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**FOR IMMEDIATE RELEASE**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**31 March 2021**

**RECOMMENDED CASH ACQUISITION**

**of**

**Arrow Global Group plc**

**by**

**Sherwood Acquisitions Limited**

**(a newly formed company owned by  
investment funds managed by TDR Capital LLP)**

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

## **Summary**

- The boards of Sherwood Acquisitions Limited (“**Bidco**”) and Arrow Global Group plc (“**Arrow**”) are pleased to announce they have reached agreement on the terms and conditions of a recommended all cash offer to be made by Bidco for the entire issued, and to be issued, ordinary share capital of Arrow (the “**Acquisition**”). The Acquisition will be implemented by way of a scheme of arrangement.
- Under the terms of the Acquisition, each Arrow Shareholder will be entitled to receive:  
**for each Arrow Share: 307.5 pence in cash (the “Cash Offer”)**
- The price per Arrow Share represents a premium of approximately:
  - 33.4% per cent. to the closing price of 230.5 pence per Arrow Share on 5 February 2021 (being the last Business Day before the commencement of the offer period);
  - 46.6% per cent. to the volume-weighted average price of 209.7 pence per Arrow Share for the one-month period ended 5 February 2021 (being the last Business Day before the commencement of the offer period);

- 67.3% per cent. to the volume-weighted average price of 183.8 pence per Arrow Share for the three-month period ended 5 February 2021 (being the last Business Day before the commencement of the offer period); and
- 111.8% per cent. to the volume-weighted average price of 145.2 pence per Arrow Share for the six-month period ended 5 February 2021 (being the last Business Day before the commencement of the offer period).
- As an alternative to the Cash Offer, an eligible Arrow Shareholder may elect to receive rollover ordinary shares in the capital of Topco having the rights of “Rollover Shares” set out in the articles of association of Topco (as amended from time to time) (the “**Rollover Securities**”) in exchange for their holding of Arrow Share(s) at a ratio to be specified in the Scheme Document, subject to the terms and conditions of the Alternative Offer (detailed in paragraph 13 below). Eligible Arrow Shareholders will only be able to elect for the Alternative Offer in relation to their entire holding of Arrow Shares and not part only.
- 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 Alternative Offer will be included in the Scheme Document.
- The Acquisition values Arrow's entire issued, and to be issued, ordinary share capital at approximately £563 million.
- If, on or after the date of this announcement and before the Effective Date, any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the Arrow Shares, Bidco reserves the right to reduce the consideration payable under the terms of the Cash Offer (and, as the case may be, the number of Rollover Securities due under the terms of the Alternative Offer, assuming that the value of the Rollover Securities to be issued under the Alternative Offer for each Arrow Share is equal to the consideration payable under the Cash Offer) by an amount up to the amount of such dividend and/or distribution and/or return of capital, in which case the relevant eligible Scheme Shareholders will be entitled to receive and retain such dividend and/or distribution and/or return of capital, and any reference in this announcement to the consideration payable under the Cash Offer (or consideration due under the Alternative Offer) will be deemed to be a reference to the consideration as so reduced. 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 terms of the Scheme.

## **Recommendation**

- The Arrow Directors, who have been so advised by Goldman Sachs, J.P. Morgan Cazenove and Numis as to the financial terms of the Cash Offer, consider the terms of the Cash Offer to be fair and reasonable. In providing their advice, Goldman Sachs, J.P. Morgan Cazenove and Numis have taken into account the commercial assessments of the Arrow Directors. Numis is providing independent financial advice to the Arrow Directors for the purposes of Rule 3 of the Takeover Code.
- Accordingly, the Arrow Directors confirm they intend to recommend unanimously that the Arrow Shareholders vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting, as the Arrow Directors have irrevocably undertaken

to do in respect of their own beneficial holdings which are under their control of, in aggregate, 404,985 Arrow Shares representing approximately 0.23 per cent. of the issued ordinary share capital of Arrow on 30 March 2021 (being the last Business Day before the date of this announcement). Further details of these undertakings, including the circumstances in which they cease to be binding are set out in Appendix 3.

- The Arrow Directors, and (in providing their advice to the Arrow Directors) Goldman Sachs, J.P. Morgan Cazenove and Numis, express no view as to the Alternative Offer. Their views in this regard will be provided in the Scheme Document.
- Some details of the Alternative Offer are set out in paragraphs 13, 14 and 15, and Appendix 4 below.

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

- Since listing on the London Stock Exchange in 2013, Arrow has developed its position as a leading European investor and asset manager in the non-performing and non-core assets sector.
- Over the last two years, Arrow has taken significant and successful steps in its strategy to pivot to become a fully integrated alternative asset manager. This capital-light strategy has been accelerated in response to an increasingly attractive operating environment. Total funds under management as at 31 December 2020 were €4.3 billion of which Arrow's inaugural fund represents €1.7 billion (with €1.3 billion from third party investors). Arrow is on track to achieve its 5 year targets, including growing funds under management to over €10 billion by end 2025, increasing the EBITDA contribution from capital-light businesses to over 50 per cent by end 2025 and deleveraging to 3-3.5x by 2023.
- In response to the economic impact of COVID-19, Arrow booked a prudent reforecast ERC asset in H1 2020, which led to a balance sheet write-down of £133.6 million. Since then Arrow has experienced strong balance sheet collections and returned to profitability in H2 2020. Arrow's results for FY 2020 demonstrate the continued success of Arrow.
- The Arrow Board has a high degree of confidence that the successful implementation of its strategy in line with its 5 year targets would provide a strong future for Arrow as an independent listed company.
- TDR Capital initially approached Arrow on 2 December 2020 with a proposal of 250p in cash per Arrow Share. Subsequently, on 8 December 2020 Arrow received a second proposal from TDR Capital of 265p in cash per Arrow Share. On 26 January 2021 Arrow received a third proposal from TDR Capital of 290p in cash per Arrow Share. Each of these proposals was unanimously rejected by the Arrow Board as materially undervaluing Arrow.
- On 5 February 2021, TDR Capital made a revised proposal of 305p in cash per Arrow share. Alongside the revised proposal, TDR Capital confirmed that Zach Lewy, founder and Chief Investment Officer of Arrow and Chief Executive Officer and Chief Investment Officer of AGG Capital Management Limited had entered into a binding letter of support with TDR Capital which precluded him, in his capacity as a shareholder of Arrow (and subject always to his fiduciary and other duties and obligations as a director and employee of AGG Capital Management Limited and to Arrow), from supporting any other offer for

a period of three months (i.e. until 5 May 2021). TDR Capital made its proposal and Zach Lewy's support public on 8 February 2021.

- The Arrow Board subsequently engaged with TDR Capital and other potential parties. A further proposal was put forward by TDR Capital on 22 February 2021 of 307.5p in cash per Arrow Share. In an announcement on 8 March 2021, the Arrow Board confirmed that it would be minded to recommend a firm offer for Arrow at this price, subject to the agreement of other terms relating to the offer. In this announcement the Arrow Board also confirmed an extension of the PUSU deadline to 8.00am on 23 March 2021 to allow TDR Capital to complete their due diligence. Subsequently, the PUSU deadline was extended to 5.00pm on 1 April 2021.
- In assessing the terms of the Cash Offer, the Arrow Directors considered the all-cash nature of the consideration which provides Arrow Shareholders with the opportunity to realise their investment in Arrow immediately and with certain value.
- The Arrow Directors also note that the terms of the Cash Offer represent a premium of:
  - Approximately 33% to the unaffected share price (as at the day prior to the announcement by TDR Capital of a possible offer for Arrow)
  - Approximately 67% to the volume weighted average price per Arrow Share for the three-month period ended 5 February 2021 (being the last Business Day before the commencement of the offer period)
- The Arrow Board also considered in detail the opportunities and risks involved in implementing its strategy and particularly in growing the fund management business which the Arrow Board believes will be a significant driver of Arrow's growth and value creation in the future. Arrow is reliant on a number of key individuals within its fund management business to deploy funds currently under management by Arrow, to manage investments and to raise further capital. Consequently, amongst the risks evaluated most closely was the prospective challenge in continuing to retain key fund management personnel, and the difficulties in attracting new talent which is of an equivalent calibre and complementary to existing fund management personnel. The Board specifically considered the difficulty experienced during the last two years in identifying and securing new senior fund management talent due to the fierce levels of competition in the market and the strength of counterbids from existing employers.
- In this context, the Board has taken into account the decision by Zach Lewy to exclusively support, for the stated period, TDR Capital's Cash Offer for Arrow as an alternative to pursuing Arrow's strategy as an independent listed company. Furthermore, the Board considered the risks to the successful implementation of that strategy without Zach Lewy's ongoing commitment and also shareholder feedback following the public announcement of Zach Lewy's intentions.
- In reaching their decision, the Arrow Board has taken into account Bidco's intentions for the broader business, management, employees and other stakeholders of Arrow.
- Accordingly, following careful consideration with its financial and legal advisers, the Arrow Board intend to unanimously recommend the Cash Offer to Arrow Shareholders.

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

- Bidco recognises the significant progress made by the Arrow management team to diversify its business mix, geographic coverage and funding sources since its IPO in 2013. In particular, Bidco notes Arrow's recent focus on the development of incremental capital-light earnings, particularly its Asset Management and Servicing Business, and the recent launch of its inaugural third-party fund, as highly attractive components of the business plan.
- TDR Capital has extensive experience investing in the financial services sector and specifically the credit management industry. In 2011, TDR Capital partnered with the Lowell management team, growing ERC at a 25%+ CAGR during the investment period. Through this successful investment, TDR Capital developed a clear understanding of the value drivers in the industry and built a strong track record with debt investors, having issued the maiden European high yield bond in the sector in 2012.
- Since its partnership with Lowell, TDR Capital has continued to actively monitor the credit management industry and has closely followed Arrow's journey in public markets to date, recognising the Arrow Group's successful delivery of strong underlying performance through a challenging period for the sector. Despite the added challenges posed by volatile debt and equity markets in recent years, Bidco believes that the Arrow team has successfully created a high quality, internationally diverse, vertically integrated credit manager.
- Given management's clear ambition to become a fully diversified alternative asset manager, differentiated by its specialised in-country servicing platforms and strong third party client franchise, by 2025, Bidco believes that now is the optimal time for the Arrow business to re-enter private ownership in order to allow for the incremental investment and transformation needed to accelerate its transition to recurring, capital-light revenues, away from the constraints of public markets. Under TDR Capital's ownership and supported by its extensive access to capital, Arrow will have both the flexibility required to expedite the development of its Fund and Investment Management capabilities, whilst also benefitting from the operational best practices and fund management expertise that TDR Capital has accrued through almost 20 years of pan-European investing.

## **Irrevocable undertakings**

- In addition to the irrevocable undertakings from Arrow Directors described above, Bidco has also received irrevocable undertakings from certain other Arrow Shareholders.
- Zach Lewy has undertaken to vote (or to procure a vote) in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer) in respect of 2,650,918 Arrow Shares (representing approximately 1.49 per cent. of the existing issued ordinary share capital of Arrow) as at 30 March 2021 (being the last Business Day prior to the date of this announcement).
- Fifth Street Station LLC has undertaken to vote in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer) and to accept the terms of the Alternative Offer in respect of 16,333,966 Arrow Shares (representing approximately 9.21

per cent. of the existing issued ordinary share capital of Arrow) as at 30 March 2021 (being the last Business Day prior to the date of this announcement).

- Tom Drury has undertaken to vote (or to procure a vote) in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer) in respect of 2,566,228 Arrow Shares (representing approximately 1.45 per cent. of the existing issued ordinary share capital of Arrow) as at 30 March 2021 (being the last Business Day prior to the date of this announcement).
- Each of Albacore Partners I Investment Holdings B DAC and Albacore Partners II Investment Holdings D DAC has undertaken to procure a vote in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer) in respect of 7,680,912 Arrow Shares (representing approximately 4.33 per cent. of the existing issued ordinary share capital of Arrow) as at 30 March 2021 (being the last Business Day prior to the date of this announcement).
- In total, therefore, Bidco has procured irrevocable commitments to (a) vote in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer), including those from the Arrow Directors who own Arrow Shares, in respect of, in aggregate, 29,637,009 Arrow Shares (representing approximately 16.7 per cent. of existing issued ordinary share capital of Arrow) as at 30 March 2021 (being the Business Day prior to this announcement) and (b) accept the Alternative Offer in respect of, in aggregate, 16,333,966 Arrow Shares (representing approximately 9.21 per cent. of existing issued ordinary share capital of Arrow) as at 30 March 2021 (being the Business Day prior to this announcement). Further details of these irrevocable undertakings (including the circumstances in which they cease to be binding) are set out in Appendix 3 to this announcement.

### **Information on Bidco and TDR Capital**

- Bidco is a limited company registered in England and Wales and incorporated on 29 March 2021. Bidco was formed for the purposes of the Acquisition and is an entity owned indirectly by investment funds managed by TDR Capital and has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Acquisition.
- TDR Capital LLP is a leading private equity firm formed in 2002 and based in London with over €8 billion of committed capital. TDR Capital seeks to invest in market leading businesses and partner with them to develop and grow their operations.

### **Information on Arrow**

- Arrow was founded in the United Kingdom in 2005, with the aim of identifying, acquiring and managing secured and unsecured loan and real estate portfolios from and on behalf of financial institutions, such as banks, institutional fund investors and specialist lenders. Arrow's shares were first admitted to listing and trading on the London Stock Exchange in 2013. Since 2013, the Arrow Group has expanded into Europe and, in addition to its UK operations, it now operates in Italy, Portugal, Ireland, the Netherlands and Belgium. The

Arrow Group is now a leading European investor and asset manager in the non-performing and non-core assets sector.

- The Arrow Group operates three business segments: (i) its Balance Sheet Business; (ii) its Asset Management and Servicing Business; and (iii) its Fund and Investment Management Business.

#### *Balance Sheet Business*

- This element of Arrow's business comprises investment in loan portfolios. The Arrow Group's investment strategy is highly differentiated from the typical large credit fund. Its local operating platforms and operational expertise allow the Arrow Group to focus on smaller, high-return niches. This has resulted in the majority of its deals being executed outside of competitive auctions in off-market bilateral trades – in 2020, approximately 70% of the Arrow Group's investments were transacted off-market. Arrow also has a track record of co-investing with investment clients to diversify risk.

#### *Asset Management and Servicing Business*

- The Arrow Group services a large amount of assets both for its own investment business and for its clients. Its co-investment strategy with its investment clients means it increasingly services entire portfolios in respect of which it has only a small balance sheet equity exposure, earning servicing fees from other capital providers. This drives capital light revenues. In 2020, the Arrow Group secured 26 new servicing contracts.

#### *Fund and Investment Management Business*

- Emerging from its strong track record of successfully investing capital into assets and servicing assets on behalf of clients, Arrow has developed a discretionary fund management business and launched its first discretionary fund in 2019. Investor demand for the exposure that Arrow can provide to its specialist, high-return asset class is strong from a wide range of alternative investors and, in 2020, Arrow announced the final close of its debut private fund, Arrow Credit Opportunities 1, with total commitments of €1.7 billion.
- Arrow is listed on the London Stock Exchange with a market capitalisation of £408.9 million as of 5 February 2021 (being the last Business Day before the commencement of the offer period). For the year ended 31 December 2020, Arrow reported total income of £167.5 million.

### **Timetable and conditions**

- It is intended that the Acquisition will be implemented by way of a court-sanctioned scheme of arrangement under Part 26 of the 2006 Act (although Bidco reserves the right to effect the Acquisition by way of an Offer, subject to the consent of the Panel and the terms of the Cooperation Agreement).
- The Conditions to the Acquisition are set out in full in Appendix 1 to this announcement along with certain other terms; the full terms and conditions will be provided in the Scheme Document.

