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Stafford Cap. Ptrnrs - Stafford letter to Shareholders
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FOR IMMEDIATE RELEASE

25 September 2018

LETTER TO PHAUNOS SHAREHOLDERS

Final opportunity to accept Stafford's all-cash offer of US\$0.52 per share

Dear Shareholder,

As a fellow shareholder in Phaunos, Stafford is well aware of the difficulties that Phaunos Shareholders have faced over the life of the fund and after our appointment as investment manager in July 2014 we have worked diligently to reduce costs, lower indebtedness and improve the portfolio's assets. We recognise the decision of the majority of Phaunos Shareholders in 2017 to exit their position in the fund and we are pleased to have presented an all-cash final offer to acquire Phaunos at a price of US\$0.52 per share.

Stafford's Final Offer

- US\$0.52 per Phaunos share payable in cash
- Payment expected to be made by the end of October

**The deadline for acceptance of the Final Offer is 1.00 p.m. on Saturday 29
September.**

The Final Offer represents a premium to Phaunos' prevailing FX-adjusted net asset value per share of US\$0.509¹ (the "**Phaunos FX Adjusted NAV per share**"). We trust that you will consider seriously the certainty that this opportunity provides in terms of value and timing of execution.

You should also note that the Acceptance Condition of the Final Offer has been lowered from not less than 90 per cent. to more than 50 per cent. in value of Phaunos Shares affected. Should the Final Offer become, or be declared, wholly unconditional, there can be no certainty that Phaunos Shareholders who do not accept the Final Offer shall again be offered as much for their Phaunos Shares as under the Final Offer.

Stafford's Final Offer represents a premium of 2 per cent. to the Phaunos FX Adjusted NAV per share.

New Zealand Overseas Investment Office

Stafford has recently discussed with the OIO the conditions that would apply to the clearance of the Acquisition and we have submitted a final application in accordance with these conditions.

All our correspondence with the OIO to date indicates that clearance will be granted so as to enable completion of the Acquisition of Phaunos by Stafford Bidco in October 2018.

This is particularly good news for Phaunos Shareholders in light of the statement made by the Phaunos Board that "*the disposal of the Company's New Zealand assets are impacted by the need for a potential buyer of those assets to comply with the requirements of the New Zealand Overseas Investment Office*"². This process typically takes 6 months except in exceptional circumstances, for example to accommodate other statutory processes as has been afforded to the Final Offer from Stafford Bidco.

Stafford expects to receive clearance from the OIO for the Final Offer in October 2018.

Stafford's Final Offer provides certainty as to value and timing of execution

The Phaunos Board's Updated Asset Realisation Range³ is based on non-binding offers and potential bidders have made NO commitment to acquire the assets. The expressions of interest are subject to due diligence and the Phaunos Board has even agreed to cover the due diligence costs for parties interested in Matariki, given the uncertainty associated with the sale of this asset.

In its rejection of Stafford's Final Offer released on 24 September 2018, the Phaunos Board stated that it continues to believe that approximately 92 per cent. of the portfolio value will be disposed of before Q4 2019⁴. Stafford considers this to be extremely optimistic given its own view that this could only be achieved after:

1. satisfactory completion of due diligence and the negotiation of sale and purchase agreements;
2. resolution of the Rayonier legal proceedings (referred to below) wholly in favour of Phaunos;
3. receipt of all necessary regulatory approvals, and in particular, clearance from the OIO for the sale of the Matariki Interest, a process that typically takes 6 months; and
4. the sale of all of Phaunos' Latin American assets, some of which Stafford consider will be difficult to sell.

Even if this timetable were to be met and the valuations to achieve the Updated Asset Realisation Range were obtained, the sale of assets representing approximately 92 per cent. of the portfolio value would only result in proceeds to Phaunos by the end of Q3 2019 of between US\$0.497 and US\$0.552 per Phaunos Share.

In addition, this proposed return of value is before any further downward adjustment that Stafford considers would need to be made in light of the likely requirement to retain some of the disposal proceeds in order to cover the operating costs of the unsold assets and the costs of the ultimate liquidation of Phaunos.

