and/or agent (the "attorney") and an irrevocable instruction and authority to the attorney (i) subject to the Tender Offer becoming unconditional, to transfer to Peel Hunt (or to such person or persons as Peel Hunt may direct) by means of CREST all of the Relevant Shares (as defined below) in respect of which the Tender Offer is accepted or deemed to be accepted (but not exceeding the number of Shares in respect of which applications have been made pursuant to the Tender Offer); and (ii) if the Tender Offer does not become unconditional and lapses, or there are Shares in respect of which applications have not been successfully made under the Tender Offer, to give instructions to Euroclear, as promptly as practicable after the lapsing of the Tender Offer, to transfer Relevant Shares to the original available balances from which those Shares came. For the purposes of this paragraph 6.3, "Relevant Shares" means Shares in uncertificated form and in respect of which a transfer or transfers to escrow has or have been effected pursuant to the procedures described in these terms and conditions;
- 6.4 such Shareholder shall not take any action which would prevent the Company or Computershare Investor Services from cancelling the Shares tendered under the Tender Offer;
- 6.5 such Shareholder will ratify and confirm each and every act or thing which may be done or effected by Peel Hunt or any of its directors or any person nominated by Peel Hunt or Computershare Investor Services in the proper exercise of its or his or her powers and/or authorities hereunder;
- 6.6 it shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by Peel Hunt to be desirable, in each case to complete the purchase of the Shares and/or to perfect any of the authorities expressed to be given hereunder;
- 6.7 such Shareholder has observed the laws of all relevant jurisdictions, obtained any requisite consents, complied with all applicable formalities, that the invitation under the Tender Offer may be made to him under the laws of the relevant jurisdiction, and has not taken or omitted to take any action which would otherwise result in Peel Hunt or the Company acting in breach of any applicable legal or regulatory requirement in respect of the purchase of the Shares tendered by him under the Tender Offer;
- 6.8 if such Shareholder is an Overseas Shareholder, (a) he or she is not in any Restricted Jurisdiction or in any territory in which it is unlawful to make or accept the Tender Offer, (b) he or she has fully observed any applicable legal and regulatory requirements of the territory in which such Overseas Shareholder is resident or located and (c) the invitation under the Tender Offer may be made to such Overseas Shareholder under the laws of the relevant jurisdiction;

- 6.9 such Shareholder has not received or been sent copies or originals of this document, the Tender Offer Application Form or any related documents in, into or from the United States, Canada, Australia, Japan or any other Restricted Jurisdiction and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of the United States, Canada, Australia, Japan or any other Restricted Jurisdiction at the time of the input of the relevant TTE instruction; that the TTE instruction has not been sent from the United States, Canada, Australia, Japan or any other Restricted Jurisdiction and such Shareholder is accepting the Tender Offer from outside the United States, Canada, Australia, Japan or any other Restricted Jurisdiction;
- 6.10 the creation of a payment obligation in favour of such Shareholder's payment bank in accordance with the CREST payment arrangements as referred to in paragraph 7 of these terms and conditions headed "Settlement" will, to the extent of the obligations so created, discharge fully any obligation of Peel Hunt to pay to such Shareholder the consideration to which he is entitled under the Tender Offer;
- 6.11 the input of the TTE Instruction constitutes such Shareholder's submission to the jurisdiction of the courts of England in relation to all matters arising out of or in connection with the Tender Offer;
- 6.12 if, for any reason, any Shares in respect of which a TTE Instruction has been made are, prior to the Closing Date, converted into certificated form, the application through CREST in respect of such Shares shall cease to be valid and the Shareholder will need to comply with the procedures for application in respect of Shares in certificated form as set out in this Circular in respect of the Shares so converted, if he or she wishes to make a valid application in respect of such Shares pursuant to the Tender Offer; and
- 6.13 if the appointment of agent provision under paragraph 6.3 above shall be unenforceable or invalid or shall not operate so as to afford any director or officer of Peel Hunt or Computershare Investor Services the benefit or authority expressed to be given therein, the Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable Peel Hunt or Computershare Investor Services PLC to secure the full benefits of paragraph 6.3 above.

