

## **MXC Capital plc**

**(the "Company" previously Broca)**

### **Successful Application for Accelerated Whitewash**

The Board of Directors of the Company is pleased to announce that, further to the announcement made on 28 July 2014 and today's General Meeting, it has successfully applied for a dispensation from making a General Offer under Rule 9 of the City Code on Takeovers and Mergers (the "Code").

Completion of the Acquisition described in the Company's announcement of 28 July 2014 is conditional upon, amongst other things, shareholder approval, a Rule 9 Waiver being granted with respect to the issue of the Consideration Shares and the approval of the FCA to Marc Young and the Company becoming members of the MXC Capital Advisory ("FCA Approval").

Shareholder approval and the Rule 9 Waiver have now been received but the Company is still awaiting FCA Approval and will keep shareholders updated regarding its progress.

#### ***Waiver of Rule 9***

The Acquisition described in the Company's announcement on 28 July 2014 gave rise to certain considerations under the Code. Brief details of the Panel, the Code and the protections they afford are described below.

The Code is issued and administered by the Panel. The Code applies to all takeover and merger transactions, however effected, where the offeree company is, inter alia, a listed or unlisted public company resident in the United Kingdom (and to certain categories of private limited companies). The Company is a listed public company and its Shareholders are entitled to the protections afforded by the Code.

Under Rule 9 of the Code, where any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares already held by that person and an interest in shares held or acquired by persons acting in concert with him or her) carry 30 per cent. or more of the voting rights of a company which is subject to the Code, that person is normally required to make a general offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights in that company to acquire the balance of their interests in the company.

Rule 9 of the Code also provides that, among other things, where any person who, together with persons acting in concert with him or her, is interested in shares which in aggregate carry not less than 30 per cent. but does not hold shares carrying more than 50 per cent. of the voting rights of a company which is subject to the Code, and such person, or any person acting in concert with him or her, acquires an additional interest in shares which increases the percentage of shares carrying voting rights in which he or she is interested, then such person is normally required to make a general offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights of that company to acquire the balance of their interests in the company.

An offer under Rule 9 must be in cash (or with a cash alternative) and at the highest price paid within the preceding 12 months to acquire any interest in shares in the Company by the person required to make the offer or any person acting in concert with him or her.

**Rule 9 of the Code further provides, among other things, that where any person who, together with persons acting in concert with him or her holds over 50 per cent. of the voting rights of a company, acquires an interest in shares which carry additional voting rights, then they will not generally be**

**required to make a general offer to the other shareholders to acquire the balance of their shares although individual members of the Concert Party described in the Company's announcement on 28 July 2014 will not be able to increase their percentage interest in shares through or between a Rule 9 threshold, without Panel consent.**

**Following completion of the Acquisition, the Concert Party will have increased its interest in shares carrying voting rights of the Company from approximately 29.90 per cent. to 52.66 per cent., which, without a waiver of the obligations under Rule 9, would oblige the Concert Party to make a general offer to Shareholders under Rule 9 of the Code.**

#### *Dispensation from General Offer*

Under Note 1 on the Notes on the Dispensations from Rule 9 of the Code, when the issue of new securities in consideration for an acquisition or a cash subscription would otherwise result in an obligation to make a general offer under Rule 9 of the Code, (the "Rule 9 Offer") the Panel would normally grant a waiver if, inter alia, the shareholders of the company who are independent of the person who would otherwise be required to make an offer and any person acting in concert with him or her (the "Independent Shareholders") pass an ordinary resolution on a poll at a general meeting (a "Whitewash Resolution") approving the proposals giving rise to the obligation to make an offer and the waiver of it by the Panel. The Takeover Panel may waive the requirement for a Whitewash Resolution to be considered at a general meeting (and for a Circular to be prepared in accordance with Section 4 of Appendix 1 to the Code) if Independent Shareholders holding more than 50 per cent. of the company's shares capable of being voted on such a resolution confirm in writing that they would vote in favour of the Whitewash Resolution were such a resolution to be put to the shareholders of the company at a general meeting.

