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Stafford Cap. Ptrnrs - Offer Update: Stafford Final All-Cash Offer
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FOR IMMEDIATE RELEASE

14 September 2018

Increased And Final All-Cash Offer

For

Phaunos Timber Fund Limited ("Phaunos" or the "Company")

By

**Mahogany Bidco Limited ("Stafford Bidco")
a company ultimately controlled by
Stafford Capital Partners Limited ("Stafford")**

1. **Introduction**

On 3 July 2018, the board of directors of Stafford Bidco, a company wholly-owned by Stafford International Timberland Fund VIII and ultimately controlled by Stafford, announced an all-cash offer for Phaunos by Stafford Bidco, on behalf of Stafford International Timberland Fund VIII, pursuant to which Stafford Bidco would acquire the entire issued and to be issued share capital of Phaunos not already directly or indirectly owned by it or its concert parties (the "**Original Offer**") at a price of US\$0.49 for each Phaunos Share (the "**Original Offer Price**"). On 31 July 2018, Stafford Bidco announced that it had posted the Original Offer Document and Original Form of Acceptance to Phaunos Shareholders.

2. **The Final Offer**

Today, Stafford Bidco is pleased to announce an increased and final all-cash offer to acquire the entire issued and to be issued share capital of Phaunos not already directly or indirectly owned by it or its concert parties (the "**Final Offer**").

Under the terms of the Final Offer, Phaunos Shareholders will receive:

US\$0.52 in cash for each Phaunos Share

The Final Offer values Phaunos's entire issued and to be issued share capital at approximately US\$259.1 million (on a fully diluted basis).

The price of US\$0.52 per Phaunos Share (the "**Final Offer Price**"):

- represents a premium of approximately 18 per cent. to the Closing Price of US\$0.44 per Phaunos Share on 4 June 2018 (being the last Business Day prior to the commencement of the Offer Period);
- represents a premium of approximately six per cent. to the Original Offer Price; and
- is equal to Phaunos's stated net asset value per share of US\$0.52 (unaudited) as at 30 June 2018.

The new offer document containing the full terms and conditions of the Final Offer (the "**Final Offer Document**") and, for Phaunos Shareholders who hold their Phaunos Shares in certificated form, a new form of acceptance in respect of the Final Offer (the "**New Form of Acceptance**") are being posted to Phaunos Shareholders today.

If any dividend, distribution, share repurchase payment or return of capital in respect of the Phaunos Shares is announced, declared, made or paid on or after the date of this Announcement, Stafford Bidco shall reduce the Final Offer Price payable for each Phaunos Share under the terms of the Final Offer by the amount of such dividend, distribution, share repurchase payment or return of capital.

The financial terms of the Final Offer are final and will not be increased.

Stafford Bidco also confirms that it has lowered the Acceptance Condition from not less than 90 per cent. to more than 50 per cent. in value of the Phaunos Shares affected. Phaunos Shareholders should be aware of the implications of the Final Offer becoming or being declared wholly unconditional, which may include being a minority shareholder in a majority-controlled entity. In such circumstances, Stafford Bidco would typically be able to ensure the passing of, and have the ability to block, ordinary resolutions of the Company.

Should the Final Offer become unconditional as to acceptances, any Phaunos Shareholders who have accepted the Final Offer will be unable to withdraw their acceptance.

3. **Acceptances of the Original Offer**

Acceptances of the Original Offer (which have not been validly withdrawn) shall be deemed to be an acceptance of the Final Offer. Therefore, Phaunos Shareholders who have already validly accepted the Original Offer (and not validly withdrawn such acceptance) are not required to take any further action in respect of the Final Offer.

4. **Extension of the Final Offer**

The Original Offer (as revised by the Final Offer) is being extended such that the Final Offer, which is subject to the terms and conditions set out in the Final Offer Document, will remain open for acceptance until 1.00 p.m. (London time) on 29 September 2018 (the "**Final Closing Date**").

