

15 September 2016

Bagir Group Limited
("Bagir" or the "Company")

**Proposed Placing of up to 183,236,754 new Ordinary Shares at a price
of 3.5 pence per Ordinary Share to raise US\$8.5 million
and
issue of 20,551,247 new Ordinary Shares to the Lenders**

- Bagir (AIM: BAGR), the designer, creator and provider of innovative tailoring, is pleased to announce its intention to conduct a placing of up to 183,236,754 new ordinary shares in the Company (the "Placing Shares"), at a price of 3.5 pence per share (the "Placing Price") to raise up to approximately US\$8.5 million (before expenses) (the "Placing").
- The Placing Shares are being offered by way of an accelerated bookbuild ("Bookbuild"), which will be launched immediately following this announcement. Nplus1 Singer Advisory LLP ("N+1 Singer") will be acting as sole bookrunner in connection with the Bookbuild.
- The net proceeds of the Placing (being approximately US\$8.1 million, assuming that all Placing Shares are subscribed for) will be used to:
 - make a payment of US\$6.3 million in order to repay the Company's lenders, Bank Leumi and Discount Bank (the "Lenders"), and clear all outstanding bank debt (approximately US\$21 million) with the balance being used as working capital in order to support the Group's business operations. Further background on the repayment agreement with the Lenders was announced on 25 July 2016; and
 - support the working capital needs of the Company as it seeks to continue the trading momentum achieved in the first six months of 2016 under the new operational strategy.
- The Placing is conditional on, inter alia, the passing of the Placing Resolutions to be proposed at the Extraordinary General Meeting to be held at the offices of N+1 Singer, One Bartholomew Lane London EC2N 2AX. A circular which provides further details of the Placing and includes a notice convening the Extraordinary General Meeting (the "Circular"), is expected to be sent to Shareholders and be available on the Company's website later today.
- The Company has also today announced its half year results for the 6 months to 30 June 2016.

Eran Itzhak, Chief Executive Officer, said "As we have shown in our half year results also announced today we have implemented a successful turnaround of the business. The proposed fundraising will transform our balance sheet and provide the cash injection to support our operational strategy which is already well advanced. We have refocused our manufacturing base on to three sites in Ethiopia, Egypt and Vietnam where there are tax, cost and local political advantages for us to make use of. Additionally we are focused on targeting customers with large order volumes and in support of this objective we are preparing to launch 8 new innovative concepts. We are expanding our routes to market and we are increasingly confident about our future."

Expected timetable

Announcement of completion of the Placing and Bookbuild	p.m. on 15 September 2016
Posting of the Circular and Form of Proxy	15 September 2016
Latest time and date for receipt of Forms of Proxy for the Extraordinary General Meeting	10.00 a.m. on 19 October 2016
Time and date of Extraordinary General Meeting	10.00 a.m. on 21 October 2016
Admission and commencement of dealings in the New Ordinary Shares	8.00 a.m. on 25 October 2016

Terms used but not defined in this announcement shall have the meanings given to such terms in the Circular. This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 ("MAR"). In addition, market soundings (as defined in MAR) were taken in respect of the Placing with the result that certain persons became aware of inside information (as defined in MAR), as permitted by MAR. This inside information is set out in this Announcement. Therefore, those persons that received inside information in a market sounding are no longer in possession of such inside information relating to the Company and its securities.

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About Bagir Group

A global innovative tailoring provider, Bagir Group specializes in developing, manufacturing and marketing of high quality men and women's tailored fashions. Bagir Group leverages their Global Presence, Vertical Structure & Innovation in order to provide consumers with the ultimate wearing experience combining fashion, comfort, performance and value.

At Bagir Group, focus on excellence in design and innovation throughout the entire value chain is a fundamental platform for achieving their goals. Strategic partnerships with retail customers keep Bagir Group in tune with the latest industry needs and trends while helping ensure their customers' competitiveness and consumer satisfaction.

Bagir Group markets their suits, jackets and trousers under retail private labels as well as world renowned brands such as GIR Collection, AR-RED, and Jay Godfrey. From fibre to fabric, from design to display, Bagir Group is among the world's most innovative tailoring providers. The latest innovations introduced by Bagir Group include stylishly designed concepts from flexible and stretchable clothes to machine washable suits and airy all-climate garments. At Bagir Group, innovation means delivering consumers with clothes and suits that offer perfect performance backed by an experience of pure comfort and style.

Bagir Group was established in 1961 and was admitted to AIM on 15th April 2014 (ticker:BAGR). <http://www.bagir.com/index.html>

Details of the Placing

1. INTRODUCTION

The Company today announces its intention to raise up to approximately US\$8.5 million (before expenses) by way of a placing of up to 183,236,754 new Ordinary Shares with certain institutional and other investors at a Placing Price of 3.5 pence each. The Placing is not being underwritten. Further details and terms of the Placing are described below.

The net proceeds of the Placing (being approximately US\$8.1 million, assuming that all Placing Shares are subscribed for) will be used to make a payment of US\$6.3 million in order to repay the Company's lenders, Bank Leumi and Discount Bank (the "Lenders"), and clear all outstanding bank debt (approximately US\$21 million) with the balance being used as working capital in order to support the Group's business operations. Further background on the repayment agreement with the Lenders was announced on 25 July 2016.

The Placing Shares will be placed with specific institutional and other investors, and are conditional subject, amongst other things, to the Company having received, prior to Admission, a release from the Lenders of their security over the issuance of the New Ordinary Shares, the passing of the Placing Resolutions at the Extraordinary General Meeting, which are being proposed, amongst other things, to grant the Directors the necessary authority and power to allot the Placing Shares for cash on a non-pre-emptive basis, and Admission.

Should the Placing Resolutions not be passed by the Shareholders and Depositary Interest Holders, and the Company is otherwise unable to secure alternative funding, then the conditions to the agreements with the Lenders will not be satisfied and the Lenders' conditional agreement to clear all of the outstanding bank debt (approximately US\$21 million) will fall away. In such circumstances, the Company would be significantly financially constrained and will be required to reconsider its strategy going forwards and its short-term growth prospects are likely to be impacted negatively.

2. USE OF PROCEEDS

On 25 July 2016 the Company announced that it had reached an agreement with its Lenders to clear all outstanding bank debt (approximately US\$21 million). This agreement is conditional on the following conditions being fulfilled prior to 31 December 2016:

- a cash payment of US\$6.3m to the Lenders; and
- the issue and allotment of the Lender Shares to the Lenders.

In addition, if the Company were to generate annual EBITDA above US\$6.5m in any year between 2016 and 2024 then a contingent payment of 50% of the EBITDA excess over US\$6.5m in any year would become payable to the Lenders up to a maximum of US\$8.0m.

