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This document has been prepared in connection with the publication of a prospectus (the “**Prospectus**”) for the purposes of Article 3 of the UK version of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended by the Prospectus (Amendment, etc.) (EU Exit) Regulations 2019 relating to Castelnau Group Limited (the “**Company**”), prepared in accordance with the prospectus regulation rules of the Financial Conduct Authority (the “**FCA**”) made pursuant to section 73A of FSMA (the “**Prospectus Regulation Rules**”) and approved by the FCA as competent authority under the Prospectus Regulation and under Section 87A of FSMA. It constitutes “a separate copy of the summary” for the purposes Article 21(3) of the Prospectus Regulation.

The Prospectus is dated 1 February 2023. The page numbers in this document correspond to the page numbers in the Prospectus. The Prospectus is available for download at [www.castelnaugroup.com](http://www.castelnaugroup.com).



## **CASTELNAU GROUP LIMITED**

*(a closed-ended investment company limited by shares incorporated under the laws of Guernsey with registered number 67529)*

**Proposed issue of up to 133,052,656 new Ordinary Shares to be issued by the Company in connection with the acquisition of Dignity Plc (the “Takeover Offer”)**

**Proposed issue of 32,442,740 Ordinary Shares to be issued by the Company pursuant to the Consortium Rollover**

**Placing of Ordinary Shares at 75.02p per Ordinary Share**

**Placing Programme for up to 300 million Ordinary Shares and/or C Shares**

**Admission to trading on the Specialist Fund Segment of the Main Market**

**Investment Manager**

**Phoenix Asset Management Partners Limited**

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**Financial Adviser and Sole Bookrunner to the Company in relation to the Placing and the Placing Programme**

**LIBERUM CAPITAL LIMITED**

**Financial Adviser to the Consortium in relation to the Takeover Offer**

**MORGAN STANLEY**

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Liberum Capital Limited (“**Liberum**”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser and bookrunner to the Company and for no one else in relation to the Admission of any Shares, the Placing, the Placing Programme and the other arrangements referred to in this document. Liberum will not regard any other person (whether or not a recipient of this document) as its client in relation to the Admission of any Shares, the Placing, the Placing Programme and the other arrangements referred to in this document and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in relation to, the Admission of any Shares, the Placing, the Placing Programme, the contents of this document or any transaction or arrangement referred to in this document.

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This document and the Prospectus do not constitute an offer to sell or issue, or the solicitation of an offer to purchase, subscribe for or otherwise acquire, Shares in any jurisdiction where such an offer or solicitation would be unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company or Phoenix Asset Management Partners Limited. This document does not form the complete Prospectus and any decision to acquire securities should only be taken on the basis of information contained in the full Prospectus.

# SUMMARY

## 1. INTRODUCTION, CONTAINING WARNINGS

**This summary should be read as an introduction to this document and any decision to invest in Shares should be based on consideration of this document as a whole by the investor. The investor could lose all or part of its invested capital. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in Shares.**

The securities which the Company intends to issue pursuant to the Takeover Offer, the Consortium Rollover and the Placing are Ordinary Shares. The Company also intends to issue Ordinary Shares and/or C Shares pursuant to the Placing Programme.

The ISIN of the Ordinary Shares is GG00BMWWM28 and the SEDOL is BMWWM2.

The ISIN of the C Shares is GG00BMWWM35 and the SEDOL is BMWWM3.

Castelnau Group Limited (the "Company") can be contacted by writing to its registered office, PO Box 255, Les Banques, Trafalgar Court, St. Peter Port, Guernsey GY1 3QL or by calling, within business hours, +44 (0) 1481 745001. The Company can also be contacted through its Administrator, Northern Trust International Fund Administration Services (Guernsey) Limited, by writing to PO Box 255, Les Banques, Trafalgar Court, St. Peter Port, Guernsey GY1 3QL, calling, within business hours, +44 (0) 1481 745001 or emailing NTIFASGL\_Corporate\_Secretarial@ntrs.com.

This document was approved on 1 February 2023 by the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN. Contact information relating to the FCA can be found at <https://www.fca.org.uk/contact>.

## 2. KEY INFORMATION ON THE ISSUER

### 2.1 Who is the issuer of the securities?

The Company was incorporated with limited liability in Guernsey under the Companies Law on 13 March 2020 as a closed-ended company limited by shares with an indefinite life and is domiciled in Guernsey. The Company's LEI number is 213800PED8RFUBMK1T64.

