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**THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt about the action you should take, you are recommended to seek your own financial advice from your broker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

**If you have sold or otherwise transferred all of your shares in CareTech Holdings PLC, please send this letter and the accompanying document at once to the purchaser or transferee or to the broker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction where to do so would constitute a violation of the relevant laws or regulations of such jurisdiction.**

**CareTech Holdings PLC**

*(Incorporated in England and Wales under the Companies Act 2006, No. 04457287)*

Registered office:

5th Floor  
Metropolitan House  
3 Darkes Lane  
Potters Bar  
EN6 1AG

27 June 2022

*To: The shareholders of CareTech Holdings PLC (the "**Company**") and persons with information rights and, for information only, to holders of CareTech employee share options and participants in CareTech share incentive plans*

**Announcement regarding firm offer for the Company**

On 27 June 2022, the Independent Board of the Company and Amalfi Bidco Limited ("**Bidco**") announced that they had reached agreement on the terms of a recommended offer by Bidco to acquire the entire issued and to be issued ordinary share capital of the Company (the "**Offer**") to be implemented by way of a court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2006 (the "**Announcement**").

**Extraordinary days every day**

Registered address: Metropolitan House 3 Darkes Lane Potters Bar Hertfordshire EN6 1AG Registered No. 04457287

t 01707 601 800 f 01707 655 265

caretech-uk.com

In accordance with Rule 2.11 of the City Code on Takeovers and Mergers (the “Code”), please find a copy of the Announcement enclosed with this letter. Copies of this letter and the Announcement can also be found on the Company’s website at <https://www.caretech-uk.com/possible-offer-sheikh-holdings-group-investments-limited>. For the avoidance of doubt, the content of the Company’s website is not incorporated into, and does not form part of, this letter. This letter is not to be taken as a summary of the information in the Announcement and should not be regarded as a substitute for reading the Announcement in full.

You may request a hard copy of the Announcement by contacting the Company’s registrars, Link Group during business hours on 0371 664 0300 (or if calling from outside the UK +44 371 664 0300) or by submitting a request in writing at 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL. You may also request that all future documents, announcements and information in relation to the Proposal be sent to you in hard copy and subsequently such information will be sent to you in hard copy without the need to make any further requests. Such requests may be made to Link Group in writing to the address set out above or by calling the telephone number above.

Further announcements will be made in due course.

Yours faithfully



**Jamie Cumming**  
**Non-Executive Director**  
**CareTech Holdings PLC**

#### **Important information**

Please be aware that addresses, electronic addresses and certain other information provided by you for the receipt of communications from the Company may be provided to Bidco during the offer period as required under Section 4 of Appendix 4 of the Code.

#### **Disclosure requirements of the Code**

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

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Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if

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the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4). Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0) 20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

*Panmure Gordon (UK) Limited ("**Panmure Gordon**")*, which is authorised and regulated in the United Kingdom by the FCA and is acting as joint financial adviser and Rule 3 adviser to the CareTech Independent Board, and nominated adviser and joint broker to CareTech and for no one else in connection with the Offer and other matters referred to in this Announcement and will not be responsible to anyone other than the CareTech Independent Board for providing the protections afforded to its clients or for providing advice in relation to the Offer, the contents of this Announcement or any other matters referred to in this Announcement. Neither Panmure Gordon nor any of its affiliates, directors or employees owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, consequential, whether in contract, in tort, in delict, under statute or otherwise) to any person who is not a client of Panmure Gordon in connection with this Announcement, any statement contained herein, the Offer or otherwise.

*Numis Securities Limited ("**Numis**")*, which is authorised and regulated in the United Kingdom by the FCA and is acting as joint financial adviser to the CareTech Independent Board, and joint broker to CareTech and for no one else in connection with the Offer and other matters referred to in this Announcement and will not be responsible to anyone other than the CareTech Independent Board for providing the protections afforded to its clients or for providing advice in relation to the Offer, the contents of this Announcement or any other matters referred to in this Announcement. Neither Numis nor any of its affiliates, directors or employees owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, consequential, whether in contract, in tort, in delict, under statute or otherwise) to any person who is not a client of Numis in connection with this Announcement, any statement contained herein, the Offer or otherwise.

*The directors of the Company (the "**Directors**") each accept responsibility for the information contained in this document (including any expressions of opinion). To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document (including any expressions of opinion) is in accordance with the facts and does not omit anything likely to affect the import of such information.*

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RNS Offer for



## Recommended offer

### CARETECH HOLDINGS PLC

Released 07:00:08 27 June 2022

RNS Number : 2592Q  
CareTech Holdings PLC  
27 June 2022

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**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF THE MARKET ABUSE REGULATION (EU 596/2014) WHICH IS PART OF UK LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018. UPON PUBLICATION OF THIS ANNOUNCEMENT IT IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN**

**FOR IMMEDIATE RELEASE**

27 June 2022

### **RECOMMENDED OFFER**

for

**CareTech Holdings PLC**

By

**Amalfi Bidco Limited**

**(a newly formed company indirectly owned by joint offerors Sheikh Holdings Group (Investments) Limited, Belgravia Investments Limited and Kensington Capital Limited, funds managed by THCS IV GP S.à r.l. and TH Management IV S.à r.l. as advised by THCP Advisory Limited)**

**to be effected by means of a Scheme of Arrangement  
under Part 26 of the Companies Act 2006**

### **Summary**

- The independent committee of the board of CareTech Holdings PLC ("**CareTech**"), consisting of Jamie Cumming, Dr Moira Livingston and Adrian Stone (the "**CareTech Independent Directors**") (the "**CareTech Independent Board**"), and Amalfi Bidco Limited ("**Bidco**") are pleased to announce that they have reached agreement on the terms of a recommended offer by Bidco for the entire issued, and to be issued, ordinary share capital of CareTech (the "**Offer**"). The Offer is to be effected by means of a scheme of arrangement under Part 26 of the Companies Act.
- Under the terms of the Offer, CareTech Shareholders will be entitled to receive:
  - 750 pence for each CareTech Share (the "Cash Consideration")**
- The Offer values the entire issued and to be issued ordinary share capital of CareTech at

approximately £870.3 million on a fully diluted basis and implies an enterprise value to underlying EBITDA of 12.6x for the year ended 30 September 2021 (on a pre-IFRS 16 basis) and implied enterprise value / underlying EBITDA of 13.0x for the year ended 30 September 2021 (on a post-IFRS 16 basis).

The Cash Consideration represents a premium of approximately:

- 28.0 per cent. to the CareTech closing share price as at 4 March 2022 (being the last Business Day before the commencement of the offer period);
- 29.8 per cent. to the volume weighted average price for the one month ended on 4 March 2022 (being the last Business Day before the commencement of the offer period); and
- 31.7 per cent. to the volume weighted average price for the three months ended on 4 March 2022 (being the last Business Day before the commencement of the offer period).

#### *Partial Alternative Offer*

- As an alternative to the Cash Consideration, an eligible CareTech Shareholder may elect to receive rollover non-voting ordinary shares in the capital of the indirect parent of Bidco ("**Topco**") having the rights of "Rollover Securities" set out in the articles of association of Topco (as amended from time to time) (the "**Rollover Securities**") (the "**Partial Alternative Offer**") in exchange for their holding of CareTech Share(s) at a ratio to be specified in the Scheme Document, subject to the terms and conditions of the Partial Alternative Offer (detailed in paragraph 12 below). Eligible CareTech Shareholders will be able to elect for the Partial Alternative Offer in relation to all or part of their holding of CareTech Shares.

#### *Financing of the Cash Consideration*

- The Cash Consideration payable to CareTech Shareholders by Bidco under the terms of the Offer will be financed by Bidco through a combination of:

- (i) equity investment into Topco to be invested by funds managed by THCS IV GP S.à r.l. and TH Management IV S.à r.l. as advised by THCP Advisory Limited ("**THCP**");
- (ii) £258 million to be provided by way of debt to Midco by THCP and Ares credit funds;
- (iii) new credit facilities with Ares Management Limited as mandated lead arranger and Ares credit funds as original lenders (the "**Offer Debt**"); and
- (iv) in connection with the provision of the Offer Debt (as defined below), minority non-voting equity investment into Topco to be invested by certain debt funds managed by Ares Management Limited ("**Ares**").

- In addition, equity capital is to be rolled over from the CareTech Shares held by Sheikh Ventures Limited ("**Sheikh Ventures**") (a wholly owned subsidiary of Sheikh Holdings), Belgravia and Kensington (together, the "**Sheikh Group**"). The Founders will contribute further equity by either: (i) rolling (to the extent that a replacement scheme is implemented post completion on terms to be agreed) their vested entitlements under the CareTech Long Term Incentive Plan and a portion of their vested options under the CareTech ExSOP; or (ii) cashing out these entitlements and reinvesting certain of the proceeds into D Ordinary Shares in Topco (or a combination of the two).

- The Offer Debt provides committed financing by way of a £210 million senior term loan of 5.5 years, a £350 million loan maturing in 5.5 years, and a £200 million super senior term loan of 5 years. A £30 million revolving credit facility will also be available.

#### **Background to and reasons for the Offer**

- The CareTech business was founded by Farouq and Haroon Sheikh (the "**Founders**") in 1993. It was admitted to trading on AIM in 2005 and has continued to grow in both scale and service offerings to become one of the UK's largest social care providers. CareTech operates facilities with high standards and quality ratings.
- The Sheikh Group and THCP have formed a consortium and are joint offerors for the purposes of the Offer.
- CareTech is a business with long-term investment requirements and Bidco believes that private ownership of CareTech would allow CareTech's management to focus on operating the business for the long-term, both to grow CareTech and to continue to deliver high standards of care in its facilities. Bidco believes that in taking CareTech private, it is offering an attractive valuation to its shareholders.
- Pursuant to the Offer, the Sheikh Group would be the controlling shareholders of CareTech and Farouq and Haroon Sheikh will remain fully involved in the management of CareTech and expect to do so along with the existing senior management team. CareTech operates in a complex and operationally demanding sector and as such it is important that it will continue to benefit from the vast experience of the Founders.
- Under Bidco's ownership CareTech intends to continue its support for the CareTech Charitable Foundation and its work supporting individuals with physical and learning disabilities, advancing skills development for the care sector, and supporting local communities.
- The Bidco Board believes the Offer represents a compelling opportunity and would be beneficial to all stakeholders for a number of reasons, including:
  - the opportunity for CareTech Shareholders to realise immediate value now in cash at a substantial premium or to choose to rollover all or partial holdings into the private company;
  - creation of a new long-term financing structure for CareTech;
  - the continuity of CareTech's highly experienced management team; and
  - consistency of strategy and quality of service to deliver high standards of care to service

users.

### CareTech Independent Board

- In light of their interests in the Offer, Farouq Sheikh, Haroon Sheikh, Christopher Dickinson and Mike Adams have not participated in the appraisal by the CareTech Board of the Offer. The CareTech Board has constituted a committee comprised of the CareTech Independent Directors (being Jamie Cumming, Dr Moira Livingston and Adrian Stone) for the purpose of evaluating and recommending the Offer to CareTech Shareholders. Although Dr Moira Livingston is a trustee and is on the board of the CareTech Charitable Foundation, which is deemed to be acting in concert with Bidco, this is not considered to impede her independence as her role with the CareTech Charitable Foundation is to act as an unpaid independent director representative of CareTech.

### Recommendation

- The CareTech Independent Board, which has been so advised by Panmure Gordon and Numis as to the financial terms of the Cash Offer, considers the Cash Offer to be fair and reasonable. In providing advice to the CareTech Independent Board, Panmure Gordon and Numis have taken into account the commercial assessments of the CareTech Independent Board. Panmure Gordon is providing independent financial advice to the CareTech Independent Board for the purposes of Rule 3 of the Takeover Code.

**Accordingly, the CareTech Independent Board intends unanimously to recommend that CareTech Shareholders vote in favour of the resolutions relating to the Scheme at the Meetings (or if the Offer is implemented by a Takeover Offer, to accept or procure acceptance of such Takeover Offer). Jamie Cumming (being the only member of the CareTech Independent Board who holds CareTech Shares) has irrevocably undertaken to do so in respect of his own beneficial holdings of 2,500 CareTech Shares in aggregate, representing approximately 0.002 per cent. of CareTech's issued ordinary share capital on the Latest Practicable Date. Further details of this irrevocable undertaking are set out in Appendix 3 to this Announcement.**

**Irrevocable undertakings and letters of intent received representing 50.8 per cent. of CareTech's issued ordinary share capital on the Latest Practicable Date when taken together with the Sheikh Group and Concert Parties' interests in CareTech Shares.**

#### *Irrevocable undertakings*

- Bidco has received irrevocable undertakings in respect of a total of 27,992,380 CareTech Shares, representing, in aggregate, approximately 24.7 per cent. of CareTech's issued ordinary share capital on the Latest Practicable Date. Further details of the irrevocable undertakings received are set out below.
- In addition to the irrevocable undertakings from Jamie Cumming (being the only member of the CareTech Independent Board who holds CareTech Shares), Bidco has also received irrevocable undertakings from Lombard Odier Asset Management (Europe) Limited, Richard Griffiths, Stichting Value Partners Family Office, OVMK Asset Management Nv and Mike Adams (an Executive Director of CareTech) to vote, or procure a vote, in favour of the Scheme at the Court Meeting and the Special Resolution at the General Meeting (or, in the event that the Offer is implemented by way of a Takeover Offer, to accept or procure acceptance of such Takeover Offer) in respect of, in aggregate, 27,989,880 CareTech Shares, representing approximately 24.7 per cent. of CareTech's issued ordinary share capital on the Latest Practicable Date.
- In addition, the Sheikh Group, together with persons "acting in concert" (for the purposes of the Takeover Code) with Bidco and Sheikh Holdings (the "**Concert Party**"), is interested in, directly and indirectly, 14,878,686 shares in CareTech, representing 13.1 per cent. of CareTech's issued ordinary share capital on the Latest Practicable Date.

#### *Letters of intent*

- In addition to the irrevocable undertakings referred to above, the Consortium and/or Bidco have received non-binding letters of intent to vote, or procure a vote, in favour of the Scheme at the Court Meeting and the Special Resolution at the General Meeting (or, in the event that the Offer is implemented by way of a Takeover Offer, to accept or procure acceptance of such Takeover Offer) in respect of, in aggregate, 15,687,768 CareTech Shares, representing approximately 13.8 per cent. of CareTech's issued ordinary share capital on the Latest Practicable Date.
- The Consortium and Bidco have, therefore, received irrevocable undertakings and non-binding letters of intent in respect of a total of 43,680,148 CareTech Shares representing, in aggregate, approximately 38.5 per cent. of the issued ordinary share capital of CareTech on the Latest Practicable Date.
- Further details of these irrevocable undertakings (and the circumstances in which they shall cease to be binding or otherwise fall away) and letters of intent are set out in Appendix 3 of this Announcement.

### Timetable and Conditions

- It is intended that the Offer will be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act (although Bidco reserves the right to effect the Offer by way of a Takeover Offer, subject to the consent of the Panel and the terms of the Co-Operation Agreement).
- The Offer will be put to the CareTech Shareholders at the Meetings. The Meetings are required to enable CareTech Shareholders to consider, and if thought fit, to vote in favour of the Scheme and the Special Resolution to implement the Scheme. In order to become Effective, the Scheme must be approved by a majority in number of Scheme Shareholders, present and voting (and entitled to vote) at the Court Meeting, whether in person or by proxy, representing 75 per cent. or more in value of the Scheme Shares held by those Scheme Shareholders (or the relevant class or classes thereof). In addition, at the General Meeting to implement the Scheme, the Special Resolution must be passed by CareTech Shareholders representing at least 75 per cent. of the votes validly cast on the Special Resolution. The General Meeting will be held immediately after the Court Meeting.
- The Offer will be on the terms and subject to the Conditions set out in Appendix 1 and to be set

The Offer will be on the terms and subject to the conditions set out in Appendix 1 and to be set out in the Scheme Document, which will also set out further details of the Offer, including, amongst others:

- (i) the passing of the Special Resolution by the requisite majority of CareTech Shareholders at the General Meeting; and
- (ii) following the Meetings, the Scheme being sanctioned by the Court (without modification, or with modification on terms agreed by Bidco and CareTech).

It is expected that the Scheme Document containing further information about the Offer and notices of the Meetings, together with the Forms of Proxy, will be published within 28 days of the date of this Announcement (unless the Panel agrees otherwise). An expected timetable of principal events will be included in the Scheme Document.

The Offer is expected to become Effective in Q3 2022, subject to satisfaction (or, where applicable, waiver) of the Conditions and further terms set out in Appendix 1.

If, on or after the date of this Announcement and before the Effective Date, any dividend, distribution or other return of capital or value is announced, declared, made or paid by CareTech or becomes payable by CareTech in respect of CareTech Shares, Bidco reserves the right to reduce the Cash Consideration payable under the terms of the Offer for the CareTech Shares (and, as the case may be, the number of Rollover Securities due under the terms of the Partial Alternative Offer, assuming that the value of the Rollover Securities to be issued under the Partial Alternative Offer for each CareTech Share is equal to the Cash Consideration payable under the terms of the Offer) by an amount up to the amount of such dividend and/or distribution and/or other return of capital or value. In such circumstances, the CareTech Shareholders would be entitled to receive and retain any such dividend and/or other distribution and/or return of capital or value.

#### Comments on the Offer

Commenting on today's announcement, Farouq Sheikh said:

*"Both Haroon and myself as founders believe that our offer for CareTech is in the best interests of all stakeholders. As the management team who founded and grew this business, we believe that we are best placed to ensure long-term continuity of management and care for our service users. Shareholders will receive immediate value in the form of a significant premium to the share price before the offer was announced or the ability to co-invest with us for the long-term. Service users and customers can be assured that we will continue to run and invest in the business carefully, with consideration and respect for our service users. We are delighted that the CareTech Independent Directors have recommended our offer and with the high level of shareholder support received."*

Commenting on today's announcement, Marco Anatriello of THCP said:

*"CareTech is a strong, founder led company with nearly 30 years of history in this sector. We are delighted to be providing the financing support that will ensure the business remains resilient and continues to grow and will allow the founders to continue to innovate to the benefit of all its service users and customers."*

Commenting on today's announcement, Jamie Cumming, non-executive director of CareTech said:

*"On behalf of the CareTech Independent Board, we are pleased to have reached agreement on the terms of a recommended cash offer by Bidco. We believe that this is in the best interests of our investors and other stakeholders, with the potential to deliver a number of strategic opportunities for the business through private ownership by Bidco. As a consequence of the offer, CareTech's founders will remain the controlling shareholders of the business. We believe this will allow the existing care-focused culture of the organisation to continue and enable CareTech to continue to deliver high standards of care to its service users."*

**The above summary should be read in conjunction with, and is subject to, the full text of this Announcement and the Appendices. The Offer will be subject to the Conditions and other terms set out in Appendix 1 and to the full terms and conditions which will be set out in the Scheme Document. Appendix 2 contains bases and sources of certain information contained in this Announcement. Details of irrevocable undertakings received by Bidco are set out in Appendix 3. Certain terms used in this Announcement are defined in Appendix 4.**

#### Enquiries:

**CareTech Holdings PLC** Tel: 01707 601800  
Jamie Cumming

**Pannure Gordon (UK) Limited** (Rule 3 adviser and joint financial adviser to the CareTech Independent Board), nominated adviser and joint broker to CareTech Tel: 020 7886 2500  
Emma Earl  
Freddy Crossley  
Charles Leigh-Pemberton  
James Sinclair-Ford  
Mark Rogers

**Numis** (joint financial adviser to the CareTech Independent Board and joint broker to CareTech) Tel: 020 7260 1000  
Jonathan Wilcox  
James Black  
Alec Pratt  
Duncan Monteith

**Consilium Strategic Communications** (PR adviser to the CareTech Independent Board) Tel: 020 3709 5700  
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Marco Anatriello

marco ANTONIETTO  
Farouq Sheikh  
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**Citigroup Global Markets Limited** (joint financial adviser to Bidco) Tel: 020 7986 4000  
Andrew Truscott  
Sian Evans  
Will Morton  
Chris Wren (Corporate Broking)

**Dean Street Advisers Limited** (joint financial adviser to Bidco) Tel: 020 3818 8520  
Bob Morris  
Graeme Atkinson

**Finsbury Glover Hering** (PR adviser to Bidco) Tel: 020 7251 3801  
Faeth Birch Tel: 07768 943171  
Charlie Chichester  
Richard Webster-Smith

Ashurst LLP is acting as legal adviser to Sheikh Holdings and Bidco.

Charles Russell Speechlys LLP is acting as legal adviser to CareTech.

Proskauer Rose (UK) LLP is acting as legal adviser to THCP.

GSC Solicitors LLP is acting as legal adviser to Kensington and Belgravia.

Deutsche Bank AG, London Branch is acting as financial adviser to Sheikh Holdings.