Upon fulfilment of the aforementioned conditions, any liens, mortgages, and guarantees created in favour of the Lenders, will be cancelled. Accordingly, in order to effect the Placing, the Lenders will be requested to the release of their security over the issuance of the New Ordinary Shares.

The purpose of the Placing is, therefore, to raise sufficient funds from which the Company can meet the cash element of the conditional agreement with the Lenders with the balance of the net proceeds of the Placing to be used for general working capital purposes for the Group. The Placing Resolutions also include the necessary authorities to issue the Lender Shares.

3. CURRENT TRADING AND PROSPECTS

The Company announced its interim results for the period to 30 June 2016 earlier today. These interim results contained a review of the period to 30 June 2016 together with details of any material events since the period end. Trading since 30 June 2016 has been in line with Director's expectations.

Outlook

As announced as part of its interims results, the Company has a clearly defined strategy and is continuing to implement its turnaround plan. This is made up of a recovery plan, comprising an operational strategy, marketing strategy and cost reduction strategy, together with a refinancing plan centred around the agreement that the Company has reached with its Lenders as set out in more detail above.

Operational strategy

Key to the Group's recovery plan is its operational strategy. Moving forward, the Group plans to close its existing factories in China and Romania by the end of the current financial year following which it will focus only on its core manufacturing facilities in Vietnam, Egypt and Ethiopia. The changes made have created strong competitive advantages as a result of their combined duty free export status for sales to both the EU and US, highly competitive production costs and local governmental support for the textile industry.

Ethiopia is the Group's newest manufacturing facility and is where the Directors see high growth potential. Current production rates are 900 trousers per day which the Directors expect will increase significantly in the short-to-medium term. Additional product lines, such as jackets, are also expected to be brought into production during 2017. Importantly, going forward the Directors consider there to be significant potential demand internationally for garments produced in Ethiopia. With increased investment in this facility, the Directors anticipate being able to increase production rates considerably. This is based, in part, on the relatively low costs of production in Ethiopia when compared with other jurisdictions such as China.

As announced at the time of the Company's full year results for the period ended 31 December 2015, further costs savings have been identified and, at the same time, important operational

changes, such as a new pricing model with discounts for larger orders, moving entirely to free on board (FOB) delivery, imposing minimum order quantities and relocating the sample production rooms from Israel to the production sites themselves, are expected by the Directors to improve gross margins.

Marketing strategy

Key to the Group's marketing strategy going forward will be to seek to change the current customer mix and target new customers who are likely to provide larger order volumes. The rationale for this is two-fold since it not only serves to better diversify the Group's customer concentration but also importantly larger order volumes are inherently more profitable for the Group.

The Group is currently in discussions with a number of potential new customers, which the Directors are optimistic will lead to significant orders in the future. These discussions are all at varying stages of development, ranging from initial approaches to producing sample orders and price negotiations. Further announcements will be made at the appropriate time.

At the same time, the Group is extremely proud of its long track record in innovation and Company plans to renew its investment in that area. The Company currently has 8 new concepts under development and considers innovation to be an extremely important tool in setting pricing levels and maintaining margins as well as in attracting new customers.

Further important initiatives are aimed extending the product range and seeking to grow the amount of the Group's online business, whether through targeting customers with leading online distribution platforms or direct sales through online distribution platforms such as Amazon.

4. INFORMATION ON THE PLACING

The Company proposes to raise approximately \$8.5 million (before expenses) through the issue of the Placing Shares at the Placing Price, which represents a discount of 12.5 per cent. to closing bid-price of 4 pence on 14 September 2016 being the last business day immediately prior to the announcement of the Proposals. Having considered the price at which the Ordinary Shares are currently traded, and other market factors, the Directors have resolved that the Placing Price is appropriate. The Placing Shares will represent approximately 72 per cent. of the Company's issued ordinary share capital immediately following Admission.

Pursuant to the terms of the Placing Agreement, N+1 Singer, as agent for the Company, has conditionally agreed to use its reasonable endeavours to place the Placing Shares with certain institutional and other investors. The Placing Agreement is conditional upon, amongst other things, the Company having received, prior to Admission, a release from the Lenders of their security to enable the issuance of the New Ordinary Shares, the Placing Resolutions being duly passed at the Extraordinary General Meeting and Admission becoming effective on or before 8.00 a.m. on 25 October 2016 (or such later time and/or date as the Company and N+1 Singer may agree, but in any event by no later than 8.00 a.m. on 11 November 2016).

The Placing Agreement contains warranties from the Company in favour of N+1 Singer in relation to, amongst other things, the accuracy of the information in the Circular and other matters relating to the Group and its business. In addition, the Company has agreed to indemnify N+1 Singer and its affiliates in relation to certain liabilities they may incur in respect of the Placing. N+1 Singer can terminate the Placing Agreement at any time prior to Admission in certain circumstances, including in the event of a material breach of the warranties given in the Placing Agreement, the failure of the Company to comply with its obligations under the Placing Agreement or, the occurrence of a force majeure event which in N+1 Singer's reasonable opinion may be material and adverse to the Company or the Placing, or a material adverse change affecting the financial position or business or

prospects of the Company. If this right is exercised the Placing will not proceed. The Placing has not been underwritten by N+1 Singer.

The Company has agreed to pay certain fees and commissions to N+1 Singer in respect of the Placing.

Application will be made for Admission and it is expected that Admission will become effective and that dealings in the Placing Shares will commence at 8.00 a.m. on 25 October 2016.

The Placing Shares will, if and when issued, rank *pari passu* in all respects with the Existing Ordinary Shares and the Lender Shares including the right to receive dividends and other distributions declared following Admission.

5. DIRECTORS' SHAREHOLDINGS

It is proposed that each of the Directors listed in the table below will participate in the Placing. The Directors propose to subscribe for an aggregate of 1,001,000 Placing Shares following this announcement.

Immediately following Admission (assuming the Placing is fully subscribed), the Directors will together hold an aggregate of 1,185,508 Ordinary Shares, representing 0.46 per cent. of the Enlarged Share Capital, as set out in the table below:

	<i>Amount subscribed (£)</i>	<i>Number of Placing Shares</i>	<i>Number of shares post Admission*</i>	<i>Percentage of Enlarged Share Capital post Admission*</i>
Tessa Laws	10,000	286,000	310,390	0.12%
Eran Itzhak	10,000	286,000	286,000	0.11%
Samuel Vlodinger	10,000	286,000	419,333	0.16%
Donald Stewart	5,000	143,000	143,000	0.06%
Marc Zalcman**	-	-	-	-
Udi Cohen	-	-	-	-
Fiona Holmes	-	-	26,785	0.01%

* Assuming that the Placing is fully subscribed and no further Ordinary Shares are issued following the date of this announcement

** Marc Zalcman owns the entire issued share capital of Man Capital Holdings Ltd. which owns 2.08% of the current issued share capital of the Company. Man Capital Holdings Ltd. also owns 14 per cent. of S.G. Textile Holdings Ltd.. S.G. Textile Holdings Ltd. owns 1.14 per cent. of the issued share capital of the Company. The remaining 86 per cent. of S.G. Textile Holdings Ltd is owned by Siverboim Holdings Ltd., a company wholly owned by Zvika Barinboim. Zvika Barinboim is also the sole owner of Barinboim Properties Ltd, a substantial Shareholder of the Company. Man Capital Holdings Ltd. is proposing to subscribe for 7,846,720 shares as part of the Placing

The participation by such Directors in the Placing constitutes related party transactions for the purposes of the AIM Rules. The independent directors for the purposes of the Placing (being the remaining Directors not participating in the Placing and comprising Fiona Holmes and Udi Cohen), having consulted with the Company's nominated adviser, N+1 Singer, consider that the terms of the related party transaction are fair and reasonable insofar as the Shareholders are concerned.