In accordance with the terms of the Final Offer and as required by Rule 31.6 of the Code, the Final Offer shall not (except with the consent of the Panel) be capable of becoming unconditional after midnight (London time) on the Final Closing Date. Although Stafford Bidco reserves the right, with the permission of the Panel, to extend the time for the Final Offer to become unconditional to any later time(s) and/or date(s), there can be no certainty that the Final Offer will be extended beyond the Final Closing Date. This statement is not and should be construed as a "no extension statement" under Rule 31.5 of the Code.

Accordingly, Phaunos Shareholders who have not yet accepted the Original Offer and who wish to accept the Final Offer are urged to do so without delay and, in any event, by not later than **1.00 p.m. (London time) on 29 September 2018**.

5. **Background to and reasons for the Final Offer**

Following the first public expression of Stafford's interest in acquiring Phaunos announced on 5 June 2018, Stafford has had the opportunity to discuss the Original Offer on numerous occasions with Phaunos Shareholders who hold (or are otherwise able to control) Phaunos Shares representing approximately 75 per cent. in value of the Phaunos shareholder base.

Whilst Stafford maintains that the Original Offer from Stafford Bidco represented an excellent opportunity for Phaunos Shareholders to realise in cash their full investment in the Company at a premium to the prevailing share price of Phaunos Shares prior to the Possible Offer Announcement, in the interests of determining the future of Phaunos, the Stafford Bidco Board has resolved to increase the Original Offer Price to US\$0.52 per Phaunos Share. This Final Offer Price represents an increased premium of approximately 18 per cent. to the Closing Price of US\$0.44 per Phaunos Share on 4 June 2018.

Stafford also reiterates its view expressed previously in relation to the Original Offer that the likelihood of the Phaunos Board achieving, over time, higher net proceeds under the Asset Realisation Process than those implied by the Original Offer is relatively low and is outweighed by the potential downside for Phaunos Shareholders in light of the execution and market risks inherent in the Asset Realisation Process. Stafford considers this to be even less likely in relation to the Final Offer, particularly after factoring in the due diligence cost cover that the Phaunos Board has resolved to provide to bidders participating in the Asset Realisation Process as stated in Note 20 of the Phaunos 2018 Half Year Report, and any irrecoverable costs associated with the proceedings issued by Rayonier referred to below.

This potential downside was increased on 28 August 2018 when the Phaunos Board announced that Rayonier Canterbury LLC ("**Rayonier**"), the major shareholder of Matariki, had issued proceedings in the Auckland High Court alleging a breach by Phaunos of confidentiality, notice and consultation obligations in the shareholders agreement between Rayonier and Phaunos in relation to their respective interests in Matariki. Whilst Phaunos has stated that it believes that Rayonier's claims are without merit, the continued existence of these proceedings can only serve as a distraction to the Phaunos Board and increase the uncertainty that is inherent in the implementation of the Asset Realisation Process, and in particular the Matariki Interest, the net asset value of which represents approximately 68 per cent. of the fund value of the Company.

Even without this unexpected turn of events, Stafford continues to believe that the Phaunos Board is underestimating the time that it will take to complete the Asset Realisation Process and to return full value to Phaunos Shareholders. Given the illiquid nature of certain of the assets within the Phaunos portfolio, Stafford does not believe that it is realistic that full value can be returned to Phaunos Shareholders within six to nine months, as indicated in the Phaunos Board's circular to Phaunos Shareholders on 14 August 2018.

Stafford also notes the announcement of 6 September 2018 that CatchMark Timber Trust, Inc. ("**CatchMark**") has made an approach to the Phaunos Board regarding a possible offer to acquire Phaunos (the "**CatchMark Proposal**"). The CatchMark Proposal is subject to a pre-condition and various reservations and there can be no certainty that a firm offer will be made by CatchMark even if the pre-condition is satisfied. The consideration for Phaunos Shareholders pursuant to the CatchMark Proposal would be in new shares of common stock of CatchMark (which is listed in the United States), which would result in Phaunos Shareholders who accept any such offer from CatchMark (if one were to be forthcoming, of which there is no certainty) becoming holders of new shares in common stock of CatchMark. Stafford does not consider this to represent the exit that the majority of Phaunos Shareholders voted for at the 2017 AGM and the subsequent extraordinary general meeting of the Company held in August 2017.

