

THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA, if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or otherwise transfer, or have sold or otherwise transferred, all your Ordinary Shares in the Company, please forward this document, but not the accompanying personalised Form of Proxy, as soon as possible to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or the transferee. If you sell or have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected. If you receive this document from another Shareholder, as a purchaser or transferee, please contact the Registrar for a personalised Form of Proxy.



SIG plc

(Incorporated in England and Wales with registered number 00998314)

Proposed Disposal of the Air Handling Division

Circular to Shareholders

and

Notice of General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out in Part 1 (Letter from the Chairman of SIG) of this document and which contains a recommendation from the Directors that you vote in favour of the Disposal Resolution to be proposed at the General Meeting. The Disposal will not take place unless the Disposal Resolution is passed at the General Meeting.

Notice of the General Meeting, to be held at the offices of Allen & Overy LLP at One Bishops Square, London E1 6AD at 11 a.m. on 23 December 2019, is set out in Part 8 (Notice of General Meeting) of this document. Whether or not you intend to be present at the General Meeting, you are asked to complete and return the Form of Proxy in accordance with the instructions printed on it to the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgewater Road, Bristol BS99 6ZY, as soon as possible and, in any event, so as to be received by no later than 11 a.m. on 19 December 2019 (being 48 hours before the time fixed for the holding of the meeting with no account being taken for non-working days) (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Shareholders wishing to appoint a proxy online should visit www.eproxyappointment.com and follow the instructions. To use this service, you will need your unique Personal Identification Number and Shareholder Reference Number, together with the Control Number, printed on the Form of Proxy.

If you hold your Ordinary Shares in CREST, and you wish to appoint a proxy or proxies through the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual (available via www.euroclear.com). In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Computershare Investor Services PLC, ID 3RA50, not later than 11 a.m. on 19 December 2019.

The completion and return of a Form of Proxy will not prevent you from attending the General Meeting and voting in person should you so wish and be so entitled.

Lazard & Co., Limited (**Lazard**) which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as financial adviser to SIG and no one else in connection with the Disposal and will not be responsible to anyone other than SIG for providing the protections afforded to clients of Lazard nor for providing advice in relation to the Disposal or any other matters referred to in this document. Neither Lazard nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard in connection with this document, any statement contained herein or otherwise.

Peel Hunt LLP (**Peel Hunt**), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively as sponsor to SIG and no one else in connection with the Disposal and will not regard any other person as a client in relation to the Disposal, nor be responsible to anyone other than SIG for providing the protections afforded to clients of Peel Hunt nor for providing advice in relation to the Disposal, the contents of this document or any transaction, arrangement or other matter referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed upon Lazard or Peel Hunt by FSMA or the regulatory regime established thereunder, neither Lazard nor Peel Hunt, nor any of their respective subsidiary undertakings or any of their respective partners, directors, officers, employees, advisers, agents or any other person, accept any responsibility or liability whatsoever or make any representation or warranty, express or implied, concerning the contents of this document (or whether any information has been omitted from this document), including its truth, accuracy, completeness, fairness or verification, or concerning any other statement made or purported to be made by it, or on its behalf, in connection with the Company, its subsidiaries or associated companies, the Ordinary Shares in the Company or the Disposal, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. Lazard and Peel Hunt accordingly each disclaim, to the fullest extent permitted by law, all and any duty, responsibility and liability whether direct or indirect and whether arising in tort, contract, under statute or otherwise (save as referred to herein) which it might otherwise have in respect of this document or any such statement.

This document is a circular relating to the Disposal which has been prepared in accordance with the Listing Rules and approved by the FCA. For a discussion of the risks relating to the Disposal, please see the discussion of risks and uncertainties set out in Part 2 (Risk Factors) of this document.

Capitalised terms have the meaning ascribed to them in Part 7 (Definitions) of this document.

A summary of action to be taken by Shareholders is set out on pages 12 to 13 of this document and in the Notice of General Meeting set out in Part 8 (Notice of General Meeting) of this document.

This document is dated 5 December 2019.

IMPORTANT NOTICES

Information regarding forward looking statements

This document contains statements which are, or may be deemed to be, “forward-looking statements” which are prospective in nature. All statements other than statements of historical fact are forward-looking statements. They are based on current expectations and projections 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. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as “plans”, “expects”, “is expected”, “is subject to”, “budget”, “scheduled”, “estimates”, “forecasts”, “goals”, “intends”, “anticipates”, “believes”, “targets”, “aims” or “projects”. Words or terms of similar substance or the negative thereof, are forward-looking statements, as well as 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. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.

Forward-looking statements include statements relating to: (a) future capital expenditures, expenses, revenues, earnings, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (b) business and management strategies and the expansion and growth of the Company’s operations; and (c) the effects of global economic conditions on the Company’s business.

Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause actual results, performance or achievements of the Company to differ materially from the expectations of the Company, include, among other things, general business and economic conditions globally, industry trends, competition, changes in government and changes in regulation and policy, including in relation to the environment, health and safety and taxation, labour relations and work stoppages, interest rates and currency fluctuations, changes in its business strategy, political and economic uncertainty and other factors discussed in Part 2 (Risk Factors) of this document. Such forward-looking statements should therefore be construed in light of such factors.

Neither the Company nor any of its 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 document will actually occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as at the date of this document.

Other than in accordance with its legal or regulatory obligations (including under the Listing Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation (EU) No 596/2014), the Company is not under any obligation and the Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The above explanatory wording regarding forward-looking statements does not in any way seek to qualify the statement regarding working capital that can be found at paragraph 11 of Part 6 (Additional Information) of this document.

No profit forecast

Other than as expressly stated, no statement contained or referred to in this document is intended as a profit forecast or a profit estimate and no statement in this document should be interpreted to mean that earnings per Ordinary Share for the current or future financial years will necessarily match or exceed the historical published earnings per Ordinary Share.

Financial information

References to “£”, “GBP”, “pounds”, “pounds sterling”, “sterling”, “p”, “penny” and “pence” are to the lawful currency of the United Kingdom. References to “€”, “euro” or “EUR” are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the EC Treaty. Historic exchange rates have been used to convert € to £ where relevant. For current EUR amounts, a rate of 1.12295 has been used to calculate the net cash proceeds and the cash consideration in the Sale Agreement.

Figures provided in this document in respect of exchange rates have been provided to five decimal places.

Shareholder helpline

If you have **any questions about this document**, the General Meeting or on the completion and return of the Form of Proxy, **please call** the Computershare shareholder helpline between 8:30 a.m. and 5:30 p.m. (London (UK) time) Monday to Friday (except UK public holidays) on +44 (0)370 707 1293 (calls to this number from the UK are charged at the standard national rate plus network extras) or on +44 370 707 1293 from outside the UK.

Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Disposal.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	Time and/or Date
Announcement of the Disposal	7 October 2019
Publication and posting of this document, the Notice of General Meeting and the Form of Proxy	5 December 2019
Latest time and date for receipt of Form of Proxy and CREST Proxy Instructions in respect of the General Meeting	11 a.m. on 19 December 2019
General Meeting	11 a.m. on 23 December 2019
Expected date of Completion (subject to shareholder approval)	Q1 2020
First Long Stop Date	7 February 2020
Second Long Stop Date ⁽³⁾	7 March 2020

Notes:

- (1) All references in this document to time are to London (UK) time unless otherwise stated.
- (2) The timetable may be subject to change. If any of the above times and/or dates should change, the new times and/or dates will be announced to Shareholders through a Regulatory Information Service.
- (3) The First Long Stop Date extends automatically by one calendar month to the Second Long Stop Date if the Conditions are not satisfied prior to the First Long Stop Date.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Andrew Allner (Non-Executive Chairman) Meinie Oldersma (Chief Executive Officer) Nicholas Maddock (Chief Financial Officer) Alan Lovell (Senior Independent Non-Executive Director) Andrea Abt (Independent Non-Executive Director) Kate Allum (Independent Non-Executive Director) Ian Duncan (Independent Non-Executive Director) Gillian Kent (Independent Non-Executive Director)
Group Company Secretary	Kulbinder Dosanjh
Registered and Head Office	10 Eastbourne Terrace London W2 6LG
Financial Adviser	Lazard & Co., Limited 50 Stratton Street Mayfair London W1J 8LL
Sponsor	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET
Legal Adviser	Allen & Overy LLP One Bishops Square London E1 6AD
Auditors	Ernst & Young 6 More London Riverside London SE1 2QY
Reporting Accountants	KPMG LLP 15 Canada Square London E14 5GL
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZY

PART 1
LETTER FROM THE CHAIRMAN OF SIG



SIG plc (“SIG” or the “Company”)

Directors:

Andrew Allner (Non-Executive Chairman)
Meinie Oldersma (Chief Executive Officer)
Nicholas Maddock (Chief Financial Officer)
Alan Lovell (Senior Independent Non-Executive Director)
Andrea Abt (Independent Non-Executive Director)
Kate Allum (Independent Non-Executive Director)
Ian Duncan (Independent Non-Executive Director)
Gillian Kent (Independent Non-Executive Director)

Registered and head office:

10 Eastbourne Terrace
London
United Kingdom
W2 6LG

5 December 2019

Dear Shareholder,

**Proposed Disposal of the Air Handling Division
and
Notice of General Meeting**

1. Introduction

On 7 October 2019, SIG announced that it had entered into an agreement with France Air Management SA (the **Purchaser**) with respect to the sale to the Purchaser of its Air Handling Division (the **Disposal**) for an enterprise value of EUR222.7 million, on a cash free, debt free basis. The enterprise value represents an attractive valuation of approximately 10.2x underlying operating profit of the Air Handling Division for the year ended 31 December 2018. The consideration is payable in full and in cash on Completion, subject to customary adjustment for actual levels of cash, debt and working capital in the Air Handling Division at Completion. The principal terms of the Sale Agreement are described in more detail in Part 3 (Principal Terms and Conditions of the Disposal) of this document.

In accordance with the Listing Rules, due to the size of the Disposal in relation to the size of the Company, the Disposal constitutes a Class 1 transaction (as defined in the Listing Rules) and requires the approval of the Company’s Shareholders under the Listing Rules. A notice convening the General Meeting, at which the Disposal Resolution will be proposed, is set out in Part 8 (Notice of General Meeting) of this document.

The General Meeting is to be held at the offices of Allen & Overy LLP at One Bishops Square, London E1 6AD at 11 a.m. on 23 December 2019 for the purpose of seeking your approval to the Disposal.

This document describes the background to and reasons for the Disposal, and explains why the Board unanimously considers the Disposal to be in the best interests of the Company and its Shareholders as a whole and recommends that Shareholders vote in favour of the Disposal Resolution.

Shareholders should read the whole of this document and not rely on the summary of the Disposal in this letter. Capitalised terms have the meaning ascribed to them in Part 7 (Definitions) of this document.

2. Background to and reasons for the Disposal

SIG is a leading supplier of specialist building materials to trade customers across Europe, with strong positions in its core markets. SIG has three main product markets: (i) as a specialist distributor of insulation and interiors products; (ii) as a merchant of roofing and exteriors products; and (iii) as a provider of air handling solutions. The Group aspires to be the supply chain partner of choice for specialist building materials across Europe.

In 2018, SIG undertook a portfolio review of the Group's businesses. The conclusion of that review was that, while the Group's three product markets all service the construction market, they each offer distinctly different products and have distinctly different suppliers, customers and end markets. In addition, each of the Group's businesses have separate operations, and this is particularly apparent when the Air Handling Division is compared with the rest of the Group's business portfolio. Accordingly, each separate business has different requirements for success.

Following this portfolio review, the Group brought the last of its air handling businesses formally into the Air Handling Division by incorporating Ouest Isol Ventil (the Group's specialist distributor of ventilation, air conditioning and technical insulation products in France) and SK Sales (the Group's specialist supplier of heating, ventilation and air conditioning products in the UK). This created an integrated pan-European air handling solutions platform, better able to leverage its scale, share best practice and deliver an enhanced customer proposition.

In the first quarter of 2019, the Company initiated a strategic review of its Air Handling Division to determine whether SIG was the owner best placed to drive and deliver the growth potential of the pan-European platform that exists within the Air Handling Division. As a result of this strategic review and the recent actions taken to consolidate the air handling businesses within the Air Handling Division, and in line with the Board's strategy of simplifying the Group, the Board has decided that the Air Handling Division should be sold in a manner that realises appropriate value for the Group and for Shareholders.

The Disposal realises an attractive value for the Air Handling Division (representing an EV/EBIT multiple of 10.2x) and will help facilitate a reduction in the level of the Company's debt, which continues to be a key priority for the Board and for Shareholders.

Following the Disposal, the Continuing Group will comprise: (i) a specialist distributor of insulation and interiors products which operates in seven countries across Europe; and (ii) a merchant of roofing and exteriors products in the UK and France. The Continuing Group will continue to focus on its strategic levers: customer service, operational efficiency and customer value. In support of this, SIG will continue with its announced programme of delivery of transformation benefits to be able to generate a sustained improvement in operational and financial performance. These benefits will be achieved through a focus on pricing, cost management and a transition to a more integrated functional operating model. These initiatives, coupled with targeted investment in information technology, are expected to result in a base business through which the Continuing Group can drive focussed growth in its products and offers.