- It is expected that the Scheme Document, containing further information about the Acquisition and notices of the Court Meeting and Arrow General Meeting, together with the associated forms of proxy, will be posted to Arrow Shareholders within 28 days of this announcement (or such later time as Arrow, Bidco and the Panel agree) and the Meetings are expected to be held shortly thereafter. The Acquisition is currently expected to complete during the third quarter of 2021, subject to receipt of the relevant competition clearances and regulatory approvals. An expected timetable of key events relating to the Acquisition will be provided in the Scheme Document.
- Commenting on the Acquisition Jonathan Bloomer, the Chairman of Arrow, said:

*“Arrow is a great company and, over the past two years, has taken significant and successful steps in its journey to becoming a fully integrated asset manager. In November 2020, in response to an increasingly attractive operating environment, the leadership team set out an accelerated strategy to enable Arrow to grow funds under management and increase capital light earnings while at the same time deleveraging. This strategy was well received by our clients, customers and investors, and is fully supported by TDR Capital.*

*Having considered in detail the opportunities and risks involved in implementing this strategy, and particularly in growing the fund management business, the Arrow Board has concluded that the Acquisition, which offers certain cash value to Arrow's shareholders, is in the best interests of Arrow's shareholders.*

*I am proud to have been chair of Arrow for the last seven years and it has been a pleasure to work with so many dedicated individuals who have made Arrow a leading European investor and asset manager in the non-performing and non-core assets sector. For now, it is business as usual, and I thank all our people for their continued dedication and hard work.”*

- Commenting on the Acquisition Jonathan Rosen of TDR Capital LLP, said:

*“Arrow is a company that we have followed for some time, and the Company’s position as a clear market leader is due to the strength of the team they have built. We are excited to partner with them to accelerate their strategy to build a market leading fund management business by providing the investment and support needed, all of which we believe is better facilitated as a private company.”*

**This summary should be read in conjunction with, and is subject to, the following announcement and the Appendices. The Conditions to, and certain further terms of, the Acquisition are set out in Appendix 1. The bases and sources for certain financial information contained in this announcement are set out in Appendix 2. Details of undertakings received by Bidco are set out in Appendix 3. Certain definitions and terms used in this announcement are set out in Appendix 4.**

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Kirkland & Ellis International LLP is acting as legal adviser to Bidco and TDR Capital.

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#### **Further information**

*Citigroup Global Markets Limited ("Citi"), which is authorised by the Prudential Regulation Authority ("PRA") and regulated in the UK by the Financial Conduct Authority ("FCA") and the PRA, is acting as financial adviser for Bidco and for no one else in connection with the Acquisition and will not be responsible to anyone other than Bidco for providing the protections afforded to clients of Citi nor for providing advice in connection with the Acquisition, 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 Acquisition or otherwise.*

*Ashcombe Advisers LLP ("Ashcombe"), which is regulated in the UK by the FCA, is acting as financial adviser exclusively for Bidco and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than Bidco for providing the protections afforded to clients of Ashcombe nor for providing advice in relation to any matter referred to herein.*

*Barclays Bank PLC, acting through its Investment Bank ("Barclays"), which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively for Bidco and no one else in connection with the matters described in this Announcement and will not be responsible to anyone other than Bidco for providing the protections afforded to clients of Barclays nor for providing advice in relation to the subject matter of this announcement or any other matter referred to in this Announcement. In accordance with the Code, normal United Kingdom market practice and Rule 14e-5(b) of the Exchange Act, Barclays and its affiliates will continue to act as exempt principal trader in Arrow securities*

*on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com). This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.*

*Goldman Sachs International, which is authorised by the PRA and regulated by the PRA and the FCA in the United Kingdom, is acting exclusively for Arrow and for no one else in connection with the possible offer and will not be responsible to anyone other than Arrow for providing the protections afforded to its clients or for providing advice in relation to the possible offer, the contents of this announcement or any other matters referred to in this announcement.*

*J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("J.P. Morgan Cazenove"), is authorised in the United Kingdom by the PRA and regulated in the United Kingdom by the PRA and the FCA. J.P. Morgan Cazenove is acting as financial adviser exclusively for Arrow and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than Arrow for providing the protections afforded to clients of J.P. Morgan Cazenove, or for providing advice in relation to any matter referred to herein.*

*Numis Securities Limited ("Numis"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Arrow and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than Arrow for providing the protections afforded to clients of Numis, nor for providing advice in relation to any matter referred to herein.*

*Panmure Gordon (UK) Limited ("Panmure Gordon"), which is authorised and regulated by the FCA in the United Kingdom is acting exclusively as Corporate Broker to Arrow and no one else in connection with the subject matter of this Announcement and will not be responsible to anyone other than Arrow for providing the protections afforded to clients of Panmure Gordon or for providing advice in connection with the subject matter referred of this Announcement.*

*This announcement is for information purposes only and is not intended to, and does not, constitute or form part of any offer or inducement to sell or an invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of an offer to buy any securities, any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise. The Acquisition will be made solely pursuant to the terms of the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document), which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. Any decision in respect of, or other response to, the Acquisition should be made only on the basis of the information in the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document).*

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

*This announcement is an advertisement and does not constitute a prospectus or prospectus equivalent document.*

### **Overseas Shareholders**

*This announcement has been prepared in accordance with and for the purpose of complying with the laws of England and Wales, the Takeover Code, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules 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 of, and observe, any applicable requirements of their jurisdictions.*

*The availability of the Acquisition to Arrow Shareholders who are not resident in and citizens of the UK 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 UK 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 Arrow Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy 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 Acquisition 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 Acquisition will not be made available, 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 Acquisition 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 Acquisition 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 this announcement and all such documents relating to the Acquisition (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 Acquisition. If the Acquisition is implemented by way of an Offer (unless otherwise permitted by applicable law and regulation), the 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 Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.*

*The Acquisition shall be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the FCA.*

## **Notice to US investors in Arrow**

*The Acquisition relates to the shares of an English company and is being made by means of a scheme of arrangement provided for under the laws of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under the US Securities Exchange Act of 1934 (the "US Exchange Act"). Accordingly, the Acquisition is subject to the disclosure and procedural requirements and practices applicable in the United Kingdom to schemes of arrangement which differ from the disclosure requirements of the US tender offer and proxy solicitation rules.*

*The financial information included in this announcement and the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document) has been prepared in accordance with generally accepted accounting principles of the United Kingdom and thus 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.*

*If, in the future, Bidco exercises its right to implement the Acquisition by means of an Offer which is to be made into the United States, such an Offer would be made in compliance with all applicable US laws and regulations, including any applicable exemptions under the US Exchange Act. Such an Offer would be made in the United States by Bidco and no one else.*

*In the event that the Acquisition is implemented by way of an Offer, 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 Arrow outside of the US, other than pursuant to such an Offer, during the period in which such an Offer would remain open for acceptances. These purchases may 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 United Kingdom, 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).*

*The receipt of consideration by a US holder for the transfer of its Arrow Shares pursuant to the Scheme may have tax consequences in the US and such consequences, if any, are not described herein. Each Arrow Shareholder is urged to consult their independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to them, including under applicable United States state and local, as well as overseas and other, tax laws.*

*Arrow and Bidco are both incorporated under the laws of England and Wales. Some or all of the officers and directors of Bidco and Arrow, respectively, are residents of countries other than the United States. In addition, some of the assets of Bidco and Arrow are located outside the United States. As a result, it may be difficult for US holders of Arrow Shares to enforce their rights and any claim arising out of the US federal laws or to enforce against them a judgment of a US court predicated upon the securities laws of the United Kingdom. US holders of Arrow 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 Alternative Offer will not be registered and it is proposed that the Alternative Offer will be made pursuant to an applicable exemption.*

## **Forward-Looking Statements**

*This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Acquisition, and other information published by Bidco and Arrow contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Bidco and Arrow about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.*

*The forward-looking statements contained in this announcement include statements relating to the expected effects of the Acquisition on Bidco and Arrow (including their future prospects, developments and strategies), the expected timing and scope of the Acquisition and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "prepares", "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "projects", "synergy", "strategy", "scheduled", "goal", "estimates", "forecasts", "intends", "cost-saving", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Forward looking statements may 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 Bidco's, Arrow's, any member of the Bidco Group's or any member of Arrow Group's operations and potential synergies resulting from the Acquisition; and (iii) the effects of global economic conditions and governmental regulation on Bidco's, Arrow's, any member of the Bidco Group's or any member of the Arrow Group's business.*

*Although Bidco and Arrow believe that the expectations reflected in such forward-looking statements are reasonable, Bidco and Arrow can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.*

*These factors include, but are not limited to: the ability to complete the Acquisition; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms and schedule; changes in the global political, economic, business and competitive environments and in market and regulatory forces; changes in future exchange and interest rates; changes in tax rates; future business combinations or disposals; changes in general economic and business conditions; changes in the behaviour of other market participants; changes in the anticipated benefits from the proposed transaction not being realised as a result of changes in general economic and market conditions in the countries in which Bidco and Arrow operate; weak, volatile or illiquid capital and/or credit markets; changes in the degree of competition in the geographic and business areas in which Bidco and Arrow operate; and changes in laws or in supervisory expectations or requirements. Other unknown or unpredictable factors could cause actual results to differ materially from those expected, estimated or projected in the forward-looking statements. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions proves*

*incorrect, actual results may differ materially from those expected, estimated or projected. Such forward-looking statements should therefore be construed in the light of such factors.*

*Neither Bidco nor Arrow, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Given these risks and uncertainties, potential investors are cautioned not to place any reliance on these forward-looking statements.*

*Specifically, statements of estimated cost savings and synergies related to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Due to the scale of the Arrow Group, there may be additional changes to the Arrow Group's operations. As a result, and given the fact that the changes relate to the future, the resulting cost synergies may be materially greater or less than those estimated.*

*Other than in accordance with their legal or regulatory obligations, neither Bidco nor Arrow is under any obligation, and Bidco and Arrow expressly disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

### **Dealing and Opening Position Disclosure Requirements**

*Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% 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 on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm 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 1% 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 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 a 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 Arrow's website at <https://www.arrowglobal.net/en/investors.html> 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 any website accessible from hyperlinks is incorporated into or forms part of this announcement.*

### **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 Arrow for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Arrow.*

### **Requesting hard copy documents**

*In accordance with Rule 30.3 of the Takeover Code, Arrow Shareholders, persons with information rights and participants in Arrow Share Plans may request a hard copy of this announcement by contacting Arrow's registrars, Equiniti, between 9.00 a.m. to 5:30 p.m. (London time) Monday to Friday (except UK public holidays) on 0371 384 2030 if calling from the United Kingdom, or +44 121 415 7047 if calling from outside the United Kingdom or by submitting a request in writing to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom. Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Please note that Equiniti cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. For persons who receive a copy of this announcement in electronic form or via a website notification, a hard copy of this announcement will not be sent unless so requested. Such persons may also request that all future documents, announcements and information to be sent to them in relation to the Acquisition should be in hard copy form.*

## **Electronic Communications**

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

## **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.*

## **General**

*If the Acquisition is effected by way of an Offer, and such an 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 2006 Act so as to acquire compulsorily the remaining Arrow Shares in respect of which the Offer has not been accepted.*

*Investors should be aware that Bidco may purchase Arrow Shares otherwise than under any 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 FSMA if you are resident in the United Kingdom or, if not, from another appropriate authorised independent financial adviser.*

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

*For the purposes of Rule 2.9 of the Takeover Code, Arrow confirms that, as at 30 March 2021, it had in issue 177,386,677 ordinary shares of 1 pence each (excluding shares held in treasury). The ISIN for the ordinary shares is GB00BDGTXM47.*

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

**FOR IMMEDIATE RELEASE**

**31 March 2021**

**RECOMMENDED CASH ACQUISITION**

**of**

**Arrow Global Group plc**

**by**

**Sherwood Acquisitions Limited**

**(a newly formed company owned by  
investment funds managed by TDR Capital LLP)**

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

**1. Introduction**

The boards of Sherwood Acquisitions Limited (“**Bidco**”) and Arrow Global Group plc (“**Arrow**”) are pleased to announce they have reached agreement on the terms and conditions of a recommended all cash offer to be made by Bidco for the entire issued, and to be issued, ordinary share capital of Arrow (the “**Acquisition**”).

It is intended that the Acquisition will be implemented by way of a court-sanctioned scheme of arrangement under Part 26 of the 2006 Act (although Bidco reserves the right to effect the Acquisition by way of an Offer, subject to the consent of the Panel and the terms of the Cooperation Agreement). The Conditions to the Acquisition are set out in full in Appendix 1 to this announcement.

**2. The Acquisition**

Under the terms of the Acquisition, which will be subject to the Conditions and further terms set out in Appendix 1 to this announcement and the full terms and conditions to be set out in the Scheme Document, each Arrow Shareholder will be entitled to receive:

**for each Arrow Share: 307.5 pence in cash (the “Cash Offer”)**

The price per Arrow Share under the terms of the Cash Offer represents a premium of approximately:

- 33.4% per cent. to the closing price of 230.5 pence per Arrow Share on 5 February 2021 (being the last Business Day before the commencement of the offer period);
- 46.6% per cent. to the volume-weighted average price of 209.7 pence per Arrow Share for the one-month period ended 5 February 2021 (being the last Business Day before the commencement of the offer period);
- 67.3% per cent. to the volume-weighted average price of 183.8 pence per Arrow Share for the three-month period ended 5 February 2021 (being the last Business Day before the commencement of the offer period); and
- 111.8% per cent. to the volume-weighted average price of 145.2 pence per Arrow Share for the six-month period ended 5 February 2021 (being the last Business Day before the commencement of the offer period).

As an alternative to the Cash Offer, an eligible Arrow Shareholder may elect to receive rollover ordinary shares in the capital of Topco having the rights of “Rollover Shares” set out in the articles of association of Topco (as amended from time to time) (the “**Rollover Securities**”) in exchange for their holding of Arrow Share(s) at a ratio to be specified in the Scheme Document, subject to the terms and conditions of the Alternative Offer (detailed in paragraph 13 below). Eligible Arrow Shareholders will only be able to elect for the Alternative Offer in relation to their entire holding of Arrow Shares and not part only.

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 Alternative Offer will be included in the Scheme Document.

The Acquisition values Arrow's entire issued, and to be issued, ordinary share capital at approximately £563 million.

The Arrow Shares will be acquired pursuant to the Acquisition fully paid and free from all liens, charges, equities, encumbrances, rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching thereto, including without limitation voting rights and the right to receive and retain in full all dividends and other distributions (if any) announced, declared, made or paid with a record date on or after the Scheme Record Time.

If, on or after the date of this announcement and before the Effective Date, any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the Scheme Shares, Bidco reserves the right to reduce the consideration payable under the terms of the Cash Offer (and, as the case may be, the number of Rollover Securities due under the terms of the Alternative Offer, assuming that the value of the Rollover Securities to be issued under the Alternative Offer for each Arrow Share is equal to the consideration payable under the Cash Offer) by an amount up to the amount of such dividend and/or distribution and/or return of capital, in which case the relevant eligible Scheme Shareholders will be entitled to receive and retain such dividend and/or distribution and/or return of capital. If Bidco exercises its rights described above, any reference in this announcement to the consideration payable under the Cash Offer (or consideration due under the Alternative Offer) will be deemed to be a reference to the consideration as so reduced. 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 terms of the Scheme.

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

Bidco recognises the significant progress made by the Arrow management team to diversify its business mix, geographic coverage and funding sources since its IPO in 2013. In particular, Bidco notes Arrow's recent focus on the development of incremental capital-light earnings, particularly its Asset Management and Servicing Business, and the recent launch of its inaugural third-party fund as highly attractive components of the Arrow business plan.

TDR Capital has extensive experience investing in the financial services sector and specifically the credit management industry. In 2011, TDR Capital partnered with the Lowell management team, growing Lowell's ERC at a 25%+ CAGR during the investment period. Through this successful investment, TDR Capital developed a clear understanding of the value drivers in the industry and built a strong track record with debt investors, having issued the maiden European high yield bond in the sector in 2012.

Since its partnership with Lowell, TDR Capital has continued to actively monitor the credit management industry and has closely followed Arrow's journey in public markets to date, recognising the Arrow Group's successful delivery of strong underlying performance through a challenging period for the sector. Despite the added challenges posed by volatile debt and equity markets in recent years, Bidco believes that the Arrow team has successfully created a high quality, internationally diverse, vertically integrated credit manager.

Given management's clear ambition to become a fully diversified alternative asset manager, differentiated by its specialised in-country servicing platforms and strong third party client franchise, by 2025, Bidco believes that now is the optimal time for the Arrow business to re-enter private ownership in order to allow for the incremental investment and transformation needed to accelerate its transition to recurring, capital-light revenues, away from the constraints of public markets. Under TDR Capital's ownership and supported by its extensive access to capital, Arrow will have both the flexibility required to expedite the development of its Fund and Investment Management capabilities, whilst also benefitting from the operational best practices and fund management expertise that TDR Capital has accrued through almost 20 years of pan-European investing.

### **4. Recommendation**

The Arrow Directors, who have been so advised by Goldman Sachs, J.P. Morgan Cazenove and Numis as to the financial terms of the Cash Offer, consider the terms of the Cash Offer to be fair and reasonable. In providing their advice, Goldman Sachs, J.P. Morgan Cazenove and Numis have taken into account the commercial assessments of the Arrow Directors. Numis is providing independent financial advice to the Arrow Directors for the purposes of Rule 3 of the Takeover Code.

The Arrow Directors, and (in providing their advice to the Arrow Directors) Goldman Sachs, J.P. Morgan Cazenove and Numis, express no view as to the Alternative Offer. Their views in this regard will be provided in the Scheme Document.

Some details of the Alternative Offer are set out in paragraphs 13, 14 and 15, and Appendix 4 below.

