

22 September 2014



**1pm plc**  
**("1pm" or "the Company")**

### **Placing and Open Offer**

1pm plc (AIM: OPM), the AIM listed specialist independent provider of finance facilities to the SME sector, announces a share issue to raise a total of up to c.£4.016 million (before expenses) by way of:

- an oversubscribed Placing of 4,918,032 New Ordinary Shares at 61 pence per share to the Placées to raise £3 million (before expenses); and
- a further issue of up to 1,664,963 New Ordinary Shares at 61 pence per share to Qualifying Shareholders pursuant to the Open Offer to raise up to £1.016 million (before expenses)

The issue price of 61 pence per New Ordinary Share represents a discount of 15.3 per cent. against the mid-market price of 72 pence per share at which the Ordinary Shares were quoted on AIM as at close of trading on 19 September 2014, the last trading day prior to announcement of the Placing and the Open Offer.

A circular will be posted today to Shareholders (the "Circular"). The Circular sets out in more detail the background to and reasons for the Placing and the Open Offer and their respective terms. All capitalised terms in this announcement are as defined in the Circular which will be available on the Company's website: [www.1pm.co.uk](http://www.1pm.co.uk)

#### **1. Background to and reasons for the Fundraising**

Over the last four years the Company has transformed, from reporting a £402,416 loss for the year ended 31 May 2010 through to reporting a profit before tax of £1,346,524 for the year ended 31 May 2014. Over the same period, the loan book has grown from £6.5m to £20.4m and the market capitalisation of 1pm has increased from £1.5m to £21m.

The Board has recently adopted a strategic and operational plan to further develop and grow the business over the next three to four years. It is anticipated that growth will be achieved through a combination of organic growth, new product introductions and selective acquisitions. In order to ensure future growth, funding is required now in order to expand and invest in the business, specifically its business development, people, premises and systems, as well as providing additional equity capital to further increase the loan book and enhance both revenues and profits. The availability of additional equity funding via the Placing and Open Offer will enable 1pm to lend at enhanced margins and will increase the levels of profits of the Company in comparison to an equivalent level of debt funding. In addition it enables a balance to be maintained in the financing of the business between debt and equity. Furthermore the Directors believe the Placing will enable the Company to widen its institutional share register thereby enhancing its following in the market.

The Board believes that existing shareholders should also have the opportunity to further invest in the Company at the same price as those institutions who are involved in the Placing and accordingly the Circular posted to Shareholders sets out the terms of the Open Offer.

#### **2. Use of proceeds**

The net proceeds of the Placing and the Open Offer are expected to be approximately £3.8 million (assuming full subscription under the Open Offer). These proceeds will be applied for the expansion in the business and to provide additional loan book lending.

##### *Business expansion*

It is anticipated that up to £800,000 of the Net Proceeds will be used for business expansion purposes. This expense will be a combination of profit and loss and capital expenditure and will include:

- the cost of increased business development activity aimed at expanding the network of brokers from whom business is generated;
- covering the costs of relocating to larger office premises in Bath which can accommodate the anticipated increase in headcount over the next three years. A suitable leasehold property has been identified and it is expected a move can be completed by November 2014;
- additional employee costs. The Directors expect that the Company's headcount will increase by approximately 12 employees in the next 12 months; and

investment in a new computer billing system that will improve the efficiency of the day to day running of the business.

#### *Equity for loan book*

It is anticipated that at least £3 million of the Net Proceeds will be available for loan book lending.

### **3. Details of the Placing and the Open Offer**

1pm is proposing to raise £3m (before expenses) pursuant to the Placing and up to a further £1.016m (before expenses) pursuant to the Open Offer. The Issue Price of 61 pence per New Ordinary Share represents a discount of 15.3 per cent. to the Closing Price of 72 pence on 19 September 2014, the latest trading day prior to publication of this Document.