### Further information

*This announcement is for information purposes only and is not intended to and does not constitute, or form part of an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Offer or otherwise, nor shall there be any sale, issuance or transfer of securities of CareTech in any jurisdiction in contravention of applicable law. The Offer will be implemented solely pursuant to the terms of the Scheme Document (or, if the Offer is implemented by way of a Takeover Offer, the Offer Document), which will contain the full terms and conditions of the Offer, including details of how to vote in respect of the Offer. Any vote in respect of, or other response to, the Offer should be made only on the basis of the information contained in the Scheme Document (or, if the Offer is implemented by way of a Takeover Offer, the Offer Document).*

*CareTech and Bidco will prepare the Scheme Document (or, if the Offer is implemented by way of a Takeover Offer, the Offer Document) to be distributed to CareTech Shareholders. CareTech and Bidco urge CareTech Shareholders to read the Scheme Document (or, if the Offer is implemented by way of a Takeover Offer, the Offer Document) when it becomes available because it will contain important information relating to the Offer.*

*This Announcement does not constitute a prospectus, prospectus equivalent document or an exempted document.*

### Disclaimers

*Dean Street Advisers Limited ("**Dean Street**") is authorised and regulated by the Financial Conduct Authority ("**FCA**") in the United Kingdom and is acting as joint financial adviser to Bidco and for no one else in connection with the Offer and other matters referred to in this Announcement and will not be responsible to anyone other than Bidco for providing the protections afforded to its clients or for providing advice in relation to the Offer, the contents of this Announcement or any other matters referred to in this Announcement. Neither Dean Street nor any of its affiliates, directors or employees owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, consequential, whether in contract, in tort, in delict, under statute or otherwise) to any person who is not a client of Dean Street in connection with this Announcement, any statement contained herein, the Offer or otherwise.*

*Citigroup Global Markets Limited ("**Citi**"), which is authorised by the Prudential Regulation Authority ("**PRA**") and regulated in the UK by FCA and the PRA, is acting joint financial adviser to Bidco and for no one else in connection with the Offer and other matters referred to in this Announcement and will not be responsible to anyone other than Bidco for providing the protections afforded to its clients or for providing advice in relation to the Offer, the contents of this Announcement or any other matters referred to in this Announcement. Neither Citi nor any of its affiliates, directors or employees owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, consequential, whether in contract, in tort, in delict, under statute or otherwise) to any person who is not a client of Citi in connection with this Announcement, any statement contained herein, the Offer or otherwise.*

*Panmure Gordon (UK) Limited ("**Panmure Gordon**") is authorised and regulated in the United Kingdom by the FCA and is acting as joint financial adviser and Rule 3 adviser to the CareTech Independent Board, and nominated adviser and joint broker to CareTech and for no one else in connection with the Offer and other matters referred to in this Announcement and will not be responsible to anyone other than the CareTech Independent Board for providing the protections afforded to its clients or for providing advice in relation to the Offer, the contents of this Announcement or any other matters referred to in this Announcement. Neither Panmure Gordon nor any of its affiliates, directors or employees owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, consequential, whether in contract, in tort, in delict, under statute or otherwise) to any person who is not a client of Panmure Gordon in connection with this Announcement, any statement contained herein, the Offer or otherwise.*

*Numis Securities Limited ("**Numis**") is authorised and regulated in the United Kingdom by the FCA and is acting as joint financial adviser to the CareTech Independent Board, and joint broker to CareTech and for no one else in connection with the Offer and other matters referred to in this Announcement and will not be responsible to anyone other than the CareTech Independent Board for providing the protections afforded to its clients or for providing advice in relation to the Offer, the contents of this Announcement or any other matters referred to in this Announcement. Neither Numis nor any of its affiliates, directors or employees owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, consequential, whether in contract, in tort, in delict, under*



statute or otherwise) to any person who is not a client of Numis in connection with this Announcement, any statement contained herein, the Offer or otherwise.

Deutsche Bank AG is a joint stock corporation incorporated with limited liability in the Federal Republic of Germany, with its head office in Frankfurt am Main where it is registered in the Commercial Register of the District Court under number HRB 30 000. Deutsche Bank AG is authorised under German banking law. The London branch of Deutsche Bank AG is registered in the register of companies for England and Wales (registration number BR000005) with its registered address and principal place of business at Winchester House, 1 Great Winchester Street, London EC2N 2DB. Deutsche Bank AG is authorised and regulated by the European Central Bank and the German Federal Financial Supervisory Authority (BaFin). With respect to activities undertaken in the UK, Deutsche Bank AG is authorised by the PRA with deemed variation of permission. It is subject to regulation by the FCA and limited regulation by the PRA. Details about the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the FCA's website. Deutsche Bank AG, London Branch ("**Deutsche Bank**") is acting as financial adviser to Sheikh Holdings and no one else in connection with the matters described in this Announcement and will not be responsible to anyone other than Sheikh Holdings for providing the protections afforded to clients of Deutsche Bank nor for providing advice in connection with the subject matter of this Announcement or any other matter referred to in this Announcement.

#### **Overseas jurisdictions**

This announcement has been prepared in accordance with, and for the purpose of complying with, the laws of England and Wales and the Takeover Code, and information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside England.

The release, publication or distribution of this Announcement in or into certain jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe any applicable requirements of their jurisdictions.

The availability of the Offer to CareTech Shareholders who are not resident in and citizens of the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. In particular, the ability of persons who are not resident in the United Kingdom to vote their CareTech Shares with respect to the Scheme at the Court Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person. Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Offer will not be made available, in whole or in part, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Offer by any such use, means, instrumentality or from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Copies of this Announcement and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Offer. If the Offer is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Takeover Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.

The Offer will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the FCA.

#### **Additional information for US investors**

The Offer relates to shares of a company incorporated in England and Wales and is proposed to be effected by means of a scheme of arrangement under the laws of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or proxy solicitation rules under the US Exchange Act. Accordingly, the Offer is subject to the disclosure and procedural requirements applicable in the United Kingdom to schemes of arrangement which differ from the disclosure requirements of the US tender offer and proxy solicitation rules. If, in the future, Bidco exercises its right to implement the Offer by means of a Takeover Offer and determines to extend the Takeover Offer into the United States, such offer would be made in compliance with applicable US laws and regulations.

In accordance with normal United Kingdom practice, Bidco or its nominees or its brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, shares or other securities of CareTech outside of the US, other than pursuant to the Offer, until the date of the Offer and/or Scheme becomes Effective, lapses or is otherwise withdrawn. If such purchases or arrangements to purchase were to be made they would occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases or arrangements to purchase shall be disclosed as required in the UK, shall be reported to a Regulatory Information Service and shall be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).

It may be difficult for US holders of CareTech Shares to enforce their rights and any claim arising out of the US federal laws, since CareTech, Bidco, Midco, Cleanco and Topco are located in a non-US jurisdiction, and some or all of their officers and directors may be residents of a non-US jurisdiction. US holders of CareTech Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

The securities to be issued in connection with the Partial Alternative Offer pursuant to the Scheme have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the US Securities Act.

registration or an applicable exemption from the registration requirements of the US Securities Act and such other laws. It is expected that any such securities would be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. Such securities will also not be registered under any US state securities laws and may only be issued to persons resident in a state pursuant to an exemption from the registration requirements of the securities laws of such state.

The financial information included in this Announcement and the Scheme Document has been or will be prepared in accordance with IFRS and may not be comparable to the financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The receipt of consideration by a US holder for the transfer of CareTech Shares pursuant to the Scheme is expected to be a taxable transaction for US federal income tax purposes. Each CareTech Shareholder is urged to consult their independent professional adviser immediately regarding the tax consequences of the Offer applicable to them, including under applicable US federal, state and local as well as non-US and other tax laws.

#### **Forward-looking statements**

This Announcement contains statements about the Wider CareTech Group, the Wider Bidco Group and the Combined Group's operations that may be or may not be forward looking statements. All statements other than statements of historical facts included in this Announcement may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "should", "continue", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects", "ambition" or words or term of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of the Wider CareTech Group, the Wider Bidco Group and the Combined Group's operations and potential synergies resulting from the Offer; and (iii) the effects of government regulation of the Wider CareTech Group, the Wider Bidco Group and the Combined Group's business.

Such forward looking statements involve risks and uncertainties that could significantly affect expected results and are based on assumptions and assessments made by CareTech and/or Bidco in light of their experience and their perception of historical trends, current conditions, future developments or other factors they believe appropriate. Many factors could cause actual results to differ materially from those projected or implied in any forward looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. Neither the Wider CareTech Group nor the Wider Bidco Group assume any obligation to update any forward looking or other statements contained herein, except as required by applicable law or regulation.

#### **No profit forecasts, estimates or quantified benefits statements**

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

#### **Disclosure requirements of the Takeover Code**

Under Rule 8.3(a) of the Takeover Code, any person who is interested in one per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

#### **Publication on website**

In accordance with Rule 26.1 of the Takeover Code, a copy of this Announcement will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on CareTech's website at <https://www.carettech-uk.com/possible-offer-sheikh-holdings-group-investments-limited> and the website used by Bidco at <http://www.sheikhholdings.co.uk/possible-offer->

[caretech/](http://caretech/) by no later than 12 noon (London time) on the first Business Day following the date of this Announcement. For the avoidance of doubt, neither the contents of these websites nor the contents of any websites accessible from any hyperlinks is incorporated into or forms part of this Announcement.

#### **Requesting hard copy documents**

CareTech Shareholders may request a hard copy of this Announcement by contacting Link Group on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 am-17:30 pm, Monday to Friday excluding public holidays in England and Wales or by submitting a request in writing to CareTech Registrars at Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL. If you have received this Announcement in electronic form, copies of this Announcement and any document or information incorporated by reference into this Announcement will not be provided unless such a request is made.

#### **Electronic communications**

Please be aware that addresses, electronic addresses and certain other information provided by CareTech Shareholders, persons with information rights and other relevant persons for the receipt of communications from CareTech may be provided to Bidco during the offer period as required under Section 4 of Appendix 4 to the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.

#### **Rounding**

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of figures that precede them.

#### **Rule 2.9 of the Takeover Code**

For the purposes of Rule 2.9 of the Takeover Code, CareTech confirms that, as at the Latest Practicable Date, it had 113,336,434 ordinary shares of 0.5 pence each in issue and admitted to trading on AIM. CareTech does not hold any shares in treasury. The ISIN for the CareTech Shares is GB00B0KWHQ09.

#### **General**

If the Offer is effected by way of a Takeover Offer, and such Takeover Offer becomes or is declared unconditional in all respects and sufficient acceptances are received, Bidco intends to exercise its rights to apply the provisions of Chapter 3 of Part 28 of the Companies Act so as to acquire compulsorily the remaining CareTech Shares in respect of which the Takeover Offer has not been accepted.

Investors should be aware that Bidco may purchase CareTech Shares otherwise than under any Takeover Offer or the Scheme, including pursuant to privately negotiated purchases.

If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor or independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriate authorised independent financial adviser.

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF THAT JURISDICTION**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF THE MARKET ABUSE REGULATION (EU 596/2014) WHICH IS PART OF UK LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018. UPON PUBLICATION OF THIS ANNOUNCEMENT IT IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN**

27 June 2022

**RECOMMENDED OFFER**

for

**CareTech Holdings PLC**

By

**Amalfi Bidco Limited**

**(a newly formed company indirectly owned by joint offerors Sheikh Holdings Group (Investments) Limited, Belgravia Investments Limited and Kensington Capital Limited, funds managed by THCS IV GP S.à r.l. and TH Management IV S.à r.l. as advised by THCP Advisory Limited)**

**to be effected by means of a Scheme of Arrangement under Part 26 of the Companies Act 2006**

**1. Introduction**

The independent committee of the board of CareTech Holdings PLC ("**CareTech**"), consisting of Jamie Cumming, Dr Moira Livingston and Adrian Stone (the "**CareTech Independent Directors**") (the "**CareTech Independent Board**"), and Amalfi Bidco Limited ("**Bidco**") are pleased to announce that they have reached agreement on the terms of a recommended offer by Bidco for the entire issued, and to be issued, ordinary share capital of CareTech (the "**Offer**"). The Offer is to be effected by means of a scheme of arrangement under Part 26 of the Companies Act.

**2. The Offer**

It is intended that the Offer will be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act. The purpose of the Scheme is to enable Bidco to acquire the whole of the issued and to be issued ordinary share capital of CareTech.

Under the terms of the Offer, which will be subject to the Conditions and other terms set out in this Announcement and to further terms to be set out in the Scheme Document, CareTech Shareholders will be entitled to receive:

**750 pence for each CareTech Share (the "Cash Consideration")**

The Offer values the entire issued and to be issued ordinary share capital of CareTech at approximately £870.3 million on a fully diluted basis and implies an enterprise value to underlying EBITDA of 12.6x for the year ended 30 September 2021 (on a pre-IFRS 16 basis) and implied enterprise value / underlying EBITDA of 13.0x for the year ended 30 September 2021 (on a post-IFRS 16 basis).

The Cash Consideration represents a premium of approximately:

- 28.0 per cent. to the CareTech closing share price as at 4 March 2022 (being the last Business Day before the commencement of the offer period);
- 29.8 per cent. to the volume weighted average price for the one month ended on 4 March 2022 (being the last Business Day before the commencement of the offer period); and
- 31.7 per cent. to the volume weighted average price for the three months ended on 4 March 2022 (being the last Business Day before the commencement of the offer period).

*Partial Alternative Offer*

As a full or partial alternative to the Cash Consideration, an eligible CareTech Shareholder may elect to receive rollover ordinary shares in the capital of Amalfi Topco Limited, the indirect parent of Bidco ("**Topco**") having the rights of "Rollover Securities" set out in the articles of association of Topco (as amended from time to time) (the "**Rollover Securities**") in exchange for their holding of CareTech Share(s) at a ratio to be specified in the Scheme Document, subject to the terms and conditions of the Partial Alternative Offer (detailed in paragraph 12 below). Eligible CareTech Shareholders will be able to elect for the Partial Alternative Offer in relation to all or part of their holding of CareTech Shares.

The Partial Alternative Offer will be limited to a maximum of 26.4 per cent. of the issued ordinary share capital of Topco (the "**Rollover Shareholding**"), which represents approximately 5.74 per cent. of the fully diluted share capital of CareTech. The Rollover Shareholding does not include the CareTech Shares to be rolled over by the Sheikh Group into shares in Topco. There will be scale back on a pro-rata basis if applications representing in excess of 26.4 per cent. of the issued ordinary share capital of Topco are received and, in such circumstances, eligible CareTech Shareholders whose applications are scaled back will receive the Cash Consideration in respect of their CareTech Shares which are not exchanged for Rollover Securities.

Rollover Securities.

CareTech Shareholders who are in a Restricted Jurisdiction will not be "eligible CareTech Shareholders" for the purposes of the Partial Alternative Offer.

The Rollover Securities will be independently valued and an estimate of the value of the Rollover Securities will be included in the Scheme Document. Further information about the Rollover Securities and the Partial Alternative Offer will be included in the Scheme Document.

If, on or after the date of this Announcement and before the Effective Date, any dividend, distribution or other return of capital or value is announced, declared, made or paid by CareTech or becomes payable by CareTech in respect of CareTech Shares, Bidco reserves the right to reduce the Cash Consideration payable under the terms of the Offer for the CareTech Shares (and, as the case may be, the number of Rollover Securities due under the terms of the Partial Alternative Offer, assuming that the value of the Rollover Securities to be issued under the Partial Alternative Offer for each CareTech Share is equal to the Cash Consideration payable under the terms of the Offer) by an amount up to the amount of such dividend and/or distribution and/or other return of capital or value. In such circumstances, the CareTech Shareholders would be entitled to receive and retain any such dividend and/or other distribution and/or return of capital or value.

The Deferred Shares will not form part of the Offer and the Scheme. For further details, see paragraph 16 below.

### 3. **Background to and reasons for the Offer**

The CareTech business was founded by Farouq and Haroon Sheikh (the "**Founders**") in 1993 with its first facility being The Avenue in Watford, Hertfordshire. CareTech was admitted to trading on AIM (a market operated by the London Stock Exchange) in 2005 and has continued to grow in both scale and offerings to become one of the UK's largest social care providers. CareTech operates facilities with high standards and quality ratings.

CareTech is a business with long-term investment requirements and Bidco believes that private ownership of CareTech would allow CareTech's management to focus on operating the business for the long-term, both to grow CareTech organically and inorganically and to continue to deliver high standards of care in its facilities. Bidco believes that in taking CareTech private, it is making this cash offer at an attractive valuation to CareTech's shareholders, namely at a significant premium to the prevailing share price and at a premium to the all-time high CareTech share price.

Pursuant to the Offer, the Sheikh Group would be the controlling shareholders of Topco and Farouq and Haroon Sheikh will remain fully involved in the management of CareTech, and expect to do so along with the existing senior management team. The Founders have been instrumental in delivering growth and high standards of care in a complex and operationally demanding sector and, as such, Bidco believes that it is important that CareTech continues to benefit from the extensive experience of the Founders.

Under Bidco's ownership it is intended that CareTech will continue its support for the CareTech Charitable Foundation and its work supporting individuals with physical and learning disabilities, advancing skills development for the care sector, and supporting local communities.

The Bidco Board believes the Offer represents a compelling opportunity and would be beneficial to all stakeholders for a number of reasons, including:

- the opportunity to realise immediate value now in cash at a substantial premium or to choose to rollover all or partial holdings into the private company;
- a new long-term financing structure for CareTech;
- the continuity of CareTech's highly experienced management team; and
- consistency of strategy and quality of service to deliver a high standard and duty of care to CareTech's service users.

### 4. **CareTech Independent Board**

Given their interests in the Offer, Farouq Sheikh, Haroon Sheikh, Christopher Dickinson and Mike Adams have not participated in the appraisal by the CareTech Board of the Offer. The CareTech Board has constituted a committee comprised of the CareTech Independent Directors (being Jamie Cumming, Dr Moira Livingston and Adrian Stone) for the purpose of evaluating and recommending the Offer to CareTech Shareholders. Although Dr Moira Livingston is a trustee and is on the board of the CareTech Charitable Foundation, which is deemed to be acting in concert with Bidco, this is not considered to impede her independence as her role with the CareTech Charitable Foundation is to act as an unpaid independent director representative of CareTech.

### 5. **Recommendation**

The CareTech Independent Board, which has been so advised by Panmure Gordon and Numis as to the financial terms of the Cash Offer, considers the Cash Offer to be fair and reasonable. In providing advice to the CareTech Independent Board, Panmure Gordon and Numis have taken into account the commercial assessments of the CareTech Independent Board. Panmure Gordon is providing independent financial advice to the CareTech Independent Board for the purposes of Rule 3 of the Takeover Code.

**Accordingly, the CareTech Independent Board intends unanimously to recommend that CareTech Shareholders vote in favour of the resolutions relating to the Scheme at the Meetings (or if the Offer is implemented by a Takeover Offer, to accept or procure acceptance of such Takeover Offer). Jamie Cumming (being the only member of the CareTech Independent Board who holds CareTech Shares) has irrevocably undertaken to do so in respect of his own beneficial holdings of 2,500 CareTech Shares in aggregate, representing approximately 0.002 per cent. of CareTech's issued ordinary share capital on the Latest Practicable Date. Further details of this irrevocable undertaking are set out in Appendix 3 to this Announcement.**

In considering the terms of the Partial Alternative Offer, the CareTech Independent Directors, Panmure Gordon and Numis have considered the details of the Partial Alternative Offer and the Rollover Securities set out in paragraphs 12, 13 and 14 below.

Panmure Gordon and Numis are unable to advise the CareTech Independent Directors as to whether or not the terms of the Partial Alternative Offer are fair and reasonable. This is because of the significant and variable impact of the disadvantages and advantages of the Partial Alternative Offer for individual CareTech Shareholders as set out in paragraphs 12, 13 and 14 below.

Accordingly, the CareTech Independent Directors cannot form an opinion as to whether or not the terms of the Partial Alternative Offer are fair and reasonable and are not making any recommendation to CareTech Shareholders as to whether or not they should elect for the Partial Alternative Offer.

CareTech Shareholders should also ascertain whether acquiring or holding Rollover Securities is affected by the laws of the relevant jurisdiction in which they are resident and consider whether Rollover Securities are a suitable investment in light of their own personal circumstances and are, therefore, strongly recommended to seek their own independent financial, tax and legal advice in light of their own particular circumstances and investment objectives before deciding whether to elect for the Partial Alternative Offer. Any decision to elect for the Partial Alternative Offer should be based on independent financial, tax and legal advice and full consideration of this Announcement and the Scheme Document.

## 6. **Background to and reasons for the recommendation**

### *Performance of CareTech*

Since the initial public offer ("**IPO**") of CareTech in 2005, CareTech has grown revenue from £22.5 million in FY05 to £489.1 million in FY21 (21.2 per cent. CAGR) and reported underlying EBITDA (pre-IFRS 16) from £2.4 million in FY05 to £93.3 million in FY21 (25.7 per cent. CAGR). In the period from FY05 to the date of this Announcement, CareTech has paid ordinary dividends to shareholders totalling £83.6 million. The CareTech share price has increased from an IPO price of 160 pence per share to 586 pence per share as at 4 March 2022 (being the last Business Day before the commencement of the offer period).