Arrow Shareholders should also ascertain whether acquiring or holding Rollover Securities is affected by the laws of the relevant jurisdiction in which they reside 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 Alternative Offer. Any decision to elect for the Alternative Offer should be based on independent financial, tax and legal advice and full consideration of this announcement and the Scheme Document.

However, while making no commitment as regards themselves nor any recommendation as regards Arrow Shareholders as to the election to receive consideration for the Acquisition pursuant to the Cash Offer or the Alternative Offer, the Arrow Directors confirm they intend to recommend unanimously that the Scheme Shareholders vote in favour of the Scheme at the Court Meeting and that the Arrow Shareholders vote in favour of the Resolutions to be proposed at the Arrow General Meeting, as those Arrow Directors who own Arrow Shares have irrevocably undertaken to do in respect of their own beneficial holdings which are under their control of, in aggregate, 404,985 Arrow Shares representing approximately 0.23 per cent. of the issued ordinary share capital of Arrow on 30 March 2021 (being the last Business Day before the date of this announcement). Further details of these undertakings, including the circumstances in which they cease to be binding, are set out in Appendix 3.

## **5. Background to and reasons for the Recommendation**

Since listing on the London Stock Exchange in 2013, Arrow has developed its position as a leading European investor and asset manager in the non-performing and non-core assets sector.

Over the last two years, Arrow has taken significant and successful steps in its strategy to pivot to become a fully integrated alternative asset manager. This capital-light strategy has been accelerated in response to an increasingly attractive operating environment. Total funds under management as at 31 December 2020 were €4.3 billion of which Arrow's inaugural fund represents €1.7 billion (with €1.3 billion from third party investors). Arrow is on track to achieve its 5 year targets, including growing funds under management to over €10 billion by end 2025, increasing the EBITDA contribution from capital-light businesses to over 50 per cent by end 2025 and deleveraging to 3-3.5x by 2023.

In response to the economic impact of COVID-19, Arrow booked a prudent reforecast ERC asset in H1 2020, which led to a balance sheet write-down of £133.6 million. Since then Arrow has experienced strong balance sheet collections and returned to profitability in H2 2020. Arrow's results for FY 2020 demonstrate the continued success of Arrow.

The Arrow Board has a high degree of confidence that the successful implementation of its strategy in line with its 5 year targets would provide a strong future for Arrow as an independent listed company.

TDR Capital initially approached Arrow on 2 December 2020 with a proposal of 250p in cash per Arrow Share. Subsequently, on 8 December 2020 Arrow received a second proposal from TDR Capital of 265p in cash per Arrow Share. On 26 January 2021 Arrow received a third proposal from TDR Capital of 290p in cash per Arrow Share. Each of these proposals was unanimously rejected by the Arrow Board as materially undervaluing Arrow.

On 5 February 2021, TDR Capital made a revised proposal of 305p in cash per Arrow Share. Alongside the revised proposal, TDR Capital confirmed that Zach Lewy, founder and Chief Investment Officer of Arrow and Chief Executive Officer and Chief Investment Officer of

AGG Capital Management Limited had entered into a binding letter of support with TDR Capital which precluded him, in his capacity as a shareholder of Arrow (and subject always to his fiduciary and other duties and obligations as a director and employee of AGG Capital Management Limited and to Arrow), from supporting any other offer for a period of three months (i.e. until 5 May 2021). TDR Capital made its proposal and Zach Lewy's support public on 8 February 2021.

The Arrow Board subsequently engaged with TDR Capital and other potential parties. A further proposal was put forward by TDR Capital on 22 February 2021 of 307.5p in cash per Arrow Share. In an announcement on 8 March 2021, the Arrow Board confirmed that it would be minded to recommend a firm offer for Arrow at this price, subject to the agreement of other terms relating to the offer. In this announcement the Arrow Board also confirmed an extension of the PUSU deadline to 8.00am on 23 March 2021 to allow TDR Capital to complete their due diligence. Subsequently, the PUSU deadline was extended to 5.00pm on 1 April 2021.

In assessing the terms of the Cash Offer, the Arrow Directors considered the all-cash nature of the consideration which provides Arrow Shareholders with the opportunity to realise their investment in Arrow immediately and with certain value.

The Arrow Directors also note that the terms of the Cash Offer represent a premium of:

- Approximately 33% to the unaffected share price (as at the day prior to the announcement by TDR Capital of a possible offer for Arrow)
- Approximately 67% to the volume weighted average price per Arrow Share for the three-month period ended 5 February 2021 (being the last Business Day before the commencement of the offer period)

The Arrow Board also considered in detail the opportunities and risks involved in implementing its strategy and particularly in growing the fund management business which the Arrow Board believes will be a significant driver of Arrow's growth and value creation in the future. Arrow is reliant on a number of key individuals within its fund management business to deploy funds currently under management by Arrow, to manage investments and to raise further capital. Consequently, amongst the risks evaluated most closely was the prospective challenge in continuing to retain key fund management personnel, and the difficulties in attracting new talent which is of an equivalent calibre and complementary to existing fund management personnel. The Board specifically considered the difficulty experienced during the last two years in identifying and securing new senior fund management talent due to the fierce levels of competition in the market and the strength of counterbids from existing employers.

In this context, the Board has taken into account the decision by Zach Lewy to exclusively support, for the stated period, TDR Capital's Cash Offer for Arrow as an alternative to pursuing Arrow's strategy as an independent listed company. Furthermore, the Board considered the risks to the successful implementation of that strategy without Zach Lewy's ongoing commitment and also shareholder feedback following the public announcement of Zach Lewy's intentions.

In reaching their decision, the Arrow Board has taken into account Bidco's intentions for the broader business, management, employees and other stakeholders of Arrow.

Accordingly, following careful consideration with its financial and legal advisers, the Arrow Board intend to unanimously recommend the Cash Offer to Arrow Shareholders.

## **6. Information relating to Bidco, Topco and TDR Capital**

### *Bidco*

Bidco is a limited company registered in England and Wales and incorporated on 29 March 2021. Bidco was formed for the purposes of the Acquisition and is an entity owned indirectly by investment funds managed by TDR Capital and has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Acquisition.

The current directors of Bidco are Jonathan Rosen and Jonathan Mitchell. Further details in relation to Bidco will be contained in the Scheme Document.

### *Topco*

Topco is a limited company registered in England and Wales and incorporated on 29 March 2021. Topco was formed for the purposes of the Acquisition. Topco is a wholly-owned subsidiary of Parentco and is an entity owned indirectly by TDR Capital. Each of Bidco, Midco 1 and Midco 2 are direct or indirect wholly-owned subsidiaries of Topco and none of Topco, Midco 1 or Midco 2 has traded since its date of incorporation, nor entered into any obligations other than in connection with the Acquisition.

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

### *TDR Capital*

TDR Capital LLP is a leading private equity firm formed in 2002 and based in London with over €8 billion of committed capital. TDR Capital seeks to invest in market leading businesses and partner with them to develop and grow their operations.

## **7. Information relating to Arrow**

Arrow was founded in the United Kingdom in 2005, with the aim of identifying, acquiring and managing secured and unsecured loan and real estate portfolios from and on behalf of financial institutions, such as banks, institutional fund investors and specialist lenders. Arrow's shares were first admitted to listing and trading on the London Stock Exchange in 2013. Since 2013, the Arrow Group has expanded into Europe and, in addition to its UK operations, it now operates in Italy, Portugal, Ireland, the Netherlands and Belgium. The Arrow Group is now a leading European investor and asset manager in the non-performing and non-core assets sector.

The Arrow Group operates three business segments: (i) its Balance Sheet Business; (ii) its Asset Management and Servicing Business; and (iii) its Fund and Investment Management Business.

### *Balance Sheet Business*

This element of Arrow's business comprises investment in loan portfolios. The Arrow Group's investment strategy is highly differentiated from the typical large credit fund. Its local operating

platforms and operational expertise allow the Arrow Group to focus on smaller, high-return niches. This has resulted in the majority of its deals being executed outside of competitive auctions in off-market bilateral trades – in 2020, approximately 70% of the Arrow Group’s investments were transacted off-market. Arrow also has a track record of co-investing with investment clients to diversify risk.

#### *Asset Management and Servicing Business*

The Arrow Group services a large amount of assets both for its own investment business and for its clients. Its co-investment strategy with its investment clients means it increasingly services entire portfolios in respect of which it has only a small balance sheet equity exposure, earning servicing fees from other capital providers. This drives capital light revenues. In 2020, the Arrow Group secured 26 new servicing contracts.

#### *Fund and Investment Management Business*

Emerging from its strong track record of successfully investing capital into assets and servicing assets on behalf of clients, Arrow has developed a discretionary fund management business and launched its first discretionary fund in 2019. Investor demand for the exposure that Arrow can provide to its specialist, high-return asset class is strong from a wide range of alternative investors and, in 2020, Arrow announced the final close of its debut private fund, Arrow Credit Opportunities 1, with total commitments of €1.7 billion.

Arrow is listed on the London Stock Exchange with a market capitalisation of £408.9 million as of 5 February 2021 (being the last Business Day before the commencement of the offer period). For the year ended 31 December 2020, Arrow reported total income of £167.5 million.

### **8. Irrevocable undertakings**

As described above, Bidco has received irrevocable undertakings to vote (or, where applicable, procure voting) in favour of the Resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer) from all of the Arrow Directors who own Arrow Shares, in respect of their own beneficial holdings which are under their control totalling 404,985 Arrow Shares (representing approximately 0.23 per cent. of the existing issued ordinary share capital of Arrow) as at 30 March 2021, being the Business Day prior to this announcement. The undertakings from Arrow Directors will cease to be binding if: (i) the Panel consents to Bidco not proceeding with the Acquisition; (ii) the Scheme Document is not dispatched to Arrow Shareholders within 28 days (or such longer period as may be agreed between Arrow and the Panel) of this announcement; or (iii) the Scheme or Offer lapses or is withdrawn and no new, revised or replacement Scheme or Offer is announced by Bidco in accordance with Rule 2.7 of the Takeover Code in its place or is announced, in accordance with Rule 2.7 of the Takeover Code, at the same time. The undertakings will remain binding in the event that a higher competing offer for Arrow is made.

In addition to the irrevocable undertakings from Arrow Directors described above, Bidco has also received irrevocable undertakings from certain other Arrow Shareholders.

Zach Lewy has undertaken to vote (or to procure a vote) in favour of the Resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer) in respect of 2,650,918 Arrow Shares (representing approximately 1.49 per cent. of the existing issued ordinary share capital of

Arrow) as at 30 March 2021 (being the last Business Day prior to the date of this announcement). The undertaking from Zach Lewy will remain binding in the event that a higher competing offer for Arrow is made.

Fifth Street Station LLC has undertaken to vote in favour of the Resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer) and to accept the terms of the Alternative Offer in respect of 16,333,966 Arrow Shares (representing approximately 9.21 per cent. of the existing issued ordinary share capital of Arrow) as at 30 March 2021 (being the last Business Day prior to the date of this announcement).

Tom Drury has undertaken to vote (or to procure a vote) in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer) in respect of 2,566,228 Arrow Shares (representing approximately 1.45 per cent. of the existing issued ordinary share capital of Arrow) as at 30 March 2021 (being the last Business Day prior to the date of this announcement).

Each of Albacore Partners I Investment Holdings B DAC and Albacore Partners II Investment Holdings D DAC (together, “**Albacore**”) has undertaken to vote (or to procure a vote) in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer) in respect of 7,680,912 Arrow Shares (representing approximately 4.33 per cent. of the existing issued ordinary share capital of Arrow) as at 30 March 2021 (being the last Business Day prior to the date of this announcement).

The irrevocable undertakings from Fifth Street Station LLC, Albacore and Tom Drury will lapse if a third party announces a firm intention pursuant to Rule 2.7 of the Takeover Code to acquire the entire issued and to be issued ordinary share capital of Arrow and the consideration payable to each Arrow Share under such proposal represents in the reasonable opinion of the Board a premium of more than 10 per cent. to the value of the Cash Offer and Bidco does not announce a firm intention to increase the consideration to be paid for the Arrow Shares to at least an equivalent amount per share within seven days of such competing offer.

Further details of these irrevocable undertakings (including the circumstances in which they cease to be binding) are set out in Appendix 3 to this announcement.

## **9. Financing of the Acquisition**

The cash consideration payable to the Arrow Shareholders by Bidco under the terms of the Acquisition will be financed by equity to be invested by TDR Capital.

Citi, in its capacity as lead financial adviser to Bidco, is satisfied that sufficient resources are available to Bidco to satisfy in full the cash consideration payable to the Arrow Shareholders under the terms of the Acquisition.

Bidco has also entered into an interim facilities agreement dated on or around the date of this announcement in respect of the re-financing of certain facilities of the Arrow Group following completion of the Acquisition.

Further information on the financing of the Acquisition and the interim facilities agreement will be set out in the Scheme Document.

## 10. Offer-related arrangements

### *Confidentiality Agreement*

On 14 February 2021, TDR Capital and Arrow entered into the Confidentiality Agreement in relation to the Acquisition (the “**Confidentiality Agreement**”), pursuant to which, amongst other things, TDR Capital gave certain undertakings to: (a) subject to certain exceptions, keep information relating to Arrow and the Acquisition confidential and not to disclose it to third parties; and (b) use such confidential information only in connection with the Acquisition. These confidentiality obligations will remain in force until the earlier of 14 February 2023 and completion of the Acquisition by Bidco.

### *Cooperation Agreement*

Pursuant to a cooperation agreement (the “**Cooperation Agreement**”), Bidco and Arrow have, amongst other things, each agreed to: (i) cooperate in relation to obtaining any consents, clearances, permissions, waivers and/or approvals 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 Acquisition; and (ii) cooperate in preparing and implementing appropriate proposals in relation to the Arrow Share Plans. In addition, Bidco has agreed to certain provisions if the Scheme should switch to an Offer. The Cooperation Agreement will terminate in certain circumstances, including if the Acquisition is withdrawn, terminated or lapses, a competing offer completes, becomes effective or is declared unconditional, or if prior to the Long Stop Date any Condition has been invoked by Bidco, if the Arrow Directors withdraw their recommendation of the Cash Offer or if the Scheme does not become Effective in accordance with its terms by the Long Stop Date or otherwise as agreed between Bidco and Arrow. Pursuant to the terms of the Cooperation Agreement, Bidco undertakes that it will deliver a notice in writing to Arrow on the Business Day prior to the Sanction Hearing confirming either: (i) the satisfaction or waiver of the Conditions (other than the Scheme Conditions (as defined in the Cooperation Agreement)); or (ii) to the extent permitted by the Panel, that it intends to invoke or treat as unsatisfied or incapable of satisfaction one or more Conditions.

Bidco has also agreed that Mr Lee Rochford, Chief Executive Officer of Arrow, and Mr Matt Hotson, Chief Financial Officer of Arrow, will each be entitled to receive cash payments totalling: (i) 100% of their respective annual salaries; plus (ii) 100% of their maximum annual bonus opportunity, subject to completion of the Acquisition and Arrow ceasing to be listed on the London Stock Exchange (the “**Executive Retention Arrangements**”). Subject to applicable leaver terms, such cash payments will be paid to each executive within 90 days following the later of completion of the Acquisition and Arrow ceasing to be listed on the London Stock Exchange. The total value of the Executive Retention Arrangements is £1,960,562.40.

As required by, and solely for the purposes of, Rule 16.2 of the Takeover Code, Numis has (in its capacity as independent adviser to the Arrow Directors for the purposes of Rule 3 of the Takeover Code) reviewed the terms of the Executive Retention Arrangements and has confirmed that, in its opinion, the Executive Retention Arrangements set out above are fair and

reasonable as far as Arrow's Shareholders are concerned. In providing this advice to the Arrow Directors, Numis has taken into account the commercial assessments of the Arrow Directors.

#### **11. Disclosure of interests in Arrow securities**

Except for the irrevocable commitments referred to in paragraph 8 above and as disclosed above, as at close of business on 30 March 2021 (being the last practicable date prior to the date of this announcement) 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 it for the purposes of the Acquisition (i) had any interest in or right to subscribe for or had borrowed or lent any Arrow Shares or securities convertible or exchangeable into Arrow Shares, or (ii) had any short positions in respect of relevant securities of Arrow (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, or (iii) has borrowed or lent any relevant securities of Arrow (including, for these purposes, any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code) save for any borrowed shares which have been either on-lent or resold, or (iv) is a party to any dealing arrangement of the kind referred to in Note 11 on the definition of acting in concert in the Takeover Code.

'Interests in securities' for these purposes arise, 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.

#### **12. Directors, management, employees, pensions, research and development and locations**

##### ***Bidco's strategic plans for Arrow***

As set out in paragraph 3 (*Background to and reasons for the Acquisition*), Bidco believes that the Arrow team has in place a strategy to create a high quality, internationally diverse, vertically integrated credit manager.