Stafford's Final Offer is available for acceptance now and not subject to due diligence.

It is the only offer that provides certainty for Phaunos Shareholders.

Stafford's Final Offer will provide timely returns to Phaunos shareholders

Stafford's Final Offer of US\$0.52 per Phaunos Share, which implies a total equity value of approximately US\$ 259.1 million⁵, is expected to complete in October 2018, and Stafford anticipates making payment to accepting shareholders by the end of October.

Conversely, the Phaunos Board has been unable to provide any such certainty to Phaunos Shareholders in respect of the Asset Realisation Process. The Phaunos Board initially announced that the Asset Realisation Process would take 14 to 20 months from the end of April 2018 (that is, it would complete between June 2019 and December 2019). Following Stafford's Original Offer, this period was revised downward to 6 to 9 months (that is, it would complete between February 2019 and May 2019). Subsequent to that, the Phaunos Board stated on 24 September 2018 it expects to have disposed of 92 per cent. of the total value of the Phaunos portfolio by the end of Q3 2019⁶.

In addition, the Phaunos Board has also given its view that it could take between 2 and 7 months to reach a judgment in the Auckland High Court in relation to the Rayonier legal proceedings but only on the assumption that the Court treats the matter with urgency. The Phaunos Board has not, however, provided a timeframe should the matter not be treated with urgency by the Court and, as the Phaunos Board has itself stated, it is in a very early stage of the litigation process and these timings are inherently uncertain.

We therefore ask that Phaunos Shareholders compare the uncertainty relating to the proposed disposal of the Matariki Interest and the lack of binding offers for other assets within the Phaunos portfolio with Stafford's Final Offer of US\$0.52 per share, which is expected to complete in October 2018, and with payment expected to be made to accepting shareholders by the end of October.

The Phaunos Board is unable to provide any degree of certainty to Phaunos Shareholders regarding the size and timing of distributions nor the final liquidation date of Phaunos.

Rayonier legal proceedings

On 28 August 2018 the Phaunos Board announced that Rayonier had issued legal proceedings in the Auckland High Court alleging a breach by Phaunos of confidentiality, notice and consultation obligations in the shareholders agreement between the parties in relation to their respective interests in Matariki. Rayonier has asserted that it is entitled to acquire Phaunos' interest in Matariki for the sum of NZD 225 million (approximately US\$152 million) reflecting a discount to what Rayonier asserts is fair market value of Phaunos' interest in Matariki. If Rayonier were to be entitled to purchase Phaunos' interest in Matariki for NZD 225 million, Numis Securities has estimated that Phaunos' Updated Break-Up NAV⁷ would fall from US\$0.51 to US\$0.43 per share and the Updated Going Concern NAV⁸ would fall from US\$0.58 to US\$0.51 per share.⁹

In its time as investment manager of Phaunos, Stafford, and the previous board of directors of Phaunos who were in post at that time, were always extremely diligent in obtaining any required consent from Rayonier prior to publishing any material referencing Matariki.

The proceedings issued by Rayonier raise serious concerns about the ability of the Phaunos Board to deliver the value that it has stated it expects to achieve for Phaunos Shareholders pursuant to the Asset Realisation Process within the timeframe indicated.

Foreign exchange risk

Stafford considers it to be wholly incorrect to state that adverse foreign exchange movements have no material impact on the Updated Asset Realisation Range given that indicative offers were received in US dollars. In its 15-year history, Stafford has been involved in over 100 timberland transactions, and when revenues and costs are in local currencies, as is the case for the New Zealand and Latin American assets within the Phaunos portfolio (particularly bearing in mind the political uncertainty in Brazil), final binding offers are adjusted to reflect any relevant foreign exchange movements to completion.