7 Settlement

Settlement of the consideration to which any Shareholder is entitled pursuant to tenders accepted by Peel Hunt as complete in all respects will be made by the despatch of cheques or CREST messages as follows:

7.1 Shares in certificated form

Where an accepted tender relates to Shares held in certificated form, cheques for the consideration due will be despatched by Computershare Investor Services PLC by first class post to the person or agent whose name and address (outside the United States, Canada, Australia, Japan or any other Restricted Jurisdiction) is set out in Box 1 or Box 5 of the Tender Offer Application Form or, if none is set out, to the registered address of the tendering Shareholder or, in the case of joint holders, the registered address of the first named Shareholder. All payments will be made in pounds sterling by cheque, drawn on a branch of a UK clearing bank.

7.2 Shares in uncertificated form (that is, in CREST)

Where a purchase relates to Shares held by Shareholders in uncertificated form, the consideration due will be paid through CREST, by the Receiving Agent (on behalf of Peel Hunt, or, as the case may be, the Company) procuring the creation of a payment obligation in favour of the payment banks in pounds sterling of accepting Shareholders in accordance with the CREST payment arrangement.

8 Termination of the Tender Offer

If (i) the Company (acting by the Directors) shall at any time prior to the Company effecting the purchase of the Shares in respect of which applications have been made resolve that the completion of the purchase of Shares in the Tender Offer is no longer in the best interests of the Company and/or the Shareholders as a whole or would have unexpected adverse fiscal consequences (whether by reason of a change in legislation or practice or otherwise) for the Company or its Shareholders if the Tender Offer were to proceed, or (ii) if at any time prior to 11.00 a.m. on 10 September 2012, any of the Conditions has not been satisfied, the Company shall be entitled in its complete discretion by a public announcement to direct that the Tender Offer be withdrawn and in such event the Tender Offer shall cease and determine absolutely without any liability on the part of Peel Hunt or the Company.

9 Additional Provisions

- 9.1 Each Shareholder may apply under the Tender Offer in respect of some or all of his or her holding of Shares by the Closing Date, subject to the scaling back of applications in excess of such Shareholder's Basic Entitlement. If (i) Box 2 of the Tender Offer Application Form is not completed; or (ii) in Peel Hunt' determination (in its absolute discretion) Box 2 has not been validly completed, provided that the Tender Offer Application Form is otherwise in order and accompanied by all other relevant documents, the application may be accepted as a valid application in respect of the number of Shares delivered in accordance with paragraph 5.6 above.
- 9.2 Shares acquired by Peel Hunt under the Tender Offer will be on-market purchases in accordance with the rules of the London Stock Exchange and the UK Listing Authority.
- 9.3 Shares sold by Shareholders pursuant to the Tender Offer will be acquired with full title guarantee, fully paid and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after the Closing Date including the right to receive all dividends and other distributions declared, paid or made after that date.
- 9.4 Unless lapsed, extended or terminated in accordance with the provisions of this Circular, the Tender Offer will close at 11.00 a.m. on 7 September 2012 and it is expected that by close of business on 10 September 2012 Peel Hunt will make a public announcement of the total number of Shares in respect of which applications have been made and, if appropriate, the proportion of such Shares which will be purchased by the Company from Shareholders who have submitted applications in respect of Shares in excess of their Basic Entitlement.
- 9.5 Each Shareholder who submits or procures the submission of an application in respect of Shares will thereby be deemed to have agreed that, in consideration of Peel Hunt agreeing to process his or her application, such Shareholder will not revoke his or her application or withdraw his or her Shares. Shareholders should note that once a Tender Offer Application Form has been submitted, Shares may not be sold, transferred, charged or otherwise disposed of other than in accordance with the Tender Offer.
- 9.6 Any omission to despatch this Circular or the Tender Offer Application Form or any notice required to be despatched under the terms of the Tender Offer to, or any failure to receive the same by, any person entitled to participate in the Tender Offer shall not invalidate the Tender Offer in any way or create any implication that the Tender Offer has not been made to any such person.
- 9.7 No acknowledgement of receipt of any Tender Offer Application Form(s), share certificate(s) and/or document(s) of title will be given. All applications, communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from Shareholders (or their designated agents) will be delivered by or sent to or from Shareholders (or their designated agents) at their own risk.
- 9.8 All powers of attorney and authorities on the terms conferred by or referred to in these terms and conditions or the Tender Offer Application Form are given by way of security for the performance of

the obligations of the Shareholders concerned and are irrevocable in accordance with Section 4 of the Powers of Attorney Act 1971.