6. INCENTIVISATION PLAN

The Company has achieved a significant turnaround during the first six months of 2016 and the Directors are looking forward to the future with confidence. However, as with all strategies, the execution of the Company's plans and realisation of its current potential depends to a large extent on the executive management team. Therefore, in order to ensure that the executive management team are suitably incentivised and that their interests are correctly aligned with the interests of Shareholders, the Company is proposing, conditional upon completion of the Proposals, to grant the Company's key employees, including its CEO, Eran Itzhak, and the Company's CFO and Deputy CEO, Udi Cohen, who are also Directors, further options exercisable into Ordinary Shares under the Existing Option Plan. The number of options proposed to be granted to the Company's CEO and CFO are as follows:

<i>Director</i>	<i>Position</i>	<i>Existing options</i>	<i>share</i>	<i>Proposed new options to be granted</i>	<i>Number of options following grant</i>	<i>Percentage of granted options of fully diluted share capital</i>
Eran Itzhak	CEO	1,383,350		6,705,362	8,088,712	2.80%
Udi Cohen	CFO	1,405,425		5,238,874	6,644,299	2.30%

(the "Incentivisation Options").

The key features of the Incentivisation Options are as follows:

- vesting of options is to be based on certain stretch targets as follows:
 - 25 per cent. on grant;
 - 25 per cent. once the Company's share price is 8 pence or above measured on a 30 day VWAP basis;
 - 25 per cent. once the Company's share price is 10 pence or above measured on a 30 day VWAP basis;
 - 25 per cent. once the Company's share price is 12 pence or above measured on a 30 day VWAP basis.
- options will be exercisable at the Issue Price. There will be the usual acceleration provisions, including, in the event of a takeover. The total scheme length will be 5 years; and
- the total number of shares under the Company's Existing Option Plan will represent 12 per cent. of the enlarged and fully diluted share capital.

APPENDIX - TERMS AND CONDITIONS OF THE PLACING

IMPORTANT INFORMATION FOR INVITED PLACEEES ONLY REGARDING THE PLACING

THIS ANNOUNCEMENT, INCLUDING THIS APPENDIX AND THE INFORMATION CONTAINED HEREIN (TOGETHER THE "ANNOUNCEMENT") IS RESTRICTED AND IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, THE REPUBLIC OF IRELAND, AUSTRALIA, CANADA, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL. THIS ANNOUNCEMENT HAS NOT BEEN APPROVED BY THE LONDON STOCK EXCHANGE, NOR IS IT INTENDED THAT IT WILL BE SO APPROVED.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS ANNOUNCEMENT IS FOR INFORMATION PURPOSES ONLY AND IS DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA ("EEA") WHO ARE QUALIFIED INVESTORS AS DEFINED IN SECTION 86(7) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, AS AMENDED ("QUALIFIED INVESTORS"), BEING PERSONS FALLING WITHIN THE MEANING OF ARTICLE 2(1)(e) OF DIRECTIVE 2003/71/EC AS AMENDED, INCLUDING BY THE 2010 PROSPECTUS DIRECTIVE AMENDING DIRECTIVE (DIRECTIVE 2010/73/EC) AND TO THE EXTENT IMPLEMENTED IN THE RELEVANT MEMBER STATE (THE "PROSPECTUS DIRECTIVE"); AND (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) (INVESTMENT PROFESSIONALS) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "ORDER"); (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS").

THIS ANNOUNCEMENT AND THE INFORMATION IN IT MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. PERSONS DISTRIBUTING THIS ANNOUNCEMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS ANNOUNCEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS ANNOUNCEMENT DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN BAGIR GROUP LTD.

THIS ANNOUNCEMENT IS NOT AN OFFER OF SECURITIES FOR SALE INTO THE UNITED STATES. THE PLACING SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD OR TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. SUBJECT TO CERTAIN EXCEPTIONS AND AT THE SOLE DISCRETION OF THE COMPANY, THE PLACING SHARES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS" WITHIN THE MEANING OF, AND IN ACCORDANCE WITH, REGULATIONS UNDER THE SECURITIES ACT AND OTHERWISE IN ACCORDANCE WITH APPLICABLE LAWS. NO PUBLIC OFFERING OF THE PLACING SHARES IS BEING MADE IN THE UNITED STATES, THE UNITED KINGDOM OR ELSEWHERE. NO MONEY, SECURITIES OR OTHER CONSIDERATION FROM ANY PERSON INSIDE THE UNITED STATES IS BEING SOLICITED AND, IF SENT IN RESPONSE TO THE INFORMATION CONTAINED IN THIS ANNOUNCEMENT, WILL NOT BE ACCEPTED.

EACH PLACEE SHOULD CONSULT WITH ITS ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN INVESTMENT IN PLACING SHARES. THE DISTRIBUTION OF THIS ANNOUNCEMENT, ANY PART OF IT OR ANY INFORMATION CONTAINED IN IT MAY BE RESTRICTED BY LAW IN CERTAIN JURISDICTIONS, AND ANY PERSON INTO WHOSE POSSESSION THIS ANNOUNCEMENT, ANY PART OF IT OR ANY INFORMATION CONTAINED IN IT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, SUCH RESTRICTIONS.

No action has been taken by the Company, N+1 Singer Advisory LLP ("**N+1 Singer**") or any of their respective affiliates, agents, directors, officers or employees that would permit an offer of the Placing Shares or possession or distribution of this Announcement or any other offering or publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required. This Announcement or any part of it does not constitute or form part of any offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for, any securities in the United States (including its territories and possessions, any state of the United States and the District of Columbia), Canada, the Republic of Ireland, Australia, the Republic of South Africa, Japan or any other jurisdiction in which the same would be unlawful. No public offering of the Placing Shares is being made in any such jurisdiction.

All offers of the Placing Shares will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus. In the United Kingdom, this Announcement is being directed solely at persons in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 (as amended) (the "**FSMA**") does not apply.