3. Principal terms and conditions of the Disposal

Sale Agreement

The principal terms and conditions of the Disposal are contained in the Sale Agreement which was entered into on 7 October 2019 between the Company and the Purchaser. The enterprise value for the sale of the Air Handling Division is EUR222.7 million on a cash free, debt free basis. The Consideration is payable by the Purchaser in cash on Completion, subject to customary adjustment for actual levels of cash, debt and working capital in the Air Handling Division at Completion. The Disposal of the Air Handling Division will be effected through the sale of SIG Air Handling UK Limited, SIG Air Handling International B.V. (and its subsidiaries) and the French Target Companies (and their respective subsidiaries).

Completion is conditional upon approval of the Disposal Resolution by Shareholders at the General Meeting of the Company and anti-trust clearances having been obtained (or the Disposal otherwise being deemed cleared) from regulatory authorities in France and Bulgaria.

The Disposal is expected to complete in the first quarter of 2020. Completion of the transfer of all target companies in the Air Handling Division will occur together and will take place: (i) on the last business day of the calendar month in which the last condition is fulfilled; or (ii) such other date as may be agreed among the Purchaser and the Company in writing (which will be no later than 10 business days following satisfaction of all conditions).

Other transaction documentation

In connection with the Disposal and under French law, certain employee related information and consultation processes in France were required to be undertaken by the Company, and until such processes were complete the Company could not definitively agree to sell the French Target Companies. Accordingly, the Company and the Purchaser entered into the French Put Option, which upon exercise required the Purchaser to acquire the French Target Companies on the terms of the Sale Agreement. These consultation and information processes have now been completed and the French Put Option was exercised by SIG France SAS (a wholly owned subsidiary of the Company) (the **French Seller**) on 22 November 2019.

Upon Completion of the Sale Agreement, the Company and the Purchaser will also enter into the Tax Deed and the Transitional Services Agreement. Pursuant to the Transitional Services Agreement, the Company will provide certain information technology, facility management, vehicular, record-keeping, legal and property-related services to SIG Air Handling UK Ltd and the French Target Companies for defined periods from Completion, depending on the services being provided.

Further details of the Sale Agreement, the French Put Option, the Transitional Services Agreement and the Tax Deed are set out in Part 3 (Principal Terms and Conditions of the Disposal) of this document.

4. Information on the Air Handling Division

SIG's integrated Air Handling Division is the largest distribution-led specialist provider of air handling products and solutions in Europe. The Air Handling Division supplies more than 15,000 products and heating, ventilation and air conditioning (HVAC) related project solutions to more than 30,000 customers each year.

The Air Handling Division comprises two main businesses:

- *Specialist Distribution* supplies air handling parts and products, with a growing own-brand and fabricated product offering, serving installers and building contractors with tailored solutions. Its 'hub and spoke' business model provides a 'one-stop shop' to its customer base in the distribution of HVAC and complementary technical insulation products; and
- *Specialist Projects* provides technical solutions for the design, supply and installation of specialist air handling systems and holds leading market positions in the specialist, high value niches of car park systems and climate ceilings.

The Air Handling Division operates in ten European countries and predominantly in the Netherlands, France, Belgium and the United Kingdom. It employs approximately 1,250 people, is headquartered in Waalwijk, Netherlands and operates more than 85 branch depot sites, fabrication facilities and project offices across the ten European countries in which it operates.

5. Information on the Purchaser

France Air Management SA is a member of the France Air Group (**France Air**), an expert in air handling and diffusion of indoor air, established in Lyon, France in 1960. France Air is a family-owned group which specialises in the design and distribution of heating, ventilation and air conditioning solutions. It has 24 offices in France, and has commercial activities in six countries (Portugal, Switzerland, Czech Republic, Slovakia, Romania and Angola). It serves approximately 30,000 customers in more than 22 countries and employs approximately 530 people, 200 of whom are dedicated to sales. France Air operates primarily in commercial building and collective housing, with a strong position in niche markets such as industrial sectors, hospitals and professional kitchens.

6. Use of proceeds

The net cash proceeds arising from the Disposal are expected to be approximately EUR190.8 million (approximately £169.9 million).

The Board intends firstly to use at least £130 million of the net cash proceeds to reduce the Company's financial indebtedness, of which approximately £80 million will be applied pro-rata to making a mandatory offer of prepayment to holders of the U.S. Private Placement Notes and approximately £50 million will be used to terminate its debt factoring arrangements, in line with the Group's previously stated priority to reduce leverage. This will provide the Continuing Group with a strengthened balance sheet and flexibility to pursue further value creating opportunities as appropriate.

The Board intends to use the residual net cash proceeds, after retention by the Company of a small amount for general corporate purposes, to make a return to Shareholders. Such return may be made by way of on-market purchases of the Company's own shares or through the Company's dividend policy. In determining the optimal quantum, timing and method for this return to Shareholders, the Board will consider a number of factors including organic investment requirements, overall Group leverage, Shareholder preference and prevailing market conditions. The Board will make decisions on the quantum, timing and method of any Shareholder return following Completion.

Following the Disposal, the Group intends to target headline financial leverage pre-IFRS 16 of approximately 0.5x EBITDA (30 June 2019: 1.4x), with flexibility for variable working capital requirements during the year.

7. Financial effects of the Disposal

As at 30 June 2019, the Air Handling Division had gross assets of £182.3 million, representing 11.4 per cent. of the Group's gross assets as at 30 June 2019.

An unaudited *pro forma* statement of the net assets of the Continuing Group is set out, for illustrative purposes only, in Part 5 (Unaudited *Pro Forma* Statement of Net Assets of the Continuing Group) of this document. As shown in that statement, the illustrative unaudited consolidated net assets of the Continuing Group as at 30 June 2019, on a *pro forma* basis and adjusted to reflect the Disposal as if Completion had occurred at that date, would have been £502.3 million.

In the year ended 31 December 2018, the Group reported underlying operating profit of £90.6 million (extracted without material adjustment from the 31 December 2018 audited financial statements of SIG) and the Air Handling Division reported underlying operating profit of £19.4 million (extracted without material adjustment from the 30 June 2019 interim financial statements of the Group), representing 21.4 per cent. of the Group's underlying operating profit. The Disposal is expected to be immediately dilutive to SIG's earnings per share, although, over the short to medium term, the dilution should be substantially offset in future years by reduced financing costs and continuing benefits from the Group's programme of transformation.

The financial information in this paragraph 7 has been extracted without material adjustment from the financial information contained in Part 4 (Financial Information relating to the Air Handling Division) of this document. The effects of the Disposal upon the net assets of the Company are set out in Part 5 (Unaudited *Pro Forma* Statement of Net Assets of the Continuing Group) of this document.

8. Current trading, trends and future prospects

On 6 September 2019, the Company published its results for the six months ended 30 June 2019 and the outlook for the full year 2019. In that announcement, it was noted that:

- the significant improvements in the business during the first half of 2019 were against a backdrop of challenging trading conditions in many of the Group's end markets;
- there was a marked deterioration in the level of construction activity in the UK as the year progressed and a number of key indicators pointed to further weakening of the macro-economic backdrop, notably in the UK and in Germany;
- the benefits from transformational initiatives across the Group's businesses coupled with the Group's normal seasonality were expected to deliver further upside in the second half of the year; and
- the political and macro-economic uncertainty continues to increase as SIG enters the traditionally strongest trading months of the year and the management continues to monitor trading conditions closely and are taking actions in anticipation of further market weakness.

On 7 October 2019, the Company issued a trading update covering the period since the announcement of 6 September 2019. In that trading update, it was noted that:

- the Group has been reporting during the year a deterioration in the level of construction activity in key markets and highlighting a number of key indicators pointing to further weakening of the macro-economic backdrop, notably in the UK and in Germany;
- this deterioration in trading conditions has accelerated over recent weeks, and political and macro-economic uncertainty has continued to increase;
- management is taking ongoing actions to address the continuing market weakness; and
- further benefits from transformational initiatives and the Group's normal seasonality are still expected to deliver a stronger second half. However, the recent further weakening of the trading backdrop as the Group has entered its traditionally strongest trading months of the year means that the Board is now anticipating, in both the specialist distribution and roofing merchandising businesses, significantly lower underlying profitability for the full year than its previous expectations.

The trading update also noted the announcement of the sale of the Group's Building Solutions business for a consideration of £37.5 million on a cash free, debt free basis (in addition to the sale of the Air Handling Division) which, when completed, will significantly strengthen the Group's balance sheet.

9. Risk Factors

For a discussion of the risks and uncertainties which you should take into account when considering whether to vote in favour of the Disposal Resolution, please refer to Part 2 (Risk Factors) of this document.

10. General Meeting

You will find set out at the end of this document a Notice of General Meeting convening a General Meeting to be held at the offices of Allen & Overy LLP at One Bishops Square, London E1 6AD at 11 a.m. on 23 December 2019.

At the General Meeting, the Disposal Resolution will be proposed which, if passed, will approve the Disposal substantially on the terms and subject to the conditions summarised in Part 3 (Principal Terms and Conditions of the Disposal) of this document and will authorise the Directors to give effect to the Disposal.

The full text of the Disposal Resolution is included in the Notice of General Meeting, which is set out in Part 8 (Notice of General Meeting) of this document.

11. Action to be taken

You will find enclosed with this document a Form of Proxy for use in respect of the Disposal Resolution to be proposed at the General Meeting. **Whether or not you intend to be present at the General Meeting, you are requested to complete the Form of Proxy in accordance with the instructions printed on it, and return it as soon as possible, but in any event so as to be received by Computershare, by hand or by post, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, not later than 11 a.m. on 19 December 2019 (being 48 hours before the time fixed for the holding of the meeting with no account being taken for non-working days).**

Shareholders wishing to appoint a proxy online should visit www.eproxyappointment.com and follow the instructions. To use this service, you will need your unique Personal Identification Number and Shareholder Reference Number, together with the Control Number, printed on the Form of Proxy.

If you hold your Ordinary Shares in CREST, and you wish to appoint a proxy or proxies through the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual (available via www.euroclear.com). In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Computershare Investor Services PLC, ID 3RA50, not later than 11 a.m. on 19 December 2019.

The return of a completed Form of Proxy or the giving of a CREST Proxy Instruction will not prevent you from attending the General Meeting and voting in person if you so wish and are so entitled.

The Disposal Resolution will be decided on a poll and the result of the vote will be announced to the London Stock Exchange and will appear on the Company's website, www.sigplc.com.

12. Additional information

Your attention is drawn to the additional information set out in Part 6 (Additional Information) of this document. You are advised to read the whole of this document and not just rely on the key summarised information in this letter.

13. Recommendation to Shareholders

Lazard is acting as financial adviser to SIG in relation to the Disposal. In providing its financial advice to the Board, Lazard has relied upon the Board's commercial assessment of the Disposal.

The Board considers that the Disposal and the passing of the Disposal Resolution are in the best interests of the Company and its Shareholders taken as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Disposal Resolution to be proposed at the General Meeting.

The Directors intend to vote in favour of the Disposal Resolution at the General Meeting in respect of the Ordinary Shares to which they are beneficially entitled (representing approximately 0.1027 per cent. of the total issued share capital of SIG as at 4 December 2019 (being the last practicable date before publication of this document)).

Yours faithfully,

For and on behalf of SIG plc
Andrew Allner
Chairman

PART 2

RISK FACTORS

This section describes the risk factors which are considered by the Directors to be material in relation to the Disposal, the new material risks to the Continuing Group as a result of the Disposal and the existing material risks which may be affected by the Disposal, as well as the material risks to the SIG Group if the Disposal were not to proceed. However, these should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties not presently known to the Directors, or that the Board considers immaterial, or that the Board considers material to the Continuing Group but will not be affected by the Disposal, may also adversely affect the Continuing Group's business, results of operations or financial condition. If any or a combination of the following risks materialise, the Continuing Group's business, financial condition, operational performance, future performance and share price could be materially adversely affected. In such circumstances, the market price of the Company's Ordinary Shares could decline and you may lose all or part of your investment. The information given is as of the date of this document and, except as required by the FCA, the London Stock Exchange, the Listing Rules, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules or any other applicable law or regulation, will not be updated.

You should consider carefully the risks and uncertainties described below, together with all other information contained in this document and the information incorporated by reference herein, before deciding whether to vote in favour of the Disposal Resolution.

1. Risks relating to the Disposal

Sale Agreement conditions

Completion under the Sale Agreement is conditional upon: (i) approval of the Disposal Resolution by Shareholders; and (ii) anti-trust clearances having been obtained (or the transaction otherwise being deemed cleared) under French and Bulgarian anti-trust law. The processes to obtain the necessary clearances from the French Competition Authority and the Bulgarian Commission on Protection of Competition are being led by the Purchaser. The outcome of these clearance processes cannot be predicted with certainty. Pursuant to the Sale Agreement, the Purchaser has agreed to use best endeavours, and to take all steps necessary, to obtain the anti-trust clearances before the First Long Stop Date. If the Conditions have not been satisfied by the First Long Stop Date, the First Long Stop Date shall automatically be extended to the Second Long Stop Date. If, notwithstanding such obligations on the Purchaser and the extension of the Long Stop Date, the clearances in France and Bulgaria are not obtained, the Disposal may not be able to proceed.

There can be no assurance that all Conditions will be satisfied by the Second Long Stop Date and, accordingly, that Completion will take place. If the Disposal does not complete, any of the risks and uncertainties set out in section 2 of this Part 2 (Risk Factors) may adversely affect the Group's business and results of operations.