The Articles of the Company provide that the Company has unlimited objects. The Company's principal activity is to seek to achieve a high rate of compound return over the long term by carefully selecting investments using a thorough and objective research process and paying a price which provides a material margin of safety against permanent loss of capital, but also a favourable range of outcomes.

So far as is known to the Company, and which is notifiable under the Disclosure Guidance and Transparency Rules, as at the Latest Practicable Date, the following persons held, directly or indirectly, three per cent. or more of the issued Ordinary Shares or the Company's voting rights:

Name	Number of Ordinary Shares	Percentage of issued Ordinary Shares
Phoenix UK Fund Limited	57,997,909	31.5
Pentaris Qiaif PLC	35,411,811	19.2
Aurora Investment Trust PLC	24,563,184	13.3
SPWOne III Ltd	25,000,000	13.6
Aventis RP Sanofi-Aventis Pensions Trust Ltd.	6,526,514	3.5

Due to the discretionary management exercised by the Investment Manager in relation to the investment holdings of the Other Phoenix Accounts, the Investment Manager, as at the Latest Practicable Date, is able to exercise the voting rights attaching to Ordinary Shares which in aggregate carry 71.2 per cent. of the voting rights of the Company.

**Potential investors' attention is drawn to the fact that, as at the date of this document, the Investment Manager is, through the combined holdings of the Other Phoenix Accounts, interested in Shares carrying more than 50 per cent. of the voting rights of the Company and, consequently, the Investment Manager is, as at the date of this document, able to acquire interests in further Ordinary Shares without incurring any further obligation under Rule 9 of the Takeover Code to make a general offer.**

On the assumption that: (i) the maximum number of 133,052,656 Takeover Shares is issued to Other Dignity Shareholders pursuant to the Takeover Offer; (ii) 32,442,740 Ordinary Shares are issued to the Other Phoenix Accounts pursuant to the Consortium Rollover, and (iii) 154,000,000 Placing Shares are issued to third party investors (who are not Other Phoenix Accounts), the aggregate percentage of the

voting rights of the Company which the Investment Manager would be able to exercise, following such allotments, would be reduced to 32.5 per cent.

The Investment Manager holds the B Share as a result of which it exercises a significant degree of control over the Company. The Investment Manager, as the holder of the B Share, has the right to: (i) appoint one Director of the Company from time to time and remove or replace such Director from time to time; (ii) ensure no Directors are appointed or removed without its consent; (iii) ensure no Shareholder resolutions are proposed (save for any proposal required by the Companies Law) or passed without its consent (save for the B Share Continuation Resolution, as defined below); and (iv) save as required by law, ensure no acquisition or disposal by the Company or any of its subsidiaries (but excluding any subsidiary whose shares are admitted to trading on a market of the London Stock Exchange) of an asset may occur without its consent.

The B Share will lose the B Share Rights: (i) after 7 years (from 3 September 2021) if Shareholders do not vote in favour of a continuation for another 7 years by passing an ordinary resolution to do so (the "B Share Continuation Resolution"); or (ii) if the B Share is transferred by Phoenix Asset Management Partners Limited; or (iii) if Gary Channon and his close relatives (as such term is defined in the Takeover Code) together cease to directly or indirectly control shares carrying more than 50 per cent. of the voting rights in Phoenix Asset Management Partners Limited.

If at any point during this first 7 years, the board chooses to change the Company's investment manager, the B Share, and the associated B Share Rights, will remain with Phoenix Asset Management Partners Limited.

Save as set out above, as at the Latest Practicable Date insofar as is known to the Company, there are no parties known to have a notifiable interest under English or Guernsey law in the Company's capital or voting rights.

The Board is comprised of: Joanne Peacegood (Independent Non-Executive Chair); Andrew Whittaker (Independent Non-Executive Director); Joanna Duquemin Nicolle (Independent Non-Executive Director); Graham Shircore (Non-Independent Non-Executive Director); and David Stevenson (Non-Independent Non-Executive Director).

The Company's Auditor is Grant Thornton Limited of Lefebvre House, Lefebvre Street, St Peter Port, Guernsey, GY1 3TF.