The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this Announcement. Any representation to the contrary is a criminal offence in the United States. The relevant clearances have not been, nor will they be, obtained from the securities commission of any province or territory of Canada, no prospectus has been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance; the relevant clearances have not been, and will not be, obtained for the South Africa Reserve Bank or any other applicable body in the Republic of South Africa in relation to the Placing Shares and the Placing Shares have not been, nor will they be, registered under or offering in compliance with the securities laws of any state, province or territory of Australia, Canada, Japan or the Republic of South Africa. Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into Australia, Canada, Japan or the Republic of South Africa or any other jurisdiction outside the United Kingdom.

Persons (including, without limitation, nominees and trustees) who have a contractual right or other legal obligations to forward a copy of this Announcement should seek appropriate advice before taking any action.

This Announcement should be read in its entirety. In particular, you should read and understand the information provided in this "Important Information" section of this Announcement.

By participating in the Placing, each person who is invited to and who chooses to participate in the Placing (a "**Placee**") will be deemed to have read and understood this Announcement in its entirety, to be participating, making an offer and acquiring Placing Shares on the terms and conditions

contained herein and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in this Appendix.

In particular, each such Placee represents, warrants, undertakes, agrees and acknowledges (amongst other things) that:

- 1 it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
- 2 in the case of a Relevant Person in a member state of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**") who acquires any Placing Shares pursuant to the Placing:
 - 2.1 it is a Qualified Investor within the meaning of Article 2(1)(e) of the Prospectus Directive;
 - 2.2 in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive:
 - 2.2.1 the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than Qualified Investors or in circumstances in which the prior consent of N+1 Singer has been given to the offer or resale; or
 - 2.2.2 where Placing Shares have been acquired by it on behalf of persons in any member state of the EEA other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- 3 it is acquiring the Placing Shares for its own account or is acquiring the Placing Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties, indemnities, acknowledgements, undertakings and agreements contained in this Announcement;
- 4 it understands (or if acting for the account of another person, such person has confirmed that such person understands) the resale and transfer restrictions set out in this Appendix; and
- 5 except as otherwise permitted by the Company and subject to any available exemptions from applicable securities laws, it (and any account referred to in paragraph 3 above) is outside the United States acquiring the Placing Shares in offshore transactions as defined in and in accordance with Regulation S under the Securities Act.

No prospectus

No prospectus or other offering document has been or will be submitted to be approved by the FCA in relation to the Placing or the Placing Shares and Placees' commitments will be made solely on the basis of the information contained in this Announcement and any information publicly announced through a Regulatory Information Service (as defined in the AIM Rules for Companies (the "**AIM Rules**")) by or on behalf of the Company on or prior to the date of this Announcement (the "**Publicly Available Information**") and subject to any further terms set forth in the contract note to be sent to individual Placees.

Each Placee, by participating in the Placing, agrees that the content of this Announcement is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any information (other than the Publicly Available Information), representation, warranty or statement made by or on behalf of N+1 Singer, the Company or any other person and none of N+1 Singer, the Company or any other person acting on such person's behalf nor any of their respective affiliates has or shall have any liability for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

Details of the Placing Agreement and the Placing Shares

N+1 Singer has today entered into a placing agreement (the "**Placing Agreement**") with the Company under which, on the terms and subject to the conditions set out in the Placing Agreement, N+1 Singer, as agent for and on behalf of the Company, has agreed to use its reasonable endeavours to procure Placees for the Placing Shares at the Placing Price.

The Placing Shares will, when issued, be subject to the articles of association of the Company and credited as fully paid and will rank pari passu in all respects with the Existing Ordinary Shares in the capital of the Company, including the right to receive all dividends and other distributions declared, made or paid in respect of such Ordinary Shares after the date of issue of the Placing Shares.

Application for admission to trading

The expected timetable for settlement will be as follows:

Trade Date:	21 October 2016
Settlement Date:	25 October 2016
CREST counterparty:	ATMAY
ISIN Code:	IL0011317216
SEDOL Code (GB):	BKZGH89
Trade System of Origin:	Blank
Stamp Status:	W
Stamp Consideration:	Nil
Settlement Currency:	GBP
Deadline for input instruction into CREST:	21 October 2016

Application will be made to the London Stock Exchange for admission of the Placing Shares to trading on AIM.

It is expected that Admission will take place no later than 25 October 2016 and that dealings in the Placing Shares on AIM will commence at the same time.

Principal terms of the Placing

- 1 N+1 Singer is acting as nominated adviser, financial adviser and broker to the Placing, as agent for and on behalf of the Company. N+1 Singer is authorised and regulated in the United Kingdom by the Financial Conduct Authority ("**FCA**") and is acting exclusively for the Company and no one else in connection with the matters referred to in this Announcement and will not be responsible to anyone other than the Company for providing the protections afforded to the customers of N+1 Singer or for providing advice in relation to the matters described in this Announcement.

- 2 Participation in the Placing will only be available to persons who may lawfully be, and are, invited by N+1 Singer to participate. N+1 Singer and any of its respective affiliates are entitled to participate in the Placing as principal.
- 3 The price per Placing Share (the "**Placing Price**") is fixed at 3.5 pence and is payable to N+1 Singer by all Placees.
- 4 Each Placee's allocation is determined by N+1 Singer in its discretion following consultation with the Company and has been or will be confirmed orally by N+1 Singer and a contract note will be dispatched as soon as possible thereafter. That oral confirmation will give rise to an irrevocable, legally binding commitment by that person (who at that point becomes a Placee), in favour of N+1 Singer and the Company, under which it agrees to acquire the number of Placing Shares allocated to the Placee at the Placing Price and otherwise on the terms and subject to the conditions set out in this Appendix and in accordance with the Company's articles of association. Except with the Bank's consent, such commitment will not be capable of variation or revocation at the time at which it is submitted.
- 5 Each Placee's allocation and commitment will be evidenced by a contract note issued to such Placee by N+1 Singer. The terms of this Appendix will be deemed incorporated in that contract note.
- 6 Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to N+1 Singer (as agent for the Company), to pay to it (or as it may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares such Placee has agreed to acquire and the Company has agreed to allot and issue to that Placee.
- 7 Irrespective of the time at which a Placee's allocation(s) pursuant to the Placing is/are confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "**Registration and Settlement**".
- 8 All obligations of N+1 Singer under the Placing will be subject to fulfilment of the conditions referred to below under "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Termination of the Placing".
- 9 By participating in the Placing, each Placee will agree that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
- 10 To the fullest extent permissible by law and applicable FCA rules, none of (a) N+1 Singer, (b) any of N+1 Singer's affiliates, agents, directors, officers, consultants, (c) to the extent not contained within (a) or (b), any person connected with N+1 Singer as defined in the Financial Services and Markets Act 2000 ("**FSMA**") ((b) and (c) being together "**affiliates**" and individually an "**affiliate**" of N+1 Singer), (d) any person acting on N+1 Singer's behalf, shall have any liability (including to the extent permissible by law, any fiduciary duties) to Placees or to any other person whether acting on behalf of a Placee or otherwise. In particular, neither N+1 Singer nor any of its respective affiliates shall have any liability (including, to the extent permissible by law, any fiduciary duties) in respect of their conduct of the Placing or of such alternative method of effecting the Placing as N+1 Singer and the Company may agree.