CareTech completed the transformative acquisition of Cambian Group plc ("**Cambian**") in 2018, which significantly increased CareTech's presence in the children's specialist care market. Following the acquisition, CareTech's management of Cambian has resulted in significant operational improvement, with Cambian's pre-IFRS 16 underlying EBITDA margins increasing from 9.5 per cent. in 2017 to 13.4 per cent. in 2019.

CareTech is one of the largest providers of social care services across the UK and has performed strongly through the COVID-19 pandemic, with operational disruption minimised and robust financial performance with pre-IFRS 16 underlying EBITDA growing annually between FY19 and FY21. CareTech has performed in-line with board expectations in the first six months of FY22, despite COVID-19 and pressures on staffing.

In recent years, CareTech has also invested in technology with the ambition to develop a sector first Digital Pathway of services blending care and technology to enhance the lives of service users and also has an emerging presence in international markets following several acquisitions in the UAE.

### *Bidco's Offer*

CareTech has delivered significant growth, operational improvement, and significant value creation to its shareholders following its admission to trading on AIM. Following shareholder feedback, CareTech has significantly reduced its gearing from 4.9x underlying EBITDA (pre-IFRS 16 basis) as at 30 September 2015 to 2.8x as at 30 September 2021. However, the CareTech Independent Directors believe that CareTech's strong operational performance and deleveraging has not been fully reflected in its rating and equity valuation.

The CareTech Independent Directors believe that the Offer represents an opportunity for shareholders to crystallise the value of their holdings today and realise possible value creation in cash at a significant premium to the undisturbed share price. The Offer represents a premium of approximately:

- 28.0 per cent. to the CareTech closing share price of 4 March 2022 (being the last business day before the commencement of the Offer Period)
- 29.8 per cent. to the volume weighted average price for the one month ending on 4 March 2022 (being the last business day before the commencement of the Offer Period);
- 31.7 per cent. to the volume weighted average price for the three months ending on 4 March 2022 (being the last business day before the commencement of the Offer Period); and
- 7.3 per cent. to the undisturbed all-time high CareTech closing share price on 3 September 2021.

The CareTech Independent Directors note that the implied enterprise value / 2021 underlying EBITDA of 12.6x for the year ended 30 September 2021 (on a pre-IFRS 16 basis) and implied enterprise value / underlying EBITDA of 13.0x for the year ended 30 September 2021 (on a post-IFRS 16 basis) multiple is comparable to other relevant sector transactions.

The CareTech Independent Directors note the strong CareTech Shareholder support for the Offer, with CareTech Shareholders holding 24.7 per cent. of the issued ordinary share capital of CareTech providing irrevocable undertakings and CareTech Shareholders holding 13.8 per cent. of the issued ordinary share capital of CareTech providing non-binding letters of intent to support the scheme of arrangement, as detailed in paragraph 7 of this Announcement. When taken together with the direct and indirect holdings of the Sheikh Group, together with persons "acting in concert" (for the purposes of the Takeover Code), the irrevocable undertakings and non-binding letters of intent represent, in aggregate, approximately 50.8 per cent. of CareTech's issued ordinary share capital.

The CareTech Independent Directors also recognise the limited liquidity of CareTech Shares

which makes it challenging for CareTech Shareholders to monetise their holdings should they so wish. The Cash Offer provides the opportunity for CareTech Shareholders to realise their investment at a compelling valuation in cash, at a record share price, whilst the Partial Alternative Offer provides CareTech Shareholders with the opportunity to benefit in the potential future upside of the business. The disadvantages and advantages of the Partial Alternative Offer for individual CareTech Shareholders are as set out in paragraphs 12, 13 and 14.

The CareTech Independent Directors believe that the Offer has the potential to deliver a number of strategic opportunities to CareTech's business through private ownership, including the ability to accelerate investment in organic and inorganic growth, in particular because, typically, listed company investors have a preference for lower levels of gearing when compared to similar private companies. In addition to continued growth opportunities in the UK the CareTech Independent Directors believe that diversification of CareTech beyond the UK speciality care market is important to the future growth of CareTech. As CareTech continues its international expansion into the Gulf Cooperation Council region and invests in the growth of its technology division, there will likely be an increasing number of opportunities to deploy organic or inorganic growth capital. The CareTech Independent Directors believe that the Offer will allow the existing care-focused culture of the business to continue and enable CareTech to continue to focus on delivering high standards of care to its service users.

However, the CareTech Independent Directors also believe that there remain potential risks to CareTech's continued growth and medium-term outlook. Changes to NHS commissioned services, a more enhanced regulatory environment and limitations and/or caps on local authority payments may make it harder for CareTech Shareholders to continue to see growth. In addition, there is the risk that the current inflationary environment creates operational inflationary pressures and wage increases in the CareTech Group, which may not be offset by fee increases negotiated with local authorities. Staff retention and resourcing challenges may also continue to persist, which could limit CareTech's ability to operate all sites at full capacity. Furthermore, the nature of the services provided by CareTech can also result in high levels of public scrutiny which can disproportionately impact the share price. The Cash Offer allows CareTech Shareholders the opportunity to crystallise value at an all-time share price high without taking these potential risks.

In addition to the financial terms of the Cash Offer, in its evaluation of Bidco as a suitable owner of CareTech from the perspective of all stakeholders, the CareTech Independent Directors have taken into account Bidco's intentions for the business, management and employees and other stakeholders of CareTech. The CareTech Independent Directors note that Bidco is committed to supporting the existing business strategy and does not intend to make any change in headcount, except for in relation to the members of the CareTech Independent Board. The CareTech Independent Board believe that continuity of the management team, following completion of the Offer, will ensure any disruption to stakeholders of the business (including service users and their carers) related to the Offer will be minimised and will allow management to focus on operating the business for the long-term, both to grow and continue to deliver high standards of care across its facilities. The CareTech Independent Directors also note that Bidco has confirmed that the existing contractual and statutory employment rights, including those related to pensions, of all CareTech's management and employees will be fully safeguarded in accordance with applicable law.

**Accordingly, following careful consideration of the above factors, the CareTech Independent Directors unanimously recommend the Cash Offer to CareTech Shareholders and believe that the CareTech Shareholders should have the opportunity to approve the Offer.**

7. **Irrevocable undertakings and letters of intent received representing 50.8 per cent. of CareTech's issued ordinary share capital on the Latest Practicable Date when taken together with the Sheikh Group and Concert Parties' interests in CareTech Shares**

*Irrevocable undertakings*

Bidco has received irrevocable undertakings in respect of a total of 27,992,380 CareTech Shares, representing, in aggregate, approximately 24.7 per cent. of CareTech's issued ordinary share capital on the Latest Practicable Date. Further details of the irrevocable undertakings received are set out below.

In addition to the irrevocable undertaking from Jamie Cumming (being the only member of the CareTech Independent Board who holds CareTech Shares), mentioned in paragraph 3 above, Bidco has also received irrevocable undertakings from Lombard Odier Asset Management (Europe) Limited, Richard Griffiths, Stichting Value Partners Family Office, OVMK Asset Management NV and Mike Adams to vote, or procure a vote, in favour of the Scheme at the Court Meeting and the Special Resolution at the General Meeting (or, in the event that the Offer is implemented by way of a Takeover Offer, to accept or procure acceptance of such Takeover Offer).

The irrevocable undertakings from Lombard Odier Asset Management (Europe) Limited, Richard Griffiths, Stichting Value Partners Family Office and OVMK Asset Management NV cease to be binding if: (i) the Effective Date has not occurred by the Long Stop Date; or (ii) Bidco announces, with the consent of the Panel, that it does not intend to proceed with the Offer and no new, revised or replacement offer is announced in accordance with Rule 2.7 of the Takeover Code at the same time; or (iii) the Scheme or Offer lapses or is withdrawn; or (iv) the Scheme or Offer Document is not released by 5 p.m. on 30 September 2022 (or such later date as Bidco and CareTech may agree).

Richard Griffiths has also elected to receive the Partial Alternative Offer in respect of 5,233,870 CareTech Shares held by him and Lombard Odier Asset Management (Europe) Limited has also elected to receive the Partial Alternative Offer in respect of not less than 2,000,000 CareTech Shares held by it (each subject to scale back as set out in paragraph 12 of this Announcement).

In addition, the Sheikh Group, together with persons "acting in concert" (for the purposes of the Takeover Code) with Bidco and Sheikh Holdings (the "**Concert Party**"), is interested in, directly and indirectly, 14,878,686 shares in CareTech, representing 13.1 per cent. of CareTech's issued ordinary share capital on the Latest Practicable Date.

*Letters of intent*

In addition to the irrevocable undertakings referred to above, the Corporation and/or Bidco

in addition to the irrevocable undertakings referred to above, the Consortium and/or Bidco have received non-binding letters of intent to vote, or procure a vote, in favour of the Scheme at the Court Meeting and the Special Resolution at the General Meeting (or, in the event if the Offer is implemented by way of a Takeover Offer, to accept or procure acceptance of such Takeover Offer) in respect of, in aggregate, 15,687,768 CareTech Shares, representing approximately 13.8 per cent. of CareTech's issued ordinary share capital on the Latest Practicable Date.

The Consortium and Bidco have, therefore, received irrevocable undertakings and non-binding letters of intent in respect of a total of 43,680,148 CareTech Shares representing, in aggregate, approximately 38.5 per cent. of CareTech's issued ordinary share capital on the Latest Practicable Date.

Further details of these irrevocable undertakings and letters of intent are set out in Appendix 3 of this Announcement.

#### 8. **Information relating to Bidco and the Consortium**

Bidco is a newly incorporated company, formed on behalf of the members of the Consortium, and which is ultimately owned by Topco. In consideration for providing the Offer Debt, it is intended that certain debt funds managed by Ares Management Limited ("**Ares**") will take a minority, non-voting interest in the equity share capital of Topco. It is intended that Topco will be owned in the following proportions immediately after the Effective Date:

- (a) Sheikh Group and Founders: 44.8 per cent.;
- (b) THCP: 26.3 per cent.;
- (c) Rollover Securities: 26.4 per cent.; and
- (d) Ares: 2.5 per cent.

The voting share capital of Topco will be owned in the following proportions immediately after the Effective Date:

- (a) Sheikh Group and Founders: 69.9 per cent.;
- (b) THCP: 30.1 per cent.;
- (c) Rollover Securities: 0.0 per cent.; and
- (d) Ares: 0.0 per cent.

The Sheikh Group and THCP are joint offerors with respect to the Offer.

##### *Sheikh Holdings*

Sheikh Ventures is a wholly owned direct subsidiary of Sheikh Holdings. Sheikh Holdings is a UK-based private family office, founded by Haroon Sheikh and Farouq Sheikh, the founders of CareTech. As noted in paragraph 3 above, Haroon and Farouq Sheikh co-founded CareTech in 1993 and have been the architects of CareTech's growth having been involved in its vision and strategy from the outset. As the CEO and Chairman respectively, Haroon and Farouq have been instrumental in securing funding for the CareTech Group as well as leading the management team in winning long-term contracts from local and health authorities. Having led the business for almost 30 years, Haroon and Farouq have cultivated CareTech's reputation for high-quality services, as evidenced by its CQC and Ofsted ratings. With significant industry experience, Haroon and Farouq recognise the importance of CareTech's duty of care to its service users and responsibility to all its stakeholders.

Sheikh Holdings has a diverse and global investment portfolio across a range of sectors and strategically invests within a broad mix of assets, specifically within healthcare, real estate and private equity. Sheikh Holdings and the Sheikh family are committed to generating long-term value in business, whilst at the same time playing an instrumental role within local and global communities.

Sheikh Holdings has been successfully investing in real estate for over 30 years and has investments in the UK, Middle East and Africa - its current portfolio consists of large residential development schemes and commercial assets.

Sheikh Holdings is engaged with humanitarian causes and has set up its own charity, the COSARAF Charitable Foundation. COSARAF's mission is to promote strong and cohesive communities, enable young people to realise their potential and empower women and girls.

##### *Belgravia and Kensington*

Belgravia is a company owned by The Belgravia Trust, which is a discretionary trust. Kensington is a company owned by the Kensington Trust, which is a discretionary trust. The trustees of both the trusts are Hansard Trust Company Limited ("**Hansard**"), which is a regulated company based in Guernsey. As trustees, Hansard have a duty under Guernsey Law to ensure that trust assets are under their control and to preserve and enhance, so far as is reasonable, the value of such property for the benefit of the beneficiaries. The beneficiaries of the discretionary trusts include Farouq Sheikh and Haroon Sheikh and their respective families.

##### *THCP*

THCP is an investment house with more than US\$2 billion of assets under management and provides flexible structured capital solutions to entrepreneurs and management teams in the European mid-market. THCP prides itself on partnering with ambitious teams looking to grow their businesses with discipline, integrity, and positive social impact - and seeks to back them in their growth journeys with minority capital and ongoing support. THCP has completed more than 20 investments since its founding in 2013, and several blue-chip institutional investors routinely co-invest alongside THCP.

THCP benefits from a diverse team of more than 50 professionals located across three offices - London, Milan, and Luxembourg - with more than 60 years' combined experience in the structured capital markets. THCP is further supported by a highly connected and diverse investor base, consisting of family offices, private investors, and leading institutional investors



investor base, consisting of family offices, private investors, and leading institutional investors globally.

9. **Information relating to CareTech**

CareTech is one of the largest providers of specialist social care services, supporting adults and children with a wide range of complex needs in specialist services around the UK and with a growing international presence. Committed to the highest standards of care and care governance, CareTech's innovative care pathway covers four divisions, being Foster Care, Children's Services, Adult Services and Digital Technology. In addition, the International division was reported as a separate division in the unaudited interim results for the six months to 31 March 2022.

The CareTech business was founded in 1993 by Haroon Sheikh and Farouq Sheikh and began trading on the AIM market of the London Stock Exchange in October 2005. CareTech has grown significantly over the years, both through organic growth, bolt-on acquisitions and larger acquisitions to generate over £489 million of revenue in the year ended 30 September 2021. CareTech's unaudited interim accounts for the six months to 31 March 2022 showed over £249 million of revenue for the period.

CareTech's care provision and children's services offering was substantially enhanced with the transformative acquisition of Cambian, a provider of children's specialist education and behavioural health services, in October 2018. Since then, CareTech has made a number of additional acquisitions across its divisions, including in November 2020, when CareTech completed the transfer of seven specialist services previously operated by The Huntercombe Group and rebranded as Coveberry. This acquisition added facilities for the treatment of adults with complex learning disabilities, autism and mental health diagnoses to the CareTech Group's offerings.

CareTech currently supports around 5,000 adults and children in the UK with a wide range of complex needs in more than 550 services in the UK employing more than 11,050 staff. Its property portfolio comprises over 400 freehold and long leasehold properties.

In recent years CareTech has also invested in technology with the ambition to develop a sector first Digital Pathway of services blending care and technology to enhance the lives of service users. This strategy commenced initially through the acquisition of Smartbox in October 2020, a market-leading creator of software, hardware and content that helps individuals without speech to have a voice and live more independently. CareTech's ambition to develop a sector first Digital Pathway of services was further enhanced with the acquisition of Rehavista GmbH ("**REHAVISTA**") in November 2021 which CareTech believes provides a significant opportunity for Smartbox to expand the products and services available in Germany. REHAVISTA is Germany's largest provider of augmentative and alternative communication (AAC) products and services.

CareTech also has an emerging presence in international markets following several acquisitions in the UAE. CareTech first expanded into the UAE through the acquisition of a 51% interest in the UAE based AS Group in 2019 and grew further through the acquisitions of a 51% interest in the Wellness Group by CareTech and the acquisition of a 70% interest in Dmetco-Bayti Group by AS Group, both in 2022. Dmetco-Bayti is a well-established home healthcare provider managing the daily health and social care needs of its patients across the UAE and the Wellness Group, which provides integrated physical health consultations and surgical services. Both acquisitions will expand the care pathway in the UAE to encompass specialist health and social care services in home care environments and physical healthcare services in specialist clinic settings. CareTech's long-term goal in the Middle East and Gulf region is to create an integrated solutions provider of care and technology for the mental health, social care, special education and physical healthcare pathway, offering broad access to people with complex needs and disabilities in local communities.

The Technology division and International division of CareTech together accounted for 7.8 per cent. of CareTech's audited FY21 revenue and 12.3 per cent. of CareTech's unaudited revenue for the six months to 31 March 2022.

CareTech established the CareTech Charitable Foundation in 2017 and makes annual donations to the CareTech Charitable Foundation. The work of the CareTech Charitable Foundation focuses on three key objectives: (i) physical and learning disabilities and specialist services support; (ii) skills development for the care sector; and (iii) supporting communities and the CareTech family (the "**Objectives**").

The CareTech Charitable Foundation delivers the Objectives through three key approaches: (i) providing grants to significant partnerships; (ii) match-funding to amounts raised by individual CareTech employees for charitable causes in line with the Objectives; and (iii) family and friends grants to support the family, friends and wider communities of CareTech staff facing significant challenges.

10. **Employees, Management, Pensions, Research and Development and Location**

***Bidco's strategic plans for CareTech***

As set out in paragraph 3 above, Bidco believes that the Offer has a compelling strategic and financial rationale.

Bidco highly values the current structure, strategy and management of the CareTech business and recognises that the management team and colleagues will be key to CareTech's success going forward. In particular, Bidco values the CareTech management team's operational expertise and experience. Bidco is therefore committed to supporting the existing CareTech management team in continuing to execute its existing strategy, which has served the business and its stakeholders well. Bidco is also committed to supporting CareTech to continue to receive high quality ratings from its regulators and to provide an excellent quality of service to its customers.

Following completion of the Offer, a limited number of third party PLC-related functions may be reduced in scope or become unnecessary. However, save as noted below in relation to the CareTech Independent Board, Bidco does not expect any change in headcount or the balance of skills and functions of employees and management of the CareTech Group to arise as a consequence of the Offer becoming Effective.

Under Bidco's ownership, CareTech intends to continue its support for the CareTech Charitable Foundation.

### **Employees and management**

Bidco attaches great importance to the skills and experience of CareTech's management and employees and acknowledges that they are fundamental to the future success of the CareTech business. Bidco confirms that, upon and following the Offer becoming Effective, the existing contractual and statutory employment rights, including in relation to pensions, of all CareTech's management and employees will be fully safeguarded in accordance with applicable law. CareTech does not operate or contribute to any defined benefit pension schemes in respect of its employees.

It is intended that, upon completion of the Offer, each of the members of the CareTech Independent Board shall resign from his or her office as a director of CareTech.

### **Management incentivisation arrangements**

Options under the CareTech Long Term Incentive Plan ("**LTIP**") and the other CareTech Share Plans will be treated in accordance with the rules of the relevant plan as a consequence of the Offer.

A further proposal for LTIP option holders is also being considered and discussed between management and Bidco as set out in this paragraph. As an alternative to the ability to exercise such vested LTIP options, it may further be proposed that all option holders under the LTIP, including members of CareTech management, are given the opportunity to release their options in advance of, and conditional upon, sanction of the Scheme by Court, in exchange for the grant of an option of equivalent value over Topco shares ("**Replacement Options**") calculated by reference to the exchange ratio to be included in the Scheme Document ("**Rollover Proposal**"). Such Replacement Options would likely continue on terms that are similar to those contained in the rules of the current LTIP, modified as necessary to reflect that the Replacement Options are over Topco shares rather than CareTech Shares. It is intended that detailed terms and further modifications will be considered and discussed between management and Bidco prior to the Scheme being effective. Further details will be contained in the Scheme Document as appropriate.

### **Locations, headquarters, R&D and fixed assets**

Following the Offer becoming Effective, Bidco intends for CareTech to continue to operate as a standalone business, led by the CareTech management team. Bidco has no intention to make any material restructurings or changes in the locations of CareTech's places of business and intends to retain CareTech's head office and head office functions in Potters Bar. Following the Offer becoming Effective, Bidco intends that certain of the CareTech Group's properties will form part of a sale package, subject to long-term lease agreements under which the CareTech Group would continue to occupy the properties. Bidco does not intend for there to be any change in headcount of CareTech's employees or changes to the services that it provides as a result of such sales.

Save as set out above, no changes are envisaged with respect to the redeployment of CareTech's fixed asset base and Bidco does not intend to make any changes to the CareTech Group's research and development functions.

### **Trading facilities**

The CareTech Shares are currently admitted to trading on the London Stock Exchange's AIM market, and, as set out in paragraph 23 below, subject to the Scheme becoming Effective, an application will be made to the London Stock Exchange to cancel the admission of CareTech Shares to trading on AIM.