## **What is the key financial information regarding the issuer?**

### ***Selected historical key financial information***

The selected historical financial information set out below, which has been prepared under IFRS, has been extracted without material adjustment from the financial statements of the Company for the period from incorporation on 13 March 2020 to 31 December 2020 and the financial year ended 31 December 2021 and the interim financial statements for the period from 1 January 2022 to 30 June 2022:

*Table 1: Additional information relevant to closed end funds*

<b>Share Class</b>	<b>Total NAV*</b>	<b>No. of Shares▲</b>	<b>NAV per Share*</b>	<b>Historical performance of the Company</b>
Ordinary	£138.0 million	183,996,058 Ordinary Shares and the B Share held by the Investment Manager	75.02 pence	From the date of the Company's IPO on 18 October 2021 to 31 December 2022, the Company achieved a cumulative net asset value return of -23.4 per cent. and a cumulative share price total return of -31.0 per cent.

\* Unaudited NAV calculated as at 31 December 2022.

▲ As at the Latest Practicable Date.

Table 2: Income Statement for closed end funds

	From 13 March 2020 to 31 December 2020 (unaudited)	Financial year ended 31 December 2021 (audited)	For the period from 1 January 2022 to 30 June 2022 (unaudited)
<b>Statement of Comprehensive Income</b>			
Income	–	–	47,028
Total income	–	–	47,028
<b>Expenses</b>			
Net losses on financial assets at fair value through profit and loss	–	(10,021,645)	(29,678,240)
Other expenses	–	(1,968,331)	(433,501)
<b>Loss before taxation</b>	–	<b>(11,989,976)</b>	<b>(30,064,713)</b>
Tax	–	–	–
<b>Total comprehensive loss for the year/period</b>	–	<b>(11,989,976)</b>	<b>(30,064,713)</b>
<b>Loss per share - Basic &amp; diluted</b>	–	<b>(6.57)</b>	<b>(16.34)</b>

Table 3: Balance Sheet for closed end funds

Statement of Financial Position	31 December 2020 (unaudited)	31 December 2021 (audited)	30 June 2022 (unaudited)
<b>Non-current assets</b>			
Investments - bonds	–	–	3,998,795
Investments - equity	–	126,617,646	118,572,197
Investments - loans	–	3,361,795	5,186,795
<b>Current assets</b>			
Trade and other receivables	1	39,033	54,139
Cash and cash equivalents	–	44,497,139	16,701,180
<b>Total assets</b>	<b>1</b>	<b>174,515,613</b>	<b>144,513,106</b>
<b>Non-current liabilities</b>			
Earn out liability	–	1,283,333	2,300,442
<b>Current liabilities</b>			
Earn out liability	–	916,667	–
Other payables	–	188,828	150,592
<b>Total liabilities</b>	–	<b>2,388,828</b>	<b>2,451,034</b>
<b>Net assets</b>	<b>1</b>	<b>172,126,785</b>	<b>142,062,072</b>
<b>Equity</b>			
Share capital	1	184,116,761	184,116,761
Retained deficit	–	(11,989,976)	(42,054,689)
<b>Total equity</b>	<b>1</b>	<b>172,126,785</b>	<b>142,062,072</b>
Number of Ordinary Shares in issue	–	183,996,059	183,996,059
Net asset value per Ordinary Share (pence)	–	93.55	77.21

The auditor's report on the Company's financial statements for the financial period ended 31 December 2021 was unqualified. The Company's financial information for the period from 13 March 2020 to 31 December 2020 was not required to be audited, however, the Company's auditors, Grant Thornton Limited, provided an opinion dated 23 September 2021 that the financial information for this period gives a true and fair view of the state of affairs for the Company as at 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the European Union.

## 2.2 What are the key risks that are specific to the issuer?

The attention of investors is drawn to the risks associated with an investment in the Company which, in particular, include the following:

### **Key risks relating to the Company**

- The Company is a newly formed company with a limited operating history.
- The Company has no employees and the Directors have all been appointed on a non-executive basis. The Company will be reliant upon the performance of third party service providers for its executive function.
- Net Asset Value figures published by the Company will be estimates only and may be materially different from the actual results and figures appearing in the Company's financial statements.

### ***Risks relating to the Investment Strategy***

- The value of the Portfolio may be dominated by a relatively limited number of assets.
- The Company may not meet its investment objective.
- Whilst the valuations of the Company's investments will be in compliance with IFRS, some of the Company's investments will be difficult to value accurately.

### ***Risks relating to the Investment Manager***

- The success of the Company depends on the ability and expertise of the Investment Manager.
- The Investment Manager relies on the knowledge, judgement and expertise of Gary Channon.
- The Investment Manager will become entitled to a performance fee subject to meeting certain performance thresholds which may create an incentive for the Investment Manager to make riskier investments.

### ***Risks relating to regulation and taxation***

- Changes in laws or regulations governing the Company's or the Investment Manager's operations may adversely affect the business and performance of the Company.

