

SUBSCRIPTION AGREEMENT
relating to
SUTTON HARBOUR HOLDINGS PLC

FB INVESTORS LLP	(1)
SUTTON HARBOUR HOLDINGS PLC	(2)

CONTENTS

Clause	Heading	Page
1	DEFINITIONS.....	2
2	CONSIDERATION	3
3	PROPOSED SUBSCRIPTION AND CONDITIONS.....	3
4	COMPLETION AND POST COMPLETION MATTERS	4
5	ENFORCEABILITY	4
6	CONFIDENTIALITY	4
7	TERMINATION.....	5
8	NATURE OF AGREEMENT.....	5
9	NOTICES.....	5
10	COUNTERPARTS.....	5
11	GOVERNING LAW.....	5

THIS AGREEMENT is dated 23 November 2017 and is made

BETWEEN:

- (1) **FB INVESTORS LLP**, incorporated and registered in England and Wales with limited liability partnership number OC419889 and whose registered office is at Lopian Gross Barnett & Co, 6th Floor, Cardinal House, 20 St. Marys Parsonage, Manchester, Lancashire, United Kingdom, M3 2LG ("**FB Investors**"); and
- (2) **SUTTON HARBOUR HOLDINGS PLC**, incorporated and registered in England and Wales with company number 02425189 and whose registered office is at Tin Quay House, Sutton Harbour, Plymouth, Devon, PL4 0RA (the "**Company**").

RECITALS

- (A) The Company is a public limited company admitted to trading on AIM.
- (B) On the date of this Agreement, FB Investors announced its intention to acquire up to 67,393,960 Ordinary Shares (representing approximately 70% of the issued Ordinary Share capital of the Company as at the date of this Agreement) pursuant to a recommended partial cash offer to existing Shareholders in accordance with the Takeover Code (the "**Partial Offer**").
- (C) In connection with the Partial Offer, FB Investors proposes to subscribe for 9,322,034 new Ordinary Shares in the capital of the Company at a price of 29.5 pence per new Ordinary Share (equivalent to the offer price per Ordinary Share pursuant to the Partial Offer), subject to and pursuant to the terms of this Agreement.
- (D) Immediately following Completion, FB Investors will hold approximately 72.65% of the enlarged Ordinary Share capital of the Company.

NOW IT IS HEREBY AGREED as follows:

1 DEFINITIONS

1.1 In this Agreement unless the context otherwise requires:

- (a) the following expressions have the following meanings:

"**Agreement**" means this agreement;

"**AIM**" means AIM, a market established by the London Stock Exchange plc;

"**AIM Rules**" means the AIM Rules for Companies published by the London Stock Exchange, as amended from time to time;

"**Application for Admission**" means the application to the London Stock Exchange for admission of the Subscription Shares to trading on AIM;

"**Board**" means the board of directors of the Company from time to time;

"**Business Day**" means any day (other than a Saturday, Sunday or UK public holiday) on which banks are open for business in London;

"**Completion**" means the completion of the Proposed Subscription in accordance with clause 4 of this Agreement;

"**Completion Date**" means the Business Day immediately following the date of satisfaction of the Conditions;

"**Conditions**" has the meaning given to it in clause 3.2 of this Agreement;

"**Director**" means a director of the Company from time to time;

"**General Meeting**" means the general meeting of the Company (including any adjournment thereof) in connection with the Proposed Subscription expected to be held on or about 3 January 2018;

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

"**Longstop Date**" means 28 February 2018;

"**Offer Document**" means the formal document setting out the full terms and conditions of the Partial Offer to be posted to the Shareholders (other than certain overseas Shareholders) in accordance with the terms of the Takeover Code;

"**Ordinary Shares**" means the ordinary shares of £0.01 each in the capital of the Company;

"**Partial Offer**" has the meaning given to it in Recital B;

"**Parties**" means the parties to this Agreement;

"**Proposed Subscription**" has the meaning given to it in clause 3.1;

"**Resolutions**" means the resolutions to be proposed at the General Meeting for the purposes of granting the Company sufficient authorities to complete the Proposed Subscription;

"**Shareholders**" means the holders of Ordinary Shares from time to time, or as the context may otherwise require;

"**Subscription Price**" means £2,750,000.00;

"**Subscription Shares**" means 9,322,034 new Ordinary Shares in the capital of the Company; and

"**Takeover Code**" means the City Code on Takeovers and Mergers.

- 1.2 References to clauses and the schedule are, unless otherwise stated, to clauses of, and the schedule to, this Agreement.
- 1.3 References to statutory provisions shall be construed as references to those provisions as respectively replaced, amended or re-enacted (whether before or after the date of this Agreement) and shall include any provisions of which they are re-enactments (whether with or without modification) and any subordinate legislation made under those provisions.
- 1.4 Words importing the singular include the plural and vice versa, words importing any gender include every gender and references to persons include bodies corporate or unincorporate, unincorporated associations and partnerships.
- 1.5 The headings to the clauses are for convenience only and have no legal effect.

2 CONSIDERATION

- 2.1 In consideration of the mutual agreements and undertakings set out herein, the Parties have granted the rights and accepted the obligations set out in this Agreement.