However, Bidco believes that in order to achieve management's ambition of becoming a fully diversified alternative asset manager by 2025, now is the optimal time for the business to re-enter private ownership in order to allow for the incremental investment and transformation needed to accelerate its transition to recurring, capital-light revenues, away from the constraints of public markets.

Prior to this announcement, consistent with market practice, Bidco has been granted access to Arrow's senior management for the purposes of confirmatory due diligence. However, because of the constraints of a public offer process, Bidco has not yet had access to sufficiently detailed information to formulate a detailed strategy for Arrow

Following the Acquisition becoming Effective, Bidco intends to work with Arrow's management to undertake a detailed evaluation of the Arrow Group. Bidco expects that this evaluation will be completed within approximately four months from the Effective Date. The evaluation will include:

- engaging with the key stakeholders (including, regulators) of each business;
- assessing the opportunity and future capital deployment within Arrow's Fund Management Business, the Asset Management and Servicing Business and the Investment Business;
- reviewing Arrow management's plans for becoming a fully diversified alternative asset manager; and
- assessing potential investment that will support Arrow's growth ambitions and overall strategy.

Prior to receiving the outcome of this evaluation, and noting its general intention to implement a long-term growth strategy with Arrow's senior management, Bidco has no intention of changing Arrow's strategic plans.

### ***Employees and management***

Bidco attaches great importance to the skill and experience of Arrow's management and employees and recognises the important contribution that the management team and employees of Arrow have made to the success of the business.

Bidco is aware of the programme which Arrow management has previously announced in respect of the targeted reductions in overhead costs of approximately £10 million. As part of its evaluation of the Arrow Group referred to above, Bidco will be carrying out an assessment of this programme. While no decisions have yet been made by Bidco in relation to specific actions that may be taken following such review, Bidco intends to support Arrow management in seeing this programme through to completion to the extent it has not been completed prior to the Effective Date.

Once Arrow ceases to be a listed company, a limited number of listed company-related functions may be reduced in scope or become unnecessary. This will lead to a non-material reduction in the headcount of the Arrow Group.

Other than as part of the existing overhead reduction programme and the reduction in listed company-related functions in each case as described above, Bidco does not intend to make any other reductions to the Arrow Group's headcount or changes to the conditions of employment or the balance of skills and functions of the employees and management of the Arrow Group.

Bidco confirms that its intention is for any individuals impacted to be treated in a manner consistent with Arrow's high standards, culture and practices. Any headcount reductions will be carried out in accordance with applicable law (including, in jurisdictions where relevant, informing and consulting obligations).

It is intended that, with effect from the Effective Date, each of the non-executive members of the Arrow Board shall resign from his or her office as a director of Arrow.

### ***Existing rights and pensions***

Bidco confirms that, following the Acquisition becoming Effective, the existing contractual and statutory employment rights, including pension rights, of all Arrow management and employees will be fully safeguarded in accordance with applicable law.

Arrow makes available to certain employees a defined contribution pension scheme and auto enrolment scheme in accordance with its legal obligations, but does not itself offer any group defined benefit pension scheme. Bidco does not intend to make any changes to the current employer pension contribution arrangements, the accrual of benefits for existing members or the rights of admission of new members.

### ***Headquarters, locations, fixed assets and research and development***

Following the Acquisition, Bidco intends that Arrow will continue to operate as a standalone business group. Subject to the outcome of its strategic review to be undertaken following completion of the Acquisition, Bidco has no plans to undertake any material restructurings or change in the locations of Arrow's places of business. Bidco has no plans to change the location or functions of Arrow's headquarters in Manchester.

No changes are envisaged with respect to the redeployment of Arrow's fixed asset base and, to Bidco's knowledge, Arrow has no research and development function.

### ***Management incentive arrangements***

Following the Acquisition becoming Effective, Bidco intends to review the management, governance and incentive structure of Arrow.

Bidco has not entered into, and has not had material discussions on the terms of any form of incentivisation arrangements with members of Arrow's management, but may have discussions and enter into such discussions for certain members of the Arrow management team following the Effective Date.

### ***Trading Facilities***

Arrow Shares are currently listed on the Official List and admitted to trading on the London Stock Exchange. As set out in paragraph 18, applications will be made for the cancellation of the listing of Arrow Shares on the Official List and the cancellation of trading of Arrow Shares on the London Stock Exchange.

None of the statements in this paragraph 12 are "post-offer undertakings" for the purposes of Rule 19.5 of the Takeover Code.

## **13. The Alternative Offer**

Under the Alternative Offer, eligible Arrow Shareholders may elect in respect of all (but not some only) of their Arrow Shares to receive Rollover Securities at a ratio to be specified in the Scheme Document in lieu of the Cash Offer to which they are otherwise entitled.

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

The maximum number of Rollover Securities available to Arrow Shareholders under the Alternative Offer will be limited to 10 per cent. of the issued ordinary share capital of Topco at completion of the Acquisition (the "**Alternative Offer Maximum**").

If elections are validly received from eligible Arrow Shareholders in respect of a number of Arrow Shares that would require the issue of Rollover Securities exceeding the Alternative Offer Maximum, such elections will be unable to be satisfied in full. In these circumstances the number of Rollover Securities to be issued in respect of each Arrow Share will be rounded down on a pro rata basis, and the balance of the consideration for each Arrow Share will be paid in cash in accordance with the terms of the Cash Offer.

The availability of the Alternative Offer is conditional upon valid elections being made for such number of Rollover Securities as represent at least 5 per cent. of the issued ordinary share capital of Topco at completion of the Acquisition, failing which it will lapse. In these circumstances, no Rollover Securities will be issued and the consideration payable in respect of each Arrow Share will be settled entirely in cash in accordance with the terms of the Cash Offer.

The maximum amount of Rollover Securities any eligible Arrow Shareholder who elects to receive the Alternative Offer shall be entitled to will be limited to 9.99 per cent. of the issued ordinary share capital of Topco at completion of the Acquisition (the “**Shareholding Cap**”). If elections are validly received from an eligible Arrow Shareholder in respect of a number of Arrow Shares that would require the issue of Rollover Securities to such eligible Arrow Shareholder exceeding the Shareholding Cap, such elections will be unable to be satisfied in full. In these circumstances, the number of Rollover Securities to be issued to such shareholder would be rounded down to the Shareholding Cap and the balance of the consideration will be paid in cash in accordance with the terms of the Cash Offer.

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

For the purposes of Rule 24.11 of the Takeover Code, Citi, as lead financial adviser to the 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, Arrow Shareholders who do not validly elect to receive all their consideration by means of the Alternative Offer will automatically receive the full amount of the Cash Offer for their entire holding of Arrow Shares.

If the Scheme becomes Effective, eligible Arrow Shareholders that validly elect to receive consideration by means of the 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, all of the Arrow Shares of the relevant electing Arrow Shareholders will be exchanged for shares or loan notes to be issued by Bidco (the “**Bidco Rollover Securities**”);
- **Second Exchange** - secondly, and immediately following the first exchange, the Bidco Rollover Securities will be exchanged for shares or loan notes to be issued by Midco 2 (the “**Midco 2 Rollover Securities**”);

- **Third Exchange** - thirdly, and immediately following the second exchange, the Midco 2 Rollover Securities will be exchanged for shares or loan notes to be issued by Midco 1 (the “**Midco 1 Rollover Securities**”); and
- **Fourth Exchange** - fourthly, and immediately following the third exchange, the Midco 1 Rollover Securities will be exchanged for the relevant number of Rollover Securities to which eligible Arrow Shareholders are entitled in accordance with the Alternative Offer, (the “**Rollover**”).

#### 14. Summary of Rollover Securities

A summary of the key rights of 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 general voting rights at general meetings of Topco;
- the Rollover Securities will be subject to a lock-up period of 5 years, (the “**Lock-up Period**”);
- the Rollover Securities will be unlisted;
- eligible Arrow Shareholders who validly elect to receive all their consideration by means of the 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 Topco Shareholders’ Agreement;
- following the expiration of the Lock-up Period, a holder of Rollover Securities (each, a “**Topco B Shareholder**”) will be entitled to transfer its Rollover Securities (provided that any such transfer is for all (but not part) of the Rollover Securities held by such Topco B Shareholder), subject to a right of first refusal on the part of TDR Capital and to certain other restrictions in respect of the identity of the proposed transferee. In particular, any proposed transferee of Rollover Securities after the Lock-up Period:
  - shall adhere to the Topco Shareholders’ Agreement;
  - shall complete any applicable anti-money laundering, anti-bribery and corruption, anti-sanctions and “know your client” checks reasonably required by TDR Capital and/or its associates or Topco (to be undertaken promptly) and/or any antitrust or regulatory change in control approvals required by any regulator (which Topco shall provide reasonable information and assistance in obtaining, if required); and
  - must not be considered by the board of Topco (acting reasonably and without delay) to be a competitor of the Arrow Group, or a person whose investment is likely to result in reputational harm to TDR Capital, its associates or the Arrow Group;
- TDR Capital will have a right to “drag along” (i.e. force the sale of) all Rollover Securities held by Topco B Shareholders in Topco on any transfers of direct or indirect shareholdings in securities of Topco by TDR Capital, and on the same economic terms as TDR Capital, to a bona fide third party purchaser if, following such transfer, the purchaser would

thereafter directly or indirectly hold a majority of the ordinary share capital of Topco. TDR Capital will also have customary drag rights in connection with a proposed initial public offering of Topco or any newly incorporated company established in connection with such initial public offering.

- A Topco B Shareholder will be entitled to customary pro-rata tag-along rights on any transfer of direct or indirect shareholdings in Topco by Parentco (other than in respect of certain excluded instances).

#### 15. Risk factors and other investment considerations

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

- upon the Scheme becoming Effective, Topco and its subsidiaries will be controlled by TDR Capital and the Rollover Securities will not carry any general voting rights at general meetings of Topco;
- the Rollover Securities will comprise securities in a private and unquoted company, and there is no current expectation that they will be listed or admitted to trading on any exchange or market for the trading of securities, and will therefore be illiquid;
- 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 in the Scheme Document;
- payments in respect of Rollover Securities will not be guaranteed or secured and, for so long as the Topco and its subsidiaries has any secured debt outstanding, it is not anticipated that Topco 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 during the Lock-up Period (save in very limited circumstances such as in accordance with customary drag-along or otherwise with the prior consent of Parentco). Following the Lock-up Period, a Topco B Shareholder shall be entitled to transfer its Rollover Securities provided that any such transfer is for all (but not part) of the Rollover Securities held by such Topco B Shareholder, subject to a right of first refusal on the part of Parentco or its nominee and to certain other restrictions in respect of the identity of the proposed transferee.
- the holders of Rollover Securities will not enjoy any minority protections or other rights save for those rights prescribed by applicable law;
- Topco B 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; and
- Topco B Shareholders will not be afforded the same level of protections and disclosure of information that they currently benefit from as shareholders in Arrow as a listed company.

## 16. Arrow Share Plans

Participants in the Arrow Share Plans will be contacted regarding the effect of the Acquisition on their options and awards under the Arrow Share Plans and an appropriate proposal will be made to such participants which reflects their options and awards under the Arrow Share Plans in due course. Details of the impact of the Scheme on each of the Arrow Share Plans and the proposals will be set out in the Scheme Document.

## 17. Scheme process

The Acquisition is subject to the Conditions and certain further terms referred to in Appendix 1 to this announcement and to 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 (or such later date as Bidco and Arrow may, with the consent of the Panel, agree and, if required, as the Court may approve):

- 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;
- the Special Resolutions are passed by the requisite majority of Arrow Shareholders at the Arrow General Meeting;
- following the Court Meeting and Arrow General Meeting, the Scheme is sanctioned by the Court (without modification, or with modification on terms agreed by Bidco and Arrow); and
- following such sanction, an office copy of the Court Order is delivered to the Registrar of Companies.

The Conditions in paragraph 2 of Appendix 1 to this announcement provide that the Scheme will lapse if:

- the Court Meeting and the Arrow General Meeting are not held by the 22<sup>nd</sup> day after the expected date of the Court Meeting and the Arrow General Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and Arrow);
- the Sanction Hearing to approve the Scheme is not held by the 22<sup>nd</sup> day after the expected date of the Sanction Hearing to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and Arrow); or
- the Scheme does not become Effective by 11.59 p.m. on the Long Stop Date (or such later date as may be agreed between Bidco and Arrow and the Panel and the Court may allow).

If any Condition in paragraph 2 of Appendix 1 to this announcement is not capable of being satisfied by the date specified therein, 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 Arrow, specified a new date by which that Condition must be satisfied.

Once the necessary approvals from Arrow Shareholders 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 the Court Order to the Registrar of Companies. Subject to the satisfaction of the Conditions, the Scheme is expected to become Effective in the third quarter of 2021.

Upon the Scheme becoming Effective: (i) it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the Arrow General Meeting (and if they attended and voted, whether or not they voted in favour); and (ii) share certificates in respect of Arrow Shares will cease to be valid and entitlements to Arrow Shares held within the CREST system will be cancelled. The consideration for the Acquisition (pursuant to the Cash Offer or the Alternative Offer, as applicable) will be dispatched to Arrow Shareholders no later than 14 days after the Effective Date.

Any Arrow Shares issued before the Scheme Record Time will be subject to the terms of the Scheme. The Special Resolutions to be proposed at the Arrow General Meeting will, amongst other matters, provide that the Articles be amended to incorporate provisions requiring any Arrow Shares issued after the Scheme Record Time (other than to Bidco and/or their nominees) to be automatically transferred to Bidco (and, where applicable, for consideration to be paid to the original recipient of the Arrow Shares so issued) on the same terms as the Acquisition (other than terms as to timings and formalities). The provisions of the Articles (as amended) will avoid any person (other than Bidco and their nominees) holding shares in the capital of Arrow after the Effective Date.

Bidco reserves the right to elect to implement the Acquisition by way of an Offer (as defined in section 974 of the 2006 Act) as an alternative to the Scheme (subject to the Panel's consent and the terms of the Cooperation Agreement). In such event, the Acquisition will be implemented on the same terms (subject to appropriate amendments including (without limitation) the inclusion of an acceptance condition set at 75 per cent. (or such other percentage as Bidco may, subject to the rules of the Takeover Code and the terms of the Cooperation Agreement and with the consent of the Panel, decide) of the shares to which the Acquisition relates and those required by, or deemed appropriate by, Bidco under applicable law, so far as applicable) as those which would apply to the Scheme. Further, if sufficient acceptances of such Offer are received and/or sufficient Arrow Shares are otherwise acquired, it is the intention of Bidco to apply the provisions of the 2006 Act to acquire compulsorily any outstanding Arrow Shares to which such Offer relates.

Further details of the Scheme, including expected times and dates for each of the Court Meeting, the Arrow General Meeting and the Sanction Hearing, together with notices of the Court Meeting and the Arrow General Meeting, will be set out in the Scheme Document, which will be published as soon as reasonably practicable after the date of this announcement. The Scheme will be governed by the laws of England and Wales and will be subject to the jurisdiction of the Courts of England and Wales.

#### **18. Delisting, and cancellation of trading and re-registration**

It is intended that the London Stock Exchange and the FCA will be requested respectively to cancel trading in Arrow Shares on the London Stock Exchange's Main Market for listed

securities and the listing of the Arrow Shares on the Official List on or shortly after the Effective Date.

It is expected that the last day of dealings in Arrow Shares on the Main Market of the London Stock Exchange 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 Arrow be re-registered as a private limited company as part of the Acquisition and for this to take effect as soon as practicable on or following the Effective Date.

## 19. Consents

Citi, Ashcombe, Barclays, Goldman Sachs, J.P. Morgan Cazenove, Numis and Panmure Gordon 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.

## 20. Documents

Copies of the following documents will be available promptly on Bidco's and Arrow's websites, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, at <https://www.arrowglobal.net/en/investors.html> and <https://www.tdrcapital.com/arrowglobal-offer> and in any event by no later than noon on the Business Day following this announcement until the end of the Acquisition:

- this announcement;
- the Confidentiality Agreement;
- the Cooperation Agreement;
- the irrevocable undertakings referred to in paragraph 8 above;
- the documents entered into for the financing of the Acquisition referred to in paragraph 9 above; and
- the consent letters from each of Citi, Ashcombe, Barclays, Goldman Sachs, J.P. Morgan Cazenove, Numis and Panmure Gordon as referred to in paragraph 19 above.

The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

## 21. General

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

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.

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Kirkland & Ellis International LLP is acting as legal adviser to Bidco and TDR Capital.