**Following the General Meeting, the Company approached Independent Shareholders holding more than 50 per cent. of the company's shares capable of being voted on such a resolution, and obtained confirmation in writing that they would vote in favour of the Whitewash Resolution were such a resolution to be put to the shareholders of the company at a general meeting. The Company subsequently approached the Takeover Panel successfully obtained its permission to waive the requirement for a Whitewash Resolution to be considered at a general meeting (and for a Circular to be prepared in accordance with Section 4 of Appendix 1 to the Code).**

**Shareholders should note that, following the Acquisition, the Concert Party will between them be interested in shares carrying more than 50 per cent. of the voting rights of the Company and (for so long as they continue to be treated as acting in concert) would be able to acquire further Ordinary Shares, without incurring an obligation to make an offer to Shareholders of the Company under Rule 9. However, individual members of the Concert Party will not be able to increase their percentage interest in Ordinary Shares through or between a Rule 9 threshold with Panel consent.**

#### *Form of Independent Shareholders' confirmation in writing*

Independent Shareholders representing 527,304,239 shares (or 60.29% of Independent Shareholders of the Company's share capital as enlarged by the placing) provided their confirmation in writing in the form outlined below:

Dear Sirs

**RE: BROCA PLC ("THE COMPANY")**

### *Introduction*

I confirm that I have been made aware of the proposed transaction whereby the Company will acquire MXC Capital Advisory LLP (“MXCCA”) (“the Proposed Transaction”).

### *Rule 9 of the Takeover Code*

I understand that, under Rule 9 of the Takeover Code (“the Code”), if any person acquires an interest in shares which, when taken together with shares in which he and persons acting in concert with him are already interested, carry 30% or more of the voting rights of a company which is subject to the Code, that person is normally required to make a general offer in cash to all shareholders in the company at the highest price paid by him or any person acting in concert with him for an interest in such shares within the preceding 12 months.

I also understand that Rule 9 also provides that if any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company which is subject to the Code but does not hold shares carrying more than 50% of such voting rights, and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in such company in which he is interested, that person is normally required to make a general offer in cash to all shareholders in the company at the highest price paid by him or any person acting in concert with him for an interest in such shares within the preceding 12 months.

### *Proposed Transaction*

I understand that the Proposed Transaction will be as described below.

### **Acquisition of MXC Capital Advisory LLP**

The Company is in advanced discussions relating to the purchase of MXCCA (the “Acquisition”), a specialist TMT corporate finance advisory business which is authorised and regulated by the Financial Conduct Authority and currently owned by MXC Holdings Limited (“MXCL” a substantial shareholder in

the

Company).

Should the acquisition proceed the Company will issue 600,000,000 Ordinary Shares to MXCL.

### Effect of the Proposed Transaction

Concert Party Member	Current Holding in the Company		Holding post Acquisition	
	Number of shares	% of Issued Share Capital	Number of shares	% of Issued Share Capital
MXC Holdings Limited*	345,000,000	27.67%	945,000,000	51.15%
Ian Smith	13,000,000	1.04%	13,000,000	0.70%
Tony Weaver	10,000,000	0.80%	10,000,000	0.54%
Simon Duckworth	3,000,000	0.24%	3,000,000	0.16%
Caroline Duckworth	2,000,000	0.16%	2,000,000	0.11%
<b>Total</b>	<b>373,800,000</b>	<b>29.91%</b>	<b>973,000,000</b>	<b>52.68%</b>

\* Ian Smith is a director and shareholder of MXC Holdings. Simon Duckworth is a shareholder in MXC Holdings.

Therefore, following the Proposed Transaction, MXCL together with Ian Smith, Tony Weaver, Simon Duckworth, Caroline Duckworth who are deemed to be acting in concert, (together, "the Offeror") will hold more than 50% of the Company's voting share capital and as a result would then be able to acquire further shares in the Company without incurring any obligation under Rule 9 to make a general offer.

