

CAMBIAN GROUP PLC
4th Floor, Waterfront Building
Chancellors Road
Hammersmith Embankment
London, W6 9RU

CareTech Holdings PLC ("**CareTech**" or "**you**")
5th Floor Metropolitan House
3 Darkes Lane
Potters Bar
Hertfordshire
EN6 1AG

19 April 2018

Dear Sirs

Strictly private and confidential

Project Coral – Confidentiality Letter

You have expressed an interest in the Proposed Transaction. In consideration of each of us making Confidential Information available to the other and the other's Representatives, we each hereby agree to the following.

1. **INTERPRETATION**

1.1 In this agreement:

"**2.7 Announcement**" means an announcement of a firm intention to make an Offer which has as its objective the acquisition of control of the Company, in accordance with Rule 2.7 of the Takeover Code;

"**acting in concert**" has the meaning given in and shall be construed in accordance with the Takeover Code as interpreted by the Panel from time to time;

"**Company**" means Cambian Group plc;

"**Concert Party**" means any person who is, or is regarded by the Panel as acting in concert with you under the Takeover Code;

"**Confidential Information**" means Our Confidential Information or Your Confidential Information (as the context requires);

"**Derivative Information**" means all Information created by a Party, any member of such Party's Group or any of its or their respective Representatives, or on its or their behalf, (including, without limitation, any analyses, compilations, notes, studies or accountants' or other third party reports), to the extent containing or reflecting or generated from the Other Party's Confidential Information;

"**FCA**" means the Financial Conduct Authority;

"**Group**" means in relation to a Party, such Party and its subsidiary undertakings from time to time;

"**Information**" means all information of any nature and in any form, including, without limitation, in writing or orally or in a visual or an electronic form or in a magnetic or digital form;

"**interests in securities**" has the meaning given in and shall be construed in accordance with the Takeover Code from time to time;

"**Offer**" means a general, partial, tender or other type of offer including, without limitation, an acquisition, takeover or merger transaction (however effected), reverse takeover, scheme of arrangement or other court scheme, share exchange or similar transaction;

the "**Other Party's Confidential Information**" means: (a) in your case, Our Confidential Information; and (b) in our case, Your Confidential Information;

"**Our Confidential Information**" means all Information relating directly or indirectly to the Proposed Transaction, including this agreement, the existence and content of the discussions and negotiations between you and us (or our respective Representatives) and all Information relating to any member of our Group disclosed in any way (directly or indirectly on or after the date of this agreement) by us, any member of our Group or any of our respective Representatives. Our Confidential Information includes all copies of any such Information and all Derivative Information.

Our Confidential Information excludes:

- (a) Information that at the date of disclosure to you or your Representatives is publicly known or at any time after that date becomes publicly known (otherwise than as a consequence of any breach of this agreement by you or your Representatives or which you know (or ought reasonably to have known having made reasonable enquiry) to have been disclosed in breach of any duty of confidentiality owed to us or any member of our Group); and
- (b) Information that was properly and lawfully in your or your Representatives' possession prior to the time that it was disclosed by us, any member of our Group or any of our respective Representatives;

"**Panel**" means the UK Panel on Takeovers and Mergers;

"**Party**" means each of the Company and you and includes a reference to a Party's legal personal representatives, successors and permitted assigns, and "**Parties**" shall be construed accordingly;

"**Permitted Finance Provider**" means:

- (a) prior to the release of the 2.7 Announcement, The Royal Bank of Scotland and Lloyds Bank plc and any other provider or prospective provider of debt to whom

we have given our prior consent in writing (such consent not to be unreasonably withheld or delayed) to you disclosing Confidential Information; and

- (b) following the release of the 2.7 Announcement, any financial institution that is approached by CareTech or its Representatives in connection with the Proposed Transaction;

"Proposed Transaction" means the proposed Offer by you (or your subsidiary) for the entire issued and to be issued share capital of the Company;

"Relevant Laws" means law or regulation or the rules of any applicable regulatory, governmental or supervisory authority to whose jurisdiction a Party or any member of its Group is subject, including for the avoidance of doubt, the Takeover Code;