## **3. KEY INFORMATION ON THE SECURITIES**

### **3.1 What are the main features of the securities?**

#### **3.1.1 Shares**

The securities which the Company intends to issue pursuant to the Takeover Offer, the Consortium Rollover and the Placing are Ordinary Shares. The Company also intends to issue up to 300 million Ordinary Shares and/or C Shares in aggregate pursuant to the Placing Programme. The Shares are denominated in Sterling. The Company intends to issue: (i) up to 133,052,656 Ordinary Shares pursuant to the Takeover Offer; (ii) 32,442,740 Ordinary Shares pursuant to the Consortium Rollover and (iii) up to 154,000,000 Ordinary Shares pursuant to the Placing. The Ordinary Shares are being offered under the Placing at the Issue Price of 75.02p per Ordinary Share (the Issue Price is equal to the unaudited Net Asset Value per Share as at 31 December 2022). Ordinary Shares offered under the Placing Programme will be offered at a price not less than the Net Asset Value per Share. Any C Shares issued under the Placing Programme will be issued at a price of £1.00 per C Share. As at the date of this document, the issued share capital of the Company comprises, (i) one B Share, and (ii) 183,996,058 Ordinary Shares. The B Share and the Ordinary Shares in issue are fully paid up.

#### **3.1.2 Rights attaching to the Shares**

The Shares have the following rights:

Dividend: The holders of the Shares shall be entitled to receive, and to participate in, any dividends declared in relation to the class of Shares that they hold.

Rights as respect to capital: On a winding-up or a return of capital, if there are any C Shares in issue, the net assets attributable to the C Shares shall be divided pro rata amongst the holders of the C Shares. For so long as the C Shares are in issue, the assets attributable to the C Shares shall at all times be separately identified and shall have allocated to them such proportion of the expenses or liabilities of the Company as the Directors fairly consider to be attributable to any C Shares in issue. The holders of Ordinary Shares shall be entitled to all of the Company's remaining net assets after taking into account any net assets attributable to any C Shares in issue. On a winding-up, the Ordinary Shares and C Shares rank senior to the B Share.

Voting: The Shares shall carry the right to receive notice of, attend and vote at general meetings of the Company and on a poll, to one vote for each Share held. The consent of the holders of the Shares will be required for the variation of any rights attached to the relevant class of Shares.

#### **3.1.3 Restrictions on the free transferability of Shares**

There are no restrictions on the free transferability of the Shares, subject to compliance with applicable securities laws.

### 3.1.4 **Where will the securities be traded?**

Applications will be made to the London Stock Exchange for all of the Takeover Shares, the Ordinary Shares issued pursuant to the Consortium Rollover, the Placing Shares and the Shares issued pursuant to the Placing Programme to be admitted to trading on the Specialist Fund Segment of the Main Market. No application has been made or is currently intended to be made for the Shares to be admitted to listing or trading on any other stock exchange.

### 3.2 **What are the key risks specific to the securities?**

The attention of investors is drawn to the risks associated with an investment in the Shares which, in particular, include the following:

- the price at which the Shares trade will likely not be the same as their Net Asset Value (although they may be related) and the Shares may trade at a discount to their Net Asset Value for a variety of reasons;
- the price that can be realised for Shares can be subject to market fluctuations;
- there may not be a liquid market in the Shares and Shareholders have no right to have their Shares redeemed or repurchased by the Company;
- securities quoted on the Specialist Fund Segment may experience higher volatility and carry greater risks than those listed on the premium segment of the Main Market; and
- the Investment Manager exercises control over the Company. Since the control rights that the Investment Manager exercises via the B Share are negative in nature, there is a risk that, should the interests of the Investment Manager and the Company and/or the other Shareholders come into conflict, the Company would be deadlocked and unable to take any action to further its operations and strategy.

## 4. **KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON A REGULATED MARKET**

### 4.1 **Under which conditions and timetable can I invest in this security?**

#### ***The Takeover Offer and the Consortium Rollover***

It is expected that Admission of the Ordinary Shares issued in connection with the Consortium Rollover will become effective and that dealings will commence in such Ordinary Shares at 8.00 a.m. on a date on or around the date on which the Takeover Offer has become or been declared unconditional (whereupon an announcement will be made by the Company to a Regulatory Information Service).