### **Other items**

In accordance with Rule 2.11 of the Takeover Code, CareTech will make available to its employees a copy of this Announcement and will inform its employees of the rights of employee representatives (if any) under Rule 25.9 of the Takeover Code to require that a separate opinion of any employee representatives on the effects of the Scheme on employment to be appended to the Scheme Document.

No statements in this paragraph 10 constitute "post-offer undertakings" for the purpose of Rule 19.5 of the Takeover Code.

## **11. CareTech Share Plans**

Participants in the CareTech Share Plans will be contacted regarding the effect of the Offer on their rights thereunder. Bidco and CareTech have agreed that Bidco will make appropriate proposals to the holders of options under the CareTech Share Plans in accordance with Rule 15 of the Takeover Code. Details of the proposals will be set out in the Scheme Document (or, as the case may be, the Offer Document) and in separate letters to be sent to participants in the CareTech Share Plans.

## **12. The Partial Alternative Offer**

Under the Partial Alternative Offer, eligible CareTech Shareholders may elect in respect of all or part of their CareTech Shares to receive Rollover Securities at a ratio to be specified in the Scheme Document in lieu of the Cash Consideration to which they are otherwise entitled. However, the total number of Rollover Securities to be delivered pursuant to the Partial Alternative Offer (see "*Partial Alternative Offer Maximum*" below) and the maximum aggregate amount of cash to be paid under the Offer will not be varied as a result of elections made. To the extent that any Partial Alternative Offer elections cannot be satisfied in full, they will be scaled down on a pro-rata basis. As a result, CareTech Shareholders who make an election under the Partial Alternative Offer will not necessarily know the exact number of Rollover Securities they will receive until the settlement of the consideration due to them under the Offer.

The eligibility criteria for CareTech Shareholders to be able to elect for the Partial Alternative Offer will be set out in the Scheme Document.

The Partial Alternative Offer allows CareTech Shareholders to invest indirectly in the recapitalised CareTech, providing continued economic exposure to a privately owned enterprise and to participate in any future value creation, which may ultimately deliver greater value than the Cash Consideration (although this cannot be guaranteed).

the Cash Consideration (although this cannot be guaranteed).

#### *Partial Alternative Offer Maximum*

The maximum aggregate number of Rollover Securities available to eligible CareTech Shareholders under the Partial Alternative Offer will be limited to 26.4 per cent. of the issued ordinary share capital of Topco, which represents approximately 5.74 per cent. of the fully diluted share capital of CareTech (the "**Partial Alternative Offer Maximum**").

If elections are validly received from eligible CareTech Shareholders in respect of a number of CareTech Shares that would require the issue of Rollover Securities exceeding the Partial Alternative Offer Maximum, such elections will be unable to be satisfied in full. In these circumstances, the number of CareTech Shares each CareTech Shareholder is entitled to exchange for Rollover Securities will be reduced on a pro-rata basis, and the balance of the consideration for each CareTech Share will be paid in cash in accordance with the terms of the Cash Consideration. For avoidance of doubt, in such a scenario, the ratio at which each CareTech Share is exchanged for Rollover Securities will remain unchanged.

Unless otherwise determined by Bidco and permitted by applicable law and regulation, the Partial Alternative Offer will not be offered, sold or delivered, directly or indirectly, in or into any Restricted Jurisdiction and individual acceptances of the Partial Alternative Offer will only be valid if all regulatory approvals (if any) required by an CareTech Shareholder to acquire the Rollover Securities have been obtained.

For the purposes of Rule 24.11 of the Takeover Code, Citi and Dean Street, each in its capacity as financial adviser to Bidco, will provide an estimate of the value of a Rollover Security, together with the assumptions, qualifications and caveats forming the basis of its estimate of value, in a letter to be included in the Scheme Document.

If the Scheme becomes Effective, CareTech Shareholders who do not validly elect to receive all or part of their consideration by means of the Partial Alternative Offer will automatically receive the full amount of the Cash Consideration for their entire holding of CareTech Shares.

If the Scheme becomes Effective, eligible CareTech Shareholders that validly elect to receive consideration by means of the Partial Alternative Offer will receive their Rollover Securities pursuant to a roll-over mechanism in the Scheme whereby on or shortly following the Effective Date:

- **First Exchange** - firstly, such elected number of CareTech Shares of the relevant electing CareTech Shareholders may be exchanged for loan notes to be issued by Bidco (the "**Bidco Rollover Securities**");
- **Second Exchange** - secondly, and immediately following the first exchange, the Bidco Rollover Securities may be exchanged for loan notes to be issued by Cleanco (the "**Cleanco Rollover Securities**");
- **Third Exchange** - thirdly, and immediately following the second exchange, the Cleanco Rollover Securities may be exchanged for loan notes to be issued by Midco (the "**Midco Rollover Securities**"); and
- **Fourth Exchange** - fourthly, and immediately following the third exchange, the Midco Rollover Securities may be exchanged for the relevant number of Rollover Securities to which eligible CareTech Shareholders are entitled in accordance with the Partial Alternative Offer.

Certain further information relating to Topco and the Rollover Securities is contained in Appendix 4 below.

### 13. **Summary of Rollover Securities**

A summary of the key rights and restrictions attaching to the Rollover Securities will be set out in the Scheme Document. As an overview, the Rollover Securities will be subject to the following terms and conditions:

- the Rollover Securities will not carry any rights to attend or vote at general meetings of Topco;
- the Rollover Securities will be unlisted and there is no current intention for the Rollover Securities to be subject to any application for listing on any stock exchange or regulated market;
- eligible CareTech Shareholders who validly elect to receive all or part of their consideration by means of the Partial Alternative Offer will, pursuant to a power of attorney to be included in the Scheme, deliver a fully executed deed of adherence pursuant to which they will be bound by the Rollover Securities Shareholders' Agreement;
- there is no right of transfer of the Rollover Securities except: (i) between other holders of Rollover Securities (or their beneficial owners); (ii) with the consent of THCP, Kensington and Belgravia; (iii) in accordance with customary permitted transfer provisions or by operation of the drag and tag rights described below, or (iv) to certain specified permitted transferees;
- the Sheikh Group will have customary "drag along" rights over (i.e. can force the sale to a *bona fide* third party) all Rollover Securities held by Topco Shareholders in Topco for a period of five years from the Effective Date. THCP will also have drag along rights over all Rollover Securities held by Topco Shareholders from the date approximately five years after the Effective Date;
- the holders of Rollover Securities will have customary "tag-along" rights in respect of their Rollover Securities where there is a sale of shares in Topco to a third party purchaser;
- the Sheikh Group will have a call option over all other Topco Shareholders' securities, which may be served at any time until the fifth anniversary of completion of the Offer at an agreed fair market value or higher.

14. **Risk factors and other investment considerations**

The attention of eligible CareTech Shareholders who may consider electing to receive some or all of their consideration by means of the Partial Alternative Offer is drawn to certain risk factors and other investment considerations relevant to the Rollover Securities. These will be set out in full in the Scheme Document but will include, *inter alia*, the following:

- upon the Scheme becoming Effective and following completion of the Partial Alternative Offer, Topco will be controlled by the Consortium and the Rollover Securities will not carry any general voting rights at general meetings of Topco, and will therefore have no influence over decisions made by Topco in relation to its investment in CareTech or in any other business or in relation to CareTech's strategy;
- the Rollover Securities will comprise securities in a Jersey private limited company, and there is no current expectation that the Rollover Securities will be listed or admitted to trading on any exchange or market for the trading of securities, and they will therefore be illiquid. Any assessment of the value of the Rollover Securities should therefore take into account an individual shareholder's assessment of an appropriate liquidity discount, given that it may not be possible to make a disposal of Rollover Securities;
- the value of the Rollover Securities will at all times be uncertain and there can be no assurance that any such securities will be capable of being sold in the future or that they will be capable of being sold at the value to be estimated by Citi and Dean Street in the Scheme Document;
- the Rollover Securities will rank behind the Offer Debt and Midco Debt (each as detailed in paragraph 15) in relation to rights to returns and liquidation preference and are delivered a smaller percentage return when compared to the A Ordinary and the C Ordinary Shares as a result of the ratchet structure. Further detail on the economic rights of the Rollover Securities are set out at paragraph 3 of Appendix 4 of this Announcement;
- on the Effective Date, Bidco is expected to carry senior net debt of £760 million (or £410 million net of the potential proceeds arising from the sale of certain properties, the majority of which are expected to be subject to long-term lease agreements under which the CareTech Group would continue to occupy the properties). The gross senior net debt is at a higher level than the current senior net debt outstanding of CareTech but still within sustainable leverage ratios. It may therefore be subject to additional risks associated with higher levels of debt;
- holders of Rollover Securities may be diluted over time should they elect not to participate in further issues of additional shares, loan notes or other securities of Topco. Further detail on the pre-emption rights attaching to the Rollover Securities are set out at paragraph 5 of Appendix 4;
- payments in respect of Rollover Securities will not be guaranteed or secured and, for so long as Bidco has any secured debt outstanding, it is not anticipated that Bidco will declare or pay any dividends on any of the Rollover Securities;
- the Rollover Securities will have very limited transfer rights. They will not be transferable other than: (i) between other holders of Rollover Securities (or their beneficial owners); (ii) with the consent of THCP, Kensington and Belgravia; (iii) in accordance with customary permitted transfer provisions; (iv) or by operation of the drag and tag rights;
- the holders of Rollover Securities will not enjoy any minority protections or other rights save for those rights prescribed by applicable law;
- Topco Shareholders may be required in the future to sell their Rollover Securities under the terms of a "drag along" provision in the Topco Shareholders' Agreement or Rollover Securities Shareholders' Agreement;
- the Sheikh Group will have a call option over all other shareholders' securities which may be served at any time until the fifth anniversary of completion of the Offer at an agreed fair market value or higher. The call option could be exercised at a value that is less than Topco Shareholders may receive for a sale at another time;
- Topco Shareholders will not be afforded the same level of protections or disclosure of information that they currently benefit from as shareholders in CareTech as a traded company and will only have limited information rights;
- in the event that a number of CareTech Shareholders above the Partial Alternative Offer Maximum elect for the Partial Alternative Offer, CareTech Shareholders cannot be certain as to the amount of Rollover Securities they will receive because:
  - the maximum aggregate number of Rollover Securities available to CareTech Shareholders under the Partial Alternative Offer will be limited to 26.4 per cent. of the issued ordinary share capital of Topco (excluding the Sheikh Group rollover); and
  - to the extent that elections for the Partial Alternative Offer cannot be satisfied in full, the number of Rollover Securities to be issued in respect of each CareTech Share will be reduced on a pro-rata basis, and the balance of the consideration for each CareTech Share will be paid in cash in accordance with the terms of the Cash Consideration;
- there can be no certainty or guarantee as to the performance of the CareTech Group following the Effective Date, and past performance cannot be relied up as an indication of any future performance or growth;
- following the effective date, CareTech will remain subject to risks associated with the industry in which it operates. Accordingly, those CareTech Shareholders who become Topco Shareholders will continue to be exposed to such risks; and
- the CareTech Group holds interests in certain subsidiaries including non-UK

the CareTech Group holds interests in certain subsidiaries, including non-UK subsidiaries, which are not wholly owned. The management and financial performance of those subsidiaries is therefore outside of the full direct control of Topco.

#### 15. **Financing of the Cash Consideration**

The Cash Consideration payable to CareTech Shareholders by Bidco under the terms of the Offer will be financed by Bidco through a combination of:

- (i) equity investment into Topco to be invested by funds managed by THCS IV GP S.à r.l. and TH Management IV S.à r.l. as advised by THCP Advisory Limited ("**THCP**");
- (ii) £258 million to be provided by way of debt to Bidco by THCP and Ares credit funds (the "**Midco Debt**");
- (iii) new credit facilities with Ares Management Limited as mandated lead arranger and Ares credit funds as original lenders (the "**Offer Debt**"); and
- (iv) in connection with the provision of the Offer Debt (as defined below), minority non-voting equity investment into Topco to be invested by certain debt funds managed by Ares;

In addition, equity capital is to be rolled over from the CareTech Shares held by Sheikh Ventures Limited ("**Sheikh Ventures**") (a wholly owned subsidiary of Sheikh Holdings), Belgravia and Kensington (together, the "**Sheikh Group**"). The Founders will contribute further equity by either: (i) rolling (to the extent that a replacement scheme is implemented post completion on terms to be agreed) their vested entitlements under the CareTech Long Term Incentive Plan and a portion of their vested options under the CareTech ExSOP; or (ii) cashing out these entitlements and reinvesting certain of the proceeds into D Ordinary Shares in Topco (or a combination of the two).

The Offer Debt provides committed financing by way of a £210 million senior term loan of 5.5 years, a £350 million loan maturing in 5.5 years, and a £200 million super senior term loan of 5 years. A £30 million revolving credit facility will also be available.

Citi and Dean Street, each in its capacity as financial adviser to Bidco, are satisfied that the resources available to Bidco are sufficient to satisfy in full the Cash Consideration.

Further information on the financing of the Offer will be set out in the Scheme Document.

#### 16. **Deferred Shares**

CareTech has in issue 53,402 Deferred Shares. The Deferred Shares are not listed on any exchange and have limited rights. The Deferred Shares have no right to participate in any dividends declared, made or paid by CareTech but have the right to participate on a return of assets in a winding up of CareTech by a repayment of the capital paid up on such Deferred Share after the rights of all holders of CareTech Shares have been discharged in full and a sum of £1 million has been paid in respect of each CareTech Share. Holders of Deferred Shares have no other rights to participate in the assets of CareTech.

The Deferred Shares do not confer on their holders any right to receive notice of, attend, or vote at general meetings of CareTech (unless a resolution to vary or abrogate the rights attaching to the Deferred Shares is being proposed thereat).

The Deferred Shares will not form part of the Offer and the Scheme and no Rule 14 offer will be made for the Deferred Shares. Bidco and CareTech intend for the Deferred Shares to be cancelled on or shortly following the Effective Date. Further details will be included in the Scheme Document.

#### 17. **Offer-related arrangements**

##### **Confidentiality Agreement**

On 5 April 2022, the Consortium and CareTech entered into a confidentiality agreement in relation to the Offer (the "**Confidentiality Agreement**"), pursuant to which, amongst other things, the Consortium gave certain undertakings to: (i) subject to certain exceptions, keep information relating to CareTech and the Offer confidential and not to disclose it to third parties; and (ii) use such confidential information only in connection with the Offer. These confidentiality obligations will remain in force until the earlier of (i) completion of the Offer or (ii) 18 months from the date of the Confidentiality Agreement.

##### **Co-Operation Agreement**

Bidco and CareTech have entered into a co-operation agreement dated 27 June 2022 (the "**Co-Operation Agreement**") to record the steps that each has agreed to take in relation to the implementation of the Offer.

Under the terms of the Co-Operation Agreement, Bidco and CareTech have, amongst other things, agreed to cooperate in relation to obtaining any approvals, consents, clearances, permissions, confirmations, comfort letters and waivers as may be necessary, and the making of all filings as may be necessary, from or under the law, regulations or practices applied by any applicable regulatory authority in connection with the Offer.

In addition, Bidco has agreed to provide CareTech with certain information for the purposes of the Scheme Document and to otherwise provide assistance which may be reasonably required with the preparation of the Scheme Document.

The Co-Operation Agreement also includes provisions relating to the right of Bidco to implement the acquisition by way of an Offer and provisions that will apply in respect of the CareTech Share Plans and CareTech's bonus scheme.

Bidco has the right to terminate the Co-Operation Agreement in certain circumstances including: (i) by agreement in writing by the parties prior to the Effective Date; (ii) the Offer lapses or is withdrawn; (iii) if implemented by way of a Takeover Offer, the Takeover Offer lapses or is withdrawn; or (iv) if the Scheme has not become Effective by the Long Stop Date.

##### **Bid Conduct Agreement**

The Consortium members have each entered into a bid conduct agreement dated 27 June 2022 (the "**Bid Conduct Agreement**"), pursuant to which they have agreed certain principles in accordance with which they intend to co-operate on evaluating and implementing the Offer, and the basis on which they intend to hold their interests in Topco.

Pursuant to the terms of the Bid Conduct Agreement, the Consortium agrees:

- to co-operate and work together in good faith in considering the Offer;
- not to do anything which may be prejudicial to the completion of the Offer (or reasonably be expected to have the effect of delaying, disrupting or otherwise frustrating the Offer);
- to make all decisions with respect to the Offer unanimously in writing; and
- customary standstill undertakings in relation to themselves and their concert parties.

The Bid Conduct Agreement will expire and terminate upon the earlier of: (i) by unanimous decision of the Consortium in writing; (ii) the Offer lapsing or being withdrawn; (iii) a competitive offer becoming effective or unconditional in all respects; and (iv) certain circumstances in the event that an increased offer is to be made by the Consortium in respect of CareTech.

#### **Share Exchange Agreement**

Bidco and each member of the Sheikh Group have entered into a share exchange agreement dated 27 June 2022 (the "**Share Exchange Agreement**"), pursuant to which each member has agreed to transfer, or procure to transfer, to Bidco its CareTech Shares upon the Scheme becoming Effective. In consideration for such transfers, Bidco shall issue to each member of the Sheikh Group, in exchange for each such CareTech Shares so transferred, unsecured loan notes of £1.00 for each constituted pursuant to a loan note instrument executed by Bidco on 27 June 2022.

The Share Exchange Agreement will terminate if: (i) the Offer lapses or is withdrawn; (ii) if implemented by way of a Takeover Offer, the Takeover Offer lapses or is withdrawn; or (iii) if the Scheme has not become Effective by the Long Stop Date.

#### **18. Scheme Process**

It is intended that the Offer will be effected by a Court-sanctioned scheme of arrangement between CareTech and the Scheme Shareholders under Part 26 of the Companies Act. Bidco reserves the right to effect the Offer by way of a Takeover Offer, subject to the consent of the Panel and the terms of the Co-Operation Agreement.

Any CareTech Shares issued on or before the Scheme Record Time will be subject to the terms of the Scheme.

The purpose of the Scheme is to provide for Bidco to become owner of the whole of the issued and to be issued ordinary share capital of CareTech. Under the Scheme, the Offer is to be achieved by the transfer of the Scheme Shares held by Scheme Shareholders to Bidco in consideration for which Scheme Shareholders will receive the Cash Consideration and/or (subject to election) the Rollover Securities on the basis set out in paragraph 2 above. The procedure involves, among other things, an application by CareTech to the Court to sanction the Scheme.

The Scheme Document will include full details of the Scheme, together with notices of the Court Meeting and the General Meeting and the expected timetable, and will specify the action to be taken by Scheme Shareholders. It is expected that the Scheme Document, together with the Forms of Proxy, will be published within 28 days of the date of this Announcement (unless the Panel agrees otherwise).

#### **Conditions**

The Offer will be subject to the Conditions and further terms referred to in Appendix 1 and the full terms and conditions to be set out in the Scheme Document and will only become Effective if, among other things, the following events occur on or before the Long Stop Date:

- (a) a resolution to approve the Scheme is passed by a majority in number of the Scheme Shareholders present and voting (and entitled to vote) at the Court Meeting, either in person or by proxy, representing 75 per cent. or more in value of each class of the Scheme Shares held by those Scheme Shareholders;
- (b) the Special Resolution is passed by the requisite majority of CareTech Shareholders at the General Meeting;
- (c) following the Meetings, the Scheme is sanctioned by the Court (without modification, or with modification on terms agreed by Bidco and CareTech); and
- (d) following such sanction, an office copy of the Court Order is delivered to the Registrar of Companies.

If the deadline set out in Part A, Condition 1 of Appendix 1 for the timing of the Court Meeting, the General Meeting and the Sanction Hearing is not met, Bidco shall make an announcement through a Regulatory Information Service as soon as practicable and, in any event, by not later than 7.00 a.m. on the Business Day following the date so specified, stating whether Bidco has invoked that Condition, (where applicable) waived that Condition or, with the agreement of CareTech, specified a new date by which that Condition must be satisfied.

#### **Scheme becomes Effective**

Once the necessary shareholder approvals have been obtained and the other Conditions have been satisfied or (where applicable) waived and the Scheme has been approved by the Court, the Scheme will become Effective upon delivery of a copy of the Court Order to the Registrar of Companies. Subject to the satisfaction of the Conditions or (where applicable) waiver, the Scheme is expected to become Effective in Q3 2022. The timing of implementation of the Offer will be dependent on a number of factors including availability of the Court.

Upon the Scheme becoming Effective: (i) it will be binding on all CareTech Shareholders, irrespective of whether or not they attended or voted at the Meetings (and if they attended and voted, whether or not they voted in favour); and (ii) share certificates in respect of CareTech Shares will cease to be valid and entitlements to CareTech Shares held within the CREST system will be cancelled.