- 9.9 All applications by certificated holders must be made on the relevant prescribed Tender Offer Application Form, duly completed in accordance with the instructions set out thereon which constitute part of the terms of the Tender Offer. A Tender Offer Application Form will only be valid when the procedures contained in these terms and conditions and in the Tender Offer Application Form are complied with. The Tender Offer and all applications will be governed by and construed in accordance with English law. Delivery or posting of a Tender Offer Application Form will constitute submission to the exclusive jurisdiction of the English courts.
- 9.10 If the Tender Offer does not become unconditional, lapses or is terminated, all documents lodged pursuant to the Tender Offer will be returned promptly by post, within 14 Business Days of the Tender Offer lapsing or terminating, to the person or agent whose name and address is set out in Box 1 or, if applicable, Box 5 of the Tender Offer Application Form or, if none is set out, to the applicant Shareholder or, in the case of joint holders, the first named at his or her registered address. In the case of Shares held in uncertificated form, Computershare Investor Services PLC in its capacity as the Escrow Agent will, within 14 Business Days of the Tender Offer lapsing, give instructions to Euroclear to transfer all Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Tender Offer by TFE Instruction to the original available balances from which those Shares came. In any of these circumstances the Tender Offer Application Form will cease to have any effect.
- 9.11 The instructions, terms, provisions and authorities contained in or deemed to be incorporated in the Tender Offer Application Form shall constitute part of the terms of the Tender Offer. The definitions set out in this Circular apply to the terms and conditions set out in this Circular.
- 9.12 Subject to paragraphs 1 and 2, the Tender Offer will close at 11.00 a.m. on 7 September 2012. No Tender Offer Application Form, share certificate(s) and/or document(s) of title or indemnity or TTE Instruction received after that time will be accepted, except at the sole discretion of Peel Hunt.
- 9.13 Further copies of this Circular and the Tender Offer Application Form may be obtained on request from Computershare Investor Services PLC by telephone on 0870 889 3295 (or, if you are calling from outside the United Kingdom, +44 (0)870 889 3295) or at The Pavilions, Corporate Actions Projects, Bristol, BS99 6AH.
- 9.14 Any change to the terms, or any extension or termination, of the Tender Offer will be followed as promptly as practicable by a public announcement thereof no later than 1.00 p.m. on the Business Day following the date of such change, extension or termination. Such an announcement will be notified to a regulatory information service provider of the London Stock Exchange. References to the making of an announcement by the Company include the release of an announcement on behalf of the Company or by the Company to the press and delivery of, by telephone or facsimile or other electronic transmission of, such announcement to a regulatory information service of the London Stock Exchange.
- 9.15 Shareholders will not be obliged to pay brokerage fees, commissions or transfer taxes or stamp duty in the UK on the purchase by Peel Hunt of Shares pursuant to the Tender Offer.
- 9.16 Except as contained in this Circular, no person has been authorised to give any information or make any representations with respect to the Company or the Tender Offer and, if given or made, such other information or representations should not be relied on as having been authorised by the Company. Under no circumstances should the delivery of this Circular or the delivery of any consideration pursuant to the Tender Offer create any implication that there has been no change in the assets, properties, business or affairs of the Company since the date of this document.
- 9.17 Peel Hunt reserves the absolute right to inspect (either itself or through its agents) all Tender Offer Application Forms and may consider void and reject any application that does not in Peel Hunt's sole judgment (acting reasonably) meet the requirements of the Tender Offer. Peel Hunt reserves the

absolute right to waive any defect or irregularity in the application in respect of any Shares, including any Tender Offer Application Form (in whole or in part), which is not entirely in order or which is not accompanied by (in the case of Shares held in uncertificated form) the relevant TTE Instruction or (in the case of Shares held in certificated form) the related share certificate(s) and/or other document(s) of title or any indemnity acceptable to Peel Hunt in lieu thereof. All questions as to the number of Shares in respect of which an application is made and the validity, form and eligibility (including the time of receipt) of any application will be determined by Peel Hunt in its absolute and sole discretion, which determination shall be final and binding on all of the parties (except as otherwise required under applicable law). None of Peel Hunt, Computershare Investor Services PLC or any other person will be under any duty to give notification of any defects or irregularities in applications or incur any liability for failure to give any such notification.