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**Further information**

*Citigroup Global Markets Limited (“Citi”), which is authorised by the Prudential Regulation Authority (“PRA”) and regulated in the UK by the Financial Conduct Authority (“FCA”) and the PRA, is acting as financial adviser for Bidco and for no one else in connection with the Acquisition and will not be responsible to anyone other than Bidco for providing the protections afforded to clients of Citi nor for providing advice in connection with the Acquisition, 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 Acquisition or otherwise.*

*Ashcombe Advisers LLP (“Ashcombe”), which is regulated in the UK by the FCA, is acting as financial adviser exclusively for Bidco and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than Bidco for providing the protections afforded to clients of Ashcombe nor for providing advice in relation to any matter referred to herein.*

*Barclays, which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively for Bidco and no one else in connection with the matters described in this Announcement and will not be responsible to anyone other than Bidco for providing the protections afforded to clients of Barclays nor for providing advice in relation to the subject matter of this announcement or any other matter referred to in this Announcement. In accordance with the Code, normal United Kingdom market practice and Rule 14e-5(b) of the Exchange Act, Barclays and its affiliates will continue to act as exempt principal trader in Arrow securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com). This information will also be publicly disclosed in the United States to the extent that such information is made public in the United Kingdom.*

*Goldman Sachs International, which is authorised by the PRA and regulated by the PRA and the FCA in the United Kingdom, is acting exclusively for Arrow and for no one else in connection with the possible offer and will not be responsible to anyone other than Arrow for providing the protections afforded to its clients or for providing advice in relation to the possible offer, the contents of this announcement or any other matters referred to in this announcement.*

*J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove (“J.P. Morgan Cazenove”), is authorised in the United Kingdom by the PRA and regulated in the United Kingdom by the PRA and the FCA. J.P. Morgan Cazenove is acting as financial adviser exclusively for Arrow and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than Arrow for providing the protections afforded to clients of J.P. Morgan Cazenove, or for providing advice in relation to any matter referred to herein.*

*Numis Securities Limited (“Numis”), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Arrow and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than Arrow for providing the protections afforded to clients of Numis, nor for providing advice in relation to any matter referred to herein.*

*Panmure Gordon (UK) Limited (“Panmure Gordon”), which is authorised and regulated by the FCA in the United Kingdom is acting exclusively as Corporate Broker to Arrow and no one else in connection with the subject matter of this Announcement and will not be responsible to anyone other than Arrow for providing the protections afforded to clients of Panmure Gordon or for providing advice in connection with the subject matter referred of this Announcement.*

*This announcement is for information purposes only and is not intended to, and does not, constitute or form part of any offer or inducement to sell or an invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of an offer to buy any securities, any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise. The Acquisition will be made solely pursuant to the terms of the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document), which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. Any decision in respect of, or other response to, the Acquisition*

*should be made only on the basis of the information in the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document).*

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

*This announcement is an advertisement and does not constitute a prospectus or prospectus equivalent document.*

### **Overseas Shareholders**

*This announcement has been prepared in accordance with and for the purpose of complying with the laws of England and Wales, the Takeover Code, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules 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 of, and observe, any applicable requirements of their jurisdictions.*

*The availability of the Acquisition to Arrow Shareholders who are not resident in and citizens of the UK 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 UK 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 Arrow Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy 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 Acquisition 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 Acquisition will not be made available, 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 Acquisition 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 Acquisition 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 this announcement and all such documents relating to the Acquisition (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 Acquisition. If the Acquisition is implemented by way of an Offer (unless otherwise permitted by applicable law and regulation), the 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 Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.*

*The Acquisition shall be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the FCA.*

### **Notice to US investors in Arrow**

*The Acquisition relates to the shares of an English company and is being made by means of a scheme of arrangement provided for under the laws of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under the US Securities Exchange Act of 1934 (the "US Exchange Act"). Accordingly, the Acquisition is subject to the disclosure and procedural requirements and practices applicable in the United Kingdom to schemes of arrangement which differ from the disclosure requirements of the US tender offer and proxy solicitation rules.*

*The financial information included in this announcement and the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document) has been prepared in accordance with generally accepted accounting principles of the United Kingdom and thus 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.*

*If, in the future, Bidco exercises its right to implement the Acquisition by means of an Offer which is to be made into the United States, such an Offer would be made in compliance with all applicable US laws and regulations, including any applicable exemptions under the US Exchange Act. Such an Offer would be made in the United States by Bidco and no one else.*

*In the event that the Acquisition is implemented by way of an Offer, 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 Arrow outside of the US, other than pursuant to such an Offer, during the period in which such an Offer would remain open for acceptances. These purchases may 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 United Kingdom, 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).*

*The receipt of consideration by a US holder for the transfer of its Arrow Shares pursuant to the Scheme may have tax consequences in the US and such consequences, if any, are not described herein. Each Arrow Shareholder is urged to consult their independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to them, including under applicable United States state and local, as well as overseas and other, tax laws.*

*Arrow and Bidco are both incorporated under the laws of England and Wales. Some or all of the officers and directors of Bidco and Arrow, respectively, are residents of countries other than the United States. In addition, some of the assets of Bidco and Arrow are located outside the United States. As a result, it may be difficult for US holders of Arrow Shares to enforce*

*their rights and any claim arising out of the US federal laws or to enforce against them a judgment of a US court predicated upon the securities laws of the United Kingdom. US holders of Arrow 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 Alternative Offer will not be registered and it is proposed that the Alternative Offer will be made pursuant to an applicable exemption.*

### **Forward-Looking Statements**

*This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Acquisition, and other information published by Bidco and Arrow contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Bidco and Arrow about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.*

*The forward-looking statements contained in this announcement include statements relating to the expected effects of the Acquisition on Bidco and Arrow (including their future prospects, developments and strategies), the expected timing and scope of the Acquisition and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "prepares", "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "projects", "synergy", "strategy", "scheduled", "goal", "estimates", "forecasts", "intends", "cost-saving", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Forward looking statements may 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 Bidco's, Arrow's, any member of the Bidco Group's or any member of Arrow Group's operations and potential synergies resulting from the Acquisition; and (iii) the effects of global economic conditions and governmental regulation on Bidco's, Arrow's, any member of the Bidco Group's or any member of the Arrow Group's business.*

*Although Bidco and Arrow believe that the expectations reflected in such forward-looking statements are reasonable, Bidco and Arrow can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.*

*These factors include, but are not limited to: the ability to complete the Acquisition; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms and schedule; changes in the global political, economic, business and competitive environments and in market and regulatory forces; changes in future exchange and interest rates; changes in tax rates; future business combinations or disposals; changes in general economic and business conditions; changes in the behaviour of other*

*market participants; changes in the anticipated benefits from the proposed transaction not being realised as a result of changes in general economic and market conditions in the countries in which Bidco and Arrow operate; weak, volatile or illiquid capital and/or credit markets; changes in the degree of competition in the geographic and business areas in which Bidco and Arrow operate; and changes in laws or in supervisory expectations or requirements. Other unknown or unpredictable factors could cause actual results to differ materially from those expected, estimated or projected in the forward-looking statements. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions proves incorrect, actual results may differ materially from those expected, estimated or projected. Such forward-looking statements should therefore be construed in the light of such factors.*

*Neither Bidco nor Arrow, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Given these risks and uncertainties, potential investors are cautioned not to place any reliance on these forward-looking statements.*

*Specifically, statements of estimated cost savings and synergies related to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Due to the scale of the Arrow Group, there may be additional changes to the Arrow Group's operations. As a result, and given the fact that the changes relate to the future, the resulting cost synergies may be materially greater or less than those estimated.*

*Other than in accordance with their legal or regulatory obligations, neither Bidco nor Arrow is under any obligation, and Bidco and Arrow expressly disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

### **Dealing and Opening Position Disclosure Requirements**

*Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% 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 on the 10<sup>th</sup> Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm on the 10<sup>th</sup> 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 1% 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 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 a 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 Arrow's website at <https://www.arrowglobal.net/en/investors.html> 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 any website accessible from hyperlinks is incorporated into or forms part of this announcement.*

### **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 Arrow for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Arrow.*

### **Requesting hard copy documents**

*In accordance with Rule 30.3 of the Takeover Code, Arrow Shareholders, persons with information rights and participants in Arrow Share Plans may request a hard copy of this announcement by contacting Arrow's registrars, Equiniti, between 9.00 a.m. to 5:30 p.m. (London time) Monday to Friday (except UK public holidays) on 0371 384 2030 if calling from the United Kingdom, or +44 121 415 7047 if calling from outside the United Kingdom or by submitting a request in writing to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom. Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable*

*international rate. Please note that Equiniti cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. For persons who receive a copy of this announcement in electronic form or via a website notification, a hard copy of this announcement will not be sent unless so requested. Such persons may also request that all future documents, announcements and information to be sent to them in relation to the Acquisition should be in hard copy form.*

### **Electronic Communications**

*Please be aware that addresses, electronic addresses and certain other information provided by Arrow Shareholders, persons with information rights and other relevant persons for the receipt of communications from Arrow may be provided to Bidco during the offer period as required under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.111.*

### **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.*

### **General**

*If the Acquisition is effected by way of an Offer, and such an 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 2006 Act so as to acquire compulsorily the remaining Arrow Shares in respect of which the Offer has not been accepted.*

*Investors should be aware that Bidco may purchase Arrow Shares otherwise than under any 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 FSMA if you are resident in the United Kingdom or, if not, from another appropriate authorised independent financial adviser.*

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

*For the purposes of Rule 2.9 of the Takeover Code, Arrow confirms that, as at 30 March 2021, it had in issue 177,386,677 ordinary shares of 1 pence each (excluding shares held in treasury). The ISIN for the ordinary shares is GB00BDGTXM47.*

**APPENDIX 1**  
**CONDITIONS AND FURTHER TERMS OF THE TRANSACTION**

**Part A:        Conditions to the Scheme and Acquisition**

1.     The Acquisition will be conditional upon the Scheme becoming unconditional and becoming Effective, subject to the provisions of the Takeover Code, by no later than 11.59 p.m. on the Long Stop Date, or such later date (if any) as Bidco and Arrow may, with the consent of the Panel, agree and (if required) as the Court may allow.

**Conditions of the Scheme**

2.     The Scheme will be subject to the following Conditions:
  - (a)    (i) its approval by a majority in number representing not less than 75 per cent. in value of Scheme Shareholders who are on the register of members of Arrow (or the relevant class or classes thereof) at the Voting Record Time, present and voting (and entitled to vote), whether in person or by proxy, at the Court Meeting and at any separate class meeting which may be required (or any adjournment thereof), and (ii) such Court Meeting (and any separate class meeting which may be required) being held on or before the 22<sup>nd</sup> day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and Arrow with the consent of the Panel (and that the Court may approve if required));
  - (b)    (i) the Special Resolutions being duly passed at the Arrow General Meeting (or any adjournment thereof) and (ii) such Arrow General Meeting being held on or before the 22<sup>nd</sup> day after the expected date of the Arrow General Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and Arrow with the consent of the Panel (and that the Court may approve if required)); and
  - (c)    (i) the sanction of the Scheme by the Court (with or without modification (but subject to any such modification being acceptable to Bidco and Arrow)) and the delivery of the office copy of the Court Order to the Registrar of Companies; and (ii) the Sanction Hearing being held on or before the 22<sup>nd</sup> day after the expected date of the Sanction Hearing to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and Arrow with the consent of the Panel (and that the Court may approve)).

**General Conditions**

3.     In addition, subject as stated in Part B below, Bidco and Arrow have agreed that the Acquisition will be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme Effective will not be taken unless the following Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

***Anti-trust***

***European Union***

- (a) insofar as the Acquisition or any aspect of the Acquisition constitutes, or is deemed to constitute, a concentration with a Community dimension within the scope of Council Regulation (EC) 139/2004 (as amended) (the “**Regulation**”) or the European Commission otherwise accepts jurisdiction to examine the Acquisition under the Regulation:
  - (i) the European Commission having issued a decision under Article 6(1)(b) of the Regulation, or being deemed to have done so under Article 10(6) of the Regulation, declaring the Acquisition compatible with the internal market provided that such approval shall either be unconditional or, if such approval is subject to any conditions, on conditions reasonably satisfactory to Bidco; or
  - (ii) following a referral by the European Commission of the Acquisition (or part of it) to a relevant national competition authority, regulatory body or governmental department within any EU/EFTA Member State (under Article 9 of the Regulation), Bidco having received confirmation from the national competition authority concerned that the Acquisition (or part of it) has been unconditionally approved in accordance with the relevant national legislation of that EU Member State or, if such approvals are subject to any conditions, on conditions reasonably satisfactory to Bidco;

### ***Regulatory***

#### *UK FCA:*

- (b) the FCA giving notice pursuant to section 189(4)(a) of FSMA or issuing a decision notice under section 189(7) of FSMA that it approves the acquisition or increase in control over each member of the Arrow Group that is a UK authorised person (as defined in section 191G(1) of FSMA), by each member of the Wider Bidco Group whose acquisition or increase of control over such entities would take place as a result of the Acquisition or its implementation, or the FCA being treated as having given such approval under section 189(6) of FSMA and, for the purposes of this condition, “control” shall have the meaning given to it for the purposes of Part XII of FSMA (read with the FSMA (Controllers) (Exemption) Order 2009, where applicable);

#### *Bank of Italy:*

- (c) the Bank of Italy authorizing pursuant to Articles 19, 22, and 110 of Italian Legislative Decree no. 385/1993 (the Consolidated Banking Act or “**CBA**”) the indirect acquisition of control (as defined in Article 23 of the CBA) over Zenith Service S.p.A., an Italian company belonging to the Arrow Group enrolled in the register of Italian financial intermediaries held by the Bank of Italy pursuant to Article 106 of the CBA, by any member of the Wider Bidco Group that requires such authorisation where that indirect acquisition of control would take place as a result of the Acquisition or its implementation;
- (d) the Bank of Italy (i) having been notified pursuant to Article 15 of Italian Legislative Decree no. 58/1998 (the Consolidated Financial Act or “**CFA**”) of

the intention by any member of the Wider Bidco Group to indirectly acquire control (as defined in Article 15 of the CFA and Article 23 of the CBA) over Sagitta SGR S.p.A., an Italian company belonging to the Arrow Group enrolled in the register of Italian asset management companies held by the Bank of Italy pursuant to Article 35 of the CFA, where the indirect acquisition of control would take place as a result of the Acquisition or its implementation, and (ii) not having forbidden the indirect acquisition of control within the deadline set forth in the applicable Bank of Italy's regulations implementing Article 15 of the CFA;

*Central Bank of Ireland:*

- (e) the Central Bank of Ireland having been notified of the change to qualifying shareholders of any members of the Arrow Group who are authorised by the Central Bank of Ireland that will take place as a result of the Acquisition and the Central Bank of Ireland not having given formal written notice that it objects to such change in qualifying shareholders by the sooner of: (i) the time at which each of the other Financial Services Conditions has been satisfied; and (ii) 60 Business Days following the publication of this announcement;

*Jersey Financial Services Commission:*

- (f) the Jersey Financial Services Commission (the “**JFSC**”) providing its confirmation in writing:
  - (i) that it does not object to (a) any person (including Bidco) becoming a “principal person” (as defined in Article 1(1) of the Financial Services Jersey Law 1998 (the “**FSJL**”)) of any member of the Arrow Group that is registered pursuant to the FSJL (a “**Jersey Regulated Entity**”) in accordance with Article 14(1) of the FSJL; and (b) any person (including any Arrow Shareholder) who is “shareholder controller” of a Jersey Regulated Entity disposing of its holding in a Jersey Regulated Entity, or a Jersey Regulated Entity ceasing to be a subsidiary (as defined in Article 1(1) of the FSJL) of any such person (including any Arrow Shareholder) in each case in accordance with and to the extent required by Article 14(2) of the FSJL, in each case where such change would take place as a result of the Acquisition or its implementation; and
  - (ii) that, to the extent such consent is required in respect of the Acquisition or its implementation pursuant to the terms of any consents, permits or licences issued by the JFSC to a member of the Arrow Group or pursuant to the terms of any undertaking issued by a member of the Arrow Group to the JFSC, the JFSC gives its consent for the purposes of and to the extent such consent is required pursuant to such consents, permits, licences or undertakings;

*Dutch Financial Markets Authority:*

- (g) the Dutch Financial Markets Authority (*Autoriteit Financiële Markten*) approving any member of the Wider Bidco Group who will, as a result of the Acquisition, require approval as a new (co-)policymaker of Vesting Finance

Servicing B.V. or Universum Inkasso B.V. within the meaning of article 103 sub 2 of the Decree on Market Conduct Supervision of Financial Undertakings under the Wft (*Besluit Gedragstoezicht financiële ondernemingen Wft*);

*Solicitors Regulation Authority*

- (h) The approval by the SRA of:
  - (i) any member of the Wider Bidco Group who will, as a result of the Acquisition, acquire a restricted interest (as defined in Schedule 13, Paragraph 2(1) of the Legal Services Act 2007) (“**LSA**”) in Drydens Limited, and who is required to notify the SRA of this acquisition under Schedule 13, Paragraph 21(2) of the LSA; and
  - (ii) any persons required to be approved by the SRA as beneficial owners of Drydens Limited under the Money Laundering Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 that will become beneficial owners of Drydens Limited as a result of the Acquisition.