We see no reason why potential bidders for assets within the Phaunos portfolio would take a different approach and we have estimated that between 30 June 2018 and 21 September 2018, foreign exchange movements have resulted in a reduction of US 1.5 cents per Phaunos Share.¹⁰

The outcome of the Asset Realisation Process will be impacted by foreign exchange movements

The lessons from Cambium

Cambium Global Timberland Limited ("**Cambium**"), whose shares are traded on AIM, is the only other listed timberland fund in the UK. In February 2013, Cambium shareholders voted to revise Cambium's investment strategy to:

"the realisation of the Group's investments in a manner which maximises value for shareholders and returns surplus cash to shareholders through ad hoc returns of capital"

As at 31 October 2012, shortly prior to the announcement of the conclusion of its strategic review which ultimately led to the shareholder vote referred to above, Cambium had a net asset value per share of GBP 0.62 and total equity of approximately GBP 63.1 million.¹¹

However, since revising its investment strategy, Cambium has only returned approximately GBP 5 million to its shareholders and has still not sold all of its assets five and a half years later. During this time board fees and administrative and management costs have totalled approximately GBP 14 million and the net asset value has fallen to approximately GBP 16 million¹². Stafford considers it highly unlikely that this is the position in which Cambium shareholders would have expected to be more than five years after they voted to revise Cambium's investment strategy.

Phaunos Shareholders should therefore take note of the lessons from Cambium and the inherent difficulty in implementing a realisation process as opposed to the sale of an entire portfolio in a single transaction. Whilst Phaunos benefits from its holding in Matariki, it nevertheless faces a number of issues that are not dissimilar to those faced by Cambium, and Phaunos Shareholders should consider carefully the potentially prolonged time period to liquidate in full the Phaunos portfolio and the costs associated with doing so.

Asset realisation processes, particularly for complex South American assets, are not straightforward and can take time and money.

Phaunos fees and expenses

Despite the limited engagement between Stafford and Phaunos, we note that Phaunos expects to incur fees and expenses of between GBP 2,985,000 and GBP 3,590,000 in responding to the offers from Stafford. The top of this range represents a cost of approximately US 1 cent per Phaunos Share¹³. This is in addition to any costs of Phaunos covering the potential bidders' due diligence expenses in respect of Matariki, the amount of which has not yet been made public, as well as the legal costs of defending the Rayonier legal proceedings.

In addition, Stafford notes that the aggregate remuneration of the Phaunos Board amounts to GBP 200,000 per annum¹⁴ (excluding any additional fees of GBP 300 per hour for any time spent in excess of the relevant Phaunos

Director's monthly time commitment)¹⁵. Stafford also notes that for the six month period to June 2018, the Phaunos Directors' remuneration and expenses amounted to US\$272,000¹⁶ (GBP 209,440) with approximately US\$140,000 (GBP 107,800) attributable to consultancy fees in excess of the base remuneration. This equates to US\$544,000 (GBP 418,880) per annum for a part-time board of directors, which may well be in place for another two years and potentially beyond.¹⁷

Evidently, it is not the Phaunos Board who will suffer financially in the event of any further delays to the Asset Realisation Process.

Any failure to manage costs appropriately will be detrimental to Phaunos Shareholders, particularly in the event of a prolonged Asset Realisation Process

CatchMark

We note that the possible rival bidder, CatchMark Timber Trust Inc. ("CatchMark"), has now confirmed that they will not make a firm all-share offer to acquire Phaunos. Possible reasons for this include the following.

- An all-share offer would not have met the requirements of the result of the continuation vote last year.
- During the period from CatchMark's possible offer announcement on 6 September to their withdrawal announcement on 21 September, the fall in CatchMark's share price would have resulted in the value of their possible all-share offer, applying the exchange ratio stated in the possible offer announcement, falling by approximately US 3 cents.

The fall in CatchMark's share price following their possible offer announcement could indicate that the CatchMark shareholders do not consider Phaunos to merit a valuation of US\$0.57 cents per share, even where payable in CatchMark stock.

Acceptance levels

As at 1.00 p.m. (London time) on 24 September 2018 Stafford Bidco had received valid acceptances in respect of a total of 98,031,479 Phaunos Shares, representing, in aggregate, approximately 19.67 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 98,789,713 Phaunos Shares, representing, in aggregate, approximately 19.82 per cent. of the issued share capital of Phaunos.

