

RELATIONSHIP AGREEMENT

SUTTON HARBOUR HOLDINGS PLC	(1)
FB INVESTORS LLP	(2)
ARDEN PARTNERS PLC	(3)

CONTENTS

Clause	Heading	Page
1	DEFINITIONS AND INTERPRETATION	1
2	CONDITION	3
3	FB INVESTORS UNDERTAKINGS	3
4	THE BOARD.....	5
5	EXERCISE OF VOTING RIGHTS BY FB INVESTORS	7
6	ENFORCEABILITY	7
7	CONFIDENTIALITY	8
8	TERMINATION.....	8
9	NATURE OF DEED.....	8
10	NOTICES.....	9
11	ENTIRE AGREEMENT	9
12	COUNTERPARTS.....	10
13	GOVERNING LAW.....	10
	SCHEDULE 1 - Board/Committee compositions	10

THIS DEED is dated 23 November 2017

PARTIES

- (1) **SUTTON HARBOUR HOLDINGS PLC**, incorporated and registered in England and Wales with company number 02425189 and whose registered office is at Tin Quay House, Sutton Harbour, Plymouth, Devon PL4 0RA (the "**Company**"); and
- (2) **FB INVESTORS LLP**, incorporated and registered in England and Wales with limited liability partnership number OC419889 and whose registered office is at Lopian Gross Barnett & Co., 6th Floor, Cardinal House, 20 St. Marys Parsonage, Manchester, Lancashire M3 2LG ("**FB Investors**"); and
- (3) **ARDEN PARTNERS PLC**, incorporated and registered in England and Wales with company number 4427253 and whose registered office is at 5 George Road, Edgbaston, Birmingham B15 1NP (the "**NOMAD**").

RECITALS

- (A) The Company is a public limited company admitted to trading on AIM.
- (B) On the date of this deed, FB Investors announced its intention to acquire up to 67,393,960 Ordinary Shares (as such term is defined below) (representing 70% of the issued Ordinary Shares as at the date of this deed) pursuant to a recommended partial offer to existing Shareholders in accordance with the Takeover Code (the "**Partial Offer**").
- (C) In connection with the Partial Offer, FB Investors also proposes to subscribe for 9,322,034 new Ordinary Shares pursuant to a share subscription agreement dated on or about the date hereof (the "**Proposed Subscription**").
- (D) The Partial Offer and the Proposed Subscription are both conditional upon (i) sufficient Shareholder acceptance of the Partial Offer (as set out in the terms and conditions of the Offer Document (as such term is defined below)); and (ii) all of the Resolutions (as such term is defined below) being approved by the Shareholders at the General Meeting (as such term is defined below).
- (E) Immediately following Completion (as such term is defined below), FB Investors will hold approximately 72.65% of the Ordinary Shares. The Company and FB Investors intend that the Company will maintain the admission of its Ordinary Shares to trading on AIM (as such term is defined below). It is intended that the NOMAD will continue to be the nominated adviser to the Company at and following Completion.
- (F) The parties are of the view that the relationship between the Company, FB Investors and FB Investors' Connected Persons (as such term is defined below) should be regulated, and the Company and FB Investors have agreed to enter into this deed for the purposes of regulating the relationship between them on an arm's length and normal commercial basis following Completion, with the intention that the Company is capable at all times of carrying on its business independently of FB Investors and FB Investors' Connected Persons.

IT IS AGREED AS FOLLOWS:

1 DEFINITIONS AND INTERPRETATION

1.1 In this deed:

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

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

“Applicable Laws” means the Companies Act 2006, FSMA, the AIM Rules, the Nomad Rules, the Takeover Code and the Market Abuse Regulation (EU 596/2014);

“Associate” means, in relation to any party:

- (a) any subsidiary or parent undertaking of that party and any subsidiary of any such parent undertaking, in each case from time to time; and
- (b) any person who possesses, directly or indirectly, the power to direct or to cause the direction of the day to day management and policies of such party or its parent undertaking whether through the ownership, whether directly or indirectly, of voting securities in that party or its parent undertaking, by contract or otherwise;

“Audit Committee” means the audit committee of the Company from time to time;

“Board” and **“Board of Directors”** means the board of directors of the Company from time to time;

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

“Business Hours” means the hours of 9.00 a.m. to 5.30 p.m. (London time);

“Committees” means the Nominations Committee, the Audit Committee and the Remuneration Committee, or any other duly authorised committee of the Board of Directors;

“Completion” has the meaning given to it in clause 2.1;

“Concert Party” means in relation to any party, any other person with whom, pursuant to an agreement or understanding (whether formal or informal), such party co-operates to obtain or consolidate control of the Company;

“Condition” has the meaning given to it in clause 2.1;

“Connected Person” means in relation to any party, any Associate or Concert Party of such party and any officer, employee, agent, adviser or representative of such party or any of its Associates or Concert Parties, in each case from time to time;