3 PROPOSED SUBSCRIPTION AND CONDITIONS

- 3.1 Subject to the terms of this Agreement (and, in particular, subject to the satisfaction of the Conditions on or before the Longstop Date), FB Investors hereby applies for the Subscription Shares at a price of 29.5 pence per Subscription Share and the Company accepts such application (the "**Proposed Subscription**").

- 3.2 Completion of the Proposed Subscription is conditional upon the satisfaction of the following conditions (the "**Conditions**") on or before the Longstop Date:
- (a) the Partial Offer becoming, or being declared, wholly unconditional in accordance with its terms (including, for the avoidance of doubt, the terms of the Partial Offer to be set out in the Offer Document) by 28 February 2018; and
 - (b) Shareholders approving all of the Resolutions (without material amendment) by the requisite majorities at the General Meeting.
- 3.3 The Conditions are incapable of waiver by either Party.
- 3.4 The Parties shall use their respective reasonable endeavours to procure the fulfilment of the Conditions by the Longstop Date.

4 COMPLETION AND POST COMPLETION MATTERS

- 4.1 The Proposed Subscription shall be completed at the Company's registered office on the Completion Date or at such other place and time as the Parties shall agree in writing, where the matters listed in clause 4.2 shall be dealt with.
- 4.2 At Completion:
- (a) FB Investors shall pay or have paid to the Company by electronic funds transfer the Subscription Price (the details of which shall be notified to FB Investors by the Company in writing in advance); and
 - (b) the Company shall procure that a meeting of the Board is held (or written resolutions of the Directors are executed) to:
 - (i) allot and issue the Subscription Shares to FB Investors;
 - (ii) approve the execution and delivery to FB Investors of a share certificate in respect of the Subscription Shares (or make similar settlement arrangements in CREST); and
 - (iii) instruct the Company's registrar to enter FB Investors in the register of members as the holder of the Subscription Shares.
- 4.3 Immediately following Completion, the Company shall procure that a duly completed Application for Admission is submitted in respect of the Subscription Shares in accordance with the AIM Rules, and shall use its reasonable endeavours to procure that such application is successful.

5 ENFORCEABILITY

- 5.1 The Parties shall act in good faith in giving effect to this Agreement. In the event that any terms and provisions of this Agreement shall be held to be invalid or unenforceable, these terms and provisions shall be deemed to be deleted and this Agreement shall be given effect as if the invalid or unenforceable terms and provisions were deleted from this Agreement.

6 CONFIDENTIALITY

- 6.1 The Parties agree that this Agreement may be summarised in the Offer Document and, to the extent required, any other document to be entered into or published in connection with the Partial Offer or the Proposed Subscription, and, if required by law, displayed on the websites of the Company and FB Investors.

7 TERMINATION

- 7.1 This Agreement shall terminate with immediate effect (without any action required by either Party) should the Condition set out in clause 3.2(a) fail to be satisfied on or before the Longstop Date.
- 7.2 In the event of termination, all provisions contained in this Agreement shall terminate automatically (other than clauses 1, 6, 7, 8, 9, 10 and 11 which shall remain in force), and save in respect of any prior breach or any specified provisions, no Party shall have any rights or obligations under this Agreement.

8 NATURE OF AGREEMENT

- 8.1 This Agreement is personal to the Parties and none of them may (without the written consent of the others) assign, mortgage, charge or dispose of any of its rights under this Agreement, or subcontract or otherwise delegate any of its obligations under this Agreement.
- 8.2 Nothing in this Agreement shall create, or be deemed to create a partnership or joint venture between the Parties.
- 8.3 A person who is not a party to this Agreement shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.
- 8.4 Each Party acknowledges that, in entering into this Agreement, it does not do so on the basis of or relying upon any representation, warranty (if any) or other provision except as expressly provided in this Agreement and, accordingly, all conditions, warranties or other terms implied by statute or common law are hereby excluded to the fullest extent permitted by law.

9 NOTICES

The Parties agree that the notice provisions contained in the Relationship Agreement to be entered into between the Parties on or around the date of this Agreement shall apply to this Agreement.

10 COUNTERPARTS

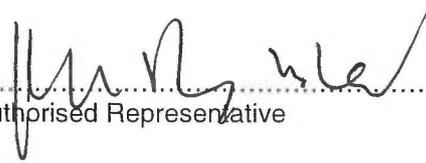
- 10.1 This Agreement may be signed in any number of counterparts, each of which when signed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute the one Agreement.
- 10.2 Transmission of a signed counterpart of this Agreement (but for the avoidance of doubt not just a signature page) by email (in PDF, JPEG or other agreed format) shall take effect as delivery of an executed counterpart of this Agreement.

11 GOVERNING LAW

This Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed and construed in accordance with English law and be subject to the exclusive jurisdiction of the English courts.

SIGNED by the Parties on the date at the head of this Agreement.

Signed by **FB INVESTORS LLP** acting by an authorised representative


.....
Authorised Representative

Signed by **SUTTON HARBOUR HOLDINGS PLC** acting by a director

.....
Director

Signed by **FB INVESTORS LLP** acting by an authorised representative

.....
Authorised Representative

Signed by **SUTTON HARBOUR HOLDINGS PLC** acting by a director

.....
Director

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned over a dotted line.