Exposure to liability under the transaction documents

The Sale Agreement and Tax Deed contain customary warranties and tax covenants given by the Company in favour of the Purchaser. While the Company's liability in respect of the business and tax warranties is capped at EUR 1, the Company's liability is capped at EUR 10,000,000 in respect of claims under the tax covenants in the Tax Deed and at the full amount of the Consideration for any claim for breach of the Fundamental Warranties. As per market practice, no disclosure can be made against the tax covenants in the Tax Deed and the Company's liability is not excluded by disclosure against the Fundamental Warranties. If the Continuing Group incurs any liability to make a payment following a successful claim by the Purchaser under these tax covenants or for breach of the Fundamental Warranties, such liabilities could have a material adverse effect on the Continuing Group's financial condition.

Pre-Completion events and developments

During the period to Completion, events or developments may occur, including changes in trading, operations or outlook of the Continuing Group or the Air Handling Division, or external market factors, which could make the terms of the Sale Agreement less attractive for SIG. Assuming that the Conditions under the Sale Agreement are satisfied, SIG would be obliged to complete the Disposal at

Completion in accordance with the terms of the Sale Agreement notwithstanding such events or developments. This may have an adverse effect on the business, financial condition or results of operations of the Continuing Group.

Currency exchange rate fluctuations

All consideration amounts payable pursuant to the Sale Agreement are denominated in Euro. If the pound sterling, which is the Company's reporting currency, strengthens or weakens relative to the Euro before Completion then there will be some variability associated with the pound sterling value realised from the Disposal. While this exposure is being monitored and partially mitigated through hedging strategies in relation to moving exchange rates, there is no guarantee that such strategies will be fully effective to prevent any adverse impact of exchange rate movements.

2. Risks relating to the Disposal not proceeding

If the Disposal does not proceed, the following risks and uncertainties may affect the Group's business and results of operations:

Inability to realise value if the Disposal does not complete

The Board believes that the Disposal is in the best interests of Shareholders taken as a whole and that the Disposal currently provides the best opportunity to realise an attractive and certain value for the Air Handling Division. If the Disposal does not complete, the Company will not receive any proceeds in respect of the Disposal and the subsequent value of the Air Handling Division to the Group may be lower than can be realised by way of the Disposal. This could result in the financial position of the Group being materially different from the position it would be in if the Disposal completed.

Inability to decrease leverage of the Group and inability to return Disposal proceeds to Shareholders

The Board intends to use the majority of the net proceeds of the Disposal to repay debt and to use the majority of any residual net proceeds, after that used to reduce the Company's financial indebtedness and a small amount retained for general corporate purposes, to make a return to Shareholders. Following the Disposal, the Group intends to target headline financial leverage pre-IFRS 16 of approximately 0.5x EBITDA. If the Disposal does not complete, the Company will not receive any proceeds in respect of the Disposal and may not be able to reduce its headline financial leverage to the stated target. In addition, the Company will not be able to return any proceeds to its Shareholders.

There can be no assurance of a future sale or other transaction involving the Air Handling Division if the Disposal does not proceed

The Board has determined that the Disposal offers attractive value for Shareholders. If the Disposal does not proceed, there is no assurance that the Group would be able to dispose of the Air Handling Division at a later date, in favourable or equivalent market circumstances. In particular, there is a risk that the value of the Air Handling Division may erode over time if the Group is unable or unwilling to invest the cash or resources necessary to drive and to deliver the growth potential of the business. Accordingly, there is no guarantee that the valuation under the Sale Agreement would be available in any future attempted transaction involving the Air Handling Division.

Disposal costs

The Company has incurred transaction costs in relation to the negotiation of the Disposal and preparation for the separation of the Air Handling Division from the Continuing Group and some of these will be incurred, irrespective of whether or not the Disposal proceeds. If the Disposal does not complete, the Company will not receive the cash proceeds from the Disposal and consequently the transaction costs incurred by the Group in connection with the Disposal would not be offset by such cash proceeds.

Potentially disruptive effect on the Group

If the Disposal does not proceed, this may lead to management and employee distraction for the Air Handling Division and concern due to perceived uncertainty as regards the future ownership of the Air Handling Division. The Air Handling Division's management and employees may be affected, and key management and/or other employees may choose to leave the Air Handling Division. That could result in the potential loss of expertise and capability within the Air Handling Division in the short to

medium term. To maintain Shareholder value, the Company's management may therefore be required to allocate additional time, resources and cost to the ongoing supervision and development of the Air Handling Division. This may result in disruption to the other businesses within the Group and may therefore adversely affect the Group's business, financial condition and results of operations.

There may be an adverse impact on the Group's reputation

If the Disposal does not proceed, there may be an adverse impact on the reputation of the Group due to amplified media scrutiny arising in connection with the attempted Disposal. Any such reputational risk could adversely affect the Group's business, financial condition and results of operations.

3. Risks relating to the Continuing Group

If the Disposal is completed, the following risks and uncertainties may be affected or result as a consequence:

The Continuing Group's operations after the Disposal will be less diversified

Following the Disposal, the Continuing Group's business will be less diversified and will be much more reliant on its core businesses as a specialist distributor of insulation and interiors products and merchant of roofing and exteriors products. Weak performance in these businesses, or in any particular part of these businesses, whether as a result of this specific risk or otherwise, will have a proportionately greater adverse impact on the financial condition of the Continuing Group and a greater risk of share price volatility following the Disposal.

Increase in the Continuing Group's exposure to the UK market increases its exposure to any adverse impacts in UK economic conditions arising from the UK's potential exit from the EU or generally

Following the Disposal, the Continuing Group's core businesses will have a greater relative exposure to the UK market than the Group has, and will have, prior to Completion. The Continuing Group will therefore have greater exposure to UK macro-economic related risks and adverse exchange rate movements between the pound sterling and other currencies.

In particular, the terms of the withdrawal of the UK from the EU may cause certain adverse effects on UK economic conditions and labour markets, and may have adverse effects on levels of economic activity in the UK. The terms of the withdrawal from the EU may also cause volatility in financial markets, including on exchange rates between the pound sterling and other currencies.

Any worsening of UK economic conditions or adverse movements in the pound sterling exchange rate (whether arising from the UK's potential exit from the EU or generally) may have a proportionately greater adverse effect on the financial condition of the Continuing Group and its results of operations.

The Continuing Group's funding costs may not improve

While asset disposals are one of the factors that providers of debt will take into consideration when assessing the Continuing Group's risk profile, there is no certainty that the Disposal, and any resulting improvement in the Continuing Group's leverage ratios, of themselves, will result in any reduction in the Continuing Group's funding costs in respect of future debt. It is also possible that there could be an increase in the Continuing Group's external funding costs as a result of it being less diversified following Completion.

Contribution of the Air Handling Division to the Continuing Group's operating profit

Following Completion, the Continuing Group will no longer receive the contribution that the Air Handling Division currently makes to the consolidated trading profit of the Group. As a result of the Disposal, all other things being equal, the aggregate profits of the Continuing Group will be reduced by the amount of the contribution that the Air Handling Division makes to the Continuing Group's aggregate profits until such time as the Continuing Group may grow profits from its continuing operations and/or may invest in or acquire additional profit generating assets. At this point in time there can be no certainty as to the timeframe to offset the reduction in aggregate profits, if any offset is achieved at all. Any material reduction in earnings could have an adverse effect on the Continuing Group's results of operations and/or share price.

Price and liquidity of the Ordinary Shares may fluctuate following the Disposal

Shareholders should be aware that the value of an investment in the Continuing Group may go down as well as up and can be highly volatile. The price at which the Ordinary Shares may be quoted, the price which investors may realise for their Ordinary Shares, and liquidity in the market for the Ordinary Shares will be influenced by a large number of factors, some specific to the Continuing Group and its operations and some which may affect the industry as a whole, other comparable companies or publicly traded companies as a whole. The sentiments of the stock market regarding the Disposal will be one such factor and this, together with other factors including the actual or anticipated fluctuations in the financial performance of the Continuing Group and its competitors, market fluctuations, and legislative or regulatory changes in the applicable industry, could lead to the market price of Ordinary Shares going up or down as well as impacting liquidity in the Ordinary Shares.

PART 3

PRINCIPAL TERMS AND CONDITIONS OF THE DISPOSAL

1. Sale Agreement

1.1 Parties and structure

The Sale Agreement was entered into on 7 October 2019 between the Company and the Purchaser. Pursuant to the Sale Agreement, the Company has agreed to procure that certain subsidiaries within the Continuing Group will sell SIG Air Handling UK Limited, SIG Air Handling International B.V. (and its subsidiaries) and the French Target Companies (and their respective subsidiaries) to the Purchaser.

1.2 Conditions to Completion

Completion of the Disposal is conditional on the following matters:

- (a) the passing of the Disposal Resolution; and
- (b) each of the French Competition Authority and the Bulgarian Commission on Protection of Competition having, by the end of the first phase of the relevant merger review process at national level either: (i) authorised the Disposal; (ii) not prevented the Disposal within the applicable waiting period where such non-prevention is deemed under national law to constitute clearance or be an official waiver from such authority; or (iii) decided that the Disposal falls outside the scope of its review (the **Anti-Trust Conditions** and together with the condition described in (a), the **Conditions**).

The Purchaser has agreed to use best endeavours, and to take all steps necessary, to procure that the Anti-Trust Conditions are satisfied as soon as is practicable and, in any event, on or before the First Long Stop Date.

Completion shall take place: (i) on the last business day of the calendar month in which the last Condition is fulfilled; or (ii) such other date as may be agreed among the Purchaser and the Company in writing (which shall be no later than 10 business days following satisfaction of all Conditions). Completion of the transfer of all target companies in the Air Handling Division shall occur together.

1.3 Consideration and intercompany debt

The enterprise value for the sale of the Air Handling Division is EUR222.7 million on a cash free, debt free basis. The consideration, payable in cash at Completion, shall be the enterprise value subject to adjustments reflecting estimated amounts of debt and cash in the Air Handling Division immediately prior to Completion and any shortfall (or excess) of working capital immediately prior to Completion as compared to an agreed working capital target (the **Consideration**).

The Consideration will be subject to a post-completion adjustment based on final determinations of actual net debt and actual working capital as at the date of Completion, and any increase or decrease will be paid by the Purchaser or the Company as applicable. To the extent the parties cannot resolve any disagreement regarding such adjustment, a final determination will be made by an independent accounting firm.

At Completion, the Company has agreed to procure that a payment is made by or on behalf of the relevant members of the Continuing Group in respect of all intercompany non-trading debt owed by the Continuing Group to the Air Handling Division. In addition, at Completion, the Purchaser is required to procure that a payment is made by or on behalf of the relevant members of the Air Handling Division in respect of any intercompany non-trading debt owed by the Air Handling Division to the Continuing Group.

1.4 Warranties

The Company has given warranties to the Purchaser that are customary for a transaction of this nature. The warranties given include:

- (a) certain fundamental warranties, including relating to the Company's capacity and authority to enter into and perform its obligations under the Sale Agreement and other transaction documents, the ability of the relevant subsidiaries within the Continuing Group to sell the shares in the

members of the Air Handling Division, the solvency of the members of the Air Handling Division and in relation to certain sanctions compliance matters (the **Fundamental Warranties**); and

- (b) warranties relating to the business and assets of the Air Handling Division including in relation to tax, accounts, indebtedness, compliance with laws, contracts, insurance, litigation, intellectual property and information technology systems, real estate, environmental matters, employees and benefit arrangements and pension schemes.

The warranties (other than the majority of the Fundamental Warranties) are subject to the disclosures made by the Company in a disclosure letter provided to the Purchaser. Certain of the Fundamental Warranties in relation to sanctions compliance matters are to be repeated at Completion.

The Purchaser has given customary warranties in favour of the Company relating to, among other things, their capacity and authority to enter into the Sale Agreement and availability of cash resources to meet their obligations under the Sale Agreement.

The warranties given by the Company are subject to customary financial and other limitations, as described below in paragraph 1.5 of this Part 3 (Principal Terms and Conditions of the Disposal).

1.5 Limitations of liability

The Sale Agreement includes customary financial thresholds, time limitations and other limitations and exclusions in relation to the Company's liability under the warranties and in respect of certain other claims made under the Sale Agreement and certain other transaction documents, including:

- (a) a *de minimis* on all claims under the Sale Agreement (other than claims in respect of a breach of the Fundamental Warranties) and the Tax Deed of EUR200,000 (meaning that any claims below EUR200,000 will be disregarded for all purposes);
- (b) a threshold on all claims under the Sale Agreement (other than claims in respect of a breach of the Fundamental Warranties) of EUR2,000,000 (meaning that the Company will not be liable in respect of any such claims (other than for breach of a Fundamental Warranty) unless the amount of damages resulting from all such claims exceeds EUR2,000,000 in aggregate). Once this threshold is reached, the Purchaser is entitled to claim all amounts resulting from such claims and not just the excess over that sum;
- (c) a cap of EUR1 on any warranty claims under the Sale Agreement (other than claims in respect of a breach of the Fundamental Warranties) and claims under the Tax Deed that are insured under the Purchaser's warranty and indemnity insurance policy (the **Purchaser W&I Policy**);
- (d) a cap of EUR10,000,000 in respect of claims under the Tax Deed; and
- (e) a maximum aggregate liability cap of the Consideration in respect of all claims under the Sale Agreement (including claims in respect of a breach of the Fundamental Warranties), the Tax Deed and any other transaction document.