For these reasons, Stafford considers the CatchMark Proposal to be in stark contrast to the Final Offer from Stafford Bidco which is fully financed, provides Phaunos Shareholders with an opportunity to exit in cash at a premium to the prevailing Phaunos share price prior to the Possible Offer Announcement and is already available for acceptance by Phaunos Shareholders.

Stafford Bidco is also pleased to update Phaunos Shareholders on progress regarding the OIO clearance which it expects to satisfy within a timely manner resulting in completion of the Final Offer occurring before the end of October 2018 as anticipated in the Original Offer Document.

Accordingly, Stafford Bidco strongly recommends that Phaunos Shareholders consider the relative merits of the Final Offer and its certainty of value and execution as against the inherent uncertainty in both the Asset Realisation Process and the CatchMark Proposal.

Stafford Bidco believes that the Final Offer is a deliverable and valuable proposition and urges Phaunos Shareholders to accept the Final Offer without delay and, in any event, by not later than **1.00 p.m. (London time) on 29 September 2018**. In accordance with the terms of the Final Offer and as required by Rule 31.6 of the Code, the Final Offer shall not (except with the consent of the Panel) be capable of becoming unconditional as to acceptances after midnight (London time) on this date.

6. **Level of acceptances**

As at 1.00 p.m. (London time) on 13 September 2018, Stafford Bidco had received valid acceptances in respect of a total of 62,847,243 Phaunos Shares, representing, in aggregate, approximately, 12.61 per cent. of the issued share capital of Phaunos, which Stafford Bidco may count towards the satisfaction of the Acceptance Condition. So far as Stafford Bidco is aware, of these acceptances, acceptances have been received in respect of a total of 23,223 Phaunos Shares, representing less than 0.1 per cent. of the issued share capital of Phaunos, from persons acting in concert with Stafford Bidco.

This figure does not include the 758,234 Phaunos Shares, representing approximately 0.15 per cent. of the issued share capital of Phaunos, held by Stafford, which will also count towards the satisfaction of the Acceptance Condition.

Therefore, the total number of Phaunos Shares which Stafford Bidco may count towards the satisfaction of the Acceptance Condition is 63,605,477 Phaunos Shares, representing, in aggregate, approximately 12.76 per cent. of the issued share capital of Phaunos.

The percentages of Phaunos Shares referred to in this Announcement are based upon the figure of 498,360,117 Phaunos Shares in issue as at 10 August 2018 as published by Phaunos on 14 August 2018.

7. **Procedures for acceptance of the Final Offer**

Phaunos Shareholders wishing to accept the Final Offer in respect of certificated Phaunos Shares should complete, sign and return the New Form of Acceptance accompanying the Final Offer Document, which is being posted to them today.

Phaunos Shareholders wishing to accept the Final Offer in respect of uncertificated Phaunos Shares should do so electronically through CREST and should note that settlement cannot take place on weekends such that the input of any TTE Instructions should be timed accordingly in light of the Final Closing Date being a Saturday.

Phaunos Shareholders who hold their shares as a CREST sponsored member should refer to their CREST sponsor before taking any action as only the CREST sponsor will be able to send the necessary instruction to Euroclear in relation to those Phaunos Shares.

Further details of the procedure for acceptance of the Final Offer are contained in the Final Offer Document.

If you are in any doubt as to the procedure for acceptance of the Final Offer, please contact the Receiving Agent, Computershare, on 0370 707 1011 (from within the UK) or on +44 370 707 1011 (if calling from outside the UK). Lines are open from 8.30 a.m. to 5.00 p.m. (London time) Monday to Friday (excluding UK public holidays). Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Final Offer nor give any financial, legal or tax advice.

8. **Compulsory acquisition, delisting and cancellation of trading**

If Stafford Bidco receives acceptances of the Final Offer in respect of not less than 90 per cent. in value of the Phaunos Shares affected (as calculated in accordance with Part XVIII of the Companies Law), Stafford Bidco intends to exercise its rights pursuant to Part XVIII of the Companies Law to acquire compulsorily, on the same terms as the Final Offer, the remaining Phaunos Shares in respect of which the Final Offer has not at such time been accepted.