The Placing has conditionally raised a total of £3 million through the placing of 4,918,032 New Ordinary Shares with institutional and other investors. Henderson Global Investors, a substantial shareholder in the Company, has subscribed for 1,639,344 Placing Shares. This subscription constitutes a related party transaction under the AIM Rules as Henderson Global Investors currently holds 14.96 per cent. of the Existing Ordinary Shares and is therefore a "substantial shareholder" under the AIM Rules. The Directors consider, having consulted with WH Ireland, the Company's nominated adviser, that the terms of Henderson's subscription are fair and reasonable insofar as the shareholders of 1pm are concerned.

The Open Offer is being made on a pre-emptive basis, allowing all Qualifying Shareholders the opportunity to participate.

The Open Offer provides Qualifying Holders with the opportunity to apply to acquire Open Offer Shares at the Issue Price pro rata to their holdings of Existing Ordinary Shares as at the Record Date on the following basis:

#### **1 Open Offer Share for every 18 Existing Ordinary Shares**

and so on in proportion to any other number of Existing Ordinary Shares then held.

Entitlements to apply to acquire New Ordinary Shares will be rounded down to the nearest whole number and any fractional entitlement to New Ordinary Shares will be disregarded in calculating the Basic Entitlement.

Shareholders who do not take up their Basic Entitlements in full will experience a dilution to their interests of approximately 18 per cent. following the Fundraising (assuming full subscription under the Open Offer). Shareholders who take up their Basic Entitlements in full will suffer a dilution to their interests of 13.4 per cent. on the same basis.

**Qualifying Shareholders should note that the Open Offer Shares have not been placed under the Placing subject to clawback under the Open Offer nor have they been underwritten, and that the Placing is not conditional upon the number of applications received under the Open Offer.**

The Open Offer is subject to the satisfaction *inter alia*, the following conditions on or before 20 October 2014 (or such later date, being not later than 8.00 a.m. on 30 October 2014, as the Company and WH Ireland may decide):

- the Placing being unconditional in all respects; and
- the passing of Resolutions 1 and 2 at the General Meeting (or any adjournment thereof); and
- Admission becoming effective by 8.00 a.m. on 20 October 2014 (or such later time or date not being later than 8.00 a.m. on 30 October 2014, as the Company and WH Ireland may decide).

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of Admission.

### *Excess Applications*

The Open Offer is structured to allow Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price pro rata to their holdings of Existing Ordinary Shares on the Record Date.

Qualifying Shareholders may also make applications in excess of their Basic Entitlements. To the extent that Basic Entitlements are not subscribed by Qualifying Shareholders, such Open Offer Shares will be available to satisfy such excess applications, subject to a maximum of 1,664,963 Open Offer Shares in aggregate. To the extent that applications are received in respect of an aggregate of more than 1,664,963 Open Offer Shares, excess applications will be scaled back accordingly.

However, excess applications will be rejected if and to the extent that acceptance would result in the Qualifying Shareholder, together with those acting in concert with him/her/it for the purposes of the City Code, holding 30 per cent. or more of the Enlarged Share Capital immediately following Admission.

Those Places who are Qualifying Shareholders will also be entitled to participate in the Open Offer.

**Qualifying Shareholders should note that the Open Offer is not a rights issue.** Qualifying non-CREST Holders should be aware that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should also be aware that, in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer.

### *Settlement and dealings*

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence at 8.00 a.m. on 20 October 2014. Further information in respect of settlement and dealings in the New Ordinary Shares is set out in paragraph 9 of Part III of the Circular.

### *Overseas Shareholders*

Certain Overseas Shareholders may not be permitted to subscribe for Open Offer Shares pursuant to the Open Offer and should refer to paragraph 6 of Part III of the Circular.