It is expected that Admission of the Takeover Shares (other than any Takeover Shares issued to Eligible Dignity Shareholders who elect for the Listed Share Alternative pursuant to the Statutory Squeeze Out) will become effective and that dealings will commence in such Takeover Shares at 8.00 a.m. on or around the fifth business day after the 14th day after the date on which the Takeover Offer has become or been declared unconditional (whereupon an announcement will be made by the Company to a Regulatory Information Service).

It is expected that Admission of any Takeover Shares issued to Eligible Dignity Shareholders who elect for the Listed Share Alternative pursuant to the Statutory Squeeze Out will become effective and that dealings will commence in such further Takeover Shares at 8.00 a.m. approximately six weeks from the date of the Squeeze Out Notice (whereupon an announcement will be made by the Company to a Regulatory Information Service).

The dates and times associated with the Takeover Offer are subject to change and will depend on, among other things, the date on which the Conditions to the Takeover Offer are satisfied or waived. The Company will give adequate notice to Shareholders of all of those dates and times, when known, by announcement through a Regulatory Information Service.

#### ***The Placing and the Placing Programme***

Ordinary Shares will be issued pursuant to the Placing at an Issue Price of 75.02p per Ordinary Share (the Issue Price is equal to the unaudited Net Asset Value per Share as at 31 December 2022). The maximum number of Ordinary Shares to be issued under the Placing is 154,000,000. The Net Proceeds, after deduction of expenses, are expected to be £112.4 million on the assumption that the Gross Proceeds are £115.5 million.

It is expected that Admission of the Placing Shares will become effective and that dealings will commence in the Placing Shares at 8.00 a.m. on the date being two business days following the date on which the Takeover Offer has become or been declared unconditional (whereupon an announcement will be made by the Company to a Regulatory Information Service).

The Directors are authorised to issue up to 300 million Ordinary Shares and/or C Shares pursuant to the Placing Programme. The issue of Shares is at the discretion of the Directors. Following the Placing, the Placing Programme may be implemented by any number of placings of Shares pursuant to the Placing Programme. The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue Shares over a period of time. The Placing Programme will open on 1 February 2023 and will close on 31 January 2024 (or an earlier date on which it is fully subscribed, or otherwise at the discretion of the Directors). Applications will be made for the Shares to be issued pursuant to the Placing and the Placing Programme to be admitted to trading on the Specialist Fund Segment of the Main Market.

The costs and expenses of, and incidental to, the Placing are not expected to exceed approximately £3.2 million. The costs will be deducted from the Gross Proceeds. The Company will not charge investors any separate costs or expenses in connection with the Placing. The costs and expenses of each Subsequent Placing pursuant to the Placing Programme will depend on subscriptions received but are not expected to exceed 2 per cent. of any such Subsequent Placing. The costs of any issue of C Shares will be allocated solely to the relevant C Share pool of assets. The Placing is conditional, *inter alia*, on: (i) the Takeover Offer becoming or being declared unconditional, (ii) Admission of the Placing Shares having become effective on or before 8.00 a.m. on the date being two business days following the date on which the Takeover Offer has become or been declared unconditional or such later time and/or date as the Company and Liberum may agree (being not later than 8.00 a.m. on 31 July 2023 or such later date as the Company and Liberum may agree from time to time); and (iii) the Placing Agreement becoming wholly unconditional in respect of the Placing (save as to Admission) and not having been terminated in accordance with its terms at any time prior to Admission. Each issue of Shares pursuant to a Subsequent Placing under the Placing Programme, following the Placing, is conditional, *inter alia*, on: (i) Admission of the relevant Shares occurring by no later than 8.00 a.m. on such date as the Company and Liberum may agree from time to time in relation to that Admission, not being later than 31 January 2024; (ii) a valid supplementary prospectus being published by the Company, if such is required by the Prospectus Regulation Rules; (iii) the Placing Programme Price being determined by the Directors, and (iv) the Placing Agreement being wholly unconditional as regards to the relevant Subsequent Placing (save as to Admission) and not having been terminated in accordance with its terms prior to the relevant Admission.

#### **Dilution**

The Company proposes to issue up to (i) 133,052,656 Takeover Shares in connection with the Takeover Offer; (ii) 32,442,740 Ordinary Shares pursuant to the Consortium Rollover and (iii) up to 154,000,000 Placing Shares. On the assumption that: (a) 154,000,000 Placing Shares are issued pursuant to the Placing, (b) 32,442,740 Ordinary Shares are issued pursuant to the Consortium Rollover and (iii) 133,052,656 Takeover Shares are issued pursuant to the Takeover Offer, the Takeover Shares, the Ordinary Shares issued pursuant to the Consortium Rollover and the Placing Shares will, in aggregate, constitute approximately 37 per cent. of the total issued share capital of the Company. If an Existing Ordinary Shareholder does not participate in the Placing (or the Takeover Offer or Consortium Rollover, if relevant) their holding in the Company will be diluted by 63.5 per cent. If an Existing Ordinary Shareholder does not subscribe for C Shares and/or Ordinary Shares issued under the Placing Programme, such Shareholder's proportionate ownership and voting rights in the Company will be reduced.