**Other Third Party clearances**

- (i) other than in respect of Conditions 3(a), (b), (c), (d), (e), (f), (g) and (h), no central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, environmental body, employee representative body or any other body or person whatsoever in any jurisdiction (each a “**Third Party**”) having given notice of a decision to take, institute, implement or threaten 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 requirement or action) and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to:
  - (i) make the Acquisition, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider Arrow Group by any member of the Wider Bidco Group void, illegal and/or unenforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly materially prevent, prohibit, restrain, restrict, impede, challenge, delay or otherwise interfere with the implementation of, or impose material additional conditions or obligations with respect to, the Acquisition or the acquisition of any shares or other securities in, or control or management of, any member of the Wider Arrow Group by any member of the Wider Bidco Group or require amendment of the Scheme;
  - (ii) 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 Arrow Group of all or any part

of their 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) to an extent which is material in the context of the Wider Arrow Group taken as a whole or in the context of the Acquisition;

- (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 or hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in Arrow (or any member of the Wider Arrow Group) or on the ability of any member of the Wider Arrow Group or any member of the Wider Bidco Group directly or indirectly to hold or exercise effectively any rights of ownership in respect of shares or other securities in, or to exercise management control over, any member of the Wider Arrow Group to an extent which is material in the context of the Wider Arrow Group taken as a whole or in the context of the Acquisition;
- (iv) other than pursuant to the implementation of the Scheme or, if applicable, sections 974 to 991 of the 2006 Act, require any member of the Wider Bidco Group or the Wider Arrow Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider Arrow Group or any asset owned by any third party which is material in the context of the Wider Arrow Group or the Wider Bidco Group, in either case taken as a whole;
- (v) require, prevent or 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 Arrow Group;
- (vi) result in any member of the Wider Arrow Group ceasing to be able to carry on business under any name under which it presently carries on business to an extent which is material in the context of the Wider Arrow Group taken as a whole or in the context of the Acquisition;
- (vii) impose any material limitation on the ability of any member of the Wider Bidco Group or any member of the Wider Arrow Group to conduct, integrate or co-ordinate all or any part of their respective businesses with all or any part of the business of any other member of the Wider Bidco Group and/or the Wider Arrow Group in a manner which is adverse and material to the Wider Bidco Group and/or the Wider Arrow Group, in either case, taken as a whole or in the context of the Acquisition; or
- (viii) except as Disclosed, otherwise affect the business, assets, value, profits, prospects or operational performance of any member of the Wider Arrow Group or any member of the Wider Bidco Group in each case in a manner which is adverse to and material in the context of the Wider Arrow Group taken as a whole or of the financing of the Acquisition;

and all applicable waiting and other time periods (including any extensions thereof) during which any such Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Acquisition or proposed acquisition of any Arrow Shares or otherwise intervene having expired, lapsed, or been terminated;

- (j) other than in respect of Conditions 3(a), (b), (c), (d), (e), (f), (g) and (h), all notifications, filings or applications which are deemed by Bidco, acting reasonably, to be necessary or reasonably considered to be appropriate having been made in connection with the Acquisition and all necessary waiting and other time periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with and all Authorisations which are deemed by Bidco to be necessary or reasonably considered to be appropriate in any jurisdiction for or in respect of the Acquisition or the proposed acquisition of any shares or other securities in, or control of, Arrow by any member of the Wider Bidco Group having been obtained in terms and in a form reasonably satisfactory to Bidco from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider Arrow Group or the Wider Bidco Group has entered into contractual arrangements in each case where the direct consequence of a failure to make such notification or filing or to wait for the expiry, lapse or termination of any such waiting or other time period or to comply with such obligation or obtain such Authorisation would be unlawful in any relevant jurisdiction or have a material adverse effect on the Wider Arrow Group, any member of the Bidco Group or the ability of Bidco to implement the Scheme and all such Authorisations remaining in full force and effect at the time at which the Scheme becomes otherwise unconditional in all respects and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations;

#### **Confirmation of absence of adverse circumstances**

- (k) except as Disclosed, there being no provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider Arrow 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 Acquisition or the proposed acquisition by any member of the Wider Bidco Group of any shares or other securities in Arrow or because of a change in the control or management of any member of the Wider Arrow Group or otherwise, would or might reasonably be expected to result in, in each case to an extent which is material in the context of the Wider Arrow Group taken as a whole or to the financing of the Acquisition:
  - (i) any monies borrowed by, or any other indebtedness, actual or contingent of, or any grant available to, any member of the Wider Arrow 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) the rights, liabilities, obligations, interests or business of any member of the Wider Arrow 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 Arrow Group or any member of the Wider Bidco Group in or with any other firm or company or body or person (or any agreement or arrangement relating to any such business or interests) being or likely to become terminated or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken or arising thereunder;
- (iii) any member of the Wider Arrow Group ceasing to be able to carry on business under any name under which it presently carries on business to an extent which is material in the context of the Arrow Group taken as a whole or in the context of the Acquisition;
- (iv) any assets or interests of, or any asset the use of which is enjoyed by, any member of the Wider Arrow Group being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider Arrow Group otherwise than in the ordinary course of business;
- (v) other than 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 Arrow Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen), becoming enforceable;
- (vi) the business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider Arrow Group being prejudiced or adversely affected;
- (vii) the creation or acceleration of any material liability (actual or contingent) by any member of the Wider Arrow Group other than trade creditors or other liabilities incurred in the ordinary course of business; or
- (viii) any liability of any member of the Wider Arrow Group to make any severance, termination, bonus or other payment to any of its directors or other officers other than in the ordinary course of business;

**No material transactions, claims or changes in the conduct of the business of the Arrow Group**

- (l) except as Disclosed, no member of the Wider Arrow Group having since 31 December 2020:

- (i) save as between Arrow and its wholly-owned subsidiaries or between such wholly-owned subsidiaries and save for the issue or transfer out of treasury of Arrow Shares on the exercise of options or vesting of awards granted in the ordinary course under the Arrow Share Plans, 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 or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Arrow Shares out of treasury;
- (ii) recommended, declared, paid or made or agreed to recommend, declare, pay or make any bonus issue, dividend or other distribution (whether payable in cash or otherwise) other than to Arrow or one of its wholly-owned subsidiaries;
- (iii) save as between Arrow and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, merged with (by statutory merger or otherwise) or demerged from or acquired any body corporate, partnership or business or acquired or disposed of, or, other than in the ordinary course of business, transferred, mortgaged or charged or created any security interest over, any assets or any right, title or interest in any asset (including shares and trade investments) or authorised, proposed or announced any intention to do so, in each case to an extent which is material in the context of the Wider Arrow Group taken as a whole;
- (iv) save as between Arrow and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, made, authorised, proposed or announced an intention to propose any change in its loan capital other than in the ordinary course of business and to an extent which is material in the context of the Wider Arrow Group taken as a whole;
- (v) 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 (save in the ordinary course of business and save as between Arrow and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) incurred or increased any indebtedness or become subject to any contingent liability to an extent which is material in the context of the Wider Arrow Group taken as a whole or in the context of the Acquisition;
- (vi) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary, any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) (otherwise than in the ordinary course of business) which is of a long term, unusual or onerous nature, or which involves or could reasonably be expected to involve an obligation of a nature or magnitude which is or is likely to be materially restrictive on the business of any

member of the Wider Arrow Group to an extent which is or is reasonably likely to be material to the Wider Arrow Group taken as a whole;

- (vii) entered into any licence or other disposal of intellectual property rights of any member of the Wider Arrow Group which are material in the context of the Wider Arrow Group and outside the normal course of business;
- (viii) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary the terms of or made any offer (which remains open for acceptance) to enter into or vary the terms of, any contract, commitment, arrangement or any service agreement with any director or senior executive of the Wider Arrow Group save for salary increases, bonuses or variations of terms in the ordinary course;
- (ix) proposed, agreed to provide or modified the 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 Arrow Group which, taken as a whole, are material in the context of the Wider Arrow Group taken as a whole;
- (x) (excluding the trustee of any pension scheme(s) established by a member of the Wider Arrow Group unless that trustee is Arrow itself) (I) made, agreed or consented to or procured any significant change to: (a) the terms of the trust deeds, rules, policy or other governing documents constituting any pension scheme or other retirement or death benefit arrangement established for the directors, former directors, employees or former employees of any entity in the Wider Arrow Group or their dependants and established by a member of the Wider Arrow Group (a “**Relevant Pension Plan**”); (b) the basis on which benefits accrue, pensions which are payable or the persons entitled to accrue or be paid benefits, under any Relevant Pension Plan; (c) the basis on which the liabilities of any Relevant Pension Plan are funded or valued; (d) the basis or rate of employer contribution to a Relevant Pension Plan, in each case to the extent which is material in the context of the Wider Arrow Group taken as a whole or in the context of the Acquisition and other than as required in accordance with applicable law; or (II) entered into or proposed to enter into one or more bulk annuity contracts in relation to any Relevant Pension Plan; or (III) carried out any act: (a) which would or could reasonably be expected to lead to the commencement of the winding up of any Relevant Pension Plan; (b) which would or is reasonably likely to create a material debt owed by an employer to any Relevant Pension Plan; (c) which would or might accelerate any obligation on any employer to fund or pay additional contributions to any Relevant Pension Plan; or (d) which would, having regard to the published guidance of the Pensions Regulator give rise directly or indirectly to a liability in respect of a Relevant Pension Plan arising out of the operation of sections 38 and 38A of the Pensions Act 2004 in relation to a Relevant Pension Plan, in each case to the extent which is material in the context of the Wider Arrow Group taken as a

whole or in the context of the Acquisition and other than as required in accordance with applicable law;

- (xi) changed the trustee or trustee directors or other fiduciary of any Relevant Pension Plan;
- (xii) entered into, implemented or effected, or authorised, proposed or announced its intention to implement or effect, any joint venture, asset or profit sharing arrangement, partnership, composition, assignment, reconstruction, amalgamation, commitment, scheme or other transaction or arrangement (other than the Scheme) otherwise than in the ordinary course of business which is material in the context of the Wider Arrow Group taken as a whole or in the context of the Acquisition;
- (xiii) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect of the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital to an extent which (other than in the case of Arrow) is material in the context of the Wider Arrow Group taken as a whole;
- (xiv) other than with respect to claims between Arrow and its wholly owned subsidiaries (or between such subsidiaries), waived, compromised or settled any claim otherwise than in the ordinary course of business which is material in the context of the Wider Arrow Group taken as a whole or in the context of the Acquisition;
- (xv) made any alteration to its articles of association or other constitutional documents (in each case, other than in connection with the Scheme) which is material in the context of the Acquisition;
- (xvi) (other than in respect of a member of the Wider Arrow 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 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 any administrator, receiver, manager, administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed which is material in the context of the Wider Arrow Group taken as a whole or in the context of the Acquisition;
- (xvii) 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 to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business which is material in the context of the

Wider Arrow Group taken as a whole or in the context of the Acquisition;

- (xviii) entered into any contract, commitment, agreement or arrangement otherwise than in the ordinary course of business 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;
- (xix) terminated or varied the terms of any agreement or arrangement between any member of the Wider Arrow Group and any other person in a manner which would or might be expected to have a material adverse effect on the financial position of the Wider Arrow Group taken as a whole; or
- (xx) having taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of Arrow Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code;

**No material adverse change**

- (m) since 31 December 2020, and except as Disclosed, there having been:
  - (i) no adverse change and no circumstance having arisen which would be expected to result in any adverse change or deterioration in the business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider Arrow Group to an extent which is material to the Wider Arrow Group taken as a whole or to the financing of the Acquisition;
  - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings including, without limitation, with regard to intellectual property rights used by the Wider Arrow Group having been threatened, announced or instituted by or against or remaining outstanding against any member of the Wider Arrow Group or to which any member of the Wider Arrow Group is or may become a party (whether as claimant or defendant or otherwise) which, in any such case, might be expected to have a material adverse effect on the Wider Arrow Group taken as a whole, and no enquiry, review, investigation or enforcement proceedings by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Arrow Group having been threatened, announced or instituted by or against, or remaining outstanding in respect of, any member of the Wider Arrow Group which, in any such case, might be expected to have a material adverse effect on the Wider Arrow Group taken as a whole;
  - (iii) no contingent or other liability having arisen, increased or become apparent which is reasonably likely to adversely affect the business, assets, financial or trading position, profits, prospects or operational

performance of any member of the Wider Arrow Group to an extent which is material to the Wider Arrow Group taken as a whole;

- (iv) no steps having been taken and no omissions having been made which are reasonably likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Arrow Group, which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which is material and reasonably likely to have a material adverse effect on the Wider Arrow Group taken as a whole; and
- (v) no member of the Wider Arrow Group having conducted its business in material breach of any applicable laws and regulations which in any case is material in the context of the Wider Arrow Group taken as a whole;
- (n) since 31 December 2020, and except as Disclosed, Bidco not having discovered:
  - (i) that any financial, business or other information concerning the Wider Arrow Group publicly announced or disclosed to any member of the Wider Bidco Group at any time prior to this announcement by or on behalf of any member of the Wider Arrow Group or to any of their advisers is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make that information not misleading and which is, in any case, material in the context of the Wider Arrow Group taken as a whole or in the context of the Acquisition;
  - (ii) that any member of the Wider Arrow Group is subject to any liability, contingent or otherwise and which is material in the context of the Wider Arrow Group taken as a whole; or
  - (iii) any information which affects the import of any information disclosed to Bidco at any time prior to this announcement by or on behalf of any member of the Wider Arrow Group which is material in the context of the Wider Arrow Group taken as a whole;

#### **Environmental liabilities**

- (o) except as Disclosed, Bidco not having discovered that, in relation to any release, emission, accumulation, discharge, disposal or other similar circumstance which has impaired or is likely to impair the environment (including property) or harmed or is likely to harm the health of humans, animals or other living organisms or eco-systems, any past or present member of the Wider Arrow Group, in a manner or to an extent which is material in the context of the Wider Arrow Group, (i) has committed any violation of any applicable laws, statutes, regulations, Authorisations, notices or other requirements of any Third Party giving rise to a material liability; and/or (ii) has incurred any material liability (whether actual or contingent) to any Third Party; and/or (iii) is likely to incur any material liability (whether actual or contingent), or is required, to make good, remediate, repair, re-instate or clean up the environment (including any property) in each case of (i), (ii) or (iii) which such liability or requirement would be material to the Wider Arrow Group taken as a whole;

## **Intellectual Property**

- (p) no circumstance having arisen or event having occurred in relation to any intellectual property owned or used by any member of the Wider Arrow Group which would have a material adverse effect on the Wider Arrow Group taken as a whole or is otherwise material in the context of the Acquisition, including:
  - (i) any member of the Wider Arrow Group losing its title to any intellectual property material to its business, or any intellectual property owned by the Wider Arrow Group and material to its business being revoked, cancelled or declared invalid;
  - (ii) any claim being asserted in writing or threatened in writing by any person challenging the ownership of any member of the Wider Arrow Group to, or the validity or effectiveness of, any of its intellectual property; or
  - (iii) any agreement regarding the use of any intellectual property licensed to or by any member of the Wider Arrow Group being terminated or varied;

## **Anti-corruption and sanctions**

- (q) except as Disclosed, Bidco not having discovered that (to an extent that is material in the context of the Wider Arrow Group taken as a whole):
  - (i) any past or present member of the Wider Arrow Group or any person that performs or has performed services for or on behalf of any such company is or has at any time engaged in any activity, practice or conduct (or omitted to take any action) in contravention of the UK Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, as amended or any other applicable anti-corruption legislation;
  - (ii) any member of the Wider Arrow Group is ineligible to be awarded any contract or business under section 23 of the Public Contracts Regulations 2006 or section 26 of the Utilities Contracts Regulations 2006 (each as amended);
  - (iii) any past or present member of the Wider Arrow Group has engaged in any activity or business with, or made any investments in, or made any payments to any government, entity or individual covered by any of the economic sanctions administered by the United Nations or the European Union (or any of their respective member states) or the United States Office of Foreign Assets Control or any other governmental or supranational body or authority in any jurisdiction; or
  - (iv) a member of the Arrow Group has engaged in a transaction which would cause the Bidco Group to be in breach of any law or regulation on completion of the Acquisition, including the economic sanctions administered by the United States Office of Foreign Assets Control or HM Treasury & Customs or any government, entity or individual

targeted by any of the economic sanctions of the United Nations, United States or the European Union or any of its member states; and

**No criminal property**

- (r) except as Disclosed, Bidco not having discovered that any asset of any member of the Wider Arrow Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

**Part B: Further terms of the Acquisition**

1. Subject to the requirements of the Panel in accordance with the Takeover Code, Bidco reserves the right in its sole discretion to waive:
  - (a) the deadline set out in paragraph 1 of Part A of this Appendix 1, and any of the deadlines set out in paragraph 2 of Part A of this Appendix 1 for the timing of the Court Meeting, Arrow General Meeting and the Sanction Hearing. If any such deadline is not met, Bidco shall make an announcement 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 Arrow to extend the deadline in relation to the relevant Condition; and
  - (b) in whole or in part, all or any of the Conditions listed in Part A above, except for Conditions 2(a)(i), 2(b)(i) and 2(c)(i) (*Conditions of the Scheme*) which cannot be waived.
2. Conditions 3(a) to (r) (inclusive) must each be fulfilled, determined by Bidco to be or to remain satisfied or (if capable of waiver) be waived by Bidco by no later than 11.59 p.m. on the date immediately preceding the date of the Sanction Hearing, failing which the Acquisition will lapse. Bidco shall be under no obligation to waive or treat as satisfied any of the Conditions that it is entitled (with the consent of the Panel) to invoke, by a date earlier than the latest date specified above for the fulfilment or waiver thereof, notwithstanding that the other Conditions 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.
3. If Bidco is required by the Panel to make an offer for Arrow 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 Acquisition as are necessary to comply with the provisions of that Rule.
4. Under Rule 13.5(a) of the Takeover Code, Bidco may not invoke a Condition so as to cause the Acquisition 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 Acquisition. Conditions 1, 2(a)(i), 2(b)(i), 2(c)(i) and 3(a) above and, if applicable, any acceptance condition if the Acquisition is implemented by means of an Offer, are not subject to this provision of the Takeover Code.
5. Bidco reserves the right to elect to implement the Acquisition by way of an Offer as an alternative to the Scheme (subject to the Panel's consent and the terms of the

Cooperation Agreement). In such event, the Acquisition will be implemented on the same terms (subject to appropriate amendments including (without limitation) the inclusion of an acceptance condition set at 75 per cent. (or such other percentage as Bidco may, subject to the rules of the Takeover Code and the terms of the Cooperation Agreement and with the consent of the Panel, decide) of the shares to which the Acquisition relates and those required by, or deemed appropriate by, Bidco under applicable law, so far as applicable) as those which would apply to the Scheme. Further, if sufficient acceptances of such Offer are received and/or sufficient Arrow Shares are otherwise acquired, it is the intention of Bidco to apply the provisions of the 2006 Act to acquire compulsorily any outstanding Arrow Shares to which such Offer relates.