9.18 The provisions of the Contracts (Rights of Third Parties) Act 1999 do not apply to this Circular.

10 Overseas Shareholders

10.1 The making of the Tender Offer in or to persons who are citizens or nationals of, or resident in, overseas jurisdictions or to custodians, nominees or trustees for citizens, nationals or residents of overseas jurisdictions may be prohibited or affected by the laws of the relevant overseas jurisdiction. Shareholders who are Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such Shareholder wishing to participate in the Tender Offer to satisfy himself or herself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes or other requisite payments due in such jurisdiction. Any such Shareholder will be responsible for payment of any such transfer or other taxes or other requisite payments due to whomsoever payable and the Company, Computershare Investor Services PLC and Peel Hunt and any person acting on their behalf shall be fully indemnified and held harmless by such Shareholder for any such transfer or other taxes or other requisite payments such person may be required to pay. No steps have been taken to qualify the Tender Offer or to authorise the extending of the Tender Offer or the distribution of the Tender Offer Application Form in any territory outside the United Kingdom.

10.2 In particular, the Tender Offer is not being made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange of, the Restricted Jurisdictions and the Tender Offer cannot be accepted by any such use, means, instrumentality or facility or from within the Restricted Jurisdictions. Accordingly, the Tender Offer Application Form and any related documents are not being and must not be mailed or otherwise distributed or sent in or into the Restricted Jurisdictions, including to Shareholders with registered addresses in the Restricted Jurisdictions or to persons in the Restricted Jurisdictions. Receipt of this Circular and/or the Tender Offer Application Form will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and in those circumstances, this Circular and/or the Tender Offer Application Form will be deemed to have been sent for information only and should not be copied or redistributed. Persons receiving such documents or wishing to accept the Tender Offer should not distribute or send them in, into or from the Restricted Jurisdictions or use such mails or any such means, instrumentality or facility in connection with the Tender Offer and so doing will render invalid any related purported acceptance of the Tender Offer. All accepting Shareholders must provide addresses outside the Restricted Jurisdictions for the return of documents lodged pursuant to the Tender Offer. A Shareholder will be deemed not to have accepted the Tender Offer if (i) such Shareholder is unable to make the representation and warranty set out in paragraphs 5 and 6; or (ii) such Shareholder completes Box 1 or, if applicable, Box 5 of the Tender Offer Application Form with an address in the Restricted Jurisdictions or has a registered address in the Restricted Jurisdictions and in either case such Shareholder does not insert in Box 1 or, if applicable, Box 5 of the Tender Offer Application Form the name and address of a person or agent outside the Restricted Jurisdictions; or (iii) such Shareholder inserts in Box 1 or, if applicable, Box 5 of the Tender Offer Application Form

the name and address of a person or agent in the Restricted Jurisdictions; or (iv) the Tender Offer Application Form received from him or her is in an envelope postmarked in, or which otherwise appears to Peel Hunt or its agents to have been sent from, the Restricted Jurisdictions. Peel Hunt reserves the right, in its absolute discretion, to investigate, in relation to any acceptance, whether the representation and warranty referred to in paragraphs 5 and 6 given by any Shareholder is correct and, if such investigation is undertaken and as a result Peel Hunt determines (for any reason) that such representation and warranty is not correct, such acceptance shall not be valid.

- 10.3 If, in connection with making the Tender Offer and notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees) whether pursuant to a contractual or legal obligation or otherwise, forwards this Circular, the Tender Offer Application Form or any related documents in, into or from the Restricted Territories or uses the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce or any facility of a national securities exchange of, the Restricted Jurisdictions in connection with such forwarding, such persons should: (i) inform the recipient of such fact; (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and (iii) draw the attention of the recipient to this paragraph 10.
- 10.4 The provisions of this paragraph 10 and any other terms of the Tender Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by Peel Hunt in its absolute discretion but only if Peel Hunt is satisfied that such waiver, variance or modification will not constitute or give rise to a breach of applicable securities or other legal or regulatory requirements.
- 10.5 The provisions of this paragraph 10 supersede any terms of the Tender Offer inconsistent herewith.
- 10.6 Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. The comments set out in this Circular are intended as a general guide only and Shareholders who are in any doubt about their position should consult their professional adviser in the relevant territory.

11 Modifications

The terms of the Tender Offer shall have effect subject to such non-material modifications as the Company or Peel Hunt may from time to time approve in writing. The times and dates referred to in this Circular may be amended by the Company.

Part IV – Additional Information relating to CREST

Note: CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below. CREST members who wish to tender all or any of their Shares for purchase by Peel Hunt should refer to the CREST Manual for further information on the CREST procedures referred to in these terms and conditions.