Following the Final Offer becoming or being declared wholly unconditional, if Stafford Bidco receives acceptances under the Final Offer in respect of, and/or otherwise agrees to acquire, 75 per cent. or more of the voting rights carried by Phaunos Shares, Stafford Bidco intends to procure that

Phaunos shall make an application for the cancellation respectively, of the listing of Phaunos Shares on the Official List and of the trading in Phaunos Shares on the London Stock Exchange's Main Market for listed securities. A notice period of not less than 20 UK business days before the cancellation will commence on the date on which such application is made. Following the delisting, Stafford Bidco intends to procure that Phaunos relinquishes its authorisation by the GFSC as a collective investment scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987.

Such cancellation shall significantly reduce the liquidity and marketability of any Phaunos Shares not assented to the Final Offer at that time, and their value may be affected as a consequence. Any remaining Phaunos Shareholders would become minority shareholders in a majority controlled limited company and may be unable to sell their Phaunos Shares and there can be no certainty that any dividends or other distributions shall be made by Phaunos or that the Phaunos Shareholders shall again be offered as much for the Phaunos Shares held by them as under the Final Offer.

Stafford Bidco reserves the right to increase its shareholding after the Final Offer has closed by buying further Phaunos Shares in the market (to the extent permitted under applicable laws and regulation), which may subsequently allow it to reach the threshold for delisting without the need to launch a further offer to all Phaunos Shareholders.

9. **Financing**

The cash consideration payable in connection with the Final Offer will be financed by a draw down from funds of Stafford Timberland Fund VIII which are managed on a discretionary basis by Stafford.

Lancea LLP, as financial adviser to Stafford and Stafford Bidco, is satisfied that sufficient resources are available to Stafford Bidco to satisfy in full the cash consideration payable to Phaunos Shareholders under the terms of the Final Offer.

10. **Overseas Shareholders**

The availability of the Final Offer, and the distribution of this Announcement, to persons who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction in which they are resident. Such persons should inform themselves of and observe any applicable legal or regulatory requirements of their jurisdiction. Phaunos Shareholders who are in doubt about such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

This Announcement does not constitute an offer for sale of any securities or an offer or an invitation to purchase any securities.

11. **Conditionality of the Final Offer**

Save as set out in this Announcement (including Appendix 1), the Final Offer will be on the same terms and subject to the same conditions as the Original Offer as set out in the Original Offer Document and, for Phaunos Shareholders who hold their Phaunos Shares in certificated form, the Original Form of Acceptance. The Final Offer will be a revision of the Original Offer and shall be construed accordingly.

Among other Conditions, the Final Offer will be conditional on:

- (a) valid acceptances (which have not been withdrawn) being received by no later than 1.00 p.m. (London time) on 29 September 2018 (or such later time(s) and/or date(s) as Stafford Bidco may, with the consent of the Panel or in accordance with the Code, decide) in respect of Phaunos Shares which comprise more than 50 per cent. in value of the Phaunos Shares affected (as calculated in accordance with Part XVIII of the Companies Law);
- (b) the Matariki Interest not having been disposed of, transferred, mortgaged or charged, nor having had any security interest created over it, nor ceasing to be available to Phaunos, and no right arising under which the Matariki Interest could be required to be disposed of, transferred, mortgaged or charged, or could cease to be available to Phaunos; and

- (c) any consents or approvals required under the New Zealand Overseas Investment Act 2005 or the New Zealand Overseas Investment Regulations 2005 in respect of the Final Offer having been granted (or being deemed to have been granted in accordance with the relevant law) provided that such consent or approval is on terms satisfactory to Stafford Bidco.

Although Stafford Bidco has resolved to extend and increase its Original Offer, it nevertheless reiterates its previous confirmation that it considers the Condition relating to the Matariki Interest described above to be of material significance to Stafford Bidco in the context of the Acquisition, although it notes that this Condition remains subject to the application of Rule 13.5 of the Code.

12. Consent

Lancea LLP has given and not withdrawn its consent to the publication of this Announcement with the inclusion in it of the references to its name in the form and context in which they appear.