"Representatives" means the directors, officers, employees, agents and professional advisers of a Party or any member of such Party's Group from time to time and any Permitted Finance Providers;

"Restricted Person" means any director, officer, or Senior Employee of any member of our Group with whom you or your Representatives come into contact, or in respect of whom you are provided information, in connection with the Proposed Transaction;

"Senior Employee" means an employee having a gross salary (excluding bonus) of over £100,000 per annum or other employee with a management role in the Group;

"Takeover Code" means the City Code on Takeovers and Mergers; and

"Your Confidential Information" means all Information relating to any member of your Group, disclosed in any way (directly or indirectly on or after the date of this agreement) by you, any member of your Group or any of your respective Representatives. Your Confidential Information includes all copies of any such Information and all Derivative Information.

Your Confidential Information excludes:

- (a) Information that at the date of disclosure to us or our Representatives is publicly known or at any time after that date becomes publicly known (otherwise than as a consequence of any breach of this agreement by us or our Representatives or which we know (or ought reasonably to have known having made reasonable enquiry) to have been disclosed in breach of any duty of confidentiality owed to you or any member of your Group); and
- (b) Information that was properly and lawfully in our or our Representatives' possession prior to the time that it was disclosed by you, any member of your Group or any of your respective Representatives.

1.2 In this agreement, a reference to:

- 1.2.1 **"subsidiary undertaking"** or **"parent undertaking"** is to be construed in accordance with s.1162 (and Schedule 7) of the Companies Act 2006 and for the purposes of this definition, a subsidiary undertaking shall include any person the shares or ownership interests in which are subject to security and where the

legal title to the shares or ownership interests so secured are registered in the name of the secured party or its nominee pursuant to such security; and

1.2.2 a "**person**" includes a reference to a body corporate, association or partnership.

1.3 The *ejusdem generis* principle of construction shall not apply to this agreement. Accordingly, general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words. Any phrase introduced by the terms "other", "including", "include" and "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

1.4 The undertakings in this agreement given by you are given by you for our benefit and for the benefit of each member of our Group (and our and their respective Representatives) who may enforce relevant provisions of this agreement in accordance with paragraph 11. The undertakings in this agreement given by us are given by us for your benefit and for the benefit of each member of your Group (and your and their respective Representatives) who may enforce relevant provisions of this agreement in accordance with paragraph 11.

2. **CONFIDENTIAL INFORMATION**

2.1 Each Party shall treat and keep the Other Party's Confidential Information as confidential and shall not, without the other Party's prior written consent, directly or indirectly disclose the Other Party's Confidential Information to any other person other than as permitted by paragraph 3.1. Each Party shall ensure that the Other Party's Confidential Information is protected with the same security measures and degree of care that would apply to that Party's own confidential information. For these purposes, "disclosing" the Other Party's Confidential Information includes making it available in any way, whether deliberately or not.

2.2 You shall only use Our Confidential Information for the purpose of the Proposed Transaction.

2.3 We shall only use Your Confidential Information for the purpose of the Proposed Transaction.

3. **PERMITTED DISCLOSURE OF CONFIDENTIAL INFORMATION**

3.1 The restrictions in paragraph 2.1 do not apply to the disclosure by a Party of the Other Party's Confidential Information:

3.1.1 to its Representatives who are directly concerned with implementation of the Proposed Transaction and whose knowledge of the Other Party's Confidential Information is essential for these purposes; or

3.1.2 to the extent required by Relevant Laws (subject to paragraph 4).

3.2 Each Party shall ensure that each person to whom any of the Other Party's Confidential Information is disclosed by that Party in accordance with paragraph 3.1.1. complies with all the provisions of this agreement as if it were a party to this agreement and had

undertaken the same obligations as are undertaken by that Party (save that neither Party shall have an obligation to ensure that its professional advisers or Permitted Finance Providers comply with paragraph 7.3.2), and, save as aforesaid, each Party shall be responsible for any breach of the provisions of this agreement by any such person.

4. ANNOUNCEMENTS AND DISCLOSURE

4.1 Subject to paragraph 4.2 and paragraph 4.3, neither Party shall make any announcement relating to the Proposed Transaction without the prior written consent of the other Party.