#### **4.2 Why is this Prospectus being produced?**

On 23 January 2023, the boards of directors of Dignity and Bidco announced that they had reached agreement on the terms of a recommended cash offer to be made by Bidco to acquire the entire issued and to be issued share capital of Dignity other than the Dignity Shares already owned or controlled by the Company and the Investment Manager. As at the close of business on 20 January 2023 (being the business day before the date of the Announcement), the Company and the Investment Manager owned or controlled in aggregate 14,876,159 Dignity Shares, representing approximately 29.08 per cent. of Dignity's fully diluted share capital.

Under the terms of the Takeover Offer, each Dignity Shareholder (other than the Company and the Other Phoenix Accounts) will be entitled to elect to receive 550 pence in cash for each Dignity Share (the "**Cash Offer**"). As alternatives to the Cash Offer, Eligible Dignity Shareholders may elect to receive: (i) for each Dignity Share, 5.50 unlisted non-voting D shares in the capital of Valderrama (the indirect parent company of Bidco) (the "**Unlisted Share Alternative**"); and/or (ii) for each Dignity Share, 7<sup>1</sup>/<sub>3</sub> Takeover Shares (the "**Listed Share Alternative**" and, together with the Unlisted Share Alternative, the "**Alternative Offers**"). The Alternative Offers are limited to an aggregate maximum of 18,143,544 Dignity Shares, representing approximately 50 per cent. of Dignity's fully diluted share capital (excluding the Consortium Rollover Shares) as at 20 January 2023 (being the business day before the date of the Announcement).

The Consortium Rollover Shares will not be acquired by Bidco as part of the Takeover Offer. Instead, pursuant to the Consortium Rollover SPA:

- (i) the Company will exchange the 10,361,149 Consortium Rollover Shares owned by it for loan notes issued by Bidco, which in turn will be exchanged, through the exercise of a series of put and call options, for Valderrama E Shares; and
- (ii) the Other Phoenix Accounts will exchange the 4,424,010 Consortium Rollover Shares owned by them for loan notes issued by Bidco, which in turn will be exchanged, through the exercise of a series of put and call options, for (i) Valderrama E Shares or (ii) new Ordinary Shares, as set out in the Consortium Rollover SPA,

with these exchanges taking effect at such time as would result in the Acceptance Condition being capable of satisfaction when taking into account, (i) the Consortium Rollover Shares, and (ii) Dignity Shares in respect of which acceptances have been received (and not validly withdrawn in accordance with the rules and requirements of the Takeover Code and the terms of the Takeover Offer) by Bidco from Other Dignity Shareholders (the “**Consortium Rollover**”).

The Takeover Shares and the Ordinary Shares issued pursuant to the Consortium Rollover will, when issued, rank *pari passu* in all respects with each other and with each Existing Ordinary Share.

In addition, the Placing is intended to raise money to assist with the funding of the Company's cash funding obligation pursuant to the Takeover Offer. As the Placing is not underwritten, the Company has entered into the Standby Loan Facilities with Phoenix UK Fund Limited so that the required “cash confirmation” could be made in the Announcement. The Company will seek to draw upon the Standby Loan Facilities in the event that the Net Proceeds are insufficient to fully fund its financing obligations in relation to Valderrama pursuant to the Takeover Offer.

Following the Placing, the Company may wish to issue further Shares to raise additional capital. The Directors intend to use the net proceeds of any Subsequent Placing under the Placing Programme to acquire investments in accordance with the Company's investment objective and investment policy and for the Company's working capital purposes. Neither the Placing nor any Subsequent Placing will be underwritten.

This document is being produced in connection with: (i) the offer of the Takeover Shares to Eligible Dignity Shareholders, (ii) the issue of Ordinary Shares pursuant to the Consortium Rollover, (iii) the offer of the Placing Shares pursuant to the Placing, (iv) the offer of Shares pursuant to the Placing Programme and (v) the proposed application for the Admission of all such Shares to trading on the Specialist Fund Segment of the Main Market.