Peel Hunt may in its sole discretion:

- 1 accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor in substitution for or in addition to a TTE instruction and subject to such further terms and conditions as Peel Hunt may determine;
- 2 treat a properly authenticated instruction (in this sub-paragraph the “first instruction”) as not constituting a valid TTE instruction if, at the time at which Computershare Investor Services receives a properly authenticated dematerialisation instruction giving details of the first instruction, either Peel Hunt or Computershare Investor Services PLC has received actual notice from Euroclear of any matters referred to in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 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
- 3 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 TTE 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 exercise his or her rights under the Tender Offer 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 of any part of CREST) or on the part of the facilities and/or systems operated by Computershare Investor Services PLC in connection with CREST.

Part V – Taxation

Introduction

The comments below are intended only as a general guide to certain aspects of current United Kingdom tax law and published practice of HM Revenue & Customs (“HMRC”) and do not constitute tax advice. They are not of a general nature and only apply in respect of certain Shareholders who are resident and, if individuals, ordinarily resident in the United Kingdom for tax purposes and who hold their Shares beneficially as investments and not on trading account. The comments below are based on the law and practice currently in force in the United Kingdom and are subject to changes thereto.

Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the United Kingdom should consult their professional adviser.

The following comments do not address the position of certain classes of Shareholders such as dealers in securities, insurance companies, investment trust companies, venture capital trusts, authorised investment funds, registered pension schemes and charities. Such persons may be subject to special rules.

The Tender Offer

Since Peel Hunt will be acting as principal, an individual Shareholder who tenders Shares to Peel Hunt pursuant to the Tender Offer should be treated, for the purposes of United Kingdom taxation, as though he had sold them in the ordinary way to a third party. Accordingly, any such Shareholder who is resident or ordinarily resident in the United Kingdom for tax purposes (or who is not so resident but who carries on a trade, profession or vocation in the United Kingdom through a branch, agency or permanent establishment) may, if the Shares are held as a capital asset by the individual Shareholder and depending on the individual Shareholder’s particular circumstances (including the availability of any exemptions, reliefs and allowable capital losses), be subject to capital gains tax (or, in the case of a corporate Shareholder, corporation tax on chargeable gains) in respect of any chargeable gain arising on the sale. It is also possible that an allowable loss could therefore arise for a Shareholder resident or ordinarily resident in the United Kingdom.

Corporate Shareholders are entitled to indexation allowance on the cost of their investment up to the date the chargeable gain is realised (although a loss cannot be created or increased by indexation allowance).

Shareholders whose allowable expenditure in relation to their Shares exceeds the gross proceeds of sale would realise a capital loss. If an allowable loss arises to a Shareholder on a sale of Shares pursuant to the Tender Offer, such Shareholder is recommended to seek professional advice on the potential utilisation of such a loss.

Anti-avoidance provisions

Chapter 1 of Part 13 of the Income Tax Act 2007 (in respect of individual Shareholders) and Part 15 of the Corporation Tax Act 2010 (in respect of corporate Shareholders) permit HMRC to counteract tax advantages arising from certain transactions in securities. These provisions only apply in certain circumstances and do not apply where it can be shown that the transaction (or transactions) in question did not involve, as one of its main purposes or objects, the obtaining of an income tax or corporate tax advantage (Part 15 of the Corporation Tax Act 2010 also contains a requirement that the transaction or transactions are effected for genuine commercial reasons or in the ordinary course of making or managing investments).

If HMRC sought to apply any of these provisions in respect of the Tender Offer, the general effect would be to tax some or all of the disposal proceeds as income rather than capital. No application has been made by the Company for clearance from HMRC in respect of the application of these provisions to the Tender Offer. **Shareholders are advised to take independent advice as to the potential application of these provisions in light of their own particular motives and circumstances.**

Stamp Duty and Stamp Duty Reserve Tax

Except in relation to depositary receipt arrangements or clearance services where special rules apply:

- no stamp duty or stamp duty reserve tax will be payable by Shareholders who sell their Shares to Peel Hunt in the Tender Offer; and
- stamp duty at the rate of 0.5 per cent. (rounded up to the nearest £5) of the total price payable by the Company to Peel Hunt will be payable by the Company on the purchase of the Shares tendered under the Tender Offer. This cost will be borne by the Company and will not be charged to tendering Shareholders.