13. Interests in relevant securities

As at the close of business on 13 September 2018 (the latest practicable date prior to the publication of this Announcement), the following persons acting in concert with Stafford Bidco had an interest in, a right to subscribe in respect of, or a short position in relation to certain Phaunos relevant securities. The nature of the interests or rights concerned and number of Phaunos relevant securities to which these apply are listed below.

<i>Name</i>	<i>Nature of interest or rights concerned</i>	<i>Number of Phaunos Shares</i>
Stafford Capital Partners Limited	Beneficial Owner	758,234
Stephen Westwood ¹	Beneficial Owner	23,223

Save as disclosed above, as at the close of business of 13 September 2018 (the latest practicable date prior to the publication of this Announcement), none of Stafford Bidco or Stafford, nor any of the Stafford Bidco Directors or the Stafford Directors (including, in each case, members of their immediate families, close relatives and related trusts), nor any person acting, or deemed to be acting, in concert with Stafford Bidco or Stafford (within the meaning of the Code) had:

- (a) any interest in, or right to subscribe for, relevant Phaunos securities;
- (b) any short position in respect of relevant Phaunos securities (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of, relevant securities of Phaunos;
- (c) procured an irrevocable commitment to accept the terms of the Original Offer in respect of relevant Phaunos securities; or
- (d) borrowed or lent any relevant securities of Phaunos (including, for these purposes, any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code) save for any borrowed relevant securities which have been either on-lent or sold.

14. General

The acquisition of Phaunos Shares under the Acquisition is to be implemented by way of a takeover offer under Part XVIII of the Companies Law and in accordance with the Code. However Stafford Bidco may, with the agreement of the Panel, elect to implement the Acquisition by means of Court-sanctioned scheme of arrangement of Phaunos under Part VIII of the Companies Law.

The bases and sources of certain information contained in this Announcement are set out in Appendix 2. Certain terms used in this Announcement are defined in Appendix 3, and where not defined in Appendix 3, have the meanings given to them in the Original Offer Document.

¹ Stephen Westwood is a director of CES Investments Limited which is an authorised representative of Lancea LLP, the financial adviser to Stafford and Stafford Bidco in connection with the Final Offer.

Enquiries:

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Stafford has retained Ashurst LLP as legal advisers in connection with the Final Offer.

Important notice

Lancea LLP, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for Stafford and Stafford Bidco and for no one else in connection with the Final Offer and will not be responsible to anyone other than Stafford and Stafford Bidco for providing the protections afforded to its clients or for providing advice in connection with the Final Offer.

This Announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Final Offer or otherwise, nor shall there be any sale, issuance or transfer of securities of Phaunos in any jurisdiction in contravention of applicable law. The Final Offer will be made solely by means of the Final Offer Document and, in respect of Phaunos Shares held in certificated form, the New Form of Acceptance, which will contain the full terms and conditions of the Final Offer, including details of how to accept the Final Offer. Any approval, decision or other response to the Final Offer should be made only on the basis of the information in the Final Offer Document and, in respect of Phaunos Shares held in certificated form, the New Form of Acceptance. Phaunos Shareholders are strongly advised to read the formal documentation in relation to the Final Offer once it has been despatched.

Overseas jurisdictions

This Announcement has been prepared in accordance with English law, Guernsey law and the Code, and the information disclosed may not be the same as that which would have been disclosed in accordance with the laws of jurisdictions outside England and Guernsey. The statements contained in this Announcement are made as at the date of this Announcement, unless some other time is specified in relation to them, and there shall be no implication that there has been no change in the facts set forth in this Announcement since such date.

The release, publication or distribution of this Announcement and the availability of the Final Offer in or into jurisdictions other than the United Kingdom and Guernsey may be affected by the laws and regulations of those jurisdictions. Persons who are not resident in the United Kingdom or Guernsey, or who are subject to the laws of any jurisdiction other than the United Kingdom or Guernsey, should inform themselves about, and observe any applicable requirements. Any person (including, without limitation, nominees, trustees and custodians) who would, or otherwise intends to, forward this Announcement, the Final Offer Document or any accompanying document to any jurisdiction outside the United Kingdom or Guernsey should refrain from doing so and seek appropriate professional advice before taking any action. Any failure to comply with the applicable legal or regulatory requirements may constitute a violation of the laws and/or regulations of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Final Offer disclaim any responsibility and liability for the violation of such restrictions by any person. Further details in relation to Overseas Shareholders will be contained in the Final Offer Document.

