

Lanstead Capital L.P. Investment in Arria NLG – Explanation for Shareholders

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Lanstead Subscription

In October 2015, Lanstead Capital L.P., an institutional investor, agreed to subscribe for 18,750,000 million new Ordinary Shares in Arria NLG at an issue price of 32 pence per share for an aggregate consideration of £6.0 million. In addition, Arria NLG entered into two sharing agreements with Lanstead.

Lanstead seeks to invest in growth companies like Arria where their funds will help the business grow and the share price rise. Under the terms of the financing, Lanstead provides 15 per cent. of the subscription proceeds initially, and then makes additional monthly settlements, nominally totaling £5.1 million, over an eighteen month period beginning sixty days after the transaction closes.

The 18 monthly settlements calculated in accordance with a formula using a benchmark price of 42.67 pence per share (the “Benchmark Price”). The amount received by Arria NLG each month will vary from month to month depending on whether the Arria NLG share price exceeds or falls short of the Benchmark Price.

If the measured share price exceeds the Benchmark Price during a given month, Arria NLG will receive more than 100 per cent of the monthly settlement on a pro rata basis. There is no upper limit to the amount Arria NLG can receive in any month.

Should the measured share price be below the Benchmark Price, for that month, Arria NLG would receive less than 100 per cent of the expected monthly settlement on a pro rata basis, with a lower limit of zero.

Lanstead Settlements Amounts

Of the £6.0 million received from Lanstead, Arria NLG shall retain £900,000 (15 per cent) and will pledge £5.1 million (85 per cent) pursuant to the sharing agreements. The value of each monthly amount receivable from Lanstead, assuming a 42.67 pence share price within the measured month, is £283,333.

The following table provides an overview of what Arria NLG can expect to receive from Lanstead in respect of each monthly settlement assuming different share price scenarios, under the sharing agreements.

Measured share price	Monthly settlement amount
£0.10	£28,125
£0.20	£106,250
£0.30	£184,375
£0.40	£262,500
£0.4266667	£283,333
£0.50	£340,625
£0.60	£418,750
£0.75	£535,937
£1.00	£731,250

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