The Special Resolution to be proposed at the General Meeting will, amongst other matters, provide that the Articles be amended to incorporate provisions requiring any CareTech Shares issued after the Scheme Record Time (other than to Bidco and/or its nominees) to be automatically transferred to Bidco on the same terms as the Offer (other than terms as to timings and formalities). The provisions of the Articles (as amended) will avoid any person (other than Bidco and its nominees) holding CareTech Shares after the Effective Date.

#### **Lapsing of the Offer**

Subject, amongst other things, to the satisfaction or waiver of the Conditions, it is expected that the Scheme will become Effective in Q3 2022. If the Scheme does not become Effective on or before the Long Stop Date, it will lapse and the Offer will not proceed (unless the Panel otherwise consents).

The Scheme will be governed by English law. The Scheme will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the AIM Rules.

#### **19. Dividends**

If, on or after the date of this Announcement and before the Effective Date, any dividend, distribution or return of capital or value is announced, declared, made or paid by CareTech or becomes payable by CareTech in respect of the CareTech Shares, Bidco reserves the right to reduce the Cash Consideration payable under the terms of the Offer for the CareTech Shares (and, as the case may be, the number of Rollover Securities due under the terms of the Partial Alternative Offer, assuming that the value of the Rollover Securities to be issued under the Partial Alternative Offer for each CareTech Share is equal to the Cash Consideration payable under the terms of the Offer) by an amount up to the amount of such dividend and/or distribution and/or other return of capital or value. In such circumstances, CareTech Shareholders would be entitled to receive and retain any such dividend and/or other distribution and/or return of capital or value.

#### **20. Fractional entitlements**

Fractions of pence will not be paid to Scheme Shareholders and cash entitlements will be rounded down to the nearest penny.

#### **21. Overseas Shareholders**

Overseas Shareholders may be affected by the laws of other jurisdictions in relation to the Offer or the Scheme. Overseas Shareholders should inform themselves about and observe all applicable legal requirements.

The availability of the Offer to persons who are not resident in, and the distribution of this Announcement to persons who are not resident in, the United Kingdom may be affected by the laws of the relevant jurisdiction in which such persons are located. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. CareTech Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the jurisdiction without delay.

Further details in relation to the treatment of Overseas Shareholders for the purpose of the Offer will be contained in the Scheme Document.

#### **22. Disclosure of interests in CareTech**

Except for the irrevocable undertakings referred to in paragraph 7 above and as disclosed below, as at the close of business on the Latest Practicable Date, neither Bidco, nor any of its directors, nor, so far as Bidco is aware, any person acting in concert (within the meaning of the Takeover Code) with Bidco:

- (a) has any interest in, or right to subscribe for, any relevant securities of CareTech; nor
- (b) has any short position in CareTech Shares, including any short position under a derivative, any agreement to sell, any delivery obligation or right to require another person to purchase or take delivery of relevant securities of CareTech; nor
- (c) has borrowed or lent any relevant securities of CareTech or entered into any financial collateral arrangements relating to relevant securities of CareTech; nor
- (d) is party to any dealing arrangement of the kind referred to in Note 11 on the definition of acting in concert in the Takeover Code in relation to relevant securities of CareTech.

#### **Interests in CareTech Shares**

Sheikh Ventures is a 100 per cent. owned subsidiary of Sheikh Holdings, which is wholly owned by Haroon Sheikh and Farouq Sheikh and their immediate families.

Grosvenor (UK) Limited is a 100 per cent. owned subsidiary of Sheikh Holdings Group (Investments) Limited, which is wholly owned by Haroon Sheikh and Farouq Sheikh and their immediate families, and is beneficially interested in 1,250,000 CareTech Shares (as indicated in the table below) via a contract for difference which was effected at an average price of 402 pence per CareTech Share.

Cosaraf Pension Fund is a self-administered pension scheme established for the benefit of Haroon Sheikh and Farouq Sheikh.

Computershare Trustees (Jersey) Limited is the trustee of CareTech's employee benefit trust and holds the below listed shares on behalf of Haroon Sheikh, Farouq Sheikh, Christopher Dickinson, Dr Junaid Bajwa and Gareth Dufton. Christopher Dickinson is a director of CareTech deemed to be acting in concert with Sheikh Holdings, Dr Junaid Bajwa is a director of certain subsidiaries of Sheikh Holdings and Gareth Dufton is deemed a concert party of Sheikh Holdings. Essential Criteria ("EC") listed in the table below in High D, 1 and 2 and 3 are listed in

Holdings. Essential Guides (UK) Limited is a company in which Dr Junaid Bajwa is a substantial shareholder.

The CareTech Charitable Foundation is a foundation established by CareTech and is deemed to be acting in concert with Sheikh Holdings by virtue of the fact that the Founders and certain other concert parties of Sheikh Holdings are trustees.

Name	Number of CareTech Shares held	Percentage of total issued ordinary share capital (to two decimal places)
Kensington Capital Limited	4,648,932	4.10
Belgravia Investments Limited	4,648,932	4.10
Computershare Trustees (Jersey) Limited	1,665,250	1.47
Sheikh Ventures Limited	1,392,145	1.23
Grosvenor (UK) Limited	1,250,000	1.10
CareTech Charitable Foundation	1,000,000	0.88
Cosaraf Pension Fund	230,000	0.20
Gareth Dufton	24,480	0.02
Essential Guides (UK) Limited	11,905	0.01
Dr Junaid Bajwa	7,042	0.01
<b>Total:</b>	<b>14,878,686</b>	<b>13.12</b>

#### Rights to subscribe for CareTech Shares

Farouq Sheikh, Haroon Sheikh, Aleena Sheikh (a close relative of Farouq Sheikh and Haroon Sheikh) and Christopher Dickinson have been granted options over CareTech Shares under the CareTech Sharesave Scheme 2020. These options become exercisable in certain circumstances, subject to performance conditions being met.

Farouq Sheikh, Haroon Sheikh and Christopher Dickinson have also been granted options over CareTech Shares under the CareTech Long Term Incentive Plan. These options are unconditional and not subject to clawback.

Name	Maximum number of CareTech Shares awarded	Date of grant	Date of vesting or exercise period	Exercise price
<i>CareTech Sharesave Scheme 2020</i>				
Farouq Sheikh	5,070	1 November 2020	1 November 2023 - 30 April 2024	355 pence
Haroon Sheikh	5,070	1 November 2020	1 November 2023 - 30 April 2024	355 pence
Aleena Sheikh	5,070	1 November 2020	1 November 2023 - 30 April 2024	355 pence
Christopher Dickinson	5,070	1 November 2020	1 November 2023 - 30 April 2024	355 pence
<i>CareTech Long Term Incentive Plan</i>				
Farouq Sheikh	123,203	20 December 2020	20 December 2023	Nil cost
Farouq Sheikh	104,785	15 December 2021	15 December 2024	Nil cost
Haroon Sheikh	138,604	20 December 2020	20 December 2023	Nil cost
Haroon Sheikh	117,883	15 December 2021	15 December 2024	Nil cost
Christopher Dickinson	92,402	15 December 2020	15 December 2023	Nil cost
Christopher Dickinson	78,588	15 December 2021	15 December 2024	Nil cost
<b>Total:</b>	<b>675,745</b>			

An "interest in" securities for these purposes arises, in summary, when a person has long economic exposure, whether absolute or conditional, to changes in the price of securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person will be treated as having an 'interest' by virtue of the ownership, voting rights or control of securities, or by virtue of any agreement to purchase, option in respect of, or derivative referenced to securities.

#### 23. Cancellation of trading and re-registration

It is intended that the London Stock Exchange will be requested to cancel trading in CareTech Shares on AIM on or shortly after the Effective Date.

It is expected that the last day of dealings in CareTech Shares on AIM will be the date of the Sanction Hearing, and that no transfers will be registered after 6.00 p.m. (London time) on that date.

It is intended that CareTech be re-registered as a private limited company as part of the Offer, and for this to take effect as soon as practicable on or following the Effective Date.

#### 24. Consents

Citi, Dean Street, Panmure Gordon, Numis and Deutsche Bank have each given and not withdrawn their consent to the publication of this Announcement with the inclusion herein of the references to their names in the form and context in which they appear.



25. **Documents**

Copies of the following documents will, by no later than 12 noon (London time) on the first Business Day following the date of this Announcement, be published on CareTech's website at <https://www.caretech-uk.com/possible-offer-sheikh-holdings-group-investments-limited> and the website used by Bidco at <http://www.sheikhholdings.co.uk/possible-offer-caretech/> until the end of the offer period:

- (a) this Announcement;
- (b) the irrevocable undertakings and letters of intent listed in Appendix 3;
- (c) the documents entered into for the financing of the Cash Consideration element of the Offer referred to in paragraph 15 above;
- (d) the Confidentiality Agreement referred to in paragraph 17 above;
- (e) the Co-Operation Agreement referred to in paragraph 17 above;
- (f) the Bid Conduct Agreement referred to in paragraph 17 above;
- (g) the Share Exchange Agreement referred to in paragraph 17 above; and
- (h) the consent letters from each of Citi, Dean Street, Deutsche Bank, Panmure Gordon and Numis referred to in paragraph 24 above.

The contents of the CareTech website and the Bidco website referred to in this Announcement are not incorporated into and do not form part of this Announcement.

26. **General**

Bidco reserves the right to elect (with the consent of the Panel and subject to the terms of the Co-Operation Agreement) to implement the Offer by way of a Takeover Offer as an alternative to the Scheme. In such event, the Takeover Offer will be implemented on substantially the same terms (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme.

In such an event, the Takeover Offer will be implemented on substantially the same terms (subject to appropriate amendments) or, if Bidco so decides, in accordance with the Co-Operation Agreement, on such other terms being no less favourable, so far as applicable, as those which would apply to the Scheme and subject to the amendment(s) referred to in Appendix 1 to this Announcement. Furthermore, if such offer is made and sufficient acceptances of such offer are received, when aggregated with CareTech Shares otherwise acquired by Bidco, it is the intention of Bidco to apply the provisions of section 979 of the Companies Act to acquire compulsorily any outstanding CareTech Shares to which such offer relates.

The Offer will be on the terms and subject to the Conditions set out in Appendix 1 to this Announcement, and to the full terms and conditions be set out in the Scheme Document. The formal Scheme Document comprising the Offer will be sent to CareTech Shareholders within 28 days of this Announcement (or on such later date as may be agreed between Bidco and CareTech with the consent of the Panel).

Appendix 2 to this Announcement contains bases and sources of certain information contained in this Announcement. Details of irrevocable undertakings received by Bidco are set out in Appendix 3 to this Announcement. Certain terms used in this Announcement are defined in Appendix 4 to this Announcement.

This Announcement does not constitute an offer or an invitation to purchase or subscribe for any securities. Such offer will be contained in the Scheme Document.

**Enquiries:**

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Charlie Chichester  
Richard Webster-Smith

Ashurst LLP is acting as legal adviser to Sheikh Holdings and Bidco.

Charles Russell Speechlys LLP is acting as legal adviser to CareTech.

Proskauer Rose (UK) LLP is acting as legal adviser to THCP.

GSC Solicitors LLP is acting as legal adviser to Kensington and Belgravia.

Deutsche Bank AG, London Branch is acting as financial adviser to Sheikh Holdings.

#### **Further information**

*This Announcement is for information purposes only and is not intended to and does not constitute, or form part of an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Offer or otherwise, nor shall there be any sale, issuance or transfer of securities of CareTech in any jurisdiction in contravention of applicable law. The Offer will be implemented solely pursuant to the terms of the Scheme Document (or, if the Offer is implemented by way of a Takeover Offer, the Offer Document), which will contain the full terms and conditions of the Offer, including details of how to vote in respect of the Offer. Any vote in respect of, or other response to, the Offer should be made only on the basis of the information contained in the Scheme Document (or, if the Offer is implemented by way of a Takeover Offer, the Offer Document).*

*CareTech and Bidco will prepare the Scheme Document (or, if the Offer is implemented by way of a Takeover Offer, the Offer Document) to be distributed to CareTech Shareholders. CareTech and Bidco urge CareTech Shareholders to read the Scheme Document (or, if the Offer is implemented by way of a Takeover Offer, the Offer Document) when it becomes available because it will contain important information relating to the Offer.*

*This Announcement does not constitute a prospectus, prospectus equivalent document or an exempted document.*

#### **Disclaimers**

*Dean Street Advisers Limited ("**Dean Street**") is authorised and Financial Conduct Authority ("**FCA**") in the United Kingdom and is acting as joint financial adviser to Bidco and for no one else in connection with the Offer and other matters referred to in this Announcement and will not be responsible to anyone other than Bidco for providing the protections afforded to its clients or for providing advice in relation to the Offer, the contents of this Announcement or any other matters referred to in this Announcement. Neither Dean Street nor any of its affiliates, directors or employees owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, consequential, whether in contract, in tort, in delict, under statute or otherwise) to any person who is not a client of Dean Street in connection with this Announcement, any statement contained herein, the Offer or otherwise.*

*Citigroup Global Markets Limited ("**Citi**") is authorised by the Prudential Regulation Authority ("**PRA**") and regulated in the UK by the FCA and the PRA, is acting joint financial adviser to Bidco and for no one else in connection with the Offer and other matters referred to in this Announcement and will not be responsible to anyone other than Bidco for providing the protections afforded to its clients or for providing advice in relation to the Offer, the contents of this Announcement or any other matters referred to in this Announcement. Neither Citi nor any of its affiliates, directors or employees owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, consequential, whether in contract, in tort, in delict, under statute or otherwise) to any person who is not a client of Citi in connection with this Announcement, any statement contained herein, the Offer or otherwise.*

*Panmure Gordon (UK) Limited ("**Panmure Gordon**") is authorised and regulated in the United Kingdom by the FCA and is acting as joint financial adviser and Rule 3 adviser to the CareTech Independent Board and nominated adviser and joint broker to CareTech and for no one else in connection with the Offer and other matters referred to in this Announcement and will not be responsible to anyone other than CareTech for providing the protections afforded to its clients or for providing advice in relation to the Offer, the contents of this Announcement or any other matters referred to in this Announcement. Neither Panmure Gordon nor any of its affiliates, directors or employees owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, consequential, whether in contract, in tort, in delict, under statute or otherwise) to any person who is not a client of Panmure Gordon in connection with this Announcement, any statement contained herein, the Offer or otherwise.*

*Numis Securities Limited ("**Numis**") is authorised and regulated in the United Kingdom by the FCA and is acting as joint financial adviser to the CareTech Independent Board and joint broker to CareTech and for no one else in connection with the Offer and other matters referred to in this Announcement and will not be responsible to anyone other than CareTech for providing the protections afforded to its clients or for providing advice in relation to the Offer, the contents of this Announcement or any other matters referred to in this Announcement. Neither Numis nor any of its affiliates, directors or employees owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, consequential, whether in contract, in tort, in delict, under statute or otherwise) to any person who is not a client of Numis in connection with this Announcement, any statement contained herein, the Offer or otherwise.*

*Offer or otherwise.*

Deutsche Bank AG is a joint stock corporation incorporated with limited liability in the Federal Republic of Germany, with its head office in Frankfurt am Main where it is registered in the Commercial Register of the District Court under number HRB 30 000. Deutsche Bank AG is authorised under German banking law. The London branch of Deutsche Bank AG is registered in the register of companies for England and Wales (registration number BR000005) with its registered address and principal place of business at Winchester House, 1 Great Winchester Street, London EC2N 2DB. Deutsche Bank AG is authorised and regulated by the European Central Bank and the German Federal Financial Supervisory Authority (BaFin). With respect to activities undertaken in the UK, Deutsche Bank AG is authorised by the PRAA with deemed variation of permission. It is subject to regulation by the FCA and limited regulation by the PRA. Details about the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the FCA's website. Deutsche Bank AG, London Branch ("**Deutsche Bank**") is acting as financial adviser to Sheikh Holdings and no one else in connection with the matters described in this Announcement and will not be responsible to anyone other than Sheikh Holdings for providing the protections afforded to clients of Deutsche Bank nor for providing advice in connection with the subject matter of this Announcement or any other matter referred to in this Announcement.

#### **Overseas jurisdictions**

This announcement has been prepared in accordance with, and for the purpose of complying with, the laws of England and Wales and the Takeover Code, and information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside England.

The release, publication or distribution of this Announcement in or into certain jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe any applicable requirements of their jurisdictions.

The availability of the Offer to CareTech Shareholders who are not resident in and citizens of the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. In particular, the ability of persons who are not resident in the United Kingdom to vote their CareTech Shares with respect to the Scheme at the Court Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Offer disclaim any responsibility or liability for the violation of such restrictions by any person. Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Offer will not be made available, in whole or in part, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Offer by any such use, means, instrumentality or from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Copies of this Announcement and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Offer. If the Offer is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Takeover Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.

The Offer will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the FCA.

#### **Additional information for US investors**

The Offer relates to shares of a company incorporated in England and Wales and is proposed to be effected by means of a scheme of arrangement under the laws of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or proxy solicitation rules under the US Exchange Act. Accordingly, the Offer is subject to the disclosure and procedural requirements applicable in the United Kingdom to schemes of arrangement which differ from the disclosure requirements of the US tender offer and proxy solicitation rules. If, in the future, Bidco exercises its right to implement the Offer by means of a Takeover Offer and determines to extend the Takeover Offer into the United States, such offer would be made in compliance with applicable US laws and regulations.

In accordance with normal United Kingdom practice, Bidco or its nominees or its brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, shares or other securities of CareTech outside of the US, other than pursuant to the Offer, until the date of the Offer and/or Scheme becomes Effective, lapses or is otherwise withdrawn. If such purchases or arrangements to purchase were to be made they would occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases or arrangements to purchase shall be disclosed as required in the UK, shall be reported to a Regulatory Information Service and shall be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).

It may be difficult for US holders of CareTech Shares to enforce their rights and any claim arising out of the US federal laws, since CareTech, Bidco, Midco, Cleanco and Topco are located in a non-US jurisdiction, and some or all of their officers and directors may be residents of a non-US jurisdiction. US holders of CareTech Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

The securities to be issued in connection with the Partial Alternative Offer pursuant to the Scheme have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the US Securities Act and such other laws. It is expected that any such securities would be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. Such securities will also not be registered under any US state securities laws and may only be issued to persons resident in a state pursuant to an exemption from the registration requirements of the securities laws of such state.

The financial information included in this Announcement and the Scheme Document has been or will be prepared in accordance with IFRS and may not be comparable to the financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The receipt of consideration by a US holder for the transfer of CareTech Shares pursuant to the Scheme is expected to be a taxable transaction for US federal income tax purposes. Each CareTech Shareholder is urged to consult their independent professional adviser immediately regarding the tax consequences of the Offer applicable to them, including under applicable US federal, state and local as well as non-US and other tax laws.

#### **Forward-looking statements**

This Announcement contains statements about the Wider CareTech Group, the Wider Bidco Group and the Combined Group's operations that may be or may not be forward looking statements. All statements other than statements of historical facts included in this Announcement may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "should", "continue", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects", "ambition" or words of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of the Wider CareTech Group, the Wider Bidco Group and the Combined Group's operations and potential synergies resulting from the Offer; and (iii) the effects of government regulation of the Wider CareTech Group, the Wider Bidco Group and the Combined Group's business.

Such forward looking statements involve risks and uncertainties that could significantly affect expected results and are based on assumptions and assessments made by CareTech and/or Bidco in light of their experience and their perception of historical trends, current conditions, future developments or other factors they believe appropriate. Many factors could cause actual results to differ materially from those projected or implied in any forward looking statements. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward looking statements, which speak only as of the date hereof. Neither the Wider CareTech Group nor the Wider Bidco Group assume any obligation to update any forward looking or other statements contained herein, except as required by applicable law or regulation.

#### **No profit forecasts, estimates or quantified benefits statements**

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

#### **Disclosure requirements of the Takeover Code**

Under Rule 8.3(a) of the Takeover Code, any person who is interested in one per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure

Position Disclosures and Dealing Disclosures made by these can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

#### **Publication on website**

In accordance with Rule 26.1 of the Takeover Code, a copy of this Announcement will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on CareTech's website at <https://www.caretech-uk.com/possible-offer-sheikh-holdings-group-investments-limited> and the website used by Bidco at <http://www.sheikhholdings.co.uk/possible-offer-caretech/> by no later than 12 noon (London time) on the first Business Day following the date of this Announcement. For the avoidance of doubt, neither the contents of these websites nor the contents of any websites accessible from any hyperlinks is incorporated into or forms part of this Announcement.

#### **Requesting hard copy documents**

CareTech Shareholders may request a hard copy of this Announcement by contacting Link Group on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 am-17:30 pm, Monday to Friday excluding public holidays in England and Wales or by submitting a request in writing to CareTech Registrars at Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL. If you have received this Announcement in electronic form, copies of this Announcement and any document or information incorporated by reference into this Announcement will not be provided unless such a request is made.

#### **Electronic communications**

Please be aware that addresses, electronic addresses and certain other information provided by CareTech Shareholders, persons with information rights and other relevant persons for the receipt of communications from CareTech may be provided to Bidco during the offer period as required under Section 4 of Appendix 4 to the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.