4.2 If a Party is required by Relevant Laws to make an announcement relating to the Proposed Transaction (including, for the avoidance of doubt, any announcement required following any leak of the Proposed Transaction) or to disclose any of the Other Party's Confidential Information, that Party shall, where and to the extent not prohibited by such Relevant Laws and as far as it is practicable to do so, only make such announcement or disclosure after consultation with the other Party and after taking into account the other Party's reasonable requirements as to its timing, content and manner of making. If a Party is unable to consult with the other Party before the announcement or disclosure is made, that Party shall to the extent not prohibited by such Relevant Laws inform the other Party of the circumstances, timing, content and manner of making of the announcement or disclosure as soon as reasonably practicable to do so after such announcement or disclosure is made.

4.3 For the avoidance of doubt, nothing in this agreement shall prevent, or shall be construed as preventing the board of the Company from making an announcement relating to a possible Offer or publicly identifying CareTech as a potential offeror, at any time the board of the Company considers appropriate.

5. DESTRUCTION OF CONFIDENTIAL INFORMATION

5.1 Each Party shall, upon request by the other Party at any time:

5.1.1 within 10 business days of receiving the request, destroy all hard copy documents and other materials containing or reflecting the Other Party's Confidential Information and all copies thereof and ensure the destruction of or, in the case of either Party's Representatives, use reasonable endeavours to procure the destruction of, all Derivative Information and confirm to the other Party in writing signed by the general counsel of the Party or other authorised officer of either Party that it has complied with this paragraph 5.1.1; and

5.1.2 ensure that where the Other Party's Confidential Information has not been destroyed under paragraph 5.1.1, all reasonable steps are taken to erase from any computer under its control any document, disk or file to the extent containing, reflecting or generated from the Other Party's Confidential Information (provided that it shall be sufficient to satisfy this obligation if such Confidential Information is no longer accessible without using computer forensic or data recovery software and no person shall be required to destroy any computer records or files which have been created pursuant to automatic archiving and back-up procedures which cannot reasonably be deleted) and that, following such erasure, no steps will be taken to access or recover such material,

save that a Party will be entitled to retain such copies of the Other Party's Confidential Information to the extent required:

- 5.1.3 by Relevant Laws or by its bona fide internal compliance or audit or document retention policies and procedures.
 - 5.1.4 all board and committee minutes and associated documents containing, referring to or reflecting, or generating from the Other Party's Confidential Information;
 - 5.1.5 any advice (whether privileged or otherwise) received from its legal advisers that contains, refers to or reflects, or is generated from, the Other Party's Confidential Information.
- 5.2 Any of the Other Party's Confidential Information which, notwithstanding paragraph 5.1 is retained, will continue to be held subject to the terms of this agreement and a Party shall not further use or disclose to any person any of the Other Party's Confidential Information.

6. **STANDSTILL**

- 6.1 Without prejudice to any obligations which you may have under the Takeover Code, the EU Market Abuse Regulation or Part V Criminal Justice Act 1993 and subject to paragraph 6.2, for a period of 6 months starting on the date of this agreement, you shall not, and shall procure that none of your Concert Parties shall, either alone or acting in concert with other persons, directly or indirectly, without our prior written consent:
- 6.1.1 acquire, offer to acquire, agree to acquire or procure or induce another person to acquire, any interest in ordinary shares of the Company;
 - 6.1.2 make, or procure or induce any other person to make, any Offer for all or any of the ordinary shares of the Company or do or omit to do any act as a result of which you or any of your Concert Parties may become obliged (under the Takeover Code) to make an Offer for all or any of the ordinary shares of the Company;
 - 6.1.3 announce, or procure or induce any other person to announce, any Offer for or any intention to acquire all or any of the ordinary shares of the Company, or do or omit to do any act as a result of which you or any of your Concert Parties may become obliged (under the Takeover Code or otherwise) to announce any proposals or any Offer which involves all or any of the ordinary shares of the Company;
 - 6.1.4 seek to control or in any way influence the board of directors or the policies or affairs of the Company (other than through the exercise of any rights as a shareholder under the articles of association of the Company and the Companies Act 2006); and
 - 6.1.5 enter into any agreement, arrangement or understanding (whether legally binding or not) with any person relating to or connected with any of the foregoing.