Registration and Settlement

If Placees are allocated any Placing Shares in the Placing they will be sent a contract note or electronic confirmation by N+1 Singer, as soon as it is able which will confirm the number of Placing Shares allocated to them, the Placing Price and the aggregate amount owed by them to N+1 Singer. Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed as directed by N+1 Singer in accordance with either the standing CREST or certificated settlement instructions which they have in place with N+1 Singer.

Settlement of transactions in the Placing Shares (ISIN: IL0011317216) following Admission will take place within the CREST system, subject to certain exceptions. Settlement through CREST is expected to take place on 25 October 2016 unless otherwise notified by N+1 Singer and Admission is expected to occur no later than 8.00 a.m. on 25 October 2016 unless otherwise notified by N+1 Singer. Admission and Settlement may occur at an earlier date, which if achievable, will be set out in the Circular. Settlement will be on a delivery versus payment basis. However, in the event of any difficulties or delays in the admission of the Placing Shares to CREST or the use of CREST in relation to the Placing, the Company and N+1 Singer may agree that the Placing Shares should be issued in certificated form. N+1 Singer reserves the right to require settlement for the Placing Shares, and to deliver the Placing Shares to Placees, by such other means as they deem necessary if delivery or settlement to Placees is not practicable within the CREST system or would not be consistent with regulatory requirements in a Placee's jurisdiction.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above, in respect of either CREST or certificated deliveries, at the rate of 2 percentage points above prevailing LIBOR as determined by N+1 Singer.

Each Placee is deemed to agree that if it does not comply with these obligations, N+1 Singer may sell any or all of their Placing Shares on their behalf and retain from the proceeds, for N+1 Singer's own account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall below the amount owed by it and for any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of their Placing Shares on their behalf.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees must ensure that, upon receipt, the conditional contract note is copied and delivered immediately to the relevant person within that organisation. Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to United Kingdom stamp duty or stamp duty reserve tax. Placees will not be entitled to receive any fee or commission in connection with the Placing.

Conditions of the Placing

The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms.

The obligations of N+1 Singer under the Placing Agreement are, and the Placing is, conditional upon, inter alia:

- (a) the passing of the Placing Resolutions at the Extraordinary General Meeting;
- (b) none of the warranties or undertakings on the part of the Company contained in the Placing Agreement being or having become untrue, inaccurate or misleading at any time before Admission, and no fact or circumstance having arisen which would constitute a breach of any of the Warranties or undertakings given in the Placing Agreement

- (c) the performance by the Company of its obligations under the Placing Agreement to the extent that they fall to be performed prior to Admission;
- (d) the Company having received, prior to Admission, a release from the Lenders of their security to enable the issuance of the New Ordinary Shares; and
- (e) Admission occurring by not later than 8.00 a.m. on 25 October 2016 (or such later date as the Company and the Nomad may agree in writing, in any event being not later 11 November 2016),

(all conditions to the obligations of N+1 Singer included in the Placing Agreement being together, the "**conditions**").

If any of the conditions set out in the Placing Agreement are not fulfilled or, where permitted, waived in accordance with the Placing Agreement within the stated time periods (or such later time and/or date as the Company and N+1 Singer may agree, provided that the time for satisfaction of the condition set out in (e) above shall not be extended beyond 8.00 a.m. on 11 November 2016), or the Placing Agreement is terminated in accordance with its terms, the Placing will lapse and the Placee's rights and obligations shall cease and terminate at such time and each Placee agrees that no claim can be made by or on behalf of the Placee (or any person on whose behalf the Placee is acting) in respect thereof.

By participating in the Placing, each Placee agrees that its rights and obligations cease and terminate only in the circumstances described above and under "Termination of the Placing" below and will not be capable of rescission or termination by it.

Certain conditions may be waived in whole or in part by N+1 Singer, in its absolute discretion by notice in writing to the Company and N+1 Singer may also agree in writing with the Company to extend the time for satisfaction of any condition. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement.

N+1 Singer may terminate the Placing Agreement in certain circumstances, details of which are set out below.

Neither N+1 Singer, the Company nor any of their respective affiliates, agents, directors, officers, employees shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision any of them may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision any of them may make as to the satisfaction of any condition or in respect of the Placing generally and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of N+1 Singer.

Termination of the Placing

N+1 Singer may terminate the Placing Agreement, in accordance with its terms, at any time prior to Admission if, inter alia:

- 1 it comes to the attention of N+1 Singer that any of the warranties were not true or accurate, or were misleading when given or deemed given; or
- 2 it comes to the attention of N+1 Singer that the Company has failed to comply with its obligations under the Placing Agreement, FSMA, the AIM Rules or other applicable Law; or
- 3 it comes to the attention of N+1 Singer that any statement contained in the Issue Documents has become or been discovered to be untrue, inaccurate or misleading; or

- 4 there has occurred a force majeure event, or any material adverse change has occurred in the financial position or prospects or business of the Company and its subsidiary undertakings (taken as whole) which, in the opinion of N+1 Singer, will or is likely to be prejudicial to the Placing or Admission or to the subscription for Placing Shares by Placees.

If the Placing Agreement is terminated in accordance with its terms, the rights and obligations of each Placee in respect of the Placing as described in this Announcement shall cease and terminate at such time and no claim can be made by any Placee in respect thereof.

By participating in the Placing, each Placee agrees with the Company and N+1 Singer that the exercise by the Company or N+1 Singer of any right of termination or any other right or other discretion under the Placing Agreement shall be within the absolute discretion of the Company or N+1 Singer and that neither of the Company nor N+1 Singer need make any reference to such Placee and that neither N+1 Singer, the Company, nor any of their respective affiliates, agents, directors, officers or employees shall have any liability to such Placee (or to any other person whether acting on behalf of a Placee or otherwise) whatsoever in connection with any such exercise.

By participating in the Placing, each Placee agrees that its rights and obligations terminate only in the circumstances described above and under the "Conditions of the Placing" section above and will not be capable of rescission or termination by it after the issue by N+1 Singer of a contract note confirming each Placee's allocation and commitment in the Placing.