The choice for Phaunos Shareholders

The choice facing you, as Phaunos Shareholders, before 1.00 p.m. on Saturday 29 September is as follows:

- 1. Await the outcome of the Asset Realisation Process for which there is no certainty of value or timing;**

or

- 2. Accept Stafford's Final Offer of US\$0.52 per share in cash, expected to be paid to accepting shareholders by the end of October 2018.**

To all Phaunos Shareholders, we would like to thank you for your support over the past few years whilst we acted as investment manager of Phaunos. We have enjoyed the relationships developed and we trust that you will consider, as we do, that Stafford's Final Offer provides certainty of value and timing which cannot be matched by the Asset Realisation Process.

Yours sincerely,

Stephen Addicott

Director

Mahogany Bidco Limited

Notes

¹ The Phaunos FX Adjusted NAV per share is calculated on the basis of the latest published net asset value of US\$0.52 per Phaunos Share (unaudited) as at 30 June 2018 and the prevailing exchange rates as at 21 September 2018 of US\$ 1:NZD 1.5 (Bloomberg) and a US\$ 1:BRL 4.05 (Bloomberg), and Stafford's assessment of the impact of foreign exchange movements on certain assets contained in the Phaunos portfolio during the period from the date of the latest published net asset value to 21 September 2018.

² Phaunos 2017 Annual Report, page 20

³ As detailed in Appendix I of the Phaunos response circular dated 14 August 2018

⁴ Phaunos RNS announcement of 24 September 2018

⁵ Based on the Final Offer Price of US\$0.52 per share multiplied by the number of Phaunos Shares in issue as at 10 August 2018, as announced by the Company on 14 August 2018

⁶ Phaunos RNS announcement of 24 September 2018

- ⁷ As detailed in Appendix II of the Phaunos response circular dated 14 August 2018
- ⁸ As detailed in Appendix II of the Phaunos response circular dated 14 August 2018
- ⁹ Numis Securities Limited Investment Companies news update dated 29 August 2018
- ¹⁰ Based on a published net asset value of US\$0.52 per share (unaudited) as at 30 June 2018 and prevailing exchange rates as at 21 September 2018 of US\$ 1:NZD 1.5 (Bloomberg) and a US\$ 1:BRL 4.05 (Bloomberg), and Stafford's assessment of the impact of foreign exchange movements on certain assets contained in the Phaunos portfolio during the intervening period.
- ¹¹ Cambium Global Timberland Limited unaudited condensed consolidated interim report and financial statements for the six months ended 31 October 2012
- ¹² As at 30 April 2018
- ¹³ Based on 498,360,117 Phaunos Shares in issue as at 10 August 2018 (as announced by the Company on 14 August 2018) divided by GBP 3,590,000 at the prevailing exchange rate as at 21 September 2018 of GBP 1: US\$ 1.31 (Bloomberg)
- ¹⁴ Phaunos 2017 Annual Report, page 27
- ¹⁵ As stated in Appendix III of the Phaunos response circular dated 14 August 2018
- ¹⁶ As stated in the Phaunos Unaudited Interim Condensed Consolidated Financial Statements for the period ended 30 June 2018, page 28
- ¹⁷ References to GBP-equivalent amounts are based on the prevailing exchange rate as at 29 June 2018 of US\$ 1: GBP 0.76 (Bloomberg)

Additional Information

Enquiries:

Stafford Bidco
7535 4915

+44 (0) 20

Stephen Addicott

Lancea LLP (Financial Adviser to Stafford and Stafford Bidco) **+44 (0) 20**
3301 8000

Peter Thickett

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.

Interests in relevant securities

As at the close of business on 24 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 ¹⁸ | Beneficial Owner | 23,223 |

¹⁸ Stephen Westwood is a director of CES Investments Limited which is an authorised representative of Lincea LLP, the financial adviser to Stafford and Stafford Bidco in connection with the Final Offer

Save as disclosed above, as at the close of business of 24 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 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.

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.

Definitions

Unless the context requires otherwise, capitalised terms used but not defined in this announcement shall have the meaning given to them in the revised offer document posted by Stafford Bidco to Phaunos Shareholders on 14 September 2018.

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

26 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.

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