#### **Rounding**

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of figures that precede them.

#### **Rule 2.9 of the Takeover Code**

For the purposes of Rule 2.9 of the Takeover Code, CareTech confirms that, as at the Latest Practicable Date, it had 113,336,434 ordinary shares of 0.5 pence each in issue and admitted to trading on AIM. CareTech does not hold any shares in treasury. The ISIN for the CareTech Shares is GB00B0KWHQ09.

#### **General**

If the Offer is effected by way of a Takeover Offer, and such Takeover Offer becomes or is declared unconditional in all respects and sufficient acceptances are received, Bidco intends to exercise its rights to apply the provisions of Chapter 3 of Part 28 of the Companies Act so as to acquire compulsorily the remaining CareTech Shares in respect of which the Takeover Offer has not been accepted.

Investors should be aware that Bidco may purchase CareTech Shares otherwise than under any Takeover Offer or the Scheme, including pursuant to privately negotiated purchases.

If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor or independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriate authorised independent financial adviser.

## APPENDIX 1

### CONDITIONS AND FURTHER TERMS OF THE OFFER

The Offer will comply with the Takeover Code, will be governed by English law and will be subject to the exclusive jurisdiction of the English courts. In addition, it will be subject to the terms and conditions set out in the Scheme Document and related Forms of Proxy and the Partial Alternative Offer application form.

#### Part A: Conditions to the Scheme and the Offer

##### Scheme approval

1. The Scheme shall be subject to the following Conditions:
  - (a) (i) its approval by a majority in number, who represent at least 75 per cent. in value, of the Scheme Shareholders who are on the register of members of CareTech at the Voting Record Time, who are present and voting (and who are entitled to vote (whether in person or by proxy)) at the Court Meeting and at any separate class meeting which may be required by the Court (or at any adjournment of any such meetings), and (ii) such Court Meeting and any such separate class meeting being held on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date, if any, as may be agreed by CareTech and Bidco in writing and the Court may allow);
  - (b) the resolutions required to approve and implement the Scheme as set out in the notice of the General Meeting being duly passed by the requisite number of CareTech Shareholders at the General Meeting or at any adjournment thereof, such General Meeting being held on or before the 22nd day after the expected date of the General Meeting to be set out in the Scheme Document in due course (or such later date, if any, as may be agreed by CareTech and Bidco in writing and the Court may allow);
  - (c) the sanction of the Scheme by the Court (with or without modification but subject to any such modification being on terms acceptable to CareTech and Bidco) and the delivery of a copy of the Court Order to the Registrar of Companies, such Sanction Hearing being held on or before the 22nd day after the expected date of such hearing as set out in the Scheme Document (or such later date as may be agreed by CareTech and Bidco in writing and the Court may allow); and
  - (d) the Scheme becoming unconditional and Effective, subject to the Takeover Code, by not later than the Long Stop Date.
2. In addition, subject as stated in Part B below and to the requirements of the Panel, the Offer shall be conditional upon the following Conditions and, accordingly, the Court Order shall not be delivered to the Registrar of Companies unless such Conditions (as amended if appropriate) have been satisfied (where capable of satisfaction) or, where relevant, waived:

##### Notifications, waiting periods and Authorisations

- (a) all material notifications, filings or applications which are deemed by CareTech necessary having been made in connection with the Offer;
- (b) all necessary waiting and other time periods (including any extensions thereof) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated (as appropriate);
- (c) all statutory and regulatory obligations in any jurisdiction having been complied with in each case in respect of the Offer;
- (d) all Authorisations deemed reasonably necessary by Bidco in any jurisdiction for or in respect of the Offer and the acquisition or the proposed acquisition of any shares or other securities in, or control or management of, CareTech or any other member of the Wider CareTech Group by any member of the Wider Bidco Group having been obtained in terms and in a form reasonably satisfactory to Bidco (acting reasonably) from all appropriate Relevant Authorities or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider CareTech Group or the Wider Bidco Group has entered into contractual arrangements;
- (e) all such Authorisations necessary, appropriate or desirable to carry on the business of any member of the CareTech Group in any jurisdiction having been obtained;
- (f) all such Authorisations remaining in full force and effect at the time at which the Offer becomes otherwise Effective and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations, in each case in any way that would be materially adverse to the Wider CareTech Group taken as a whole or material in the context of the Offer; and
- (g) no temporary restraining order, preliminary or permanent injunction, preliminary or permanent injunction, or other order issued and being in effect by a court or other Third Party which has the effect of making the Offer or any acquisition or proposed acquisition of any shares or other securities or control or management of, any member of the Wider CareTech Group by any member of the Wider Bidco Group void, voidable, illegal and/or enforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly prohibiting, preventing, restraining, restricting, delaying or otherwise interfering with the consummation or the approval of the Offer or the proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider CareTech Group by any member of the Wider Bidco Group;

##### General antitrust and regulatory

- (h) the CMA confirming in terms satisfactory to Bidco (acting reasonably) that it does not intend to refer the Offer or any matters arising therefrom for a Phase 2 CMA Reference;

- (i) other than in relation to the matters referred to in Conditions 2(a) to (g), no antitrust regulator or other Third Party having given notice of a decision to take, institute or implement any action, proceeding, suit, investigation, enquiry or reference (and in each case, not having withdrawn the same), or having required any action to be taken or otherwise having done anything, or having enacted, made or proposed any statute, regulation, decision, order or change to published practice (and in each case, not having withdrawn the same) and there not continuing to be outstanding any statute, regulation, decision or order, which in each case would reasonably be expected to:
  - (i) require, prevent or materially delay the divestiture or materially alter the terms envisaged for such divestiture by any member of the Wider Bidco Group or by any member of the Wider CareTech Group of all or any material part of their respective businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof);
  - (ii) except pursuant to Chapter 3 of Part 28 of the Companies Act, require any member of the Wider Bidco Group or the Wider CareTech Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider CareTech Group or any asset owned by any third party (other than in the implementation of the Offer);
  - (iii) impose any material limitation on, or result in a material delay in, the ability of any member of the Wider Bidco Group directly or indirectly to acquire, hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in CareTech or on the ability of any member of the Wider CareTech Group or any member of the Wider Bidco Group directly or indirectly to hold or exercise effectively all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any member of the Wider CareTech Group;
  - (iv) otherwise adversely affect any or all of the business, assets or profits, financial or trading position of any member of the Wider CareTech Group or any member of the Wider Bidco Group;
  - (v) make the Scheme or the Offer, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, CareTech by any member of the Wider Bidco Group void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise materially prevent or prohibit, restrict, restrain, or delay or otherwise to a material extent or otherwise materially interfere with the implementation of, or impose material additional conditions or obligations with respect to, or otherwise materially challenge, impede, interfere or require material amendment of the Offer or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, CareTech by any member of the Wider Bidco Group;
  - (vi) require, prevent or materially delay a divestiture by any member of the Wider Bidco Group of any shares or other securities (or the equivalent) in any member of the Wider CareTech Group or any member of the Wider Bidco Group; or
  - (vii) impose any material limitation on the ability of any member of the Wider Bidco Group or any member of the Wider CareTech Group to conduct, integrate or coordinate all or any part of its business with all or any part of the business of any other member of the Wider Bidco Group and/or the Wider CareTech Group,
  - (viii) and all applicable waiting and other time periods (including any extensions thereof) during which any such antitrust regulatory or other Third Party could decide to take, institute, or implement any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Offer or the acquisition or proposed acquisition of any CareTech Shares or otherwise intervene having expired, lapsed or been terminated;

**Certain matters arising as a result of any arrangement, agreement, etc.**

- (j) except as Disclosed, there being no provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Wider CareTech Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, as a consequence of the Offer or the acquisition or the proposed acquisition by any member of the Wider Bidco Group of any shares other securities in CareTech or because of a change in the control or management of any member of the Wider CareTech Group or otherwise, could or might reasonably be expected to result in, in each case to an extent which is material in the context of the Wider CareTech Group taken as a whole or material in the context of the Offer:
  - (i) any monies borrowed by, or any other indebtedness, actual or contingent, of, or any grant available to, any member of the Wider CareTech Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
  - (ii) save in the ordinary course of business, the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider CareTech Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen) becoming enforceable;
  - (iii) any asset or interest of any member of the Wider CareTech Group being or falling to be disposed of or charged or ceasing to be available to any member of the Wider CareTech Group or any right arising under which any such asset or interest could be required to be disposed of or could cease to be available to any member of the Wider CareTech Group otherwise than in the ordinary course of business;
  - (iv) any such arrangement, agreement, lease, licence, franchise, permit or other instrument being terminated or the rights, liabilities, obligations or interests of any member of the Wider CareTech Group being adversely modified or adversely affected or any obligation or liability arising or any adverse action being taken or

arising thereunder;

- (v) any liability of any member of the Wider CareTech Group to make any severance, termination, bonus or other payment to any of its directors, or other officers;
- (vi) the rights, liabilities, obligations, interests or business of any member of the Wider CareTech Group or any member of the Wider Bidco Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider CareTech Group in or with any other person or body or firm or company (or any arrangement or arrangement relating to any such interests or business) being or becoming capable of being terminated, or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken thereunder;
- (vii) the value of, or the financial or trading position of, any member of the Wider CareTech Group being prejudiced or adversely affected; or
- (viii) the creation or acceleration of any liability (actual or contingent) of any member of the Wider CareTech Group other than trade creditors or other liabilities incurred in the ordinary course of business or in connection with the Offer;
- (ix) and, except as Disclosed, no event having occurred which, under any provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider CareTech Group is a party or by or to which any such member or any of its assets are bound, entitled or subject, would result in any of the events or circumstances as are referred to in Conditions 2(a) to (g), in each case to the extent material in the context of the Wider CareTech Group taken as a whole or material in the context of the Offer;

**Certain events occurring since 31 December 2021**

- (k) except as Disclosed, no member of the Wider CareTech Group having since 31 December 2021:
  - (i) issued or agreed to issue or authorised or proposed or announced its intention to authorise or propose the issue, of additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of CareTech Shares out of treasury (except, where relevant, as between CareTech and wholly owned subsidiaries of CareTech or between the wholly owned subsidiaries of CareTech and except for the issue or transfer out of treasury of CareTech Shares on the exercise of employee share options or vesting of employee share awards under the CareTech Share Plans);
  - (ii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than dividends (or distributions or other return of value whether payable in cash or otherwise) lawfully paid or made by any wholly owned subsidiary of CareTech to CareTech or any of its wholly owned subsidiaries;
  - (iii) other than pursuant to the Offer (and except for transactions between CareTech and its wholly owned subsidiaries or between the wholly owned subsidiaries of CareTech and transactions in the ordinary course of business) implemented, effected, authorised or proposed or announced its intention to implement, effect, authorise or propose any merger, demerger, reconstruction, amalgamation, scheme, commitment or acquisition or disposal of assets or shares or loan capital (or the equivalent thereof) in any undertaking or undertakings;
  - (iv) (except for transactions between CareTech and its wholly owned subsidiaries or between the wholly-owned subsidiaries of CareTech and except for transactions in the ordinary course of business) disposed of, or transferred, mortgaged or created any security interest over any material asset or any right, title or interest in any material asset or authorised, proposed or announced any intention to do so;
  - (v) (except for transactions between CareTech and its wholly owned subsidiaries or between the wholly owned subsidiaries of CareTech and except for transactions in the ordinary course of business) issued, authorised or proposed or announced an intention to authorise or propose, the issue of or made any change in or to the terms of any debentures or become subject to any contingent liability or incurred or increased any material indebtedness;
  - (vi) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, arrangement, agreement, transaction or commitment (whether in respect of capital expenditure or otherwise) except in the ordinary course of business which is of a long term, unusual or onerous nature or magnitude or which is or which involves or could involve an obligation of a nature or magnitude;
  - (vii) entered into or varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary the terms of any contract, service agreement, commitment or arrangement with any director or senior executive of any member of the Wider CareTech Group;
  - (viii) made any alteration to its memorandum or articles of association (in each case, other than in connection with the Scheme) which is adverse to the interests of Bidco in the context of the Offer;
  - (ix) proposed, agreed to provide or modified any material terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any employee of the Wider CareTech Group;
  - (x) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, except in respect of the matters mentioned in sub-paragraph 2(k)(i) above, made any other change to any part of its share capital;
  - (xi) (except in the ordinary course of business) waived, compromised or settled any



- (xi) (except in the ordinary course of business) waived, compromised or settled any material claim by or against any member of the Wider CareTech Group;
- (xii) (except in the ordinary course of business) terminated or varied the terms of any material agreement or arrangement between any member of the Wider CareTech Group and any other person;
- (xiii) (except in relation to changes made or agreed as a result of, or arising from, changes to legislation) made or agreed or consented to any significant change to:
  - a. the terms of the trust deeds and rules constituting the pension scheme(s) established by any member of the Wider CareTech Group for its directors, employees or their dependants;
  - b. the contributions payable to any such scheme(s) or to the benefits which accrue, or to the pensions which are payable, thereunder;
  - c. the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
  - d. the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued, made, agreed or consented to;
- (xiv) carry out any act:
  - a. which would or could reasonably be expected to lead to the commencement of the winding up of any pension scheme(s) established by any member of the Wider CareTech Group for its directors, former directors, employees, former employees or their dependants;
  - b. which would or might create a debt owed by an employer of any such plan; or
  - c. which would or might accelerate any obligation on any employer to fund or pay additional contributions to any such plan;
- (xv) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened in writing to stop or suspend) payment of its debts generally or ceased or threatened in writing to cease carrying on all or a substantial part of its business;
- (xvi) (other than in respect of a member of the Wider CareTech Group which is dormant and was solvent at the relevant time) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened in writing against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of a receiver, administrator, manager, administrative receiver, trustee or similar officer of all or any part of its assets or revenues or any analogous or equivalent steps or proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed;
- (xvii) (except for transactions between CareTech and its wholly owned subsidiaries or between the wholly owned subsidiaries of CareTech) made, authorised, proposed or announced an intention to propose any change in its loan capital;
- (xviii) entered into, implemented or authorised the entry into, any joint venture, asset or profit sharing arrangement, partnership or merger of business or corporate entities which would be restrictive on the business of any member of the Wider CareTech Group;
- (xix) taken (or agreed to take) any action which requires or would require the consent of the Panel or the approval of the CareTech Shareholders at a general meeting in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code; or
- (xx) entered into any agreement, arrangement, commitment or contract or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition 2(h),

which, in any such case, is material in the context of the Wider CareTech Group taken as a whole or material in the context of the Offer;

**No adverse change, litigation or similar**

- (l) except as Disclosed, since 31 December 2021 there having been, in each case to an extent which is material in the context of the Wider CareTech Group taken as a whole or material in the context of the Offer:
  - (i) no adverse change or deterioration and no circumstance having arisen which would or might be expected to result in any adverse change in, the business, assets, financial or trading position or profits or operational performance of any member of the Wider CareTech Group;
  - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened in writing, announced or instituted by or against or remaining outstanding against or in respect of, any member of the Wider CareTech Group or to which any member of the Wider CareTech Group is a party (whether as claimant, defendant or otherwise) having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of, any member of the Wider CareTech Group;
  - (iii) no enquiry, review or investigation by, or complaint or reference to any Third Party against or in respect of any member of the Wider CareTech Group having been threatened in writing, announced or instituted or remaining outstanding by, against or in respect of any member of the Wider CareTech Group;

- (iv) no contingent or other liability having arisen or become apparent to Bidco or increased other than in the ordinary course of business which would affect adversely the business, assets, financial or trading position or profits or prospects of any member of the Wider CareTech Group;
- (v) no member of the Wider CareTech Group having conducted its business in breach of any applicable laws and regulations and which is material in the context of the Wider CareTech Group taken as a whole; and
- (vi) no steps having been taken and no omissions having been made which would result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider CareTech Group which is necessary for the proper carrying on of its business;

**No discovery of certain matters regarding information, liabilities and environmental issues**

- (m) except as Disclosed, Bidco not having discovered, and, in each case to an extent which is material in the context of the Wider CareTech Group taken as a whole, that:
  - (i) any financial, business or other information concerning the Wider CareTech Group publicly announced prior to the date of this Announcement or disclosed at any time to any member of the Wider Bidco Group by or on behalf of any member of the Wider CareTech Group prior to the date of this Announcement is misleading, contains a misrepresentation of any fact, or omits to state a fact necessary to make that information not misleading;
  - (ii) any past or present member of the Wider CareTech Group has not complied with all applicable legislation, regulations or other requirements of any jurisdiction or any Authorisations relating to the use, treatment, storage, carriage, disposal, discharge, spillage, release, leak or emission of any waste or hazardous substance or any substance likely to impair the environment (including property) or harm human or animal health or otherwise relating to environmental matters or the health and safety of humans, which non-compliance would give rise to any liability including any penalty for non-compliance (whether actual or contingent) on the part of any member of the Wider CareTech Group;
  - (iii) there is or is reasonably like to be any obligation or liability (whether actual or contingent) or requirement to make good, remediate, repair, reinstate or clean up any property, asset or any controlled waters currently or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider CareTech Group (or on its behalf), or in which any such member has or previously has had or be deemed to have had an interest, under any environmental legislation, common law, regulation, notice, circular, Authorisation or order of any Third Party in any jurisdiction or to contribute to the cost thereof or associated therewith or indemnify any person in relation thereto;
  - (iv) circumstances exist (whether as a result of making the Offer or otherwise) which would reasonably likely to lead to any Third Party instituting (or whereby any member of the Wider CareTech Group would be likely to be required to institute), an environment audit or take any steps which would in any such case result in any actual or contingent liability to improve or install new plant or equipment or to make good, repair, reinstate or clean up any property of any description or any asset now or previously owned, occupied or made use of by any past or present member of the Wider CareTech Group (or on its behalf) or by any person for which a member of the Wider CareTech Group is or has been responsible, or in which any such member has or previously has had or be deemed to have had an interest;
  - (v) that any member of the Wider CareTech Group or partnership, company or other entity in which any member of the Wider CareTech Group has a significant economic interest and which is not a subsidiary undertaking of CareTech, is subject to any liability (contingent or otherwise), in each case, to the extent which is material in the context of the Wider CareTech Group taken as a whole; or
  - (vi) any information which affects the import of any information Disclosed at any time by or on behalf of any member of the Wider CareTech Group and which is material in the context of the Wider CareTech Group taken as a whole;

**Anti-corruption**

- (n) except as Disclosed, Bidco not having discovered, and, in each case to an extent which is material in the context of the Wider CareTech Group taken as a whole, that:
  - (i) any member of the Wider CareTech Group or any person that performs or has performed services for or on behalf of any such company is or has engaged in any activity, practice or conduct which would constitute an offence under the UK Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, as amended, or any other applicable anti-corruption legislation;
  - (ii) any person that performs or has performed services for or on behalf of the Wider CareTech Group is or has at any time engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption or anti-bribery legislation; or
  - (iii) any member of the Wider CareTech Group is ineligible to be awarded any contract or business under section 23 of the UK Public Contracts Regulations 2006 or section 26 of the UK Utilities Contracts Regulations (2006) (each as amended); or
  - (iv) any past or present member, director, officer or employee of the Wider CareTech Group, or any other person for whom a member of the Wider CareTech Group may be liable or responsible, is or has engaged in any conduct in connection with their activities for the Wider CareTech Group which would violate applicable economic sanctions or dealt with, made any investments in, made any funds or assets available to or received any funds or assets from:
    - a. any government, entity or individual in respect of which US, UK or European

union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US, UK or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control, or Her Majesty's Revenue and Customs; or

- b. any government, entity or individual targeted by any of the economic sanctions of the United Nations or the European Union or any of their respective member states; or
- (v) any past or present member (other than any CareTech Shareholders), director, officer or employee of the Wider CareTech Group, or any other person for whom a member of the Wider CareTech Group may be liable or responsible:
  - a. has engaged in conduct which would violate any relevant anti-terrorism laws, rules, or regulations, including but not limited to the U.S. Anti-Terrorism Act; or
  - b. has engaged in conduct which would violate any relevant anti-boycott law, rule, or regulation or any applicable export controls, including but not limited to the Export Administration Regulations administered and enforced by the U.S. Department of Commerce or the International Traffic in Arms Regulations administered and enforced by the U.S. Department of State; or
  - c. has engaged in conduct which would violate any relevant laws, rules, or regulations concerning human rights, including but not limited to any law, rule, or regulation concerning false imprisonment, torture or other cruel and unusual punishment, or child labour; or
  - d. is debarred or otherwise rendered ineligible to bid for or to perform contracts for or with any government, governmental instrumentality, or international organization or found to have violated any applicable law, rule, or regulation concerning government contracting or public procurement; or
  - e. a member of the Wider CareTech Group has engaged in any activity, practice or conduct which would cause the Wider Bidco Group to be in breach of any law or regulation on completion of the Offer, including the UK Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, as amended, or any other applicable anti-corruption legislation; and

#### **No criminal property**

- (o) except as Disclosed, Bidco not having discovered, and, in each case to an extent which is material in the context of the Wider CareTech Group taken as a whole, that, any asset of any member of the Wider CareTech Group constitutes criminal property as defined by section 340(3) of the UK Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

#### **Part B: Further terms of the Offer**

1. Subject to the requirements of the Panel, Bidco reserves the right to waive:
  - (a) the deadline set out in Part A, Condition 1 of this Appendix 1 for the timing of the Court Meeting, the General Meeting and the Sanction Hearing. If any such deadline is not met, Bidco shall make an announcement through a Regulatory Information Service by 7.00 a.m. on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with CareTech to extend in relation to the relevant Condition; and
  - (b) in whole or in part, all or any of the above Conditions 2(a) to (o) (inclusive).
2. If Bidco is required by the Panel to make an offer for CareTech Shares under the provisions of Rule 9 of the Takeover Code, Bidco may make such alterations to any of the above Conditions and terms of the Offer as are necessary to comply with the provisions of that Rule.
3. The Offer shall lapse if the Offer or any matter arising from or relating to it or the Scheme becomes subject to a CMA Phase 2 Reference before the date of the Court Meeting.
4. Bidco shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of Conditions 2(a) to (o) (inclusive) of Part A of this Appendix 1 by a date earlier than the latest date for the fulfilment of that Condition notwithstanding that the other Conditions of the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
5. The CareTech Shares acquired under the Offer shall be acquired with full title guarantee and fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made, on or after the date of this Announcement.
6. If, on or after the date of this Announcement, any dividend, distribution or other return of value is declared, paid or made or becomes payable by CareTech in respect of the CareTech Shares, Bidco reserves the right (without prejudice to any right of Bidco, with the consent of the Panel, to invoke Condition 2(k)(ii) above) to reduce the Cash Consideration (and, as the case may be, the number of Rollover Securities due under the terms of the Partial Alternative Offer, assuming that the value of the Rollover Securities to be issued under the Partial Alternative Offer for each CareTech Share is equal to the Cash Consideration payable under the terms of the Offer) to reflect the aggregate amount of such dividend, distribution or other return of value or excess. In such circumstances, CareTech Shareholders would be entitled to retain any such dividend, distribution or other return of value declared, made or paid.