- 6.2 Subject to paragraph 6.3, the restrictions in paragraph 6.1 shall not apply:
- 6.2.1 if we have provided (in our absolute discretion) prior written consent to you taking the relevant action;
 - 6.2.2 so as to prevent you from contacting (i) Teleios Capital Partners GmbH; (ii) Lombard Odier Asset Management (Europe) Ltd; (iii) GI Partners Europe Limited and (iv) ORA Limited (each a shareholder of the Company) solely for the purpose of either discussing an Offer or procuring that such shareholder enters into irrevocable undertakings or letters of intent with you prior to a 2.7 Announcement;
 - 6.2.3 in the case of an Offer for all or any of the shares of the Company or an announcement thereof, where the Offer is recommended by the Company's directors (other than directors taking no part in the recommendation by reason of conflict of interest) at the time when the Offer or announcement is made or, in relation to any other action restricted by paragraph 6.1, where the relevant action takes place after the time of the announcement of an Offer under Rule 2.7 of the Takeover Code by you or any of your Concert Parties which has been recommended by the Company's directors (other than directors taking no part in the recommendation by reason of conflict of interest), in each case until the earlier of (i) the withdrawal of the recommendation; or (ii) the lapse or withdrawal of the Offer;
 - 6.2.4 if any third party shall have become interested in shares carrying 30 per cent. or more of the votes ordinarily exercisable at general meetings of the Company;
 - 6.2.5 if any third party makes, or announces under Rule 2.7 of the Takeover Code a firm intention to make, an Offer for the Company, until the lapse or withdrawal of such Offer; or
 - 6.2.6 so as to prevent any of your Concert Parties from taking any action in the normal course of their business, provided such action did not arise, directly or indirectly, from the instructions of, or otherwise in conjunction with or on behalf of you.
- 6.3 If any third party makes an announcement pursuant to Rule 2.4 of the Takeover Code that it may make an Offer for the Company, the restriction in paragraph 6.1.3 will not apply in relation to any announcement made by you (or which you procure or induce another person to make) pursuant to Rule 2.4 of the Takeover Code, until the lapse or withdrawal of such possible offer, provided that you shall use your reasonable endeavours to only make such an announcement after consultation with us and after taking into account our reasonable requirements as to the timing, content and manner of making such announcement.
- 6.4 If you acquire an interest in securities of the Company in contravention of this agreement, you must promptly inform us and if so required by us and subject to Relevant Laws, use reasonable endeavours to dispose of such interest to independent third parties. Pending such disposal, you shall not exercise any rights attached to any such interest in securities.

7. CONTACT BETWEEN YOU, US AND OTHERS

- 7.1 All communications and questions regarding the Proposed Transaction shall be directed by you only to Hedley Goldberg or Thibault Poirier of Rothschild & Co and by us only to Tariq Hussain, Ashwin Pai or Chris Dickinson of Jefferies International Limited.
- 7.2 Any consent or authorisation required under this agreement shall only be given on our behalf by Hedley Goldberg or Thibault Poirier or on your behalf by Tariq Hussain Ashwin Pai or Chris Dickinson.
- 7.3 You shall not directly or indirectly, without our prior written consent, at any time during the period of 12 months from the date of this agreement:
- 7.3.1 initiate or engage in or have any contact of any kind whatsoever in connection with the Proposed Transaction with any shareholder (except (i) as permitted in paragraph 6.2.2 above and (ii) for any shareholders who are also shareholders of CareTech, in their capacity as such), director, employee or customer of any member of our Group. For the avoidance of doubt, such restriction will not apply to any contact with any director, employee or customer of any member of our Group in the ordinary course of your business and not in connection with the Proposed Transaction; or
- 7.3.2 solicit, engage or employ any Restricted Person. For the avoidance of doubt this restriction shall not prohibit you from engaging or employing any Restricted Person who has responded to a bona fide recruitment advertisement not specifically targeted at such Restricted Person or any Restricted Person who contacts you solely through an employment agency (provided that you did not encourage the agency to approach the relevant individual).
- 7.4 You shall not directly or indirectly, without our prior written consent, restrict or attempt to restrict in any way (including through any agreement, arrangement or understanding, whether written or oral) the ability of any Permitted Finance Provider to provide debt or any other form of financing to any other person in relation to the Proposed Transaction.