#### *Waiver of Rule 9 obligation*

I understand that, under Note 1 on the Notes on the Dispensations from Rule 9, the Takeover Panel ("the Panel") will normally waive the requirement for a general offer to be made in accordance with Rule 9 (a "Rule 9 offer") if, inter alia, those shareholders of the company who are independent of the person who

would otherwise be required to make an offer and any person acting in concert with it and do not have any interest in the proposed transaction which may compromise their independence (“the Independent Shareholders”) pass an ordinary resolution on a poll at a general meeting (“a Whitewash Resolution”) approving such a waiver. I also understand that the Panel may waive the requirement for a Whitewash Resolution to be considered at a general meeting (and for a circular to be prepared in accordance with Section 4 of Appendix 1 to the Code) if Independent Shareholders holding more than 50% of the company’s shares capable of being voted on such a resolution confirm in writing that they would vote in favour of the Whitewash Resolution were one to be put to the shareholders of the company at a general meeting.

### *Confirmations and Acknowledgements*

I hereby confirm the following:

1. that I am the beneficial owner of [X] ordinary shares in the issued share capital of the Company, representing [X]% of the Company’s issued share capital carrying voting rights, and I have absolute discretion over the manner in which these shares are voted. These shares are held free of all liens, pledges, charges and encumbrances;
2. that (a) save for the fact that we are both shareholders in the Company, there is no connection between me and the Offeror, (b) I do not have any interest or potential interest, whether commercial, financial or personal, in the outcome of the Proposed Transaction, and (c) I am an Independent Shareholder of the Company as defined above; and
3. that, in connection with the Proposed Transaction:
  - (a) I consent to the Panel granting a waiver from the obligation for the Offeror to make a Rule 9 offer to the shareholders of the Company;
  - (b) subject to Independent Shareholders of the Company holding more than 50% of the shares capable of being voted on a Whitewash Resolution to approve the waiver from the obligation for the Offeror who are deemed to be acting in concert with it, to make a Rule 9 offer giving confirmations in writing in a similar form to this letter, I consent to the Panel dispensing with the requirement that the waiver from such obligation be conditional on a Whitewash

Resolution being approved by Independent Shareholders of the Company at a general meeting; and

- (c) I would vote in favour of a Whitewash Resolution to waive the obligation for the Offeror to make a Rule 9 offer were one to be put to the Independent Shareholders of the Company at a general meeting.

In giving the confirmations referred to above, I acknowledge:

1. that, if the Panel receives such confirmations from Independent Shareholders of the Company holding more than 50% of the shares capable of being voted on a Whitewash Resolution, the Panel will approve the waiver from the obligation for the Offeror to make a Rule 9 offer without the requirement for the waiver having to be approved by Independent Shareholders of the Company at a general meeting;
2. that if no general meeting is held to approve the Whitewash Resolution to waive the obligation for the Offeror to make a Rule 9 offer:
  - (a) there will not be an opportunity for any other person to make any alternative proposal to the Company conditional on such Whitewash Resolution not being approved by Independent Shareholders of the Company;
  - (b) there will not be an opportunity for other shareholders in the Company to make known their views on the Proposed Transaction; and
  - (c) there will be no requirement for the Company either (i) to obtain and make known to its shareholders competent independent advice under Rule 3 of the Code on the Proposed Transaction and the waiver of the obligation for the Offeror to make a Rule 9 offer or (ii) to publish a circular to shareholders of the Company in compliance with Appendix 1 of the Code in connection with this matter.

I consider myself to be a sophisticated investor in relation to equity investments. I confirm that I have had the opportunity to take independent financial advice before signing this letter.

I confirm that I will not sell, transfer, pledge, charge, or grant any option or other right over, or create any encumbrance over, or otherwise dispose of my shares in the Company until Proposed Transaction has completed.

I, the signee, have full power and authority to sign this letter on behalf of [Shareholder] which is a binding obligation upon him.

**Broca plc**

Jill Collighan, Finance Director

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