If and to the extent that any such dividend, distribution or other return of value is paid or made on or prior to the Effective Date and Bidco exercises its rights under this paragraph 6 to reduce the Cash Consideration (and, as the case may be, the number of Rollover Securities

reduce the Cash Consideration (and, as the case may be, the number of Rollover Securities due under the terms of the Partial Alternative Offer, assuming that the value of the Rollover Securities to be issued under the Partial Alternative Offer for each CareTech Share is equal to the Cash Consideration payable under the terms of the Offer), any reference in this Announcement to the Cash Consideration and Partial Alternative Offer shall be deemed to be a reference to the Cash Consideration and Partial Alternative Offer as so reduced.

If and to the extent that any such dividend, distribution or other return of value has been declared or announced but not paid or made or is not payable by reference to a record date on or prior to the Effective Date or shall be (i) transferred pursuant to the Offer on a basis which entitles Bidco to receive the dividend, distribution or other return of value and to retain it; or (ii) cancelled, the consideration payable under the terms of the Offer shall not be subject to change in accordance with this paragraph 6.

Any exercise by Bidco of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Offer.

7. Bidco reserves the right to elect (with the consent of the Panel) to implement the Offer by way of a Takeover Offer for the CareTech Shares as an alternative to the Scheme. In such event, the Offer shall be implemented on substantially the same terms, so far as applicable, as those which would apply to a Scheme, subject to appropriate amendments, including (without limitation) an acceptance condition at a level permitted by the Panel.
8. The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.
9. The Offer is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any jurisdiction where to do so would violate the laws of that jurisdiction.
10. The Offer is governed by the laws of England and Wales and is subject to the jurisdiction of the English courts and to the Conditions and further terms set out in this Appendix 1 and to be set out in the Scheme Document. The Offer shall be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange, the Registrar of Companies and the AIM Rules.
11. Under Rule 13.5(a) of the Takeover Code, Bidco may not invoke a Condition to the Offer so as to cause the Offer not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to Bidco in the context of the Offer. Bidco may only invoke a Condition which is subject to Rule 13.5(a) of the Takeover Code with the consent of the Panel and any Condition that is subject to Rule 13.5(a) of the Takeover Code may be waived by Bidco. Condition 1 and/or any Takeover Offer acceptance condition adopted on the basis specified in paragraph 7 of this Part B are not subject to this provision of the Takeover Code.
12. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

## APPENDIX 2

### SOURCES AND BASES OF INFORMATION

Unless otherwise stated in this Announcement:

1. The information contained in this Announcement is based on the information provided to Bidco by the Company and its directors.

1. The value attributed to the fully diluted issued ordinary share capital of CareTech is based on 113,336,434 CareTech Shares in issue, and 2,835,454 CareTech Shares subject to awards under the CareTech Share Plans less 128,254 CareTech Shares held by Computershare Trustees (Jersey) Limited as trustee of the CareTech Employee Benefit Trust which can be used in part to satisfy these awards, in each case as at the Latest Practicable Date;
2. references to the existing issued ordinary share capital of CareTech are to the number of CareTech Shares in issue as at the Latest Practicable Date, which was 113,336,434 CareTech Shares. The international securities identification number for the CareTech Shares is GB00B0KWHQ09;
3. the implied enterprise value multiple of approximately 12.6x underlying EBITDA (on a pre-IFRS 16 basis) for the year ended 30 September 2021 is based on the enterprise value of £1.176 billion (on a pre-IFRS 16 basis) and CareTech's underlying EBITDA stated pre-IFRS 16 of £93.3 million;
4. the implied enterprise value multiple of approximately 13.0x underlying EBITDA (on a post-IFRS 16 basis) for the year ended 30 September 2021 is based on the enterprise value of £1.302 billion (on a post-IFRS 16 basis) and CareTech's underlying EBITDA stated post-IFRS 16 of £100.5 million;
5. the implied enterprise value of £1.176 billion (on a pre-IFRS 16 basis) is calculated by reference to the fully diluted equity value plus net debt of £278.3 million (on a pre-IFRS 16 basis) as at 31 March 2022, plus non-controlling interests of £27.3m as at 31 March 2022;
6. the implied enterprise value of £1.302 billion (on a post-IFRS 16 basis) is calculated by reference to the fully diluted equity value plus net debt of £404.5 million (on a post-IFRS 16 basis) as at 31 March 2022, plus non-controlling interests of £27.3m as at 31 March 2022;
7. unless otherwise stated, all prices and volume weighted average prices for CareTech Shares have been derived from Bloomberg;
8. the premia calculations have been calculated by reference to:
  - (a) the closing share price on 4 March 2022 (being the undisturbed date) of 586 pence per CareTech Share;
  - (b) the one-month volume weighted average closing price of 577.6 pence per CareTech Share on 4 March 2022 (being the undisturbed date); and
  - (c) the three-month volume weighted average closing price of 569.4 pence per CareTech Share on 4 March 2022 (being the undisturbed date); and
  - (d) the all-time high closing price of 699 pence per CareTech Share on 3 September 2021 prior to 4 March 2022 (being the undisturbed date).
9. Unless otherwise stated, the financial information relating to CareTech is extracted from the audited consolidated financial statements of CareTech for the years ended 30 September 2020 and 30 September 2021, prepared in accordance with IFRS and as follows:

<b>Year</b>	<b>Link</b>	<b>Page</b>
Half year 2022	<a href="https://otp.tools.investis.com/clients/uk/caretech1/rns/regulatory-story.aspx?cid=321&amp;newsid=1595166">https://otp.tools.investis.com/clients/uk/caretech1/rns/regulatory-story.aspx?cid=321&amp;newsid=1595166</a>	N/A
2021	<a href="https://www.caretech-uk.com/sites/caretech-corp/files/caretech/investors/reports-and-presentations/financial-reports/CareTech%20Annual%20Report%202021.pdf">https://www.caretech-uk.com/sites/caretech-corp/files/caretech/investors/reports-and-presentations/financial-reports/CareTech%20Annual%20Report%202021.pdf</a>	118
2019	<a href="https://www.caretech-uk.com/sites/caretech-corp/files/caretech/investors/reports-and-presentations/financial-reports/annual-report-2019-dec.pdf">https://www.caretech-uk.com/sites/caretech-corp/files/caretech/investors/reports-and-presentations/financial-reports/annual-report-2019-dec.pdf</a>	61
2017	<a href="https://www.caretech-uk.com/sites/caretech-corp/files/caretech/investors/reports-and-presentations/financial-reports/annual-report-2017.pdf">https://www.caretech-uk.com/sites/caretech-corp/files/caretech/investors/reports-and-presentations/financial-reports/annual-report-2017.pdf</a>	48
2015	<a href="https://www.caretech-uk.com/sites/caretech-corp/files/caretech/investors/reports-and-presentations/financial-reports/annual-report-2015.pdf">https://www.caretech-uk.com/sites/caretech-corp/files/caretech/investors/reports-and-presentations/financial-reports/annual-report-2015.pdf</a>	44
2013	<a href="https://www.caretech-uk.com/sites/caretech-corp/files/caretech/investors/reports-and-presentations/financial-reports/annual-report-2013.pdf">https://www.caretech-uk.com/sites/caretech-corp/files/caretech/investors/reports-and-presentations/financial-reports/annual-report-2013.pdf</a>	36
2011	<a href="https://www.caretech-uk.com/sites/caretech-corp/files/caretech/investors/reports-and-presentations/financial-reports/annual-report-2011.pdf">https://www.caretech-uk.com/sites/caretech-corp/files/caretech/investors/reports-and-presentations/financial-reports/annual-report-2011.pdf</a>	33
2009	<a href="https://www.caretech-uk.com/sites/caretech-corp/files/caretech/investors/reports-and-presentations/financial-reports/5525-CareTech-ar09.pdf">https://www.caretech-uk.com/sites/caretech-corp/files/caretech/investors/reports-and-presentations/financial-reports/5525-CareTech-ar09.pdf</a>	27
2008	<a href="https://www.annualreports.com/HostedData/AnnualReportArchive/c/AIM_CTH_2008.pdf">https://www.annualreports.com/HostedData/AnnualReportArchive/c/AIM_CTH_2008.pdf</a>	27
2006	<a href="https://www.annualreports.com/HostedData/AnnualReportArchive/c/AIM_CTH_2006.pdf">https://www.annualreports.com/HostedData/AnnualReportArchive/c/AIM_CTH_2006.pdf</a>	21

### APPENDIX 3

#### DETAILS OF IRREVOCABLE UNDERTAKINGS AND LETTERS OF INTENT

##### 1. Irrevocable Undertakings

##### 1.1 CareTech Independent Board

The following member of the CareTech Independent Board has given an irrevocable undertaking to procure that the registered holder votes in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting (or, in the event that the Offer is implemented by way of a Takeover Offer, to accept, or procure the acceptance of, the Takeover Offer) in relation to the following CareTech Shares, in which he or his family members and connected persons are beneficially interested, representing, in aggregate, approximately 0.002 per cent. of the CareTech Shares in issue at the Latest Practicable Date:

Name	Total number of CareTech Shares	Percentage of existing issued ordinary share capital* (%)
Jamie Cumming	2,500	0.002

\*based on the number of CareTech Shares in issue on the Latest Practicable Date

The irrevocable undertaking will cease to be binding if, *inter alia*, the recommendation of the CareTech Independent Directors is withdrawn, or if Bidco announces with the consent of the Panel, that it does not intend to proceed with the Offer and no new, revised or replacement acquisition to which the undertaking applies is announced in accordance with Rule 2.7 of the Takeover Code.

##### 1.2 Other CareTech Directors

The following director of the CareTech Board has given an irrevocable undertaking to vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting (or, in the event that the Offer is implemented by way of a Takeover Offer, to accept, or procure the acceptance of, the Takeover Offer) in relation to the following CareTech Shares, in which he or his family members and connected persons are beneficially interested, representing, in aggregate, approximately 0.002 per cent. of the CareTech Shares in issue at the Latest Practicable Date:

Name	Total number of CareTech Shares	Percentage of existing issued ordinary share capital* (%)
Mike Adams OBE	2,145	0.002

\*based on the number of CareTech Shares in issue on the Latest Practicable Date

The irrevocable undertaking will cease to be binding if, *inter alia*, the recommendation of the CareTech Independent Directors is withdrawn, or if Bidco announces with the consent of the Panel, that it does not intend to proceed with the Offer and no new, revised or replacement acquisition to which the undertaking applies is announced in accordance with Rule 2.7 of the Takeover Code.

##### 1.3 Other CareTech Shareholders

The following CareTech Shareholders have given irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting (or, in the event that the Offer is implemented by way of a Takeover Offer, to accept, or procure the acceptance of, the Takeover Offer) in relation to the following CareTech Shares, in which they are beneficially interested, representing, in aggregate, approximately 24.7 per cent. of the CareTech Shares in issue at the Latest Practicable Date:

Name	Total number of CareTech Shares	Percentage of existing issued ordinary share capital* (%)
Lombard Odier Asset Management (Europe) Limited	13,750,256	12.13
Stichting Value Partners	8,832,784	7.79

Family Office		
Richard Griffiths	5,233,870	4.62
OVMK Asset Management Nv	170,825	0.15

\*based on the number of CareTech Shares in issue on the Latest Practicable Date

The irrevocable undertakings cease to be binding if: (i) the Effective Date has not occurred by the Longstop Date; or (ii) Bidco announces, with the consent of the Panel, that it does not intend to proceed with the Offer and no new, revised or replacement offer is announced in accordance with Rule 2.7 of the Takeover Code at the same time; or (iii) the Scheme or Offer lapses or is withdrawn; or (iv) the Scheme or Offer Document is not released by 5 p.m. on 30 September 2022 (or such later date as Bidco and CareTech may agree).

Richard Griffiths has also elected to receive the Partial Alternative Offer in respect of 5,233,870 CareTech Shares held by him and Lombard Odier Asset Management (Europe) Limited has also elected to receive the Partial Alternative Offer in respect of not less than 2,000,000 CareTech Shares held by it (each subject to scale back as set out in paragraph 12 of this Announcement).

## 2. **Non-binding letters of intent**

The following CareTech Shareholders have given non-binding letters of intent to vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting (or, in the event that the Offer is implemented by way of a Takeover Offer, to accept, or procure the acceptance of, the Takeover Offer) in relation to the following CareTech Shares which they or their family members or connected persons are beneficially interested, representing, in aggregate approximately 13.8 per cent. of CareTech's issued ordinary share capital on the Latest Practicable Date.

<b>Name</b>	<b>Total number of CareTech Shares</b>	<b>Percentage of existing issued ordinary share capital* (%)</b>
Hargreave Hale Limited	8,029,316	7.08
Amati Global Investors Limited	2,323,640	2.05
Tellworth Investments	1,606,496	1.42
OVMK Asset Management Nv	1,474,694	1.30
CareTech Charitable Foundation	1,000,000	0.88
Kernow Asset Management	822,157	0.73
His Excellency Ahmad Ali Al Sayegh	220,047	0.19
Shafqat Malik	211,418	0.19

\*based on the number of CareTech Shares in issue on the Latest Practicable Date

## APPENDIX 4

### DETAILS ON THE TOPCO GROUP AND THE ROLLOVER SECURITIES

#### 1. Information on Topco and its subsidiaries

Topco is owned by the Sheikh Group and TH Pathways S.à r.l. (a special purpose vehicle owned by THCP and incorporated for the purpose of implementing the Offer) ("**TH Pathways**"), and was formed for the purpose of implementing the Offer. Each of Bidco, Midco and Cleanco (together, the "**Intermediate Holding Companies**") is a direct or indirect wholly owned subsidiary of Topco. None of Topco or any of the Intermediate Holding Companies have traded since the date of their incorporation nor entered into any obligations other than in connection with the Offer.

Topco is a Jersey private limited company incorporated on 16 June 2022. The share capital of Topco currently comprises 4 ordinary shares but will be reorganised prior to the Effective Date so that it comprises A Ordinary Shares, B Ordinary Shares, C1 Ordinary Shares, C2 Ordinary Shares and D Ordinary Shares on the terms to be set out in the Scheme Document. Immediately after the Effective Date, the A Ordinary Shares will be held by Kensington and Belgravia, the B Ordinary Shares and C1 Ordinary Shares will be held by TH Pathways, the C2 Ordinary Shares will be held Ares and the D Ordinary Shares will be held by Sheikh Ventures, the Founders and eligible CareTech Shareholders who elect for the Partial Alternative Offer.

Prior to the Effective Date, Kensington and Belgravia may elect by way of notice to THCP, in their sole discretion following consultation with TH Pathways, to either (i) reduce the aggregate number of A Ordinary Shares to be allotted to Kensington and Belgravia on the Effective Date and to be allotted such number of B Ordinary Shares as is equal to the number of A Ordinary Shares, subject to certain adjustments; (ii) reduce the percentage return of the A Ordinary Shares in the Topco Shareholders' Agreement; or (iii) otherwise amend the rights of the A Ordinary Shares such that they are not as valuable as they currently are, in each case to the extent such actions will not produce a more favourable outcome for the Trusts vis-à-vis TH Pathways. This election (if made) will not in any way impact Kensington and Belgravia's voting rights.

Midco is wholly owned by Topco. Midco is a private limited company incorporated on 21 June 2022 under the laws of England and Wales. The share capital of Midco currently comprises 1 ordinary share of £1.

Cleanco is wholly owned by Midco. Cleanco is a private limited company incorporated on 21 June 2022 under the laws of England and Wales. The share capital of Cleanco currently comprises 1 ordinary share of £1.

Bidco is wholly owned by Cleanco. Bidco is a private limited company incorporated on 21 June 2022 under the laws of England and Wales. The share capital of Bidco currently comprises 1 ordinary share of £1.

Set out below is a summary of the proposed provisions of the Topco Shareholders' Agreement, the Rollover Securities Shareholders' Agreement and the Topco Articles governing the terms on which eligible CareTech Shareholders who elect for the Partial Alternative Offer will hold interests in Rollover Securities. Further details will be included in the Scheme Document.

Eligible CareTech Shareholders who validly elect to receive all or part of their consideration by means of the Partial Alternative Offer will, pursuant to a power of attorney to be included in the Scheme, deliver a fully executed deed of adherence pursuant to which they will be bound by the Rollover Securities Shareholders' Agreement.

#### 2. Terms of issue of Rollover Securities

The Rollover Securities to be issued to eligible CareTech Shareholders who elect for the Partial Alternative Offer will be issued credited as fully paid and will be subject to a ratchet which returns a lower percentage of proceeds to the holders of Rollover Securities as further set out below.

#### 3. Economic Rights

The economic rights described below are subject to the risks also described below and in paragraph 14 of this Announcement (for example, that (i) holders of Rollover Securities may be diluted over time, potentially significantly, should holders of Rollover Securities elect not to participate in further issues of additional shares, loan notes or other securities of the Topco Group; and (ii) holders of Rollover Securities are not always entitled to participate in such issues).

Upon any return of proceeds to security holders of Topco, in each case whether on an Exit (as defined below) or otherwise, the surplus assets of Topco remaining after the payment of liabilities shall be distributed or be payable to the security holders in the following order of priority (in each case after the payment of any costs):

- first, to the holders of the C Ordinary Shares, an amount equal to 13% of the balance of the surplus assets of Topco remaining available for distribution pro-rata amongst the holders of the C Ordinary Shares;
- second, to the holders of the A Ordinary Shares, B Ordinary Shares and D Ordinary Shares, such amounts of the surplus assets remaining available for distribution which would generate a 25 per cent internal rate of return per annum on the B Ordinary Shares, in the following proportions and pro-rata amongst the holders of each class:
  - 51.5 per cent to the holders of the A Ordinary Shares;
  - 18.2 per cent to the holders of the B Ordinary Shares; and
  - 30.3 per cent to the holders of the D Ordinary Securities;
- third, to the holders of the A Ordinary Shares, B Ordinary Shares and D Ordinary Shares, such amounts of the surplus assets remaining available for distribution which would generate a 35 per cent internal rate of return per annum on the B Ordinary Shares, in the following proportions and pro-rata amongst the holders of each class:



- 67.0 per cent to the holders of the A Ordinary Shares;
- 12.4 per cent to the holders of the B Ordinary Shares; and
- 20.6 per cent to the holders of the D Ordinary Securities;
- fourth, to the holders of the A Ordinary Shares, B Ordinary Shares and D Ordinary Shares, such amounts of the surplus assets remaining available for distribution which would generate a 40 per cent internal rate of return per annum on the B Ordinary Shares, in the following proportions and pro-rata amongst the holders of each class:
  - 77.3 per cent to the holders of the A Ordinary Shares;
  - 8.5 per cent to the holders of the B Ordinary Shares; and
  - 14.2 per cent to the holders of the D Ordinary Securities;
- finally, to the holders of the A Ordinary Shares, B Ordinary Shares and D Ordinary Shares, any surplus proceeds remaining available for distribution which would generate more than a 40 per cent internal rate of return on the B Ordinary Shares, in the following proportions and pro-rata amongst the holders of each class:
  - 82.4 per cent to the holders of the A Ordinary Shares;
  - 6.6 per cent to the holders of the B Ordinary Shares; and
  - 11.0 per cent to the holders of the D Ordinary Securities.