8. ACTING AS PRINCIPAL

You confirm that you are acting in this matter as principal and not as nominee, agent or broker for or acting in concert with any other person (other than any member of your Group or your Representatives). Each Party agrees that it will be responsible for its own costs whether incurred by such Party or such Party's Representatives in connection with the Proposed Transaction (whether or not it proceeds) and in complying with the terms of this agreement.

9. NO REPRESENTATIONS; NO OFFER

- 9.1 You acknowledge that neither we nor any member of our Group nor our respective Representatives:
- 9.1.1 accepts any responsibility for or makes any representation or warranty, express or implied, as to the truth, accuracy, completeness or reasonableness of any of Our Confidential Information or any other Information provided to you;

- 9.1.2 will be liable to you or to any other person in respect of any of Our Confidential Information or any other Information provided to you or its use; or
 - 9.1.3 is obliged to update any of Our Confidential Information or any other Information provided to you or to notify you of or to correct any inaccuracies in any such information (even if such inaccuracies are discovered subsequent to the provision of such information).
- 9.2 We acknowledge that neither you nor any member of your Group nor your respective Representatives:
- 9.2.1 accepts any responsibility for or makes any representation or warranty, express or implied, as to the truth, accuracy, completeness or reasonableness of any of Your Confidential Information or any other Information provided to us;
 - 9.2.2 will be liable to us or to any other person in respect of any of Your Confidential Information or any other Information provided to us or its use; or
 - 9.2.3 is obliged to update any of Your Confidential Information or any other Information provided to us or to notify us of or to correct any inaccuracies in any such information (even if such inaccuracies are discovered subsequent to the provision of such information).
- 9.3 Each Party agrees that it will not place any reliance on any statement, representation, warranty or undertaking (written or oral or in any other form) made by the other Party or any member of the other Party's Group or their respective Representatives in connection with the Other Party's Confidential Information, any other Information provided by the other Party, the Proposed Transaction or any other matter contemplated hereby.
- 9.4 Each Party acknowledges that it will be responsible for making its own decisions on the Other Party's Confidential Information, any other Information provided by the other Party and the Proposed Transaction.
- 9.5 You acknowledge and agree that neither the provision of any of Our Confidential Information nor the discussions, negotiations or any other matter in relation to the Proposed Transaction constitutes an offer, inducement or invitation to acquire the Company or any part of our Group, nor will they form the basis of, or any representation in relation to, any agreement to acquire the Company or any part of our Group.
- 9.6 Nothing in this paragraph 9 shall have the effect of limiting or restricting any liability arising as a result of fraud or fraudulent misrepresentation.
- 9.7 Nothing in this agreement shall oblige the Company to take any action or not take any action which the Panel determines is not permitted by Rule 21.2 of the Code.

10. **DURATION**

This agreement shall continue until the second anniversary of the date of this agreement or until you or one of your Concert Parties completes the Proposed Transaction, in which case the terms of this agreement will cease to have effect.

11. **THIRD PARTY RIGHTS**

The provisions of this agreement confer benefits on the persons referred to in paragraph 1.4 (other than the Parties) (each, a "**Third Party**") and each Third Party will have the right under the Contracts (Rights of Third Parties) Act 1999 (the "**1999 Act**") to enforce its respective rights under this agreement. The Parties to this agreement do not require the consent of any Third Party to rescind or vary this agreement (other than paragraphs 9, 11 and 15) at any time. No other person who is not a party to this agreement has any right under the 1999 Act to enforce any term of this agreement but this does not affect any right or remedy of a third party which exists or is available apart from the 1999 Act.