Representations, warranties and further terms

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) represents, warrants, acknowledges and agrees (for itself and for any such prospective Placee) that (save where N+1 Singer expressly agree in writing to the contrary):

- 1 it has read and understood this Announcement in its entirety and that its acquisition of the Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, indemnities, acknowledgements, agreements and undertakings and other information contained herein and that it has not relied on, and will not rely on, any information given or any representations, warranties or statements made at any time by any person in connection with Admission, the Placing, the Company, the Placing Shares or otherwise, other than the information contained in this Announcement and the Publicly Available Information;
- 2 it has not received a prospectus or other offering document in connection with the Placing and acknowledges that no prospectus or other offering document: (a) is required under the Prospectus Directive; and (b) has been or will be prepared in connection with the Placing;
- 3 the Ordinary Shares are admitted to trading on AIM, and that the Company is therefore required to publish certain business and financial information in accordance with the AIM Rules, which includes a description of the nature of the Company's business and the Company's most recent balance sheet and profit and loss account and that it is able to obtain or access such information without undue difficulty, and is able to obtain access to such information or comparable information concerning any other publicly traded company, without undue difficulty;
- 4 it has made its own assessment of the Placing Shares and has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing and neither N+1 Singer, the Company nor any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf

of any of them has provided, and will not provide, it with any material regarding the Placing Shares or the Company or any other person other than the information in this Announcement, or the Publicly Available Information; nor has it requested neither of N+1 Singer, the Company, any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them to provide it with any such information;

5 neither N+1 Singer, any person acting on behalf of them or any of their respective affiliates, agents, directors, officers or employees has or shall have any liability for any Publicly Available Information, or any representation relating to the Company, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;

6 the only information on which it is entitled to rely on and on which it has relied in committing to subscribe for the Placing Shares is contained in the Publicly Available Information, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and it has made its own assessment of the Company, the Placing Shares and the terms of the Placing based on Publicly Available Information; (b) neither N+1 Singer, the Company nor any of their respective affiliates, agents, directors, officers or employees has made any representation or warranty to it, express or implied, with respect to the Company, the Placing or the Placing Shares or the accuracy, completeness or adequacy of the Publicly Available Information; (c) it has conducted its own investigation of the Company, the Placing and the Placing Shares, satisfied itself that the information is still current and relied on that investigation for the purposes of its decision to participate in the Placing; and (d) has not relied on any investigation that N+1 Singer or any person acting on their behalf may have conducted with respect to the Company, the Placing or the Placing Shares;

7 the content of this Announcement and the Publicly Available Information has been prepared by and is exclusively the responsibility of the Company and that neither N+1 Singer nor any persons acting on behalf of it is responsible for or has or shall have any liability for any information, representation, warranty or statement relating to the Company contained in this Announcement or the Publicly Available Information nor will they be liable for any Placee's decision to participate in the Placing based on any information, representation, warranty or statement contained in this Announcement, the Publicly Available Information or otherwise. Nothing in this Appendix shall exclude any liability of any person for fraudulent misrepresentation;

8 the Placing Shares have not been registered or otherwise qualified, and will not be registered or otherwise qualified, for offer and sale nor will a prospectus be cleared or approved in respect of any of the Placing Shares under the securities laws of the United States, or any state or other jurisdiction of the United States, the Republic of Ireland, Australia, Canada, Republic of South Africa or Japan and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within the United States, the Republic of Ireland, Australia, Canada, South Africa or Japan or in any country or jurisdiction where any such action for that purpose is required;

9 it and/or each person on whose behalf it is participating:

9.1 is entitled to acquire Placing Shares pursuant to the Placing under the laws and regulations of all relevant jurisdictions;

9.2 has fully observed such laws and regulations;

- 9.3 has capacity and authority and is entitled to enter into and perform its obligations as an acquirer of Placing Shares and will honour such obligations; and
- 9.4 has obtained all necessary consents and authorities (including, without limitation, in the case of a person acting on behalf of a Placee, all necessary consents and authorities to agree to the terms set out or referred to in this Appendix) under those laws or otherwise and complied with all necessary formalities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto and, in particular, if it is a pension fund or investment company it is aware of and acknowledges it is required to comply with all applicable laws and regulations with respect to its subscription for Placing Shares;
- 10 it is not, and any person who it is acting on behalf of is not, and at the time the Placing Shares are subscribed will not be, a resident of, or with an address in, or subject to the laws of, Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa, and it acknowledges and agrees that the Placing Shares have not been and will not be registered or otherwise qualified under the securities legislation of Australia, Canada, Japan, the Republic of Ireland or the Republic of South Africa and may not be offered, sold, or acquired, directly or indirectly, within those jurisdictions;
- 11 the Placing Shares have not been, and will not be, registered under the Securities Act and may not be offered, sold or resold in or into or from the United States except pursuant to an effective registration under the Securities Act, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable state securities laws; and no representation is being made as to the availability of any exemption under the Securities Act for the reoffer, resale, pledge or transfer of the Placing Shares;
- 12 it and the beneficial owner of the Placing Shares is, and at the time the Placing Shares are acquired will be, outside the United States and acquiring the Placing Shares in an "offshore transaction" as defined in, and in accordance with, Regulation S under the Securities Act;
- 13 it (and any account for which it is purchasing) is not acquiring the Placing Shares with a view to any offer, sale or distribution thereof within the meaning of the Securities Act;
- 14 it will not distribute, forward, transfer or otherwise transmit this Announcement or any part of it, or any other presentational or other materials concerning the Placing in or into or from the United States (including electronic copies thereof) to any person, and it has not distributed, forwarded, transferred or otherwise transmitted any such materials to any person;
- 15 neither N+1 Singer, its respective affiliates, agents, directors, officers or employees nor any person acting on behalf of any of them is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be a client of N+1 Singer and N+1 Singer has no duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
- 16 it has the funds available to pay for the Placing Shares for which it has agreed to subscribe and acknowledges and agrees that it will make payment to N+1 Singer for the Placing

Shares allocated to it in accordance with the terms and conditions of this Announcement on the due times and dates set out in this Announcement, failing which the relevant Placing Shares may be placed with others on such terms as N+1 Singer may, in its absolute discretion determine without liability to the Placee and it will remain liable for any shortfall below the net proceeds of such sale and the placing proceeds of such Placing Shares and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to the terms set out or referred to in this Announcement) which may arise upon the sale of such Placee's Placing Shares on its behalf;