4. **Voting Rights**

Rollover Securities will not carry any general voting rights at general meetings of Topco.

5. **Transfers of the Rollover Securities**

No Rollover Securities will be transferrable except pursuant to:

- the drag and tag rights and call option as described below;
- a reorganisation transaction in accordance with the Topco Shareholders' Agreement;
- where required (including on an enforcement or distress sale) in accordance with the Offer Debt, amongst other holders of Rollover Securities;
- to certain permitted transferees (including other D Ordinary Shareholders and/or their beneficial owners if different); or
- with written consent from THCP, Kensington and Belgravia.

No changes in direct or indirect interests or economic entitlements in a Rollover Security shall be permitted which circumvent the restrictions on transfer and, without prejudice to damages claims, economic rights shall cease during any such breach.

6. **New Topco Securities Issues**

On a new issue of securities in Topco (excluding an issue of further loan notes), most security holders (including holders of the Rollover Securities) will be entitled to participate pro-rata in the issue and at the same price and on the same terms, save in the following types of excluded issues:

- an issue of securities or transfer of shares from treasury;
- an issue of up to 4,824,932 D Ordinary Shares to or at the direction of the Founders or options over some or all of such number;
- any issue in connection with an IPO, refinancing or reorganisation transaction, on terms which have been approved by THCP;
- any accelerated issue upon the occurrence of certain trigger events; or
- any issue to a current or prospective employee, officer, director or consultant of the CareTech Group (other than a Founder or a THCP investor director).

7. **Information Rights**

Holders of Rollover Securities will not have any specific information rights beyond those conferred by Jersey law.

8. **Exit Arrangements**

The Sheikh Group may exercise a call option at any time during an initial five year lock-up period following the Effective Date (the "**Lock-up Period**") to purchase all but not only some of the securities in CareTech that are not held by the Sheikh Group, including any Rollover Securities. Following the end of the Lock-Up Period, any share sale, asset sale, IPO or winding up relating to the CareTech Group (an "**Exit**") shall occur at the absolute discretion of THCP.

9. **Drag-Along and Tag-Along**

For the duration of the Lock-up Period, the Sheikh Group and, from the end of the Lock-Up Period, THCP shall have a drag right to require the sale of all securities in Topco held by all other Topco Shareholders on the same economic terms as a proposed sale of securities in Topco to a bona fide third party. Each member of the Sheikh Group may only exercise such drag right if such purported sale will result in such member ceasing to hold any securities in Topco.

Holders of Rollover Securities shall also have a "pro-rata" tag right on the same economic terms on any transfer of Topco shares (other than in respect of certain excluded instances including, but not limited to, customary permitted transfers to affiliates, in connection with a reorganisation transaction, on or following an IPO, or where a drag right has been exercised).

10. **Governing Law and Jurisdiction**

The Topco Shareholders' Agreement, the Rollover Securities Shareholders' Agreement and any non-contractual obligations arising out of or in connection with them will be governed by English law. The courts of England shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Topco Shareholders' Agreement or the Rollover Securities Shareholders' Agreement and accordingly any proceedings arising out of or in connection with such agreements shall be brought in such courts.

**APPENDIX 5**

**DEFINITIONS**

The following definitions apply throughout this document unless the context otherwise requires:

<b>"A Ordinary Shares"</b>	means the A ordinary shares of £0.01 each in the capital of Topco;
<b>"Acceptance Condition"</b>	means the acceptance condition to any Takeover Offer;
<b>"AIM Rules"</b>	means the rules and guidance for companies whose shares are admitted to and trading on AIM, entitled "AIM Rules for Companies" as published by London Stock Exchange plc from time to time;
<b>"AIM"</b>	means the market of that name operated by London Stock Exchange plc;
<b>"Announcement"</b>	means this announcement;
<b>"Ares"</b>	means certain debt funds managed by Ares Management Limited;
<b>"Authorisations"</b>	means authorisations, orders, grants, recognitions, confirmations, consents, licences, clearances, certificates, permissions or approvals;
<b>"B Ordinary Shares"</b>	means the B ordinary shares of £0.01 each in the capital of Topco;
<b>"Belgravia"</b>	means Belgravia Investments Limited;
<b>"Bidco"</b>	means Bidco Limited;
<b>"Bidco Board"</b>	means the board of directors of Bidco;
<b>"Bidco Group"</b>	means the Bidco and its subsidiaries and subsidiary undertakings and direct and indirect parent undertakings and <b>"member of the Bidco Group"</b> shall be construed accordingly;
<b>"Business Day"</b>	means a day other than a Saturday or Sunday or public holiday in England and Wales on which banks in London are open for general commercial business;
<b>"C Ordinary Shares"</b>	means the C1 Ordinary Shares and the C2 Ordinary Shares;
<b>"C1 Ordinary Shares"</b>	means the C1 ordinary shares of £0.01 each in the capital of Topco;
<b>"C2 Ordinary Shares"</b>	means the C2 ordinary shares of £0.01 each in the capital of Topco;
<b>"CAGR"</b>	means compound annual growth rate;
<b>"CareTech"</b>	means CareTech Holdings PLC;

<b>CareTech</b>	means CareTech Holdings PLC;
<b>"CareTech Board"</b>	means the board of directors of CareTech;
<b>"CareTech Directors"</b>	means the directors of CareTech;
<b>"CareTech Group"</b>	means CareTech and its subsidiaries and subsidiary undertakings and <b>"member of the CareTech Group"</b> shall be construed accordingly;
<b>"CareTech Independent Board"</b>	means the independent committee of the board of CareTech consisting of the CareTech Independent Directors;
<b>"CareTech Independent Directors"</b>	means Jamie Cumming, Dr Moira Livingston and Adrian Stone, or such other director of CareTech which CareTech considers to be independent from Bidco from time to time;
<b>"CareTech Registrars"</b>	means Link Asset Services Limited;
<b>"CareTech Share Plans"</b>	means each of the CareTech Long Term Incentive Plan, the CareTech Tax-Advantaged Share Option Plan 2015, the CareTech Executive Share Ownership Plan 2012 and the CareTech Sharesave Scheme;
<b>"CareTech Shareholders"</b>	means holders of CareTech Shares;
<b>"CareTech Shares"</b>	means the existing unconditionally and allotted or issued and fully paid ordinary shares with a nominal value of 0.5 pence each in the capital of CareTech and any further such ordinary shares which are unconditionally allotted or issued before the Scheme becomes Effective;
<b>"Cash Consideration"</b>	means the consideration due under the Cash Offer;
<b>"Cash Offer"</b>	means 750 pence in cash for each CareTech Share;
<b>"certificated" or "certificated form"</b>	means in relation to a share or other security, a share or other security title to which is recorded in the relevant register of the share or other security as being held in certificated form (that is, not in CREST);
<b>"Citi"</b>	means Citi Global Markets Limited;
<b>"Cleanco"</b>	means Amalfi Cleanco Limited, a wholly-owned subsidiary of Midco, a private limited company incorporated under the laws of England and Wales;
<b>"closing price"</b>	means the closing middle market price of a CareTech Share as derived from the Daily Official List on any particular date;
<b>"CMA"</b>	means the Competition and Markets Authority of the United Kingdom (or any successor body or bodies carrying out the same functions in the United Kingdom from time to time);
<b>"Combined Group"</b>	means the enlarged group comprising the Bidco Group and the CareTech Group following completion of the Offer;
<b>"Companies Act"</b>	means the Companies Act 2006;
<b>"Concert Party"</b>	means the Sheikh Group together with persons acting in concert with Bidco and Sheikh Holdings;
<b>"Conditions"</b>	means: <ul style="list-style-type: none"> <li>(a) for so long as the Offer is being implemented by means of the Scheme, the conditions to the implementation of the Offer (including the Scheme) as set out in Appendix 1 to the Announcement and to be set out in the Scheme Document; and</li> <li>(b) for so long as the Offer is being implemented by means of a Takeover Offer, the conditions referred to in (a) above, as amended by replacing the Scheme Conditions with the Acceptance Condition,</li> </ul> and <b>"Condition"</b> shall be construed accordingly;
<b>"Confidentiality Agreement"</b>	means the confidentiality agreement between CareTech and the Consortium and THCS IV GP S.a r.l. in relation to the Offer dated 5 April 2022;
<b>"Consortium"</b>	means Sheikh Holdings Group (Investments) Limited, Belgravia Investments Limited, Kensington Capital Limited, and funds managed by THCS IV GP S.a r.l and/or its affiliates and advised by THCP Advisory Limited;
<b>"Co-Operation Agreement"</b>	means the co-operation agreement between Bidco and CareTech dated 27 June 2022;
<b>"Court Meeting"</b>	means the meeting of CareTech Shareholders to be convened at the direction of the Court pursuant to Part 26 of the UK Companies Act 2006 at which a resolution will be proposed to approve the Scheme, including any adjournment thereof;
<b>"Court Order"</b>	means the order of the Court sanctioning the Scheme

<b>"Court Order"</b>		means the order of the Court sanctioning the Scheme under Part 26 of the UK Companies Act 2006 and authorising the re-registration of CareTech as a private company under section 651 of the UK Companies Act 2006;
<b>"Court"</b>		means the High Court of Justice in England and Wales;
<b>"CQC"</b>		means the Care Quality Commission;
<b>"CREST"</b>		means the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in CREST);
<b>"D Ordinary Shares"</b>		means the D ordinary shares of £0.01 each in the capital of Topco;
<b>"Daily Official List"</b>		means the daily official list of the London Stock Exchange;
<b>"Dean Street"</b>		means Dean Street Advisers Limited;
<b>"Deferred Shares"</b>		means deferred shares of 0.5 pence each in the capital of CareTech;
<b>"Disclosed"</b>		means the information disclosed by, or on behalf of, CareTech (i) in the annual report and accounts of the CareTech Group for the financial year ended 30 September 2021; (ii) in the financial results of the CareTech Group for the financial year ended 30 September 2021 announced on 7 December 2021; (iii) in the interim financial results of the CareTech Group for the six month period ended 31 March 2022 announced on 16 June 2022; (iv) in this announcement; (v) in any other announcement to a Regulatory Information Service by, or on behalf of, CareTech, prior to the publication of this Announcement; (vi) as otherwise fairly disclosed by CareTech (or its respective officers, employees, agents or advisers) to Topco and the Wider Bidco Group (or their respective officers, employees, agents or advisers) prior to the date of this announcement;
<b>"EBITDA"</b>		means earnings before interest, taxes, depreciation and amortization;
<b>"Effective Date"</b>		means: <ul style="list-style-type: none"> <li>(a) the date on which the Scheme becomes effective in accordance with its terms; or</li> <li>(b) if the Takeover Offer is implemented, the date that the Takeover Offer becomes or is declared unconditional in all respects,</li> </ul> and <b>"Effective"</b> shall be construed accordingly;
<b>"Euroclear"</b>		means Euroclear UK & International Limited;
<b>"Excluded Shares"</b>		means any CareTech Shares beneficially owned by the Sheikh Group, Bidco or any subsidiary undertaking of Topco immediately prior to the Scheme Record Time;
<b>"Forms of Proxy"</b>		means the forms of proxy in connection with each of the Court Meeting and the General Meeting, which will accompany the Scheme Document;
<b>"Founders"</b>		means Farouq Sheikh OBE and Haroon Sheikh;
<b>"General Meeting"</b>		means the general meeting of CareTech Shareholders (including any adjournment thereof) to be convened in connection with the Scheme;
<b>"Group"</b>		means, in relation to Bidco, the Bidco Group, and in relation to CareTech, the CareTech Group;
<b>"IFRS"</b>		means UK-adopted international accounting standards within the meaning of section 474(1) of the Companies Act;
<b>"ISIN"</b>		means international securities identification number;
<b>"Kensington"</b>		means Kensington Capital Limited;
<b>"Latest Date"</b>	<b>Practicable</b>	means 24 June 2022, being the latest practicable date prior to the publication of this Announcement;
<b>"London Exchange"</b>	<b>Stock</b>	means London Stock Exchange plc or its successor;
<b>"Long Stop Date"</b>		means 31 December 2022 or such later date as may be agreed in writing by Bidco and CareTech (with the Panel's consent and as the Court may approve (if such consents(s) or approval(s) is/are required));
<b>"Meetings"</b>		means the General Meeting and the Court Meeting;
<b>"Midco"</b>		means Amalfi Midco Limited, a wholly-owned subsidiary of Topco, a private limited company incorporated under the laws of England and Wales;
<b>"Numis"</b>		means Numis Securities Limited;

		means Rollover Securities Limited;
<b>"Offer"</b>		means the proposed offer by Bidco to acquire the entire issued and to be issued ordinary share capital of CareTech, to be effected by means of the Scheme, or should Bidco elect and subject to the consent of the Panel, by means of a Takeover Offer and, where the context admits, any subsequent revision, variation, extension or renewal thereof;
<b>"Offer Document"</b>		means, if Bidco elects to implement the Offer by way of the Takeover Offer, the document to be sent to (among others) CareTech Shareholders setting out, among other things, the full terms and conditions of the Takeover Offer;
<b>"Ofsted"</b>		means the Office for Standards in Education, Children's Services and Skills;
<b>"Opening Position Disclosure"</b>		has the same meaning as in Rule 8 of the Takeover Code;
<b>"Overseas Shareholders"</b>		means CareTech Shareholders (or nominees of, or custodians of trustees for CareTech Shareholders) not resident in, or nationals or citizens of, the United Kingdom;
<b>"Panel"</b>		means the UK Panel on Takeovers and Mergers;
<b>"Panmure Gordon"</b>		means Panmure Gordon (UK) Limited;
<b>"Partial Alternative Offer"</b>		means the alternative to the Cash Consideration, being the exchange of CareTech Share(s) for the Rollover Securities at a ratio to be specified in the Scheme Document and as detailed in paragraph 12 of this Announcement;
<b>"Partial Alternative Offer Maximum"</b>		means the maximum number of Rollover Securities available to CareTech Shareholders under the Partial Alternative Offer, representing 26.4 per cent. of the issued share capital of Topco at completion of the Offer;
<b>"Phase 2 Reference"</b>	<b>CMA</b>	means a reference of the Offer to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013;
<b>"R&amp;D"</b>		means research and development;
<b>"Registrar Companies"</b>	<b>of</b>	means the Registrar of Companies in England and Wales;
<b>"Regulations"</b>		means the Uncertificated Securities Regulations 2001;
<b>"Regulatory Information Service"</b>		means any information service authorised from time to time by the Financial Conduct Authority for the purpose of disseminating regulatory announcements;
<b>"Relevant Authority"</b>		means any central bank, ministry, governmental, quasi-governmental (including the United Kingdom and the European Union), supranational, statutory, regulatory or investigative body or authority or tribunal (including any national or supranational anti-trust, competition or merger control authority, any sectoral ministry or regulator and any foreign investment review body), any national, state, municipal or local government (including any subdivision, court, tribunal, administrative agency or commission or other authority thereof), any entity owned or controlled by them, any private body exercising any regulatory, taxing, importing or other authority, or any trade agency, association, institution or professional or environmental body in any jurisdiction, including, for the avoidance of doubt, the Panel;
<b>"Restricted Jurisdiction"</b>		means any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer and/or Partial Alternative Offer is sent or made available to CareTech Shareholders in that jurisdiction;
<b>"Rollover Securities"</b>		means the D Ordinary Shares to be issued to certain eligible CareTech Shareholders as a full or partial alternative to the Cash Consideration under the Partial Alternative Offer;
<b>"Rollover Securities Shareholders' Agreement"</b>		means the shareholders' agreement to be entered into by the holders of the Rollover Securities;
<b>"Sanction Hearing"</b>		the hearing of the Court to sanction the Scheme, at which the Court Order is expected to be granted (and any adjournment thereof);
<b>"Scheme Conditions"</b>		means the Conditions referred to in paragraph 1 of Part A of Appendix 1 to this Announcement;
<b>"Scheme Document"</b>		means the document to be sent to (among others) CareTech Shareholders containing and setting out, among other things, the full terms and conditions of the Scheme and containing the notices convening the Court Meeting and the CareTech General Meeting;

<b>"Scheme Record Time"</b>	means the time and date specified in the Scheme Document, expected to be 6.00 p.m. on the business day immediately prior to the Effective Date;
<b>"Scheme Shareholders"</b>	means holders of Scheme Shares;
<b>"Scheme Shares"</b>	means all CareTech Shares: (a) in issue at the date of the Scheme Document; (b) (if any) issued after the date of the Scheme Document but on or before the Voting Record Time; and (c) (if any) issued after the Voting Record Time and on or before the Scheme Record Time on terms that the holder or any subsequent holder thereof shall be bound by the Scheme or in respect of which the original or any subsequent holders shall have agreed in writing to be bound by the Scheme, but excluding (i) in the case of references in this Announcement to "Scheme Shares" or "Scheme Shareholders" in relation to voting at the Court Meeting any Excluded Shares in issue at the Voting Record Time and any Scheme Shares referred to in (c) above and (ii) in the case of other references in this Announcement to "Scheme Shares" or "Scheme Shareholders" any Excluded Shares in issue at the Scheme Record Time;
<b>"Scheme"</b>	means the scheme of arrangement proposed to be made under Part 26 of the Companies Act between CareTech and the Scheme Shareholders, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by CareTech and Bidco;
<b>"Sheikh Group"</b>	means, together, Sheikh Ventures Limited, Belgravia Investments Limited and Kensington Capital Limited;
<b>"Sheikh Holdings"</b>	means Sheikh Holdings Group (Investments) Limited;
<b>"Significant Interest"</b>	means in relation to an undertaking, a direct or indirect interest of 20 per cent. or more of the total voting rights conferred by the equity share capital of such undertaking;
<b>"Special Resolution"</b>	means the special resolution to be proposed by CareTech at the General Meeting to, amongst other things, authorise the CareTech Directors to take all actions they consider necessary or appropriate to implement the Scheme, amend the CareTech articles of association and cancel the trading of CareTech Shares on AIM;
<b>"Takeover Code"</b>	means the City Code on Takeovers and Mergers, as issued from time to time by or on behalf of the Panel;
<b>"Takeover Offer"</b>	means a takeover offer (within the meaning of section 974 of the Companies Act) to be made by or on behalf of Bidco to acquire the entire issued and to be issued ordinary share capital of CareTech on the terms and conditions to be set out in the Offer Document, such offer, including any subsequent revision, amendment, variation, extension, or renewal;
<b>"Third Party"</b>	each of a central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, employee representative body or any other body or person whatsoever in any jurisdiction;
<b>"Topco"</b>	means Amalfi Topco Limited, a private limited company incorporated in Jersey;
<b>"Topco Articles"</b>	the articles of association of Topco;
<b>"Topco Group"</b>	Topco and its subsidiary undertakings and where the context permits, each of them;
<b>"Topco Shareholders"</b>	means holders of Topco securities;
<b>"Topco Shareholders' Agreement"</b>	means the shareholders' agreement relating to Topco entered into on 27 June 2022;
<b>"UK" or "United Kingdom"</b>	means United Kingdom of Great Britain and Northern Ireland;
<b>"uncertificated" or "in uncertificated form"</b>	means a share or other security title to which is recorded in the relevant register of the share or security as being held in uncertificated form, in CREST, and title to which, by virtue of the Regulations may be transferred by means of CREST;
<b>"United States" or "US"</b>	means the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political sub-division thereof;
<b>"US Exchange Act"</b>	means the US Securities Exchange Act by 1934, as amended;
<b>"US Securities Act"</b>	means the United States Securities Act of 1933, as amended;
<b>"Voting Record Time"</b>	means the date and time specified in the Scheme

Document by reference to which entitlement to vote at the Court Meeting will be determined;

**"Wider Bidco Group"** means Bidco and its subsidiary, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which Bidco and/or such subsidiaries or undertakings (aggregating their interests) having a Significant Interest; and

**"Wider CareTech Group"** means CareTech and its subsidiary, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which Bidco and/or such subsidiaries or undertakings (aggregating their interests) having a Significant Interest.

For the purposes of this Announcement, "**subsidiary**", "**subsidiary undertakings**", "**undertaking**" and "**associated undertaking**" have the respective meanings given thereto by the UK Companies Act 2006.

All references to "**pounds**", "**pounds sterling**", "**sterling**", "**£**", "**pence**", "**p**" and "**penny**" are to the lawful currency of the United Kingdom.

All times referred to are London time unless otherwise stated.

References to the singular include the plural and vice versa.

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