12. **INSIDE INFORMATION AND MARKET ABUSE**

12.1 Each Party acknowledges that some or all of the Confidential Information disclosed pursuant to this agreement may be information which is not public or otherwise generally available and is of a kind such that a person who has that information would be prohibited or restricted from using it to deal in the securities of the Company and CareTech or their respective subsidiary undertakings under Part V Criminal Justice Act 1993 or other applicable insider dealing, market abuse or similar law. Neither Party shall use any of the Confidential Information disclosed pursuant to this agreement, while it is not public or generally available, to deal, or to encourage anyone else to deal, in any of those securities. Neither Party shall otherwise use or disclose any Confidential Information disclosed pursuant to this agreement in a way that amounts to market abuse under the EU Market Abuse Regulation or contravenes Part V Criminal Justice Act 1993 or any other applicable insider dealing, market abuse or similar law.

13. **GENERAL**

13.1 Each Party acknowledges and agrees that damages alone would not be an adequate remedy for a breach of this agreement or breach of confidence and that either Party shall be entitled to seek the remedies of injunction, specific performance and other equitable relief for any threatened or actual breach of this agreement or breach of confidence.

13.2 The failure to exercise or delay in exercising a right or remedy provided by this agreement or by law does not impair or constitute a waiver of the right or remedy or an impairment of or a waiver of any other rights or remedies. No single or partial exercise of any right or remedy provided by this agreement or by law prevents further exercise of the right or remedy or the exercise of another right or remedy.

13.3 A variation of this agreement or a waiver granted by a Party, any member of such Party's Group or any of their respective Representatives in respect of any action taken by the other Party is valid only if it is in writing and signed by the relevant Party or Parties.

13.4 To the extent that any Confidential Information is covered or protected by privilege, disclosing such Confidential Information to the other Party or otherwise permitting disclosure of it in accordance with this agreement does not constitute a waiver of privilege or any other rights which the disclosing Party or any member of the disclosing Party's Group or any of their respective Representatives may have in respect of such Confidential Information.

- 13.5 The rights and remedies contained in this agreement are cumulative and not exclusive of any rights or remedies provided by law.
- 13.6 Each Party acknowledges and agrees that no right or licence is granted to the other Party in relation to Confidential Information except as expressly set out in this agreement.
- 13.7 The invalidity, illegality or unenforceability of any provision of this agreement does not affect the continuation in force of the remainder of this agreement.
- 13.8 Each Party acknowledges and agrees that Confidential Information may be provided by a Party, members of that Party's Group and that Party's Representatives on a confidential basis to, and discussed on an ongoing confidential basis with, the FCA, the Panel and any other relevant regulatory body or authority during the course of the Proposed Transaction for the purpose of seeking a ruling or other guidance in relation to the Proposed Transaction.

14. **ASSIGNMENT**

Neither Party shall assign, transfer, declare a trust of the benefit of or in any other way alienate any of its rights under this agreement whether in whole or in part without the prior written consent of the other Party, except that either Party may assign this agreement to another member of its Group.

15. **GOVERNING LAW AND JURISDICTION**


- 15.1 This agreement and any non-contractual or other obligations arising out of or in connection with it are governed by English law.
- 15.2 The courts of England have exclusive jurisdiction to hear and decide any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this agreement, including a dispute or proceeding regarding the existence, validity or termination of this agreement or relating to any non-contractual or other obligation arising out of or in connection with this agreement or regarding the consequences of its nullity (respectively, "**Proceedings**" and "**Disputes**"), and for these purposes, each Party irrevocably submits to the jurisdiction of the courts of England.
- 15.3 Each Party irrevocably waives any objection which it might at any time have to the courts of England being nominated as the forum to hear and decide any Proceedings and to settle any Disputes and agrees not to claim that the courts of England are not a convenient or appropriate forum.

16. **COUNTERPARTS**

This agreement may be executed in any number of counterparts, each of which is an original and all of which together evidence the same agreement. This agreement shall not come into effect until each Party has executed at least one counterpart.

Please acknowledge your entry into this agreement by signing, dating and returning the enclosed copy of this agreement to us.

Yours faithfully


for and on behalf of
CAMBIAN GROUP PLC


Agreed and accepted by

for and on behalf of
CARETECH HOLDINGS PLC

Date: ___ April 2018

Agreed and accepted by



for and on behalf of 
CARETECH HOLDINGS PLC

Date: 19 April 2018