The Purchaser must give notice of any warranty claim under the Sale Agreement (other than tax warranty claims or claims in respect of a breach of the Fundamental Warranties) within 18 months of the date of the Sale Agreement. Notice of any tax warranty claims or claims under the Tax Deed must be given prior to the fourth anniversary of the date of the Sale Agreement. Notice of any claims in respect of a breach of the Fundamental Warranties must be given prior to the date of expiry of the applicable statute(s) of limitations.

1.6 Pre-completion covenants

The Company has given certain customary covenants to the Purchaser in relation to the conduct of the Air Handling Division during the period between signing of the Sale Agreement and Completion. Such obligations include conducting the Air Handling Division in all material respects in the ordinary course of its day to day business and not undertaking certain actions in respect of the members of the Air Handling Division.

These provisions do not apply to the extent the Purchaser has given its prior written consent to any action.

The Company is also required to use reasonable efforts to undertake certain operational steps prior to Completion, including with respect to the transfer of certain real estate to members of the Air Handling Division and the implementation of certain measures in relation to the IT systems of the Air Handling Division.

1.7 Changes to the perimeter

Under the terms of the Sale Agreement, the Purchaser has the right to request certain changes to the transaction perimeter. The Purchaser has not exercised those rights prior to the time required under the Sale Agreement and those rights have therefore expired.

1.8 Branding and Intellectual Property

The Company will, on Completion, grant each company within the Air Handling Division a non-exclusive, non-transferable, and royalty-free trademark licence (without the right to sub-license, save with the prior written consent of the Company) to use or display the word “SIG”, the word mark “SIG Air Handling” and the SIG and SIG Air Handling logos (if and to the extent used or displayed by that company during the six month period prior to Completion) solely in the conduct of that company’s business, as that business was conducted in the six month period prior to Completion. Such trademark licence will terminate within six months of Completion.

The Purchaser has also agreed to procure that, as soon as reasonably practicable after Completion (and, in any event, within two months), the name of any member of the Air Handling Division which consists of or incorporates any reference to “SIG” is changed to a name which neither includes any reference to “SIG” nor is, in the reasonable opinion of the Company, substantially or confusingly similar to “SIG”.

1.9 Restrictive covenants

The Company, on behalf of itself and the Continuing Group, has provided an undertaking not to be engaged in a business which is competitive with a business carried on by the Air Handling Division, for a period of 12 months after Completion. The Company, on behalf of itself and the Continuing Group, has also provided a customary non-solicitation undertaking in respect of senior managers and sales staff of the Air Handling Division for a period of two years after Completion. All undertakings are subject to customary carve-outs. The Purchaser has provided a non-solicitation undertaking in respect of senior managers and sales staff of the Continuing Group for a period of 12 months after Completion.

1.10 Termination

If, by the First Long Stop Date, the Conditions have not been satisfied in full, the First Long Stop Date shall be automatically extended to 7 March 2020 (the **Second Long Stop Date**). If any of the Conditions are not satisfied on or before the Second Long Stop Date, or become incapable of satisfaction on or before the Second Long Stop Date, the Sale Agreement will terminate. The Sale Agreement may also be terminated by either the Company or the Purchaser if the other party fails to comply with its completion obligations under the Sale Agreement.

1.11 Governing law and jurisdiction

The Sale Agreement is governed by English law. The English courts have exclusive jurisdiction in relation to all disputes arising out of or in connection with the Sale Agreement.

2. French Put Option

2.1 Parties and Structure

The Company, SIG France SAS (the **French Seller**) and the Purchaser entered into a put option letter on 7 October 2019, pursuant to which the Purchaser granted the Company and the French Seller an option to require the Purchaser to purchase the French Target Companies on the terms of the Sale Agreement (the **French Put Option**).

2.2 Exercise

The French Put Option was only capable of exercise by the Company or the French Seller:

- (a) following completion of the information and consultation procedure with the Social and Economic Committee of Société Industrielle de l'Ouest des Produits Isolants S.A.S and the Social and Economic Committee of Saftair Ventilation S.A.S. (the **Works Councils**) in accordance with the French Labour Code; and
- (b) once all employees of Saftair Ventilation S.A.S. and Sebemex S.A.S had waived their right to make an offer to purchase the shares in these companies or, in the absence of such waivers, once these companies had complied with their information obligations under French law (known as the Hamon Law) and the statutory two month period provided for under the French Commercial Code had passed.

The Works Councils consultation and Hamon Law information process in France have been completed. Accordingly, the French Put Option was exercised by the French Seller on 22 November 2019, and Purchaser is therefore required to acquire the French Target Companies on the terms of the Sale Agreement.

2.3 Governing law and jurisdiction

The French Put Option is governed by English law. The English courts have exclusive jurisdiction in relation to all disputes arising out of or in connection with the French Put Option.

3. Transitional Services Agreement

Upon Completion, the Company and the Purchaser will enter into the Transitional Services Agreement, under which the Company will provide certain information technology, facility management, vehicular, record-keeping, legal and property-related services (the **Services**) to SIG Air Handling UK Ltd and the French Target Companies for defined periods from Completion. Such time periods are subject to agreement between the Company and the Purchaser and, depending on the services provided, are expected to fall into two categories: (i) time periods tied to occurrence of a future event (e.g. expiration of consumer warranty periods); and (ii) specified time periods, with the maximum specified time period expected to be 18 months from Completion.

The Company must use reasonable endeavours to procure and maintain all third party consents required for it to be able to provide or procure the provision of the Services, in the manner in which they were provided to the Air Handling Division immediately prior to Completion. The Purchaser will be required to provide such assistance as the Company may reasonably request in connection with obtaining such consents. In addition, the Company must use reasonable endeavours to provide the Services to materially the same standard and in materially the same manner as equivalent services were provided by the Company to the Air Handling Division in the 12 months immediately prior to Completion.

The Transitional Services Agreement includes a customary framework on limitations and exclusions of liability. Each party's total aggregate liability to the other is limited to the sum equal to 100 per cent. of the total yearly charges under the Transitional Services Agreement.

4. Tax Deed

Upon Completion, the Company, SIG Trading Limited, SIG France S.A.S and SIG Holdings B.V (together, the **Sellers**) and the Purchaser will enter into the Tax Deed.

4.1 Tax covenant

Under the Tax Deed, the Sellers covenant, subject to certain exclusions, to pay to the Purchaser amounts compensating the Purchaser in respect of tax liabilities of each member of the Air Handling Division in respect of events or periods occurring on or before Completion for that member of the Air Handling Division.

4.2 Exclusions and limitations of liability

There are a number of customary exclusions from the covenant to pay described in paragraph 4.1 above, including (amongst other things): (i) any tax liability for which provision is made or taken into account in the Completion statement; (ii) any tax liability which was discharged before Completion;

(iii) subject to certain restrictions, a tax liability of a company in the Air Handling Division which would not have arisen but for a voluntary act of the Purchaser or such company after Completion; and (iv) a tax liability that arises from a relevant change in law or a relevant accounting change.

The Sellers' liability under the Tax Deed is subject to customary financial and other limitations, consistent with those described above in paragraph 1.5 of this Part 3 (Principal Terms and Conditions of the Disposal).

4.3 *Purchaser's covenant*

In certain circumstances, the Purchaser is required to pay to the relevant Seller an amount equal to any tax liability of any member of the Continuing Group which arises as a result of a failure of a company in the Air Handling Division to pay the whole of any amount of tax for which it is liable.

4.4 *Conduct*

The Purchaser shall be responsible for the conduct of all post-Completion tax affairs of the Air Handling Division. In relation to any tax returns of the Air Handling Division for accounting periods which commenced before Completion but do not end until after Completion, the Purchaser shall provide the relevant Seller with any relevant documentation and provide the relevant Seller with a reasonable opportunity to comment on such documentation. The Purchaser shall reflect any reasonable comments of the relevant Seller in the finalised tax returns and keep the relevant Seller notified of the status of any negotiations with the tax authorities.

If the Purchaser or any member of the Air Handling Division becomes aware of any tax assessment or any other matter which could result in a claim against the Company or a relevant Seller under the Tax Deed or for breach of any of the tax warranties, then the Purchaser is required to give notice of such assessment or matter to the relevant Seller. Unless the relevant Seller elects to have conduct of a tax claims (which it may exercise at its discretion), the Purchaser will have conduct of any tax claims (subject to certain protections for the Sellers).

PART 4

FINANCIAL INFORMATION RELATING TO THE AIR HANDLING DIVISION

1. Nature of financial information

The following historical financial information relating to the Air Handling Division has been extracted without material adjustment from the consolidation schedules that underlie the audited consolidated financial information of the SIG Group for the years ended 31 December 2016, 31 December 2017 and 31 December 2018, and the reviewed consolidated financial information for the six month period ended 30 June 2019.

The financial information in this Part 4 (Financial Information relating to the Air Handling Division) does not constitute statutory accounts within the meaning of section 434 of the Companies Act. The consolidated statutory accounts for the SIG Group in respect of each of the financial years ended 31 December 2016, 31 December 2017 and 31 December 2018 have been delivered to the Registrar of Companies. The auditors' reports in respect of those statutory accounts were unqualified and did not contain statements under section 498(2) or (3) of the Companies Act.

The financial information in this Part 4 (Financial Information relating to the Air Handling Division) has been prepared using the IFRS accounting policies used to prepare the consolidated financial statements of the SIG Group for the six months ended 30 June 2019.

Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part 4 (Financial Information relating to the Air Handling Division).

Deloitte LLP were the auditors for the SIG Group, including the Air Handling Division, in respect of the two years ended 31 December 2016 and 31 December 2017. Ernst & Young LLP were the auditors for the SIG Group, including the Air Handling Division, in respect of the year ended 31 December 2018 and the six months ended 30 June 2019.

2. Income statements of the Air Handling Division for the three financial years ended 31 December 2016, 31 December 2017 and 31 December 2018 and the six months ended 30 June 2019

	Financial year ended 31 December 2016 (Note 1) £m	Financial year ended 31 December 2017 (Note 1) £m	Financial year ended 31 December 2018 (Note 1) £m	Six months ended 30 June 2019 (Note 1) £m
Revenue	261.4	302.5	311.4	159.7
Cost of sales	(165.0)	(189.5)	(195.0)	(100.8)
Gross profit	96.4	113.0	116.4	58.9
Operating expenses	(79.4)	(91.7)	(97.0)	(49.7)
Operating profit	17.0	21.3	19.4	9.2
Exceptionals	(0.6)	(11.2)	0.8	(0.7)
Finance income	(0.8)	(1.0)	(0.8)	(1.0)
Profit before tax	15.6	9.1	19.4	7.5
Taxation	(3.9)	(4.5)	(6.0)	(2.6)
Profit after tax	11.7	4.6	13.4	4.9

Notes:

- The income statements presented above are unaudited and have been extracted without material adjustment from the consolidation schedules that support the SIG Group's audited consolidated financial statements for the three years ended 31 December 2018 and reviewed consolidated financial statements for the six month period ending 30 June 2019.

3. Statements of Financial Position of the Air Handling Division as at 31 December 2018 and 30 June 2019

	As at 31 December 2018 (Note 1) £m	As at 30 June 2019 (Note 1) £m
Non-current assets		
Property, plant and equipment	15.3	15.3
Right-of-use assets	—	37.0
Deferred consideration	0.7	0.6
Deferred tax assets	0.1	0.1
	<u>16.1</u>	<u>53.0</u>
Current assets		
Inventories	28.4	38.7
Trade and other receivables	64.7	70.2
Contract assets	1.0	2.4
Current tax assets	0.8	0.8
Deferred consideration	0.3	0.3
Cash at bank and on hand	15.1	16.9
	<u>110.3</u>	<u>129.3</u>
Total assets	<u><u>126.4</u></u>	<u><u>182.3</u></u>
Current liabilities		
Trade and other payables	(42.9)	(55.3)
Contract liabilities	(1.6)	(2.3)
Lease liabilities	(0.1)	(7.6)
Bank overdrafts	—	(0.3)
Loan notes and deferred consideration	(0.9)	—
Current tax liabilities	(1.0)	(1.1)
	<u>(46.5)</u>	<u>(66.6)</u>
Non-current liabilities		
Lease liabilities	(0.4)	(30.3)
Deferred tax liabilities	—	—
Other payables	(1.3)	(0.2)
Retirement benefit obligations	(2.2)	(3.6)
Provisions	(1.5)	(1.1)
	<u>(5.4)</u>	<u>(35.2)</u>
Total liabilities	<u><u>(51.9)</u></u>	<u><u>(101.8)</u></u>
Net assets	<u><u>74.5</u></u>	<u><u>80.5</u></u>

Notes:

1. The net assets statement presented above is unaudited and has been extracted without material adjustment from the consolidation schedules that support the SIG Group's audited consolidated financial statements for the year ended 31 December 2018 and reviewed consolidated financial statements for the six month period ending 30 June 2019.

PART 5

UNAUDITED *PRO FORMA* STATEMENT OF NET ASSETS OF THE CONTINUING GROUP

Section A: Unaudited *Pro Forma* Statement of Net Assets of the Continuing Group

The unaudited *pro forma* information is set out below (the *Pro Forma Financial Information*). It has been prepared in a manner consistent with the accounting policies adopted in the Group's financial statements for the period ended 30 June 2019 on the basis set out in the notes below. It has also been prepared in accordance with Listing Rule 13.3.3R and paragraphs 87 to 94 of the ESMA Recommendations.