The Final Offer will not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, telephonic or electronic) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, a Restricted Jurisdiction, and no person may accept the Final Offer by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Accordingly, copies of this Announcement and the formal documentation relating to the Final Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded or

distributed in, into or from a Restricted Jurisdiction and persons receiving this Announcement (including custodians, nominees and trustees) must not distribute or send it into or from a Restricted Jurisdiction.

US shareholders

The Final Offer will be made for securities of a company domiciled in Guernsey and Phaunos Shareholders in the United States should be aware that this Announcement, the Final Offer Document and any other documents relating to the Final Offer have been or will be prepared in accordance with English law, Guernsey law and the Code and applicable disclosure requirements, format and style thereunder, all of which differ from those in the United States.

The Final Offer will be made in the United States pursuant to applicable US tender offer rules, including Regulation 14E under the Exchange Act, and securities laws and otherwise in accordance with the requirements of English law, Guernsey law, the Code, the Panel, the London Stock Exchange, the FCA and the GFSC. Accordingly, the Final Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under United States domestic tender offer procedures and law. The Final Offer will be made in the United States by Stafford Bidco and no one else.

Neither the US Securities Exchange Commission nor any US state securities commission has approved or disapproved the Final Offer or passed upon the adequacy or completeness of this Announcement. It may be difficult for US holders of Phaunos securities to enforce their rights under and any claim arising out of the US federal securities laws, since Stafford Bidco and Phaunos are located outside the United States, and some or all of their officers and directors may be resident outside the United States. US Phaunos Shareholders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement and a US court may lack jurisdiction over such persons.

The receipt of cash pursuant to the Final Offer may have tax consequences in the United States and under other applicable tax laws and such consequences, if any, are not described herein. US Phaunos Shareholders are urged to consult with their own legal, tax and financial advisors in connection with making a decision regarding the Final Offer.

To the extent permitted by applicable law, in accordance with, and to the extent permitted by, the Code and normal UK market practice, Stafford Bidco or nominees or brokers of Stafford Bidco (acting as agents) or their respective affiliates may from time to time make certain purchases of, or arrangements to purchase, Phaunos Shares or other Phaunos securities other than pursuant to the Final Offer at any time prior to completion of the Final Offer. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any such purchases, or arrangements to purchase, will comply with all applicable requirements of the Code, the Listing Rules and Regulation 14E under the US Exchange Act including Rule 14e-5, to the extent applicable. To the extent required to be disclosed in accordance with applicable regulatory requirements, information about any such purchases will be disclosed on a next day basis to the Panel and will be available from any Regulatory Information Service, including the Regulatory News Service on the London Stock Exchange website, www.londonstockexchange.com. To the extent that such information is required to be publicly disclosed in the United Kingdom in accordance with applicable regulatory requirements, this information will as applicable also be publicly disclosed in the United States.

Cautionary note regarding forward-looking statements

This Announcement and other information published by Stafford or Stafford Bidco may contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Stafford or Stafford Bidco (as applicable) about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.

The forward-looking statements contained in this Announcement include, among others, statements relating to the potential exposure of Phaunos to market risks, and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions.

Although Stafford and Stafford Bidco believe that the expectations reflected in such forward-looking statements are reasonable, they can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements

involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. All forward-looking statements contained in this Announcement are expressly qualified in their entirety by the cautionary notes contained or referred to in this section, and you are cautioned not to place undue reliance on these forward-looking statements.

Neither Stafford nor Stafford Bidco nor any of its or their associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur.

Other than in accordance with their legal or regulatory obligations, neither Stafford nor Stafford Bidco is under any obligation, and both Stafford and Stafford Bidco expressly disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Rounding

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

No profit forecasts or estimates

No statement in this Announcement is intended as a profit forecast or profit estimate for any period.