### *CREST instructions*

Application has been made for the Basic Entitlements for Qualifying CREST Holders to be admitted to CREST. It is expected that the Basic Entitlements will be admitted to CREST on 23 September 2014. The Excess Entitlements will also be admitted to in CREST on 23 September 2014. Applications through the CREST system may only be made by the Qualifying Holder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

If you are a Qualifying non-CREST Holder an Application Form which gives details of your Basic Entitlement under the Open Offer (as shown by the number of the Open Offer Shares allocated to you) will accompany the Circular. If you wish to apply for Open Offer Shares under the Open Offer, you should complete the accompanying Application Form in accordance with the procedure for application set out in paragraph 3 of Part III of this Document and on the Application Form itself. The completed Application Form, accompanied by full payment, should be returned by post or by hand (during normal business hours only) to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA so as to arrive as soon as possible and in any event no later than 5.00 p.m. on 15 October 2014.

If you are a Qualifying CREST Holder, no Application Form will accompany the Circular but you will receive a credit to your appropriate stock account in CREST in respect of your Basic Entitlement and if appropriate your Excess Entitlement. You should refer to the procedure for application set out in paragraph 3 of Part III of this Document. The relevant CREST instruction must have settled by no later than 5.00 p.m. on 15 October 2014.

The latest time for applications under the Open Offer to be received is 5.00 p.m. on 15 October 2014. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your Basic Entitlement or have your Basic Entitlement to your stock account in CREST.

**If you are in any doubt as to what action you should take, you should immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly**

authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriate authorised independent financial adviser.

#### 4. Current trading and prospects

The results for the year ended 31 May 2014 released on 22 September 2014 announced a profit before tax of £1,346,524, an increase of 73.8 per cent. over the comparative of £775,287 in 2013. Revenues increased by 35.6 per cent to £4,211,569 from £3,106,612 in the prior year and the loan and lease portfolios have grown by £476,230 and £5,104,063 respectively.

Trading in the current year has commenced satisfactorily and is ahead of the equivalent period last year. In overall terms the current financial year is now expected to be a year of modest growth as the platform for future significant growth is established. The investment in people, premises and systems will impact profits growth in the current financial year and the increased number of shares in issue following the Fundraising will restrict earnings per share growth in the year. The benefits of the increased investment are expected to impact in the later part of the current financial year and into the following financial year.

Given the strength of the 2014 results and the Board's confidence in the Company's future prospects, the Board intends to pay the Company's maiden dividend as a final dividend in respect of the year ending 31 May 2015.

#### 5. Share option incentives

The Board recognises the importance of retaining, motivating and rewarding key Directors and staff within the Company. At present there are no share option schemes in place for this purposes. Therefore as soon as possible after the date of this document, it is the Board's intention to establish appropriate share schemes for the Directors and for staff. In aggregate there will no more than 10 per cent. of the Ordinary Share capital of the Company subject to the share option schemes. The initial awards are expected to amount to significantly less than this percentage. Options awarded to the Directors will be subject to the attainment of performance objectives.

#### 6. General Meeting

The Circular will contain a notice convening the General Meeting to be held at the Francis Hotel, Queens Square, Bath, BA1 2HH at 1:30 p.m. on 17 October 2014 at which resolutions will be proposed to *inter alia*, approve the Placing and the Open Offer.

#### 7. Intentions of the Directors in relation to the Fundraising

Each of the Directors (other than Ian Smith) is a Qualifying Shareholder. Save for Maria Lewis, each has indicated their intention to make an excess application under the Open Offer in addition to a subscription for their Basic Entitlement under the Open Offer.

UK Private Healthcare Limited, a company of which Ron Russell is a director and with which he is connected by virtue of a 25 per cent. shareholding, has an outstanding loan to the Company of £380,000. This loan is repayable on demand. Mr Russell has indicated that in order to minimise the effective dilution to his shareholding resulting from the Fundraising, UK Private Healthcare Limited may request that the loan is repaid and that the proceeds (excluding any accrued interest which would be paid in cash) be applied in subscribing for Ordinary Shares at the Issue Price. Any such subscription would result in an issue of 622,950 Ordinary Shares, which would be in addition to those Ordinary Shares being issued pursuant to the Fundraising.