6. The Acquisition will lapse if the European Commission either initiates proceedings under Article 6(1)(c) of Council Regulation (EC) 139/2004/EC, or the Acquisition otherwise becomes subject to a CMA Phase 2 Reference, in each case before 1.00 p.m. on or before the later of the date of the Court Meeting and the date of the Arrow General Meeting. In such event, Arrow will not be bound by the terms of the Scheme.
7. The Acquisition will be governed by the laws of England and Wales and be subject to the jurisdiction of the English courts and to the Conditions set out above. The Scheme will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange, the Listing Rules, the FCA and the Registrar of Companies.
8. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.
9. Arrow Shares which will be acquired under the Acquisition will be acquired 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 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 value (whether by reduction of share capital or share premium account or otherwise) made on or after the Effective Date.
10. If, on or after the date of this announcement and prior to the Effective Date, any dividend, distribution or other return of value is declared, paid or made or becomes payable by Arrow in respect of the Arrow Shares, Bidco reserves the right (without prejudice to any right of Bidco, with the consent of the Panel, to invoke the Condition set out in paragraph 3(1)(ii) of Part A of this Appendix 1) to reduce the Cash Offer (and, as the case may be, the number of Rollover Securities due under the terms of the Alternative Offer, assuming that the value of the Rollover Securities to be issued under the Alternative Offer for each Arrow Share is equal to the consideration payable under the Cash Offer) to reflect the aggregate amount of such dividend, distribution or other return of value or excess. In such circumstances, Arrow 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 in respect of the Arrow Shares prior to the Effective Date, and Bidco exercises its rights under this paragraph 10 to reduce the consideration payable under the Cash Offer (or consideration due under the Alternative Offer), any reference in this announcement to the consideration payable under the Cash Offer (or consideration due

under the Alternative Offer) shall be deemed to be a reference to the consideration 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 in respect of the Arrow Shares prior to the Effective Date or by reference to a record date prior to the Effective Date or is (i) transferred pursuant to the Acquisition on a basis which entitles Bidco to receive the dividend, distribution or other return of value and to retain it; or (ii) cancelled before payment, the consideration payable under the Cash Offer (or consideration due under the Alternative Offer) shall not be subject to change in accordance with this paragraph 10.

Any exercise by Bidco of its rights referred to in this paragraph 10 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 Scheme or the Acquisition.

11. The Acquisition 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 Restricted Jurisdiction.
12. The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. 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. Further information in relation to Overseas Shareholders will be contained in the Scheme Document.

## **APPENDIX 2**

### **SOURCES AND BASES OF INFORMATION**

1. In this Announcement, unless otherwise stated or the context otherwise requires, the following bases and sources have been used.
  - Arrow's fully diluted equity value has been calculated on the basis of a fully diluted issued ordinary share capital of 183,103,118 Arrow Shares, calculated as:
    - 177,386,677 Arrow Shares in issue as at 30 March 2021 (being the last practicable date before this Announcement); plus
    - 5,716,441 Arrow Shares which may be issued on or after the date of this Announcement pursuant to the Arrow Share Plans and expected new issues as at 30 March 2021 (being the last practicable date before this Announcement).
2. The premium calculations to the price per Arrow Share used in this Announcement have been calculated by reference to:
  - the closing price on 5 February 2021 (being the last business day before the commencement of the Offer Period) of 230.5 pence derived from Bloomberg;
  - the one-month volume weighted average price of 209.7 pence per Arrow Share on 5 February 2021 (being the last business day before the commencement of the Offer Period) derived from Bloomberg;
  - the three-month volume weighted average price of 183.8 pence per Arrow Share on 5 February 2021 (being the last business day before the commencement of the Offer Period) derived from Bloomberg; and
  - the six-month volume weighted average price of 145.2 pence per Arrow Share on 5 February 2021 (being the last business day before the commencement of the Offer Period) derived from Bloomberg.
3. Certain figures included in this Announcement have been subject to rounding adjustments.
4. Unless otherwise stated, the financial information of Arrow is extracted from Arrow's results for the twelve months ended 31 December 2020, which were released on 23 March 2021.

**APPENDIX 3  
DETAILS OF IRREVOCABLE UNDERTAKINGS**

**1. Directors**

The following Arrow Directors have given irrevocable undertakings to vote in favour of the resolutions relating to the Acquisition at the Meetings in respect of their own beneficial holdings (or those Arrow Shares over which they have control) of Arrow Shares:

<b>Name</b>	<b>Total Number of Arrow Shares</b>	<b>Percentage of existing issued share capital</b>
Jonathan Bloomer	50,896	0.03
Lee Rochford	241,100	0.14
Matt Hotson	2,158	0.001
Lan Tu	23,309	0.01
Andrew Fisher	87,522	0.05

The irrevocable undertakings referred to in paragraph 1 above cease to be binding on the earlier of the following occurrences (i) the Scheme Document is not sent to Arrow Shareholders within 28 days (or such later period as the Panel may agree) after the date of this announcement; (ii) Bidco announces, with the consent of the Panel, that it does not intend to make or proceed with the Acquisition and no new, revised or replacement offer or scheme is announced at the same time; (iii) the Scheme lapses or is withdrawn in accordance with its terms and Bidco publicly confirms that it does not intend to proceed with the Acquisition or to implement the Acquisition by way of an Offer or otherwise; (iv) the Scheme has not become Effective by 6.00 p.m. on the Long Stop Date (or such other time and date as agreed between Bidco and Arrow, with the approval of the Court and/or the Panel, if required (other than in circumstances where Bidco has, prior to such date, elected to exercise its right to proceed by way of an Offer and announced the same in accordance with the requirements of Paragraph 8 of Appendix 7 to the Takeover Code, and such Offer has not lapsed or been withdrawn)); or (v) the date on which any competing offer for the entire issued and to be issued share capital of Arrow becomes Effective.

**2. Zach Lewy**

Zach Lewy and Zambry, LLC (as general partner of Lewy Lang LP) have each given an irrevocable undertaking to vote in favour of the resolutions relating to the Acquisition at the Meetings in respect Zach Lewy's or Lewy Lang LP's (as applicable) beneficial holding of Arrow Shares:

<b>Name</b>	<b>Total Number of Arrow Shares</b>	<b>Percentage of existing issued share capital</b>
Zach Lewy	501,663	0.28

Zambry, LLC	2,149,255	1.21
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The obligations contained in the irrevocable undertaking referred to in paragraph 2 above cease to be binding on the earlier of the following occurrences (i) the Scheme Document is not sent to Arrow Shareholders within 28 days (or such later period as the Panel may agree) after the date of this announcement; (ii) Bidco announces, with the consent of the Panel, that it does not intend to make or proceed with the Acquisition and no new, revised or replacement offer or scheme is announced at the same time; (iii) the Scheme lapses or is withdrawn in accordance with its terms and Bidco publicly confirms that it does not intend to proceed with the Acquisition or to implement the Acquisition by way of an Offer or otherwise; (iv) the Scheme has not become effective by 6.00 p.m. on the Long Stop Date (or such other time and date as agreed between Bidco and Arrow, with the approval of the Court and/or the Panel, if required (other than in circumstances where Bidco has, prior to such date, elected to exercise its right to proceed by way of an Offer and announced the same in accordance with the requirements of Paragraph 8 of Appendix 7 to the Takeover Code, and such Offer has not lapsed or been withdrawn)); or (v) the date on which any competing offer for the entire issued and to be issued share capital of Arrow becomes Effective.

### 3. **Fifth Street Station LLC**

Fifth Street Station LLC has given an irrevocable undertaking to vote in favour of the resolutions relating to the Acquisition at the Meetings and to accept the Alternative Offer in respect of its own beneficial holdings of Arrow Shares:

<b>Name</b>	<b>Total Number of Arrow Shares</b>	<b>Percentage of existing issued share capital</b>
Fifth Street Station LLC	16,333,966	9.21

The irrevocable undertakings referred to in paragraph 3 above cease to be binding on the earlier of the following occurrences (i) the Scheme Document is not sent to Arrow Shareholders within 28 days (or such later period as the Panel may agree) after the date of this announcement; (ii) Bidco announces, with the consent of the Panel, that it does not intend to make or proceed with the Acquisition and no new, revised or replacement offer or scheme (to which the undertaking applies) is announced; (iii) the Acquisition lapses or is withdrawn in accordance with its terms (other than in circumstances where the Acquisition is withdrawn or lapses solely as a result of Bidco exercising its right to implement the Acquisition by way of takeover offer rather than a scheme of arrangement) and no new, revised or replacement Scheme or Takeover Offer (to which the undertaking applies) has been announced by Bidco or its affiliates in accordance with Rule 2.7 of the Takeover Code, or is announced by Bidco or its affiliates contemporaneously in accordance with Rule 2.7 of the Takeover Code or (iv) if third party announces a firm intention pursuant to Rule 2.7 of the Takeover Code to acquire the entire issued and to be issued ordinary share capital of Arrow and the consideration payable to each Arrow Share under such proposal represents in the reasonable opinion of the Board a premium of more than 10 per cent. to the value of the Cash offer (a “**Competing Offer**”) and Bidco does not announce a firm intention to increase the

consideration to be paid for the Arrow Shares to at least an equivalent amount per share within seven days of such Competing Offer

**4. Tom Drury**

Tom Drury has given an irrevocable undertaking to vote (or to procure a vote) in favour of the resolutions relating to the Acquisition at the Meetings in respect of Tom Drury's, Mrs Jane Drury and JTCG Investments beneficial holding of Arrow Shares:

<b>Name</b>	<b>Total Number of Arrow Shares</b>	<b>Percentage of existing issued share capital</b>
Tom Drury	906,447	0.51
Mrs Jane Drury	906,447	0.51
JTCG Investments	753,334	0.42

The irrevocable undertakings referred to in paragraph 4 above cease to be binding on the earlier of the following occurrences (i) if the Scheme has not become effective by 6.00 p.m. on the Long Stop Date (or such later time or date as agreed between Bidco and Arrow, with the approval of the Court and/or the Panel if required); and (ii) if a third party announces a firm intention pursuant to Rule 2.7 of the Takeover Code to acquire the entire issued and to be issued ordinary share capital of Arrow and the consideration payable to each Arrow Share under such proposal represents in the reasonable opinion of the Board a premium of more than 10 per cent. to the value of the Cash offer and Bidco does not increase the consideration to be paid for the Arrow Shares to at least an equivalent amount per share within seven days of such competing offer.

**5. Albacore Partners I Investment Holdings B DAC and Albacore Partners II Investment Holdings D DAC**

Each of Albacore Partners I Investment Holdings B DAC and Albacore Partners II Investment Holdings D DAC has given an irrevocable undertaking to procure a vote in favour of the resolutions relating to the Acquisition at the Meetings in respect of its own beneficial holding of Arrow Shares:

<b>Name</b>	<b>Total Number of Arrow Shares</b>	<b>Percentage of existing issued share capital</b>
State Street Nominees Limited A/C ABK4	4,047,427	2.28
State Street Nominees Limited A/C ABKB	3,633,485	2.05

The irrevocable undertakings referred to in paragraph 5 above cease to be binding on the earlier of the following occurrences (i) the Scheme has not become effective by 6.00 p.m. on the Long Stop Date (or such later time or date as agreed between Bidco and Arrow, with the approval of the Court and/or the Panel if required); (ii) if the Offer lapses or is withdrawn and Bidco publicly confirms that it does not intend to proceed with the Offer or to implement the Offer by way of a Takeover Offer or otherwise; and

(iii) if a third party announces a firm intention pursuant to Rule 2.7 of the Takeover Code to acquire the entire issued and to be issued ordinary share capital of Arrow and the consideration payable to each Arrow Share under such proposal represents in the reasonable opinion of the Board a premium of more than 10 per cent. to the value of the Cash offer and Bidco does not increase the consideration to be paid for the Arrow Shares to at least an equivalent amount per share within seven days of such competing offer.

Each of Albacore Partners I Investment Holdings B DAC and Albacore Partners II Investment Holdings D DAC shall be permitted to sell, transfer, charge, encumber, create or grant any option or lien over or otherwise dispose of (or permit any such actions to occur in respect of) any interest in any of its Arrow Shares on or following the business day following the day on which the properly convened and duly held (and not adjourned) Court Meeting and General Meeting are held.

## APPENDIX 4

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

#### 1. Information on Topco and the Intermediate Holding Companies

Parentco is indirectly owned by TDR Capital. Topco is a wholly owned subsidiary of Parentco, and was formed for the purpose of implementing the Acquisition. Each of Bidco, Midco 1 and Midco 2 (together the “**Intermediate Holding Companies**”) is a direct or indirect wholly owned subsidiary company of Topco. None of Parentco, 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 Acquisition.

Parentco is a Luxembourg *société à responsabilité limitée* incorporated on 29 March 2021. The share capital of Parentco currently comprises of 1 ordinary share of £1.00.

Topco is directly wholly owned by Parentco. Topco is a private limited company incorporated on 29 March 2021 under the laws of England and Wales. The share capital of Topco currently comprises 1 ordinary share of £1 each but will be reorganised on or prior to the Effective Date so that it comprises A Ordinary Shares and Rollover Securities on the terms to be set out in the Scheme Document. The A Ordinary Shares in Topco will be held by Parentco, and the Rollover Securities will be held by eligible Arrow Shareholders who elect for the Alternative Offer.

Midco 1 is wholly owned by Topco. Midco 1 is a private limited company incorporated on 29 March 2021 under the laws of England and Wales. The share capital of Midco 1 currently comprises 1 ordinary share of £1 each.

Midco 2 is wholly owned by Midco 1. Midco 1 is a private limited company incorporated on 29 March 2021 under the laws of England and Wales. The share capital of Midco 2 currently comprises 1 ordinary share of £1 each.

Bidco is wholly owned by Midco 2. Bidco is a private limited company incorporated on March 29 2021 under the laws of England and Wales. The share capital of Bidco currently comprises 1 ordinary share of £1 each.

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

#### 2. Terms of Issue of Rollover Securities

The Rollover Securities to be issued to eligible Arrow Shareholders who elect for the Alternative Offer in accordance with the Rollover will be issued credited as fully paid and will rank economically *pari passu* with the A Ordinary Shares held and issued to Parentco in connection with the Acquisition, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling on or after the date of this announcement.

#### 3. Economic Rights

The economic rights described below are subject to the risks also described below and in paragraph 15 of this announcement (for example, that (i) holders of Rollover Securities may be diluted over time, potentially significantly, should holders of Rollover Securities not elect 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).