The *Pro Forma* Financial Information is based on the reviewed consolidated financial information of the Group at 30 June 2019. The *pro forma* net assets statement has been prepared to illustrate the effect of the Disposal on the net assets of the Group as if the Disposal had taken place on 30 June 2019.

The *Pro Forma* Financial Information has been prepared for illustrative purposes only and by its nature addresses a hypothetical situation and does not, therefore, represent the Continuing Group's actual financial position or results. It may not therefore give a true picture of the Continuing Group's financial position or results, nor is it indicative of the results that may, or may not, be expected to be achieved in the future. The *Pro Forma* Financial Information has been prepared for illustrative purposes only in accordance with Annex 20 of Commission Delegated Regulation (EU) 2019/980.

This unaudited *pro forma* statement of net assets does not constitute financial statements within the meaning of section 434 of the Companies Act.

Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part 5 (Unaudited *Pro Forma* Statement of Net Assets of the Continuing Group).

Pro forma statement of net assets of the Continuing Group reflecting the Disposal

	Consolidated net assets of the Group as at 30 June 2019 Note 1 £m	Adjustment for Disposal of the Air Handling Division Note 2 £m	Disposal adjustments: Air Handling Division Note 3 £m	<i>Pro forma</i> Continuing Group as at 30 June 2019 Notes 4 & 5 £m
Non-current assets				
Property, plant and equipment	81.1	(15.3)	—	65.8
Right-of-use assets	304.4	(37.0)	—	267.4
Goodwill	293.5	—	(27.7)	265.8
Intangible assets	46.7	—	(7.0)	39.7
Lease receivables	4.8	—	—	4.8
Deferred tax assets	15.5	(0.1)	1.8	17.2
Derivative financial instruments	2.6	—	—	2.6
Deferred consideration	0.3	(0.6)	—	(0.3)
	748.9	(53.0)	(32.9)	663.0
Current assets				
Inventories	219.7	(38.7)	—	181.0
Lease receivables	0.8	—	—	0.8
Trade and other receivables	464.8	(70.2)	—	394.6
Contract assets	3.1	(2.4)	—	0.7
Current tax assets	5.3	(0.8)	—	4.5
Deferred consideration	0.6	(0.3)	—	0.3
Cash at bank and on hand	153.1	(16.9)	89.9	225.8
Assets classified as held for sale	9.3	—	—	9.3
	856.7	(129.3)	89.9	817.3
Total assets	1,605.6	(182.3)	57.0	1,480.3

	Consolidated net assets of the Group as at 30 June 2019 Note 1 £m	Adjustment for Disposal of the Air Handling Division Note 2 £m	Disposal adjustments: Air Handling Division Note 3 £m	Pro forma Continuing Group as at 30 June 2019 Notes 4 & 5 £m
Current liabilities				
Trade and other payables	480.8	(55.3)	—	425.5
Contract liabilities	2.3	(2.3)	—	—
Lease liabilities	61.2	(7.6)	—	53.6
Bank overdrafts	5.6	(0.3)	—	5.3
Bank loans	94.7	—	—	94.7
Other financial liabilities	1.2	—	—	1.2
Derivative financial instruments	0.1	—	—	0.1
Current tax liabilities	2.7	(1.1)	—	1.6
Provisions	7.0	—	—	7.0
Liabilities directly associated with assets classified as held for sale	2.2	—	—	2.2
	<u>657.8</u>	<u>(66.6)</u>	<u>—</u>	<u>591.2</u>
Non-current liabilities				
Lease liabilities	258.2	(30.3)	—	227.9
Private placement notes	185.0	—	(80.0)	105.0
Derivative financial instruments	4.2	—	—	4.2
Deferred tax liabilities	1.4	—	—	1.4
Other payables	3.5	(0.2)	—	3.3
Retirement benefit obligations	30.7	(3.6)	—	27.1
Provisions	19.0	(1.1)	—	17.9
	<u>502.0</u>	<u>(35.2)</u>	<u>(80.0)</u>	<u>386.8</u>
Total liabilities	<u>1,159.8</u>	<u>(101.8)</u>	<u>(80.0)</u>	<u>978.0</u>
Net assets	<u>445.8</u>	<u>(80.5)</u>	<u>137.0</u>	<u>502.3</u>

Notes:

1. The net assets of the Group have been extracted, without adjustment, from the reviewed interim financial statements of the Group for the six months ended 30 June 2019 prepared in accordance with IFRS.
2. The financial information relating to the Air Handling Division as at 30 June 2019 has been extracted without material adjustment from the historical financial information relating to the Air Handling Division, set out in Part 4 (Financial Information relating to the Air Handling Division) of this document.
3. Air Handling Division disposal adjustments reflect the following assumptions:
 - a. The write off of goodwill of £27.7 million held on consolidation at a Group level relating to the Air Handling Division. The adjustment was extracted without material adjustment from the accounting records of the Group as at 30 June 2019.
 - b. The write off of intangibles of £7.0 million held on consolidation at a Group level relating to the Air Handling Division. The adjustment was extracted without material adjustment from the accounting records of the Group as at 30 June 2019.
 - c. Deferred tax asset arising of £1.8 million in relation to the write off of intangibles.
 - d. The receipt of the net proceeds of the Disposal of £169.9 million (being adjusted gross proceeds of £180.7 million less estimated transaction costs not already incurred during the period of £10.8 million).
 - e. £80.0 million of net proceeds is used to pay down private placement notes. No adjustment has been made to reflect the termination of debt factoring arrangements as this will not impact the net assets of the Group until December 2019.
4. No adjustment has been made to reflect the sale of the Building Solutions Business.
5. No adjustment has been made to reflect the trading results of the Group since 30 June 2019 or any other change in its financial position in this period.

Section B: Accountants' Report on the Unaudited *Pro Forma* Statement of Net Assets of the Continuing Group

The Directors
SIG Plc
Adsetts House
16 Europa View
Sheffield Business Park
Sheffield S9 1XH

5 December 2019

Ladies and Gentlemen

SIG Plc

We report on the *pro forma* financial information (the '*Pro forma* financial information') set out in Part 5 of the Class 1 circular dated 5 December 2019, which has been prepared on the basis described, for illustrative purposes only, to provide information about how the Disposal might have affected the financial information presented on the basis of the accounting policies adopted by SIG Plc in preparing the financial statements for the period ended 30 June 2019. This report is required by paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the directors of SIG Plc to prepare the *Pro forma* financial information in accordance with paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority.

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 of Commission Delegated Regulation (EU) 2019/980, as to the proper compilation of the *Pro forma* financial information and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to ordinary shareholders as a result of the inclusion of this report in the Class 1 circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Class 1 circular.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the *Pro forma* financial information with the directors of SIG Plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the *Pro forma* financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of SIG Plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the *Pro forma* financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of SIG Plc.

Yours faithfully

KPMG LLP

PART 6

ADDITIONAL INFORMATION

1. Responsibility

The Company and the Directors, whose names appear in paragraph 4 of this Part 6 (Additional Information) of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and registered office

The Company was incorporated on 29 December 1970 and is domiciled in the United Kingdom. It is a public limited company incorporated under the laws of England and Wales with registered number 00998314. Its registered office and head office is 10 Eastbourne Terrace, London, United Kingdom, W2 6LG (telephone number: +44 (0)114 285 6300).

The principal legislation under which the Company operates is the Companies Act and the regulations made under it.

3. Major Shareholders

As at the Latest Practicable Date, the Company had been notified of the following voting interests of three per cent. or more in the issued Ordinary Share capital of the Company:

Name of Shareholder	Number of Ordinary Shares	Percentage of issued Ordinary Share capital
Investec Asset Management	58,891,526	9.96
Coltrane Asset Management	69,466,000	11.74
IKO Enterprises Limited	40,539,710	6.85
Tameside MBC re: Greater Manchester Pension Fund	29,692,260	5.02
Templeton Investment Counsel LLC	29,358,556	4.96
Artemis Investment Management LLP	28,820,324	4.87
Massachusetts Financial Services Company	26,799,365	4.53
Schroder Investment Management Limited	23,005,522	3.89
Norges Bank	17,904,805	3.03

Save as set out in this paragraph 3, the Company is not aware of any interest (within the meaning of the Disclosure Guidance and Transparency Rules) which will represent three per cent. or more of the voting rights in the Company following Completion.

4. Directors

The Directors of the Company and their positions as at the date of this document are as follows:

Name of Director	Position
Andrew Allner	<i>Non-Executive Chairman</i>
Meinie Oldersma	<i>Chief Executive Officer</i>
Nicholas Maddock	<i>Chief Financial Officer</i>
Alan Lovell	<i>Senior Independent Non-Executive Director</i>
Andrea Abt	<i>Independent Non-Executive Director</i>
Kate Allum	<i>Independent Non-Executive Director</i>
Ian Duncan	<i>Independent Non-Executive Director</i>
Gillian Kent	<i>Independent Non-Executive Director</i>

5. Directors' interests in the Company

5.1 *Interests in Ordinary Shares*

As at the Latest Practicable Date, the following Directors had the following interests in Ordinary Shares:

Name of Director	Number of Ordinary Shares	Percentage of issued Ordinary Share capital
Andrew Allner	53,954	0.0091%
Meinie Oldersma	371,388	0.0628%
Nicholas Maddock	153,618	0.0260%
Alan Lovell	20,000	0.0034%
Andrea Abt	8,500	0.0014%

5.2 *Interests in shares under incentive plans*

As at the Latest Practicable Date, the following Directors had the following interests in shares under incentive plans:

Name of Director	Date of grant	Outstanding	Exercise period	Name of plan
Meinie Oldersma	8 November 2018	1,494,478	8 November 2021 – 8 November 2028	Long Term Incentive Plan 2018
	21 March 2019	1,192,148	21 March 2022 – 21 March 2028	Long Term Incentive Plan 2018
	24 April 2017	954,003	24 April 2020 – 23 April 2027	Long Term Incentive Plan 2014
	6 April 2018	70,476	6 April 2021 – 6 April 2028	Deferred Share Bonus Plan
Nicholas Maddock	8 November 2018	960,735	8 November 2021 – 8 November 2028	Long Term Incentive Plan 2018
	21 March 2019	766,528	21 March 2022 – 21 March 2028	Long Term Incentive Plan 2018
	24 April 2017	459,965	24 April 2020 – 23 April 2027	Long Term incentive plan 2018
	6 April 2018	56,924	6 April 2021 – 6 April 2028	Deferred Share Bonus Plan

6. Directors' service contracts and benefits upon termination

6.1 Executive Directors

The Company has entered into service contracts with each of the executive Directors, the particulars of which as at the Latest Practicable Date are:

Name of Director	Date of initial appointment	Date of service contract	Base salary (£)	Notice Period
Meinie Oldersma	3 April 2017	13 March 2017	577,000	6 months
Nicholas Maddock	1 February 2017	6 October 2016	371,000	12 months

The base salary of each of the executive Directors has been effective since 1 January 2019.

The service contracts of the executive Directors are not fixed term and are terminable by either party on: (i) 12 months' written notice to the other party in the case of Nicholas Maddock; and (ii) 6 months' written notice to the other party in the case of Meinie Oldersma. If an executive Director's service contract is terminated by the Company with immediate effect, he or she is entitled to payment of his or her basic salary (excluding bonus and benefits in kind) in respect of such notice period in lieu of notice, which may be paid in monthly instalments at the Company's discretion. If the relevant executive Director obtains alternative employment during such notice period which provides him or her with any remuneration which in any calendar month is greater than the monthly instalment of his or her payment in lieu of notice, the executive Director will not be entitled to receive any payment in lieu of notice for that month. The Company may also impose garden leave on each executive Director during his or her notice period. Standard provisions for summary termination apply to each executive Director. The service contracts also include non-compete clauses applicable for a 12 month period from the date of termination of employment of the relevant executive Director (except that any period of garden leave served by the relevant executive Director in accordance with his/her service contract shall reduce such restricted period).

6.2 Non-executive Directors

The non-executive Directors do not have service contracts but are appointed as non-executive Directors of the Company, subject to the articles of association of the Company, pursuant to letters of appointment. The letters of appointment of the non-executive Directors (other than Andrew Allner's letter of appointment) provide that non-executive Directors are typically expected to serve two three-year terms but may be invited by the Board to serve for an additional period. The appointments of each of the non-executive Directors can be terminated upon three months' notice by either the Company or the relevant non-executive Director. Continuation of each non-executive Director's appointment is also contingent on satisfactory performance, relevant statutory provisions relating to removal of directors and re-election at each annual general meeting of the Company.