- 17 no action has been or will be taken by any of the Company, N+1 Singer or any person acting on their behalf that would, or is intended to, permit a public offer of the Placing Shares in the United States or in any country or jurisdiction where any such action for that purpose is required;
- 18 the person who it specifies for registration as holder of the Placing Shares will be: (a) the Placee; or (b) a nominee of the Placee, as the case may be. Neither N+1 Singer nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to acquire Placing Shares pursuant to the Placing and agrees to pay the Company and N+1 Singer in respect of the same (including any interest or penalties) on the basis that the Placing Shares will be allotted to a CREST stock account of N+1 Singer or transferred to a CREST stock account of N+1 Singer who will hold them as nominee on behalf of the Placee until settlement in accordance with its standing settlement instructions with it;
- 19 it is acting as principal only in respect of the Placing or, if it is acting for any other person, (a) it is duly authorised to do so and has full power to make the acknowledgments, representations and agreements herein on behalf of each such person and (b) it is and will remain liable to the Company and N+1 Singer for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person);
- 20 the allocation, allotment, issue and delivery to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a stamp duty or stamp duty reserve tax liability under (or at a rate determined under) any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that it is not participating in the Placing as nominee or agent for any person or persons to whom the allocation, allotment, issue or delivery of Placing Shares would give rise to such a liability;
- 21 it and any person acting on its behalf (if within the United Kingdom) falls within Article 19(5) and/or 49(2) of the Order and undertakes that it will acquire, hold, manage and (if applicable) dispose of any Placing Shares that are allocated to it for the purposes of its business only;
- 22 it is a person of a kind described in: (a) Article 19(5) (Investment Professionals) and/or 49(2) (High net worth companies etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, and/or an authorised person as defined in section 31 of FSMA; and (b) section 86(7) of FSMA ("**Qualified Investor**"), being a person falling within Article 2.1(e) the Prospectus Directive. For such purposes, it undertakes that it will acquire, hold, manage and (if applicable) dispose of any Placing Shares that are allocated to it for the purposes of its business only;

- 23 it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to Placing Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person and it acknowledges;
- 24 it has complied and it will comply with all applicable laws with respect to anything done by it or on its behalf in relation to the Placing Shares (including all relevant provisions of the FSMA in respect of anything done in, from or otherwise involving the United Kingdom);
- 25 if it is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive (including any relevant implementing measure in any member state), the Placing Shares acquired by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a member state of the EEA which has implemented the Prospectus Directive other than Qualified Investors, or in circumstances in which the express prior written consent of N+1 Singer has been given to the offer or resale;
- 26 it has neither received nor relied on any confidential price sensitive information about the Company in accepting this invitation to participate in the Placing;
- 27 neither N+1 Singer nor any of its respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them has or shall have any liability for any information, representation or statement contained in this Announcement or for any information previously published by or on behalf of the Company or any other written or oral information made available to or publicly available or filed information or any representation, warranty or undertaking relating to the Company, and will not be liable for its decision to participate in the Placing based on any information, representation, warranty or statement contained in this Announcement or elsewhere, provided that nothing in this paragraph shall exclude any liability of any person for fraud;
- 28 neither N+1 Singer, the Company, nor any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of N+1 Singer, the Company or their respective affiliates, agents, directors, officers or employees is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing nor providing advice in relation to the Placing nor in respect of any representations, warranties, acknowledgements, agreements, undertakings, or indemnities contained in the Placing Agreement nor the exercise or performance of N+1 Singer's rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
- 29 acknowledges and accepts that N+1 Singer may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Placing Shares and/or related instruments for their own account for the purpose of hedging their underwriting exposure or otherwise and, except as required by applicable law or regulation, N+1 Singer will not make any public disclosure in relation to such transactions;
- 30 N+1 Singer and each of its affiliates, each acting as an investor for its or their own account(s), may bid or subscribe for and/or purchase Placing Shares and, in that capacity, may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the Placing Shares, any other securities of the Company or other related investments in connection with the Placing or otherwise. Accordingly, references in this Announcement to the Placing Shares being offered, subscribed, acquired or otherwise dealt with should be

read as including any offer to, or subscription, acquisition or dealing by N+1 Singer and/or any of its respective affiliates, acting as an investor for its or their own account(s). Neither N+1 Singer nor the Company intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so;

- 31 it has not offered or sold and will not offer or sell any Placing Shares to persons in the EEA prior to the expiry of a period of six months from Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purpose of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in any member state of the EEA within the meaning of the Prospectus Directive;
- 32 it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering Regulations 2007 (together, the "**Regulations**") and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
- 33 it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, FSMA, the EU Market Abuse Regulation No. 596 of 2014 and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;
- 34 in order to ensure compliance with the Money Laundering Regulations 2007, N+1 Singer (for itself and as agent on behalf of the Company) or the Company's registrars may, in their absolute discretion, require verification of its identity. Pending the provision to N+1 Singer's or the Company's registrars, as applicable, of evidence of identity, definitive certificates in respect of the Placing Shares may be retained at N+1 Singer's absolute discretion or, where appropriate, delivery of the Placing Shares to it in uncertificated form may be delayed at N+1 Singer's or the Company's registrars', as the case may be, absolute discretion. If within a reasonable time after a request for verification of identity N+1 Singer's (for itself and as agent on behalf of the Company) or the Company's registrars have not received evidence satisfactory to them, N+1 Singer and/or the Company may, at its absolute discretion, terminate its commitment in respect of the Placing, in which event the monies payable on acceptance of allotment will, if already paid, be returned without interest to the account of the drawee's bank from which they were originally debited;
- 35 acknowledges that its commitment to acquire Placing Shares on the terms set out in this Announcement and in the contract note will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's or N+1 Singer's conduct of the Placing;
- 36 it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for the Placing Shares. It further acknowledges that it is experienced in investing in securities of this nature and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain, a complete loss in connection with the Placing. It has relied upon its own examination and due diligence of the Company and its affiliates taken as a whole, and the terms of the Placing, including the merits and risks involved;
- 37 it irrevocably appoints any duly authorised officer of N+1 Singer as its agent for the purpose of executing and delivering to the Company and/or its registrars any documents

on its behalf necessary to enable it to be registered as the holder of any of the Placing Shares for which it agrees to subscribe or purchase upon the terms of this Announcement;

- 38 the Company, N+1 Singer and others (including each of their respective affiliates, agents, directors, officers or employees) will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements, which are given to N+1 Singer, on their own behalf and on behalf of the Company and are irrevocable;
- 39 if it is acquiring the Placing Shares as a fiduciary or agent for one or more investor accounts, it has full power and authority to make, and does make, the foregoing representations, warranties, acknowledgements, agreements and undertakings on behalf of each such accounts;
- 40 time is of the essence as regards its obligations under this Appendix;
- 41 any document that is to be sent to it in connection with the Placing will be sent at its risk and may be sent to it at any address provided by it to N+1 Singer;
- 42 the Placing Shares will be issued subject to the terms and conditions of this Appendix; and
- 43 these terms and conditions in this Appendix and all documents into which this Appendix is incorporated by reference or otherwise validly forms a part and/or any agreements entered into pursuant to these terms and conditions and all agreements to acquire shares pursuant to the Placing will be governed by and construed in accordance with English law and it submits to the exclusive jurisdiction of the English courts in relation to any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company or N+1 Singer in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange.