Subject to the above any return of proceeds to security holders of Topco, whether on an Exit (as described below) or otherwise, including the right to receive and retain dividends and all other distributions and returns of capital made or paid, shall be distributed to each holder of A Ordinary Shares and Rollover Securities, pro-rata to their shareholdings. The A Ordinary Shares and the Rollover Securities shall rank equally as regards any distributions, dividends, buy-back, any other capital redemption or other returns of income or capital made by Topco.

#### 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 transferable during an initial five year lock-up period (the “**Lock-up Period**”) without the prior written consent of Parentco except pursuant to the drag and tag rights described below, a reorganisation approved by Parentco or in respect of customary permitted transfers to associates.

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

Following the expiration of the Lock-up Period, a Topco B Shareholder will be entitled to transfer its Rollover Securities (provided that any such transfer is for all (but not part) of the Rollover Securities held by such Topco B Shareholder), subject to a right of first refusal on the part of Parentco or its nominee and to certain other restrictions in respect of the identity of the proposed transferee. In particular, any proposed transferee of Rollover Securities after the Lock-up Period:

- shall adhere to the Topco Shareholders’ Agreement;
- shall complete any applicable anti-money laundering, anti-bribery and corruption, anti-sanctions and “know your client” checks reasonably required by TDR Capital and/or its associates or Topco (to be undertaken promptly) and/or any antitrust or regulatory change in control approvals required by any regulator (which Topco shall provide reasonable information and assistance in obtaining, if required); and
- must not be considered by the board of Topco (acting reasonably and without delay) to be a competitor of the Arrow Group, or a person whose investment is likely to result in reputational harm to TDR Capital, its associates or the Arrow Group.

#### 6. **Additional Topco Securities Issues**

The Parentco and the Topco B Shareholders will be entitled to participate *pro rata* in securities issues by the Topco Group after the Effective Date of the Acquisition, excluding:

- by one wholly owned member of the Topco Group to another wholly owned member of the Topco Group;
- to the Parentco and/or its associates to finance the Acquisition;
- to the Topco B Shareholders pursuant to the Scheme and/or the Rollover in connection with the Acquisition;
- to actual or potential employees, directors or consultants (whether directly or indirectly), which will dilute the holders of A Ordinary Shares and Rollover Securities *pro rata*;
- other than to Parentco, TDR Capital or their respective associates, for non-cash consideration on the acquisition of, or merger with, all or part of another business, undertaking, company or assets;
- other than to Parentco, TDR Capital or their respective associates, in connection with the debt financing arrangements of the Topco Group;
- in connection with an IPO or a pre-IPO reorganisation; or
- in respect of which Parentco and a majority of the Topco B Shareholders give their prior written consent to pre-emption rights not applying.

All such securities in which Topco B Shareholders are entitled to participate shall be offered on a pre-emptive basis, provided that Parentco shall have the right for any emergency securities issues to be initially made to the Parentco and for Topco B Shareholders to then have customary *pro rata* “catch up” rights.

#### **7. Terms of Alternative Offer in the event of a switch**

In the event that Bidco elects, with the consent of the Panel and subject to the Co-operation Agreement, to switch to a Takeover Offer, and less than one hundred per cent. of the Arrow Shares are acquired by Bidco on or around the date of such Takeover Offer becoming wholly unconditional, the total number of Rollover Securities to be issued to Arrow Shareholders who elect for the Alternative Offer and A Ordinary Shares to be issued to Parentco will be reduced (and in the same proportions as between A Ordinary Shares and Rollover Securities such that the maximum number of Rollover Securities available to Arrow Shareholders under the Alternative Offer will remain equal to 10 per cent. of the total ordinary share capital of Topco in issue at such time).

In that event, if elections for the Alternative Offer are unable to be satisfied in full as a result, the number of Rollover Securities available for each Arrow Share will be reduced on a *pro rata* proportional basis and the balance of the consideration for each Arrow Share will be paid in cash in accordance with the terms of the Cash Offer.

If (i) further Arrow Shares are acquired for cash by or on behalf of Bidco after the Offer becomes wholly unconditional (under the compulsory acquisition procedure or otherwise), and (ii) the A Ordinary Shares to be issued to fund those acquisitions were not included in the

calculation of the above 10 per cent. entitlement of Arrow Shareholders who elect for the Alternative Offer, then Topco B Shareholders shall be entitled to customary catch-up pre-emption rights in relation to any such additional issue of A Ordinary Shares in order to maintain their percentage shareholdings in Topco.

#### **8. Information Rights**

A Substantial Shareholder shall have the right to receive the Topco Group's annual audited accounts and quarterly financial reports.

#### **9. Exit Arrangements**

Any future share sale, asset sale, IPO, winding-up or other form of liquidity event relating to the Topco Group (an "Exit") shall occur at the absolute discretion of Parentco or TDR Capital.

All holders of Rollover Securities are required to co-operate and take such actions in respect of any proposed Exit as are reasonably requested by the Topco Group, Parentco or TDR Capital. This shall include without limitation: any reorganisation, restructuring or other corporate (or similar) action required to facilitate such Exit; providing warranties as to the title to the Rollover Securities held by such holder and its capacity to transfer such Rollover Securities; and, in the case of an IPO, entering into customary "lock-up" undertakings.

#### **10. Drag-Along and tag-along**

Parentco shall have a "pro rata" drag right on the same economic terms on any transfers of direct or indirect shareholdings in shares of Topco by Parentco or TDR Capital to a bona fide purchaser which is not connected with either TDR Capital if, following such transfer, the purchaser would thereafter directly or indirectly hold a majority of the ordinary shares of Topco.

Topco B Shareholders shall have a "pro rata" tag right on the same economic terms on any transfer of direct or indirect shareholdings in Topco shares by Parentco (other than in respect of certain excluded instances including, but not limited to, customary permitted transfers to affiliates, any current or prospective director, officer, employee or consultant of the Topco Group, reorganisation, IPO, where a drag right has been exercised, and/or any "silent syndication" to limited partners and/or co-investors).

#### **11. Governing Law and Jurisdiction**

The Topco Shareholders' Agreement and any non-contractual obligations arising out of or in connection with them shall 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 and accordingly any proceedings arising out of or in connection with the Topco Shareholders' Agreement shall be brought in such courts.

## **APPENDIX 5 DEFINITIONS**

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

<b>“2006 Act”</b>	the Companies Act 2006, as amended from time to time
<b>“2020 Arrow Annual Report”</b>	the annual report and audited accounts of the Arrow Group for the year ended 31 December 2020
<b>“A Ordinary Shares”</b>	the A ordinary shares in the capital of Topco
<b>“Acquisition”</b>	the proposed acquisition by Bidco of the entire issued, and to be issued, ordinary share capital of Arrow not already owned or controlled by the Bidco Group, by means of the Scheme, or should Bidco so elect, by means of an Offer
<b>“Alternative Offer”</b>	the alternative to the Cash Offer pursuant to which eligible Arrow Shareholders may elect to receive Rollover Securities in exchange for each Arrow Share at a ratio to be specified in the Scheme Document, the terms and conditions of which will be set out in the Scheme Document
<b>“Alternative Offer Maximum”</b>	has the meaning set out in paragraph 13
<b>“Arrow”</b>	Arrow Global Group plc
<b>“Arrow Board” or “Arrow Directors”</b>	the directors of Arrow as at the date of this announcement
<b>“Arrow General Meeting”</b>	the general meeting of Arrow Shareholders to be convened to consider and if thought fit pass, inter alia, the Special Resolutions in relation to the Scheme including any adjournments thereof
<b>“Arrow Group”</b>	Arrow and its subsidiary undertakings and where the context permits, each of them
<b>“Arrow Share Plans”</b>	the Arrow 2013 Long Term Incentive Plan (including the CSOP Option sub-plan), the Arrow 2013 Deferred Share Bonus Plan and the Arrow Share Incentive Plan.
<b>“Arrow Share(s)”</b>	the existing unconditionally allotted or issued and fully paid ordinary shares of 1 penny each in the capital of Arrow and any further shares which are unconditionally allotted or issued

	before the Scheme becomes Effective but excluding in both cases any such shares held or which become held in treasury
<b>“Arrow Shareholder(s)”</b>	holders of Arrow Shares
<b>“Articles”</b>	the articles of association of Arrow from time to time
<b>“Ashcombe”</b>	Ashcombe Advisers LLP
<b>“Authorisations”</b>	authorisations, orders, grants, recognitions, confirmations, consents, licences, clearances, certificates, permissions or approvals, in each case of a Third Party
<b>“Barclays”</b>	Barclays Bank PLC, acting through its Investment Bank
<b>“Bidco”</b>	Sherwood Acquisitions Limited, an indirect subsidiary of Topco
<b>“Bidco Board”</b>	the directors of Bidco from time to time
<b>“Bidco Group”</b>	Bidco and its subsidiary undertakings and, where the context permits, each of them
<b>“Business Day”</b>	a day, not being a public holiday, Saturday or Sunday, on which clearing banks in London are open for normal business
<b>“Cash Offer”</b>	307.5 pence in cash for each Arrow Share
<b>“Citi”</b>	Citigroup Global Markets Limited
<b>“Closing Price”</b>	the closing middle market price of a Arrow Share as derived from the Daily Official List on any particular date
<b>“Conditions”</b>	the conditions to the Acquisition, as set out in Appendix 1 to this announcement and as to be set out in the Scheme Document
<b>“Court Meeting”</b>	the meeting of Arrow Shareholders to be convened at the direction of the Court pursuant to Part 26 of the 2006 Act at which a resolution will be proposed to approve the Scheme, including any adjournment thereof
<b>“Court Order”</b>	the order of the Court sanctioning the Scheme under Part 26 of the 2006 Act

<b>“CREST”</b>	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in CREST)
<b>“Daily Official List”</b>	the daily official list of the London Stock Exchange
<b>“Disclosed”</b>	the information disclosed by or on behalf of Arrow: (i) in the 2020 Arrow Annual Report; (ii) in this announcement; (iii) in any other announcement to a Regulatory Information Service prior to the publication of this announcement; (iv) fairly disclosed in writing (including via the virtual data room operated by or on behalf of Arrow in respect of the Acquisition) prior to the date of this announcement to Bidco or Bidco's advisers (in their capacity as such)
<b>“Effective”</b>	in the context of the Acquisition: (i) if the Acquisition is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms; or (ii) if the Acquisition is implemented by way of the Offer, the Offer having been declared or having become unconditional in all respects in accordance with the requirements of the Takeover Code
<b>“Effective Date”</b>	the date on which the Acquisition becomes Effective
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited
<b>“ERC”</b>	Estimated Remaining Collections
<b>“FCA”</b>	the Financial Conduct Authority of the United Kingdom or its successor from time to time
<b>“FCA Handbook”</b>	the FCA's Handbook of rules and guidance as amended from time to time
<b>“Form of Election”</b>	the form of election for use by Scheme Shareholders electing to receive their Acquisition cash consideration in Sterling pursuant to the Cash Offer or the Rollover Securities
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended from time to time
<b>“Goldman Sachs”</b>	Goldman Sachs International

<b>“J.P. Morgan Cazenove”</b>	J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove
<b>“London Stock Exchange”</b>	the London Stock Exchange plc or its successor
<b>“Long Stop Date”</b>	31 December 2021 or such later date as may be agreed between Bidco and Arrow and, if required, the Panel and the Court may allow
<b>“Meetings”</b>	the Court Meeting and the Arrow General Meeting
<b>“Midco 1”</b>	Sherwood Midco Limited, an indirect subsidiary of Topco
<b>“Midco 2”</b>	Sherwood Parentco Limited, an indirect subsidiary of Topco
<b>“Numis”</b>	Numis Securities Limited
<b>“Offer”</b>	subject to the consent of the Panel and the terms of the Cooperation Agreement, should the Acquisition be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the 2006 Act, the offer to be made by or on behalf of Bidco to acquire the entire issued and to be issued share capital of Arrow, other than Arrow Shares owned or controlled by the Bidco Group and, where the context admits, any subsequent revision, variation, extension or renewal of such offer
<b>“Official List”</b>	the Official List of the FCA
<b>“Overseas Shareholders”</b>	holders of Scheme Shares who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom
<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“Panmure Gordon”</b>	Panmure Gordon (UK) Limited
<b>“Parentco”</b>	Sherwood Holding S.à r.l.
<b>“PRA”</b>	Prudential Regulation Authority or its successor from time to time
<b>“Registrar of Companies”</b>	the Registrar of Companies in England and Wales

<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001
<b>“Regulatory Information Service”</b>	a regulatory information service as defined in the FCA Handbook
<b>“relevant securities”</b>	“relevant securities” as defined in the Takeover Code
<b>“Resolutions”</b>	the Special Resolutions and the resolution to be proposed at the Court Meeting to approve the Scheme
<b>“Restricted Jurisdiction”</b>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available to Arrow Shareholders in that jurisdiction
<b>“Rollover”</b>	has the meaning set out in paragraph 13
<b>“Rollover Securities”</b>	rollover ordinary shares in the capital of Topco having the rights of “Rollover Shares” set out in the articles of association of Topco (as amended from time to time)
<b>“Sanction Hearing”</b>	the Court hearing to sanction the Scheme
<b>“Scheme”</b>	the proposed scheme of arrangement under Part 26 of the 2006 Act between Arrow and the holders of the Scheme Shares, with or subject to any modification, addition or condition approved or imposed by the Court and agreed by Arrow and Bidco, to implement the acquisition of the entire issued and to be issued share capital of Arrow by Bidco
<b>“Scheme Document”</b>	the document to be sent to Arrow Shareholders and persons with information rights containing, amongst other things, details of the Acquisition, the Scheme and notices of the Meetings
<b>“Scheme Record Time”</b>	the time and date to be specified in the Scheme Document, expected to be 6.00 p.m. on the Business Day immediately prior to the date of the Sanction Hearing
<b>“Scheme Shareholders”</b>	holders of Scheme Shares
<b>“Scheme Shares”</b>	all Arrow Shares: (i) in issue at the date of the Scheme Document; (ii) (if any) issued after the date of the Scheme Document but before the

	Voting Record Time; and (iii) (if any) issued at or after the Voting Record Time and before the Scheme Record Time in respect of which the original or any subsequent holders thereof are, or shall have agreed in writing to be, bound by the Scheme
<b>“Special Resolutions”</b>	the special resolution(s) to be proposed at the Arrow General Meeting including, amongst other things, in connection with implementation of the Scheme and certain amendments to be made to the articles of association of Arrow
<b>“SRA”</b>	the Solicitors Regulation Authority
<b>“subsidiary”, “subsidiary undertaking” and “undertaking”</b>	shall be construed in accordance with the 2006 Act
<b>“Substantial Interest”</b>	means a direct or indirect interest in 20 per cent. or more of the voting equity share capital of an undertaking
<b>“Substantial Shareholder”</b>	any Arrow Shareholder that elects for the Alternative Offer and at Completion is issued Rollover Securities representing 5% or more of the ordinary share capital of Topco
<b>“Takeover Code”</b>	the Takeover Code issued by the Panel on Takeovers and Mergers, as amended from time to time
<b>“TDR Capital”</b>	TDR Capital IV ‘A’ L.P. and TDR Capital IV Associates L.P. each acting by their manager TDR Capital LLP
<b>“Topco”</b>	Sherwood Topco Limited, a wholly-owned subsidiary of Parentco
<b>“Topco Articles”</b>	the articles of association of Topco
<b>“Topco B Shareholder”</b>	any holder of Rollover Securities
<b>“Topco Group”</b>	Topco and its subsidiary undertakings and where the context permits, each of them
<b>“Topco Shareholders’ Agreement”</b>	the shareholders’ agreement to entered into by the holders of securities of Topco
<b>“UK” or “United Kingdom”</b>	United Kingdom of Great Britain and Northern Ireland

**“Voting Record Time”**

the time and date to be specified in the Scheme Document by reference to which entitlement to vote at the Court Meeting will be determined, expected to be 6.00 pm on the day which is two days before the Court Meeting or, if the Court Meeting is adjourned, 6.00 pm on the day which is two days before the date of such adjourned Court Meeting

**“Wider Bidco Group”**

Bidco and its subsidiaries, subsidiary undertakings and associated undertakings, and any other undertaking (including any joint venture, partnership, firm or company) in which any Bidco and/or such undertakings (aggregating their interests) have a Substantial Interest

**“Wider Arrow Group”**

Arrow and its subsidiaries, subsidiary undertakings and associated undertakings and any other undertaking (including any joint venture, partnership, firm or company) in which Arrow and/or such undertakings (aggregating their interests) have a Substantial Interest (excluding, for the avoidance of doubt, Bidco and all of its associated undertakings which are not members of the Arrow Group)

For the purposes of this announcement, “subsidiary”, “subsidiary undertaking”, “undertaking”, “associated undertaking” and “equity share capital” have the meanings given by the 2006 Act.

All times referred to are London time unless otherwise stated.