Name of Director	Date of initial appointment	Date of expiry of current appointment period
Andrew Allner	1 November 2017	November 2020
Alan Lovell	1 August 2018	May 2021
Andrea Abt	12 March 2015	May 2021
Kate Allum	1 July 2019	May 2022
Ian Duncan	1 January 2017	May 2020
Gillian Kent	1 July 2019	May 2022

Set out below are the annual fees currently payable:

Role	Annual fee (£)
Chairman	218,225
Non-executive Director	60,900
Senior Independent Director	10,000
Chairmanship of Board Committee	12,000

6.3 Summary of Directors' remuneration

Directors' remuneration for the year ended 31 December 2018 was approximately as follows:

Name of Director	Base Salary/fees (£'000) ¹	Taxable benefits (£'000) ²	Pension (£'000) ³	Annual bonus (£'000) ⁴	LTIP (£'000) ⁵	Other (£'000) ⁶	Total (£'000)
Andrew Allner	202	—	—	—	—	—	202
Meinie Oldersma	568	16	85	—	—	—	669
Nicholas Maddock	365	16	55	—	—	—	436
Alan Lovell	29	—	—	—	—	—	29
Andrea Abt	56	—	—	—	—	—	56
Kate Allum ⁷	—	—	—	—	—	—	—
Ian Duncan	68	—	—	—	—	—	68
Gillian Kent ⁸	—	—	—	—	—	—	—
Janet Ashdown ⁹	67	—	—	—	—	—	67
Christopher Geoghegan ¹⁰	10	—	—	—	—	—	10
Cyrille Ragoucy ¹¹	25	—	—	—	—	—	25

Notes:

- 1) Base salary/fee: amount earned for the year (including, where relevant, committee chair, advisory board and senior independent director fees).
- 2) Benefits: include, but are not limited to, company car or car allowance and medical insurance.
- 3) Pension: the Company's pension contribution during the year of 15% of salary, an amount of which was paid by salary supplement.
- 4) Annual bonus: payment for performance during the year (including deferred portion). The bonus is calculated as a percentage of base salary.
- 5) LTIP: There is no vesting in respect of 2018.
- 6) Other: includes SIP, value based on the face value of matching shares at grant.
- 7) Kate Allum was appointed on 1 July 2019.
- 8) Gillian Kent was appointed on 1 July 2019.
- 9) Janet Ashdown resigned on 8 May 2019.
- 10) Christopher Geoghegan resigned on 9 March 2018.
- 11) Cyrille Ragoucy resigned on 30 June 2019.

7. Details of key individuals important to the Air Handling Division

Name of key individual	Position
Lex Hemels	Managing Director
Niels Willems	Finance Director

8. Related party transactions

Details of related party transactions (which for these purposes are those set out in the standards adopted according to Regulation (EC) No 1606/2002) that the Company has entered into are set out below:

- (a) during the financial year ended 31 December 2016, such transactions are disclosed on p. 54 and in note 30 on p.137 of the Company's 2016 Annual Report and Accounts which is hereby incorporated by reference into this document;
- (b) during the financial year ended 31 December 2017, such transactions are disclosed on p. 65 and in note 30 on p. 157 of the Company's 2017 Annual Report and Accounts which is hereby incorporated by reference into this document;
- (c) during the financial year ended 31 December 2018, such transactions are disclosed on p. 68 and in note 30 on p. 173 of the Company's 2018 Annual Report and Accounts which is hereby incorporated by reference into this document; and
- (d) during the period from 1 January 2019 to the date of this document, the Company has not entered into any related party transactions.

9. Material contracts

9.1 Continuing Group

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Continuing Group either: (i) within the period of two years immediately preceding the date of this document which are or may be material to the Continuing Group; or (ii) which contain any provisions under which any member of the Continuing Group has any obligation or entitlement which is, or may be, material to the Continuing Group as at the date of this document, save as disclosed below:

Sale Agreement

Your attention is drawn to Part 3 (Principal Terms and Conditions of the Disposal) of this document which contains a summary of the Sale Agreement.

Sponsor's Agreement

On 5 December 2019, the Company and Peel Hunt entered into a sponsor agreement, pursuant to which Peel Hunt agreed to act as sponsor to the Company in connection with the Disposal and the Circular (the **Sponsor's Agreement**). Under the terms of the Sponsor's Agreement, the Company has agreed to provide Peel Hunt with certain customary indemnities, undertakings, representations and warranties. The indemnities provided by the Company indemnify Peel Hunt and its affiliates against, *inter alia*, claims made against them or losses incurred by them, subject to certain exemptions. In addition, the Sponsor's Agreement provides Peel Hunt with the right to terminate the Sponsor's Agreement in certain specified circumstances typical for a sponsor agreement of this nature. If such right is exercised by Peel Hunt, the Sponsor's Agreement will lapse.

Revolving Credit Facility

The Company and certain of its subsidiaries are party to a revolving credit facility agreement originally dated 1 October 2014 and amended and restated on 27 May 2016 (the **Revolving Credit Facility Agreement**) with, amongst others, Lloyds Bank PLC as facility agent and a syndicate of banks as lenders. The Company is the original borrower and each of the Company and certain of its subsidiaries are original guarantors. The Revolving Credit Facility Agreement allows wholly-owned subsidiaries of the Company to become additional borrowers or additional guarantors, and requires additional subsidiaries to become guarantors if EBITDA and asset level tests are not met by the existing guarantor pool. The amount of the revolving credit facility (**RCF**) available to the Company under the Revolving Credit Facility Agreement is £350,000,000, and it is a multicurrency facility that may be drawn in pounds sterling, euro, U.S. dollar or another currency that has been approved by all the lenders. As at 3 December 2019, £145,000,000 of the RCF was drawn under the Revolving Credit Facility Agreement.

The term of the Revolving Credit Facility Agreement is five years from the date of amendment as above. The margin is subject to variation according to a ratchet set by reference to the ratio of net borrowings to EBITDA on a consolidated basis. A utilisation fee is payable in respect of the drawn amount of the RCF and this is subject to variation according to a ratchet set by reference to the percentage of the RCF drawn. A commitment fee of 35 per cent. of the applicable margin is payable on the undrawn amount of the RCF. Agency and arrangement fees are also payable.

The Revolving Credit Facility Agreement is unsecured and contains financial covenants, as well as customary representations, covenants and events of default. The Revolving Credit Facility Agreement requires mandatory prepayment upon a change of control of the Company.

U.S. Private Placement Note Purchase Agreements

The Company periodically issues private placement notes (the **U.S. Private Placement Notes**) to institutional investors (the **Noteholders**). The U.S. Private Placement Notes are guaranteed by certain of its subsidiaries and denominated in euros or U.S. dollars. The terms and conditions of each of the U.S. Private Placement Notes are broadly similar and contain mostly standard private placement market terms, as described below. As of the Latest Practicable Date, the Company has issued the following U.S. Private Placement Notes:

- pursuant to a note purchase agreement dated 31 October 2013, EUR 30 million 3.71 per cent. Senior Guaranteed Notes, Series A, due 31 October 2020 and EUR 30 million 4.23 per cent. Senior Guaranteed Notes, Series C, due 31 October 2023;

- pursuant to a note purchase agreement dated 31 October 2013, EUR 20 million 3.88 per cent. Senior Guaranteed Notes, Series B, due 31 October 2021 and EUR 20 million 4.23 per cent Senior Guaranteed Notes, Series D, due 31 October 2023;
- pursuant to a note purchase agreement dated 17 June 2016, EUR 20 million 2.83 per cent. Senior Guaranteed Notes, Series A, due 12 August 2026;
- pursuant to a note purchase agreement dated 17 June 2016, EUR 61 million 2.83 per cent. Senior Guaranteed Notes, Series B, due 12 August 2026; and
- pursuant to a note purchase agreement dated 17 June 2016, USD 30 million 4.67 per cent. Senior Guaranteed Notes, Series C, due 12 August 2026 (the **2016 Series C Note Purchase Agreement**)

(together, the **Note Purchase Agreements**).

Interest under the U.S. Private Placement Notes (computed on the basis of a 360-day year of twelve 30-day months) is payable by the Company semi-annually. The Note Purchase Agreements require the Company to observe (and, in some cases, to ensure that certain subsidiaries observe) certain customary undertakings, including (among others) compliance with law, maintenance of properties and financial records, payment of taxes, *pari passu* ranking and corporate existence. The Note Purchase Agreements also require the Company to comply (and to ensure that certain subsidiaries comply) with certain customary negative covenants, including (among others) certain limitations on transactions with affiliates, subsidiary indebtedness, liens, mergers, consolidations and sales of assets, as well as requiring the Company to maintain certain financial covenants.

The Note Purchase Agreements contain customary events of default, cross-default and cross-acceleration provisions. Certain events of default shall result in the U.S. Private Placement Notes then outstanding becoming immediately due and payable. Other continuing events of default shall permit any Noteholder(s) holding more than 50 per cent. in principal amount of the notes under the affected Note Purchase Agreement to give notice declaring all notes issued under that Note Purchase Agreement to be immediately due and payable.

The U.S. Private Placement Notes may be prepaid at the Company's option at any time in whole or in part (subject to a minimum amount of EUR 3 million or, in the case of the USD denominated notes issued under the 2016 Series C Note Purchase Agreement, USD 3 million) at par plus all accrued and unpaid interest plus the applicable make-whole amount, if any. The U.S. Private Placement Notes are not subject to required prepayments prior to the final maturity date except in connection with a prepayment in accordance with the sale of assets covenant described above, or otherwise except upon a change of control or due to acceleration following an event of default.

The payment of the U.S. Private Placement Notes and performance of the Company's obligations under the Note Purchase Agreements is fully and unconditionally guaranteed by certain subsidiaries of the Company. Each of these subsidiary guarantors is bound by a subsidiary guarantee agreement governed by the law of the jurisdiction in which the guarantor is organised.

Share Purchase Agreement and Business Purchase Agreement – Disposal of V. J. Technology Limited

Pursuant to: (i) a share purchase agreement dated 25 June 2018 between SIG Trading Limited (an entity within the Group) (**SIG Trading**) as seller and Fiji Bidco Limited (**FB**) as buyer (the **VJT SPA**); and (ii) a business purchase agreement dated 25 June 2018 between SIG Trading as seller and V.J. Technology Limited (**VJT**) as buyer (the **VJT BTA**), SIG Trading agreed to first dispose of VJT to FB for total consideration of GBP 7,514,209.18 (subject to a customary leakage adjustment) in accordance with the VJT SPA, and then (pursuant to the VJT BTA) agreed to dispose of the business of distribution of fixings, fasteners and consumables to the construction industry carried on by SIG Trading under the "VJ Technology" name (including relevant employees) (the **VJT Business**) to VJT for total consideration of GBP 22,229,685. Pursuant to the VJT SPA, SIG Trading granted customary warranties and a tax covenant in favour of FB, and also certain indemnities. Liability of SIG Trading under the VJT SPA tax warranties and tax covenant expires on 25 June 2025. The other warranties and indemnities under the VJT SPA expire at intervals from 25 June 2018 to 31 March 2020. Pursuant to the VJT BTA, VJT assumed certain liabilities of the VJT Business and SIG Trading retained certain pre-closing liabilities of the VJT Business. SIG Trading also granted certain restrictive covenants relating to, *inter alia*, non-solicitation of customers of the VJT Business by its retained businesses, for a period of two years from 29 June 2018.

Share Purchase Agreement – Disposal of Shares in WeGo FloorTec GmbH

Pursuant to a share purchase agreement dated 4 July 2019 between WeGo Systembaustoffe GmbH (an entity within the Group) (**WeGo Austria**) as seller and Kingspan Holding Netherlands B.V (**Kingspan HN**) as buyer, WeGo Austria agreed to dispose of WeGo FloorTec GmbH (**WeGo**) to Kingspan HN for total consideration of EUR 13,645,000. Pursuant to this share purchase agreement, WeGo Austria granted certain warranties, including warranties: (i) relating to the business of WeGo, in respect of which WeGo Austria is liable for a period of eighteen months from 4 July 2019; (ii) relating to corporate information and leakage under the share purchase agreement, in respect of which WeGo Austria is liable for a period of two years from 4 July 2019; and (iii) relating to ownership of shares, in respect of which WeGo Austria is liable for a period of ten years from 4 July 2019. In addition, WeGo Austria granted tax indemnities for an indefinite period, with WeGo Austria remaining liable for certain tax liabilities until the expiry of six months from the date of the tax assessment relevant to such tax liabilities. WeGo Austria also granted certain restrictive covenants, restricting competition by WeGo Austria with the business of WeGo, for a period of three years from completion of this disposal.

Share Sale and Purchase Agreement – SIG RoofSpace Limited

Pursuant to a share sale and purchase agreement dated 14 December 2018 between SIG Trading as seller and Saint-Gobain Building Distribution Limited (**Saint-Gobain**) as buyer (the **RoofSpace SPA**), SIG Trading agreed to dispose of SIG RoofSpace Limited to Saint-Gobain for consideration comprising: (i) a cash amount of £1; and (ii) assumption of loans by Saint-Gobain in an aggregate amount of £14,616,494.30. Pursuant to the RoofSpace SPA, SIG Trading granted certain business warranties in respect of SIG RoofSpace Limited, for which it remains liable for a period of 18 months from the date of the RoofSpace SPA. SIG Trading also granted certain tax warranties, for which it remains liable for a period of seven years from the date of the SIG RoofSpace SPA. In addition, SIG Trading granted certain indemnities in respect of SIG RoofSpace Limited's business and certain tax matters. SIG Trading also granted restrictive covenants in favour of Saint-Gobain, restricting competition by SIG Trading with the business of SIG RoofSpace Limited for a period of two years from completion of this disposal.