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) agrees to indemnify and hold the Company, N+1 Singer and each of their respective affiliates, agents, directors, officers and employees harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings given by the Placee (and any person acting on such Placee's behalf) in this Appendix or incurred by N+1 Singer, the Company or each of their respective affiliates, agents, directors, officers or employees arising from the performance of the Placee's obligations as set out in this Announcement, and further agrees that the provisions of this Appendix shall survive after the completion of the Placing.

The agreement to allot and issue Placing Shares to Placees (or the persons for whom Placees are contracting as agent) free of stamp duty and stamp duty reserve tax in the United Kingdom relates only to their allotment and issue to Placees, or such persons as they nominate as their agents, direct by the Company. Such agreement assumes that the Placing Shares are not being acquired in connection with arrangements to issue depositary receipts or to transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement related to any other dealings in the Placing Shares, stamp duty or stamp duty reserve tax may be payable. In that event, the Placee agrees that it shall be responsible for such stamp duty or stamp duty reserve tax and neither the Company nor N+1 Singer shall be responsible for such stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and they should notify N+1 Singer accordingly. In addition, Placees should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes

(including any interest, fines or penalties relating thereto) payable outside the United Kingdom by them or any other person on the acquisition by them of any Placing Shares or the agreement by them to acquire any Placing Shares and each Placee, or the Placee's nominee, in respect of whom (or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, allotment, issue or delivery of Placing Shares has given rise to such non-United Kingdom stamp, registration, documentary, transfer or similar taxes or duties undertakes to pay such taxes and duties, including any interest and penalties (if applicable), forthwith and to indemnify on an after-tax basis and to hold harmless the Company and N+1 Singer in the event that either the Company and/or N+1 Singer has incurred any such liability to such taxes or duties.

The representations, warranties, acknowledgements and undertakings contained in this Appendix are given to N+1 Singer for itself and on behalf of the Company and are irrevocable.

Each Placee and any person acting on behalf of the Placee acknowledges that N+1 Singer does not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings, acknowledgements, agreements or indemnities in the Placing Agreement.

Each Placee and any person acting on behalf of the Placee acknowledges and agrees that N+1 Singer may (at its absolute discretion) satisfy their obligations to procure Placees by itself agreeing to become a Placee in respect of some or all of the Placing Shares or by nominating any connected or associated person to do so.

When a Placee or any person acting on behalf of the Placee is dealing with N+1 Singer, any money held in an account with N+1 Singer on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the relevant rules and regulations of the FCA made under FSMA. Each Placee acknowledges that the money will not be subject to the protections conferred by the client money rules: as a consequence this money will not be segregated from N+1 Singer's money (as applicable) in accordance with the client money rules and will be held by it under a banking relationship and not as trustee.

References to time in this Announcement are to London time, unless otherwise stated.

All times and dates in this Announcement may be subject to amendment.

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

The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

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

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

DEFINITIONS

In this Appendix to the Announcement and, as the context shall admit, in the Announcement:

"Admission" means the admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies;

"AIM" means the market of that name operated by the London Stock Exchange;

"AIM Rules" means the provisions of the London Stock Exchange AIM Rules for Companies as amended from time to time governing, inter alia, admission to AIM and the continuing obligations of AIM companies;

"Announcement" means this announcement (including the appendix to this announcement);

"Bank Leumi" means Bank Leumi Le Israel B.M.;

"Circular" means the circular to be issued by the Company to the holders of Ordinary Shares containing, inter alia, further details of the Proposals and the Notice of General Meeting;

"Company" means Bagir Group Ltd., a company incorporated and registered in the State of Israel with company number 513994806;

"CREST" means relevant computerised settlement system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in those regulations) which facilitates the transfer of title to shares in uncertificated form;

"CREST Regulations" means the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time;

"Depository Interest Holders" holders of existing depository interests issued by Capita IRG Trustees Limited in respect of Ordinary Shares;

"Directors" or "Board" the directors of the Company or any duly authorised committee thereof;

"Discount Bank" means Israel Discount Bank Ltd.;

"Euroclear" means Euroclear UK & Ireland Limited, the operator of CREST;

"Enlarged Share Capital" means the issued share capital of the Company immediately following Admission comprising the Existing Ordinary Shares and the New Ordinary Shares;

"Existing Option Plan" means the Global Incentive Option Scheme adopted by the Board on 9 September 2013

"Existing Ordinary Shares" means the 50,428,660 Ordinary Shares in issue at the date of this Announcement, all of which are admitted to trading on AIM and being the entire issued ordinary share capital of the Company;

"Extraordinary General Meeting" means the extraordinary general meeting of the Company to be held at the offices of N+1 Singer, One Bartholomew Lane London EC2N 2AX at 10 a.m. on 21 October 2016, notice of which will be set out at the end of the Circular;

"Form of Proxy" means the form of proxy for use in connection with the Extraordinary General Meeting which accompanies the Circular;

"FCA" means the UK Financial Conduct Authority;

"FSMA" means the Financial Services and Markets Act 2000 (as amended);

"Group" means the Company and its subsidiaries as at the date of this Announcement;

"Lenders" means Bank Leumi and Discount Bank;

"Lender Shares" means the 20,551,247 Ordinary Shares to be issued to the Lenders on Admission;

"London Stock Exchange" means the London Stock Exchange plc;

"New Ordinary Shares" means the Placing Shares and the Lender Shares;

"Nominated Adviser" or "N+1 Singer" means Nplus1 Singer Advisory LLP, the Company's nominated adviser and broker;

"Notice of Extraordinary General Meeting" means the notice convening the Extraordinary General Meeting which is set out at the end of the Circular;

"Ordinary Shares" means the ordinary shares of 0.04 New Israeli Shekels each in the capital of the Company;

"Placing" means the conditional placing of the Placing Shares by N+1 Singer, as agent on behalf of the Company, pursuant to the Placing Agreement, further details of which are set out in this Announcement;

"Placing Agreement" means the conditional agreement dated 15 September 2016 made between N+1 Singer and the Company in relation to the Placing;

"Placing Price" means 3.5 pence per Placing Share;

"Placing Resolutions" means those of the Resolutions that relate to the Placing;

"Placing Shares" means the 183,236,754 new Ordinary Shares to be issued pursuant to the Placing;

"Proposals" means the Placing together with the issue of the Lender Shares and other related matters as more fully described in this Announcement and the Circular;

"Prospectus Rules" means the prospectus rules made by the FCA pursuant to section 73A of the FSMA;

"Resolutions" means the resolutions set out in the Notice of Extraordinary General Meeting;

"Shareholders" means holders of the Existing Ordinary Shares;

"UK" means the United Kingdom of Great Britain and Northern Ireland;

"uncertificated" or "in uncertificated form" means an Ordinary Share recorded on a company's share register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST; and

"VWAP" means volume weighted average price.