Disclosure requirements of the Code

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

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

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

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

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

commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Rule 26 disclosure

In accordance with Rule 26 of the Code, a copy of this Announcement will be available at www.staffordcp.com by no later than 12 noon (London time) on 17 September 2018.

The content of the website referred to in this Announcement is not incorporated into and does not form part of this Announcement.

Availability of hard copies

You may request a hard copy of this Announcement by contacting the Receiving Agent, Computershare, on 0370 707 1011 (from within the UK) or on +44 370 707 1011 (if calling from outside the UK). You may also request that all future documents, announcements and information to be sent to you in relation to the Final Offer should be in hard copy form. A hard copy of this Announcement will not be sent to you unless so requested.

Copies of this Announcement and any other document relating to the Final Offer may not be mailed, distributed, forwarded or otherwise transmitted or made available in, into or from any jurisdiction where this would violate applicable law (including by custodians, nominees and trustees).

Information relating to Phaunos Shareholders

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

APPENDIX 1

CONDITIONS TO AND FURTHER TERMS OF THE FINAL OFFER

The Final Offer is a revision of the Original Offer and shall be construed accordingly.

The Final Offer is made on the same terms and subject to the same Conditions as set out in Part II of the Original Offer Document and, in respect of Phaunos Shareholders who hold their Phaunos Shares in certificated form, the Original Form of Acceptance and/or the New Form of Acceptance (as appropriate), save that:

- (a) the Acceptance Condition set out in paragraph 1.1 of Section A of Part II of the Original Offer Document shall be deleted in its entirety and replaced in the Final Offer Document with:

"1.1 valid acceptances of the Final Offer being received (and not, where permitted, withdrawn) by no later than 1.00 p.m. (London time) on 29 September 2018 (or such later time(s) and/or date(s) as Stafford Bidco may, with the consent of the Panel or in accordance with the Code, decide) in respect of Phaunos Shares which, taken together with all other Phaunos Shares which Stafford Bidco acquires or agrees to acquire (whether pursuant to the Final Offer or otherwise), comprise more than 50 per cent. in value of Phaunos Shares affected (as calculated in accordance with Part XVIII of the Companies Law), including for this purpose (to the extent (if any) required by the Panel) any such voting rights attaching to any Phaunos Shares that are unconditionally allotted or issued fully paid before the Final Offer becomes or is declared unconditional as to acceptances whether pursuant to the exercise of outstanding subscription or conversion rights or otherwise. For the purposes of this Condition:

- (a) Phaunos Shares which have been unconditionally allotted but not issued before the Final Offer becomes or is declared, unconditional as to acceptances whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise, shall be deemed to carry the voting rights which they will carry upon issue;
- (b) Phaunos Shares (if any) that cease to be held in treasury before the Final Offer becomes or is declared, unconditional

as to acceptances are Phaunos Shares affected in accordance with Part XVIII of the Companies Law; and

- (c) the term "voting rights" shall be construed in accordance with its meaning under the Code.";
- (b) the Condition set out in paragraph 2.13 of Section A of Part II of the Original Offer Document shall be deleted in its entirety and replaced in the Final Offer Document with:

"2.13 If, on or after the date of this document, any dividend and/or other distribution and/or share repurchase and/or return of capital is declared, made, paid or otherwise effective by Phaunos or otherwise becomes payable in respect of any Phaunos Share by reference to a record date falling on or after the date of this document, Stafford Bidco shall (without prejudice to any right of Stafford Bidco to invoke the Condition contained in sub-paragraph 1.12(b)) reduce the Final Offer Price by the amount equal to the gross amount of such dividend and/or distribution and/or share repurchase and/or return of capital, in which case any reference in this document to the Final Offer Price under the Final Offer will be deemed to be a reference to the Final Offer Price as so reduced and Phaunos Shareholders will be entitled to receive and retain the amount by reference to which the Final Offer Price has been reduced. To the extent that any such dividend and/or distribution and/or share repurchase and/or return of capital is declared, made or paid or is payable and it is:

- (a) transferred pursuant to the Final Offer on a basis which entitles Stafford Bidco to receive and retain it; or
- (b) cancelled in full prior to payment,

the Final Offer Price to be paid by Stafford Bidco under the terms of the Final Offer will not be subject to reduction in accordance with this paragraph. Any reduction referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Final Offer.";

and

- (c) any references in Part II of the Original Offer Document or in the Original Form of Acceptance to:
 - (i) **"Acceptance Shares"** shall mean Phaunos Shares in respect of which the Original Offer or the Final Offer has been or is accepted or is deemed to have been or to be accepted in accordance with Original Offer Document or the Final Offer Document (as appropriate);
 - (ii) **"acceptances of the Offer"** shall include acceptances and deemed acceptances of the Original Offer and the Final Offer;
 - (iii) the **"First Closing Date"** or **"21 August 2018"** shall be construed as a reference to 29 September 2018;
 - (iv) the **"Form of Acceptance"** shall mean the Original Form of Acceptance and/or the New Form of Acceptance (as appropriate);
 - (v) the **"Offer"** shall mean the Final Offer and will include any revision, variation or extension of the Final Offer; and
 - (vi) the **"Offer Document"** shall mean the Original Offer Document and the Final Offer Document.

APPENDIX 2

SOURCES OF INFORMATION AND BASES OF CALCULATION

In this Announcement, unless otherwise stated, or the context otherwise requires, the following sources of information and bases of calculation have been used.

1. The total equity value of approximately US\$259.1 million (on a fully diluted basis) is obtained by multiplying US\$0.52 per Phaunos Share by Phaunos's fully diluted share capital as referred to in paragraph 2 below.
2. The fully diluted share capital of Phaunos is calculated on the basis of 498,360,117 Phaunos Shares in issue as at 10 August 2018, as announced by the Company on 14 August 2018. The ISIN for Phaunos Shares is GG00BFX4LT97.
3. Unless otherwise stated, all prices for Phaunos Shares are Closing Prices as of the relevant date.
4. The premium calculations to the Final Offer Price per Phaunos Share have been calculated by reference to:
 - (a) a price of US\$0.44 per Phaunos Share, being the Closing Price on 4 June 2018 (the last Business Day prior to the Possible Offer Announcement); and
 - (b) the Original Offer Price.
5. The reference in paragraph 5 of this Announcement to the Matariki Interest representing 68 per cent. of the total net asset value of the Company is based on:
 - (a) a fund value of the Company of US\$257,305,000 (unaudited) as at 30 June 2018; and
 - (b) a net asset value attributed to the Matariki Interest of US\$174,413,000 as set out in Note 12 of the Phaunos 2018 Half Year Report.

APPENDIX 3

DEFINITIONS

"Announcement"	this announcement of the Final Offer made pursuant to the Code
"CatchMark"	has the meaning given to it in paragraph 5 of this Announcement
"CatchMark Proposal"	has the meaning given to it in paragraph 5 of this Announcement
"Final Closing Date"	has the meaning given to it in paragraph 4 of this Announcement
"Final Offer"	has the meaning given to it in paragraph 2 of this Announcement
"Final Offer Document"	has the meaning given to it in paragraph 2 of this Announcement
"Final Offer Price"	has the meaning given to it in paragraph 2 of this Announcement
"New Form of Acceptance"	has the meaning given to it in paragraph 2 of this Announcement
"Original Offer Document"	means the offer document posted to Phaunos Shareholders in connection with the Original Offer on 31 July 2018
"Original Form of Acceptance"	means the form of acceptance and authority relating to the Original Offer which (in the case of Phaunos Shareholders who held their Phaunos Shares in certificated form) accompanied the Original Offer Document
"Original Offer Price"	has the meaning given to it in paragraph 1 of this Announcement

"Phaunos 2018 Half Year Report" Company's Unaudited Interim Condensed Consolidated Financial Statements for the period ended 30 June 2018

"Rayonier" has the meaning given to it in paragraph 5 of this Announcement

A reference to "includes" shall mean "includes without limitation", and references to "including" and any other similar term shall be construed accordingly.

All times referred to are London time unless otherwise stated.

All references to "US\$" are to the lawful currency of the United States.

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

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Date: Stafford Final All-Cash Offer - RNS