Business Purchase Agreement and Share Purchase Agreement – Disposal of Building Solutions (National) Limited

Pursuant to (i) an intra-group business purchase agreement dated 13 May 2019 between SIG Trading as seller and Building Solutions (National) Limited (a newly incorporated entity within the Group) (**BSN**) as buyer (the **Building Solutions BPA**); and (ii) a sale and purchase agreement dated 7 October 2019 between SIG Trading as seller and Kingspan Holdings (Panels) Limited (**Kingspan HP**) as buyer (the **Building Solutions SPA**), SIG Trading agreed to first transfer the business of the manufacture and distribution of building envelope solutions carried on by SIG Trading through its brands Steadmans, United Roofing Products, Trimform Products and Advanced Cladding & Insulation (including relevant employees) (the **Building Solutions Business**) to BSN for a consideration of GBP 5,102,000 (left outstanding as a loan between SIG Trading and BSN repayable on demand) and the assumption by BSN of responsibility for the satisfaction of all liabilities of SIG Trading in connection with the Building Solutions Business (subject to customary adjustment for debts and creditors) in accordance with the Building Solutions BPA and then (pursuant to the Building Solutions SPA) agreed to dispose of the Building Solutions Business by way of the sale of the entire issued share capital of BSN to Kingspan HP for a consideration of GBP 37,500,000 on a cash free, debt free basis (subject to customary adjustment). Pursuant to the Building Solutions BPA, SIG Trading granted customary warranties to BSN. Pursuant to the Building Solutions SPA, SIG Trading granted customary warranties, indemnities and a tax covenant in favour of Kingspan HP. Liability of SIG Trading under the Building Solutions SPA in respect of tax warranties and the tax covenant expires on 7 October 2026. Liability in respect of the other warranties and indemnities under the Building Solutions SPA expire at intervals between 7 April 2021 to 7 October 2024. SIG Trading also granted certain restrictive covenants relating to, *inter alia*, not carrying on or being engaged or concerned with a business which directly competes with the Building Solutions Business, for a period of three years from 7 October 2019. The Building Solutions SPA is conditional on the satisfaction of certain conditions, the most significant of which is obtaining the clearance of the UK Competition and Markets Authority for the transaction.

9.2 *Air Handling Division*

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Air Handling Division either (i) within the period of two years immediately preceding the date of this document which are or may be material to the Air Handling Division; or (ii) which contain any provisions under which any member of the Air Handling Division has any obligation or entitlement which is, or may be, material to the Air Handling Division as at the date of this document, save as disclosed below:

Share Purchase Agreement – Acquisition of Shares in SIG Air Handling Bulgaria Limited

Pursuant to a share purchase agreement dated 12 April 2018 between SIG Air Handling International B.V. (an entity within the Air Handling Division) (**AH International**) as buyer, Mr. Nikolay Yordanov (the **Bulgarian Share Seller**) and SIG Air Handling Bulgaria Limited (**AH Bulgaria**) (the **Bulgarian SPA**), AH International agreed to acquire twenty shares in AH Bulgaria (representing 40% of its entire issued share capital) in order to become AH Bulgaria's sole shareholder (the **Bulgarian Acquisition**). AH International agreed to pay consideration in the amount of EUR 7,000,000 in total, subject to adjustment on the basis of AH Bulgaria's financial performance post-completion of the Bulgarian Acquisition. The consideration was paid in a combination of cash and transfer of certain real estate from AH Bulgaria to a company owned by the Bulgarian Share Seller. Pursuant to the Bulgarian SPA, the Bulgarian Share Seller granted certain restrictive covenants for a period of three years from completion of the Bulgarian Acquisition, as well as certain warranties and indemnities.

Share Purchase Agreement – Disposal of Air Trade Centre East B.V.

Pursuant to a share purchase agreement dated 21 December 2017 between AH International and Gebro Kiliç (the **ATC Purchaser**) (the **ATC SPA**), AH International disposed of all of its shares in an entity named Air Trade Centre East B.V. (**ATC East**) to the ATC Purchaser (the **ATC Disposal**). The consideration payable to AH International by the ATC Purchaser in respect of the ATC Disposal consisted of a nominal cash amount of EUR 1, together with repayment of an intercompany loan provided by AH International to a company in which the ATC Purchaser held an interest in the amount of TYL 16,000,000. An amount of TYL 8,000,000 was repaid at completion of the ATC Disposal, and the other TYL 8,000,000 is payable by the ATC Purchaser in instalments pursuant to a seller loan agreement entered into between the ATC Purchaser and AH International. As of the Latest Practicable Date, TYL 6,000,000 remains outstanding under that seller loan agreement. Pursuant to the ATC SPA, AH International gave certain warranties to the ATC Purchaser relating to title, capacity and certain other matters. AH International's liability under those warranties is capped at TYL 8,000,000 and is limited in time to a period of 24 months post-completion of the ATC Disposal (i.e. 21 December 2019).

In addition, AH International agreed to indemnify the ATC Purchaser in respect of certain tax liabilities, and such liability is also capped at TYL 8,000,000 and is limited in time to a period of 24 months post-completion of the ATC Disposal (i.e. 21 December 2019). AH International also provided certain restrictive covenants in favour of the ATC Purchaser pursuant to the ATC SPA, which will expire three years post-completion of the ATC Disposal (i.e. 21 December 2020).

10. **Litigation**

10.1 *Continuing Group*

There are no, nor have there been any, governmental, legal or arbitration proceedings (nor is the Company aware of any such proceedings which are pending or threatened) which may have, or during the last twelve months before the date of this document have had, a significant effect on the Company and/or the Continuing Group's financial position or profitability.

10.2 *Air Handling Division*

There are no, nor have there been any, governmental, legal or arbitration proceedings (nor is the Company aware of any such proceedings which are pending or threatened) which may have, or during the last twelve months before the date of this document have had, a significant effect on the Air Handling Division's financial position or profitability.

11. Working Capital

The Company is of the opinion that, taking into account the bank and other facilities available to the Continuing Group and the net proceeds of the Disposal, the Continuing Group has sufficient working capital available for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

12. No significant change

12.1 Continuing Group

On 7 October 2019, the Company issued a trading update covering the period since the announcement of 6 September 2019 in respect of its 2019 half year results. In that trading update, it was noted that:

- the Group has been reporting during the year a deterioration in the level of construction activity in key markets and highlighting a number of key indicators pointing to further weakening of the macro-economic backdrop, notably in the UK and in Germany;
- this deterioration in trading conditions has accelerated over recent weeks, and political and macro-economic uncertainty has continued to increase;
- management is taking ongoing actions to address the continuing market weakness; and
- the recent further weakening of the trading backdrop as the Group has entered its traditionally strongest trading months of the year means that the Board is now anticipating, in both the specialist distribution and roofing merchandising businesses, significantly lower underlying profitability for the full year than its previous expectations.

The trading update also noted the announcement of the sale of the Group's Building Solutions business for consideration of £37.5 million on a cash free, debt free basis.

Other than as described above there has been no significant change in the financial position or financial performance of the Continuing Group since 30 June 2019, being the end of the last financial period for which financial information has been published.

12.2 Air Handling Division

There has been no significant change in the financial position or financial performance of the Air Handling Division since 30 June 2019, being the end of the last financial period for which the financial information relating to the Air Handling Division included in this Circular was prepared.

13. Profit Forecast

In the Company's full year trading update released on 8 January 2019, the following statement was included:

The Group expects the benefits of the ongoing transformation to drive a further significant increase in profitability in 2019.

The statement constitutes a profit forecast for the financial year ending 31 December 2019 for the purposes of the Listing Rules. However, as announced on 7 October 2019 (and as described in paragraph 8 of Part 1 (Letter from the Chairman of SIG) of this document), the Group has been reporting during the year a deterioration in the level of construction activity in key markets and highlighting a number of key indicators pointing to further weakening of the macro-economic environment, notably in the UK and in Germany. This deterioration in trading conditions had accelerated over recent weeks leading up to the announcement of 7 October 2019 and political and macro-economic uncertainty had continued to increase. This deterioration was unanticipated at the time of the trading update released on 8 January 2019 and has had a sufficiently material impact on the Company's expectations such that the Company considers that the profit forecast is no longer valid.

This document contains all relevant information for Shareholders to make an informed decision regarding their voting intentions relating to the Disposal and, as such, the Company does not consider reassessment of the profit forecast necessary for compliance with the Listing Rules.

14. Consents

- 14.1 KPMG LLP is a member firm of the Institute of Chartered Accountants in England and Wales and has given, and not withdrawn, its written consent to the inclusion of its report on the unaudited *pro forma* statement of net assets of the Continuing Group set out in Section 1 of Part 5 (Accountants' Report on the Unaudited *Pro Forma* Statement of Net Assets of the Continuing Group) of this document in the form and context in which it appears.
- 14.2 Lazard has given, and not withdrawn, its written consent to the issue of this document with references to its name being included in the form and context in which they appear.
- 14.3 Peel Hunt has given, and not withdrawn, its written consent to the issue of this document with references to its name being included in the form and context in which they appear.

15. Incorporation by reference

The table below sets out the various information incorporated by reference into this document, so as to provide the information required under the Listing Rules.

<u>Document</u>	<u>Information incorporated by reference</u>	<u>Paragraph in this document which refers to the information incorporated by reference</u>	<u>Where the information can be accessed by Shareholders</u>
Company's 2016 Annual Report	Information on related party transactions included on page 58 and in note 30 on page 137 to the consolidated financial statements for the financial year ended 31 December 2016	Paragraph 8(a) of Part 6 (Additional Information)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2016/sig-2016-annual-report.pdf
Company's 2017 Annual Report	Information on related party transactions included on page 69 and in note 30 on page 157 to the consolidated financial statements for the financial year ended 31 December 2017	Paragraph 8(b) of Part 6 (Additional Information)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2017/sig-ar2017-indexed.PDF
Company's 2018 Annual Report	Information on related party transactions included on page 72 and in note 30 on pages 173 and 174 to the consolidated financial statements for the financial year ended 31 December 2018	Paragraph 8(c) of Part 6 (Additional Information)	http://www.sigplc.com/~media/Files/S/SIG-Corp/reports-and-presentations/2018/SIG-2018-AR.pdf

Information that is itself incorporated by reference in the above documents is not incorporated by reference into this document. Where only parts of a document are being incorporated by reference in this document, the parts of the document which are not being incorporated by reference are either not relevant for the investor or are covered elsewhere in this document.

16. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of the Company at 10 Eastbourne Terrace, London, United Kingdom, W2 6LG and at the offices of Allen & Overy LLP at One Bishops Square, London E1 6AD and on the Company's website (www.sigplc.com) where

Shareholders and beneficial owners of Ordinary Shares can follow instructions on how to access such documents, from the date of this document up to and including the date of the General Meeting and for the duration of the General Meeting:

- (a) the Company's articles of association;
- (b) the audited financial statements of the Company for each of the financial years ended 31 December 2016, 31 December 2017 and 31 December 2018;
- (c) the consent letters referred to in Section 14 of this Part 6 (Additional Information) of this document;
- (d) this document and the Form of Proxy; and
- (e) the Sale Agreement.

PART 7

DEFINITIONS

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

AH Bulgaria	has the meaning given in paragraph 9.2 of Part 6 (Additional Information) of this document
AH International	has the meaning given in paragraph 9.2 of Part 6 (Additional Information) of this document
Air Handling Division	the division of the SIG Group which is a distribution-led specialist provider of air handling products and solutions, and which comprises SIG Air Handling UK Limited, SIG Air Handling International B.V. (and its subsidiaries) and the French Target Companies (and their respective subsidiaries)
Anti-Trust Conditions	has the meaning given in paragraph 1.2 of Part 3 (Principal Terms and Conditions of the Disposal) of this document
ATC Disposal	has the meaning given in paragraph 9.2 of Part 6 (Additional Information) of this document
ATC East	has the meaning given in paragraph 9.2 of Part 6 (Additional Information) of this document
ATC Purchaser	has the meaning given in paragraph 9.2 of Part 6 (Additional Information) of this document
ATC SPA	has the meaning given in paragraph 9.2 of Part 6 (Additional Information) of this document
Board	the board of directors of the Company
BSN	has the meaning given in paragraph 9.1 of Part 6 (Additional Information) of this document
Building Solutions BPA	has the meaning given in paragraph 9.1 of Part 6 (Additional Information) of this document
Building Solutions Business	has the meaning given in paragraph 9.1 of Part 6 (Additional Information) of this document
Building Solutions SPA	has the meaning given in paragraph 9.1 of Part 6 (Additional Information) of this document
Bulgarian Acquisition	has the meaning given in paragraph 9.2 of Part 6 (Additional Information) of this document
Bulgarian Share Seller	has the meaning given in paragraph 9.2 of Part 6 (Additional Information) of this document
Bulgarian SPA	has the meaning given in paragraph 9.2 of Part 6 (Additional Information) of this document
Circular	this document
Companies Act	the Companies Act 2006, as amended from time to time
Company or SIG	SIG plc, a public limited company incorporated in England and Wales with registered number 00998314 and whose registered office is 10 Eastbourne Terrace, London, W2 6LG
Completion	means completion of the Disposal in accordance with the terms of the Sale Agreement
Computershare	Computershare Investor Services PLC, the Company's Registrar