#### Placing and Open Offer statistics

Closing Price per Existing Ordinary Share on 19 September 2014	72 pence
Number of Existing Ordinary Shares in issue	29,969,329
Entitlement under the Open Offer	1 Open Offer Share for every 18 Existing

Issue Price of each New Ordinary Share	Ordinary Shares 61
Discount to market price of 72 pence per Existing Ordinary Share <sup>1</sup>	15.3 per cent.
Number of Open Offer Shares to be offered for subscription by Qualifying Shareholders	1,664,963
Number of Placing Shares to be issued pursuant to the Placing	4,918,032
Expected proceeds of the Open Offer (before expenses) <sup>2</sup>	£1.016m
Expected proceeds of the Placing (before expenses)	£3m
Expected proceeds of the Fundraising (before expenses) <sup>2</sup>	£4.016m
Enlarged Share Capital following Admission <sup>2,3</sup>	36,552,323
Percentage of Enlarged Share Capital represented by the Open Offer Shares <sup>2,3</sup>	up to 4.55%
Percentage of Enlarged Share Capital represented by the Placing Shares <sup>2,3</sup>	13.45%
Estimated net proceeds of the Fundraising <sup>2</sup>	up to £3.8m

*Notes:*

1. The Closing Price on AIM on 19 September 2014, being the last practicable date prior to the publication of this Document.
2. Assuming full subscription under the Open Offer.
3. Excludes any new Ordinary Shares which may be issued in connection with the repayment of the Loan described in paragraph 8 of Part 1 of the Circular

**Expected timetable of principal events**

Record Date for the Open Offer	<i>2014</i> 5.00 p.m. on 18 September
Announcement of the Placing and Open Offer	22 September
Existing Ordinary Shares marked “ex” by the London Stock Exchange	22 September
Basic Entitlements credited to stock accounts in CREST of Qualifying CREST Holders	23 September
Recommended latest time for requesting withdrawal of Basic Entitlements from CREST	4.30 p.m. on 12 October
Latest time for depositing Basic Entitlements and/or Excess Entitlements into CREST	3.00 p.m. on 13 October
Latest time and date for splitting of Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 13 October
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	5.00 p.m. on 15 October

Latest time and date for receipt of Forms of Proxy	1.30 p.m. on 15 October
Annual General Meeting	12.30 p.m. on 17 October
General Meeting	1.30 p.m. on 17 October
Admission and commencement of dealings of the Placing Shares and the Open Offer Shares	20 October
New Ordinary Shares credited to CREST stock accounts	20 October
Despatch of definitive share certificates for New Ordinary Shares	week commencing 27 October

**For further information, please contact:**

**1pm plc**

Ian Smith, Chairman

0844 967 0944

Maria Lewis, CEO

0844 967 0944

**WH Ireland (NOMAD)**

Mike Coe / Ed Allsopp

0117 945 3470

**Winningtons Financial PR**

Paul Vann

0117 985 8989

07768 807631

[paul.vann@winningtons.co.uk](mailto:paul.vann@winningtons.co.uk)

**About 1pm:**

At the second Annual Small Cap Awards held in May 2014, the Company won two awards including the most prestigious category "Company of the Year". Chief Executive, Maria Lewis and Finance Director, Helen Walker were also jointly awarded Small Cap Executive Director of the Year.

The Company was admitted to AIM in August 2006.

1pm plc is an established independent finance company focused on providing SMEs with accessible funding to add value to their businesses. All customers must have good credit histories and proven ability to repay their finance commitments.

1pm currently provides assets finance from £1,000 to £50,000 for a period of between 12 and 60 months and £1,000 to £25,000 for business loans (repaid over 3-36 months).

Mission Statement – 'Helping the UK economy grow by supporting SMEs'

More information is available on the Company website [www.1pm.co.uk](http://www.1pm.co.uk)