Conditions	has the meaning given in paragraph 1.2 of Part 3 (Principal Terms and Conditions of the Disposal) of this document
Consideration	has the meaning given in paragraph 1.3 of Part 3 (Principal Terms and Conditions of the Disposal) of this document
Continuing Group	the Company and its subsidiary undertakings with effect from Completion
CREST	the electronic transfer and settlement system for the paperless settlement of trades in listed securities operated by Euroclear
CREST Manual	the manual, as amended from time to time, produced by Euroclear describing the CREST system and supplied by Euroclear to users and participants thereof
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
Directors	the directors of the Company whose names appear on page 7 of this document
Disclosure Guidance and Transparency Rules	the disclosure guidance and transparency rules made by the FCA under section 73A of FSMA, as amended from time to time
Disposal	the proposed disposal of the Air Handling Division by the Company to the Purchaser pursuant to the terms of the Sale Agreement and the French Put Option
Disposal Resolution	the ordinary resolution to be proposed and considered at the General Meeting to approve the Disposal, as set out in the Notice of General Meeting forming part of this document
Ernst & Young	Ernst & Young, the Company's auditor
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST (as defined in the CREST Regulations)
FB	has the meaning given in paragraph 9.1 of Part 6 (Additional Information) of this document
FCA or Financial Conduct Authority	the UK Financial Conduct Authority
First Long Stop Date	7 February 2020
Form of Proxy	the personalised Form of Proxy accompanying this document
France Air	has the meaning given in paragraph 5 of Part 1 (Letter from the Chairman of SIG) of this document
French Put Option	an option granted by the Purchaser to the Company and the French Seller to require the Purchaser to acquire the French Target Companies on the terms of the Sale Agreement, further details of which are set out in Part 3 (Principal Terms and Conditions of the Disposal) of this Circular and which was exercised on 22 November 2019
French Seller	SIG France SAS, a wholly owned subsidiary of the Company, and the seller of the French Target Companies
French Target Companies	Société Industrielle de l'Ouest des Produits Isolants S.A.S, Saftair Ventilation S.A.S and Sebemex S.A.S
FSMA	the Financial Services and Markets Act 2000, as amended from time to time
Fundamental Warranties	has the meaning given in paragraph 1.4 of Part 3 (Principal Terms and Conditions of the Disposal) of this document

General Meeting	the general meeting of the Company to be convened in connection with the Disposal, notice of which accompanies this document, including any adjournment of it
Kingspan HN	has the meaning given in paragraph 9.1 of Part 6 (Additional Information) of this document
Kingspan HP	has the meaning given in paragraph 9.1 of Part 6 (Additional Information) of this document
Latest Practicable Date	4 December 2019 (being the last practicable date before publication of this document)
Lazard	Lazard & Co Ltd., the Company's financial adviser
Listing Rules	the listing rules made by the FCA under section 73A of FSMA (as amended from time to time)
Long Stop Date	means the First Long Stop Date or Second Long Stop Date (as the case may be)
Note Purchase Agreements	has the meaning given in paragraph 9.1 of Part 6 (Additional Information) of this document
Noteholders	has the meaning given in paragraph 9.1 of Part 6 (Additional Information) of this document
Notice of General Meeting	the notice of General Meeting contained in Part 8 (Notice of General Meeting) of this document
Ordinary Shares	the ordinary shares of £0.10 each in the share capital of the Company
Peel Hunt	Peel Hunt LLP of Moor House, 120 London Wall, London EC2Y 5ET, the Company's Sponsor
Pro Forma Financial Information	has the meaning given in Part 5 (Unaudited Pro Forma Statement of Net Assets of the Continuing Group) of this document
Prospectus Regulation Rules	the prospectus regulation rules made by the FCA under Part 6 of FSMA
Purchaser	has the meaning given in paragraph 1 of Part 1 (Letter from the Chairman of SIG) of this document
Purchaser Guarantor	has the meaning given in paragraph 1.1 of Part 3 (Principal Terms and Conditions of the Disposal) of this document
Purchaser W&I Policy	the warranty and indemnity insurance policy entered into by the Purchaser in relation to the Sale Agreement (and/or any replacement policy)
RCF	has the meaning given in paragraph 9.1 of Part 6 (Additional Information) of this document
Registrar	Computershare
Revolving Credit Facility	has the meaning given in paragraph 9.1 of Part 6 (Additional Information) of this document
RoofSpace SPA	has the meaning given in paragraph 9.1 of Part 6 (Additional Information) of this document
Saint-Gobain	has the meaning given in paragraph 9.1 of Part 6 (Additional Information) of this document
Sale Agreement	the sale and purchase agreement dated 7 October 2019 between the Company and the Purchaser setting out the terms and conditions of the Disposal, further details of which are set out in Part 3 (Principal Terms and Conditions of the Disposal) of this Circular
Second Long Stop Date	7 March 2020

Sellers	SIG Trading Limited, SIG France S.A.S and SIG Holdings B.V
Services	has the meaning given in paragraph 3 of Part 3 (Principal Terms and Conditions of the Disposal) of this document
Shareholder	a holder of Ordinary Shares from time to time
SIG Group or the Group	the Company and its subsidiary undertakings immediately before Completion, and, in respect of any time following Completion, the Continuing Group
SIG Trading	has the meaning given in paragraph 9.1 of Part 6 (Additional Information) of this document
Sponsor	Peel Hunt
Sponsor's Agreement	the sponsor's agreement between the Company and Peel Hunt, as further described in paragraph of 9.1 of Part 6 (Additional Information) of this document
Sterling, GBP or £	the lawful tender for the time being and from time to time of the United Kingdom
Tax Deed	the tax deed to be entered into upon Completion between the Company, the Sellers and the Purchaser, further details of which are set out in Part 3 (Principal Terms and Conditions of the Disposal) of this Circular
Transitional Services Agreement	the transitional services agreement to be entered into upon Completion between the Company and the Purchaser, further details of which are set out in Part 3 (Principal Terms and Conditions of the Disposal) of this Circular
TYL	Turkish Lira, the lawful currency of Turkey
UK Listing Authority	the FCA when it is exercising its powers under Part 6 of FSMA
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
U.S. Private Placement Notes	has the meaning given in paragraph of 9.1 of Part 6 (Additional Information) of this document
VJT	has the meaning given in paragraph 9.1 of Part 6 (Additional Information) of this document
VJT BTA	has the meaning given in paragraph 9.1 of Part 6 Additional Information) of this document
VJT Business	has the meaning given in paragraph 9.1 of Part 6 (Additional Information) of this document
VJT SPA	has the meaning given in paragraph 9.1 of Part 6 (Additional Information) of this document
WeGo	has the meaning given in paragraph 9.1 of Part 6 (Additional Information) of this document
WeGo Austria	has the meaning given in paragraph 9.1 of Part 6 (Additional Information) of this document
Works Councils	the Social and Economic Committee of Société Industrielle de l'Ouest des Produits Isolants S.A.S and Social and Economic Committee of Saftair Ventilation S.A.S.
2016 Series C Note Purchase Agreement	has the meaning given in paragraph 9.1 of Part 6 (Additional Information) of this document

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension of it.

For the purpose of this document, “subsidiary” and “subsidiary undertaking” have the meanings given by the Companies Act.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

PART 8
NOTICE OF GENERAL MEETING



SIG PLC

(Incorporated in England and Wales with registered number 00998314)

Notice is given that a general meeting of SIG plc (the **Company**) will be held on 23 December 2019 at 11 a.m. at the offices of Allen & Overy LLP at One Bishops Square, London E1 6AD (the **General Meeting**) for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

THAT:

- (a) the proposed disposal by the Company of its Air Handling Division (the **Disposal**) substantially on the terms and subject to the conditions of the share purchase agreement dated 7 October 2019 between the Company and France Air Management SA (the **Sale Agreement**), as described in the circular to the Company's shareholders dated 5 December 2019 (the **Circular**) and all other agreements and ancillary documents contemplated by the Sale Agreement, be and are approved for the purposes of Chapter 10 of the Listing Rules of the Financial Conduct Authority with any changes as are permitted in accordance with resolution (b) below; and
- (b) the directors of the Company (the **Directors**) (or any duly authorised committee of the Directors) be and are authorised: (i) to do or procure to be done all such acts and things on behalf of the Company and any of its subsidiaries as the Directors (or any duly authorised committee of the Directors) consider necessary, expedient or desirable in connection with, and to implement, the Disposal; and (ii) to agree such modifications, variations, revisions, waivers, extensions, additions or amendments (not being modifications, variations, revisions, waivers, extensions, additions or amendments of a material nature) as the Directors (or any duly authorised committee of the Directors) may in their **absolute** discretion deem necessary, expedient or desirable in connection with the Disposal, the Sale Agreement and/or the associated and ancillary agreements.

By order of the Board

Kulbinder Dosanjh
Company Secretary
5 December 2019

Registered office: 10 Eastbourne Terrace, London, United Kingdom, W2 6LG

Notes:

1. A member entitled to attend and vote at the aforementioned meeting is entitled to appoint one or more proxies to exercise all or any of his/her rights to attend, speak and vote at the General Meeting (the **Meeting**). A member can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him/her.
2. A proxy need not also be a member of the Company but must attend the Meeting in person. A Form of Proxy may accompany this Notice of General Meeting and the notes to the Form of Proxy set out the details of how to appoint a proxy.
3. A copy of this Notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a **Nominated Person**). The rights to appoint a proxy cannot be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him/her and the member by whom he/she was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
4. To appoint a proxy or proxies Shareholders must complete: (a) the Form of Proxy and return it, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of the same to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, or by using the reply-paid envelope provided; or (b) a CREST proxy instruction as detailed below; or (c) an online proxy appointment at www.eproxyappointment.com (you will need your unique PIN and Shareholder Reference Number, together with the Control number, printed on the Form of Proxy), in each case so that it is received no later than 11 a.m. on 19 December 2019 (being 48 hours before the time fixed for the holding of the meeting with no account being taken for non-working days). The appointment of a proxy will not preclude a member from attending and voting in person. If a member attends the Meeting in person, his proxy appointment will automatically be terminated.
5. A member may change proxy instructions by returning a new proxy appointment using the methods set out above. Where a member has appointed a proxy using the hard-copy Form of Proxy and would like to change the instructions using another hard-copy proxy form, please contact Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY. The deadline for receipt of proxy appointments in paragraph 4 above also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last received shall be treated as replacing and revoking the other or others. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first name being the most senior).
6. In conjunction with its Registrars, the Company has in place a facility to allow each Shareholder to register proxy votes electronically. Detailed information of how to do this is set out on the Form of Proxy. A member can register proxy votes electronically by either logging on to the Registrars' website, www.eproxyappointment.com and following the instructions, or CREST members may register proxy votes following the procedures set out in the CREST Manual.
7. A "Vote withheld" is not a vote at law, which means that the vote will not be counted in the proportion of votes "For" and "Against" the relevant Resolution. A Shareholder who does not give any voting instructions in relation to a Resolution should note that his/her proxy will have authority to vote or withhold a vote on that Resolution as he/she thinks fit. A proxy will also have authority to vote or to withhold a vote on any other business (including amendments to Resolutions) which properly come before the Meeting as he/she thinks fit.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) of the Meeting by using the procedures described in the CREST Manual. CREST Personal Members or other CREST Sponsored Members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be

valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with Euroclear UK & Ireland’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given by a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Computershare Investor Services PLC (ID 3RA50) by the latest time(s) for receipt of proxy appointments set out above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

9. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.
10. To be entitled to attend and vote at the Meeting, Shareholders must be registered in the register of members of the Company at 6 p.m. on 19 December 2019 (or, if the Meeting is adjourned, at 6pm on the date which is two working days prior to the adjourned meeting with no account being taken of any part of a day that is a non-working day). Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend and vote (and the number of votes they may cast) at the Meeting or adjourned meeting.
11. As at 4 December 2019 (the latest practicable date prior to the publication of this document), the Company’s issued share capital consists of 591,556,982 ordinary shares, carrying one vote each. As at that date, the Company holds no shares in treasury. Therefore the total voting rights in the Company are 591,556,982.
12. The documents listed in Section 15 of Part 6 (Additional Information) of the Circular will be available for inspection at the registered offices of the Company at 10 Eastbourne Terrace, London, United Kingdom, W2 6LG and at the offices of Allen & Overy LLP at One Bishops Square, London, E1 6AD during normal business hours from the date of this Notice until the day of the General Meeting (excluding Saturdays, Sundays and public holidays) and will be available for inspection at the place of the General Meeting from 15 minutes before the General Meeting until it ends.
13. Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that the Shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company, including the lodgement of an electronic Form of Proxy, that is found to contain any virus will not be accepted.
14. Voting on all resolutions will be conducted by way of a poll rather than on a show of hands. This will result in a more accurate reflection of the views of shareholders by ensuring that every vote is recognised, including the votes of all shareholders who are unable to attend the meeting but who appoint a proxy for the meeting. On a poll, each shareholder has one vote for every share held. As soon as practicable following the Meeting, the results of the voting at the Meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the Resolutions will be announced via a Regulatory Information Service and also placed on the Company’s website www.sigplc.com.

15. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the Meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.
16. The Company must cause to be answered at the Meeting any question relating to the business being dealt with at the Meeting which is put by a member attending the Meeting, except (i) if to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information, (ii) if the answer has already been given on a website in the form of an answer to a question, or (iii) if it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
17. The contents of this Notice of Meeting and all the information required by Section 311A of the Companies Act 2006 will be available on the Company's website www.sigplc.com.
18. You may not use any electronic address provided in this Notice of General Meeting to communicate with the Company for any purposes other than those expressly stated.