“Exchange” means London Stock Exchange plc;

“FB Investors Director” has the meaning given to it in clauses 4.2 and 4.12;

“FSMA” means the Financial Services and Markets Act 2000;

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

“Group” means the Company and any subsidiary of the Company for the time being and **“Group Company”** means any one of them;

“Group Board” means the board of directors of any Group Company;

“Independent Directors” means those directors of the Company who are not FB Investors Directors;

“Independent Shareholders” means any Shareholder other than FB Investors or any of its Connected Persons;

“Nomad Rules” means the AIM Rules for Nominated Advisers published by the

Exchange from time to time;

“**Nominations Committee**” means the nominations committee of the Company from time to time;

“**Offer Document**” means the offer document to be published by FB Investors in connection with the Partial Offer and in compliance with the Takeover Code;

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

“**Remuneration Committee**” means the remuneration committee of the Company from time to time;

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

“**Shareholders**” means the holders of Ordinary Shares; and

“**Takeover Code**” means the City Code on Takeovers and Mergers.

- 1.2 References to clauses and the schedule are, unless otherwise stated, to clauses of and the schedule to this deed.
- 1.3 References to statutory provisions shall be construed as references to those provisions as respectively replaced, amended or re-enacted (whether before or after the date of this deed) and shall include any provisions of which they are re-enactments (whether with or without modification) and any subordinate legislation made under those provisions.
- 1.4 Words importing the singular include the plural and vice versa, words importing any gender include every gender and references to persons include bodies corporate or unincorporate, unincorporated associations and partnerships.
- 1.5 The headings to the clauses are for convenience only and have no legal effect.
- 1.6 “**subsidiary**” and “**parent undertaking**” shall have the meanings given in sections 1159 and 1162 respectively of the Companies Act 2006.
- 1.7 Any reference to the word **include** or **including** (or any similar term) is not to be construed as implying any limitation and general words introduced by the word **other** (or any similar term) shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things.

2 CONDITION

- 2.1 The obligations of the parties to this deed are conditional upon the Partial Offer becoming or being declared wholly unconditional in accordance with its terms (“**Completion**”) (the “**Condition**”).
- 2.2 If the Condition is not satisfied by 28 February 2018 (or such other date as may be agreed by the parties in writing), this deed shall cease and determine and no party to this deed shall have any claim against any other party to this deed for costs, damages, compensation or otherwise.

3 FB INVESTORS UNDERTAKINGS

- 3.1 FB Investors undertakes to the Company and the NOMAD that, so long as it is a Shareholder holding (directly or indirectly) 30% or more of the issued Ordinary Shares, it will refrain from exercising any control which it would otherwise be able to exercise in relation to the Company (whether or not this control is exercisable solely or jointly with

any other person including any of its Connected Persons) where such exercise of control:

- (a) would prevent the Company carrying on business at all times in a manner which is independent of FB Investors and/or any of its Connected Persons; or
- (b) is or would be both:
 - (i) in a manner which can be reasonably demonstrated to give rise to a conflict of interest between FB Investors or any of its Connected Persons, on the one hand, and the Company or any Group Company, on the other hand, or for the benefit of FB Investors or any of its Connected Persons; and
 - (ii) to the detriment of the Company and/or its Shareholders as a whole; or
- (c) is or would be to the detriment of the Company and/or its Shareholders as a whole.

3.2 FB Investors undertakes (subject, in relation to any of its Concert Parties only, to the extent that it is legally able to do so) that:

- (a) all transactions and relationships between any Group Company, on the one hand, and FB Investors or any of its Connected Persons, on the other hand, will be on arm's length terms and on a normal commercial basis for the benefit of the Shareholders as a whole (the parties acknowledging that this deed has been concluded on this basis) and in accordance with the related party rules set out in the AIM Rules or any Applicable Law and agrees that the business and affairs of the Company will be managed by the Board for the benefit of Shareholders as a whole;
- (b) the Company shall be managed in accordance with the corporate governance regime adopted by the Board from time to time and the provisions of this deed shall be properly and promptly observed and given full force and effect according to the terms of this deed;
- (c) for so long as it and its Connected Persons together hold 30% or more of the issued Ordinary Shares of the Company, it shall not (and shall procure that its Connected Persons shall not):
 - (i) vote in relation to any resolution put to the Shareholders to cancel the Company's admission to AIM pursuant to Rule 41 of the AIM Rules for a period of two years following Completion unless such resolution is also recommended by the Independent Directors;
 - (ii) vote in relation to any resolution put to the Shareholders that would have the effect of preventing the Company from complying with its obligations under the AIM Rules, this deed, the Disclosure and Transparency Rules of the Financial Conduct Authority or any other Applicable Law;
 - (iii) propose or procure the proposal of a resolution of the Shareholders which is intended, or appears to be intended (in the reasonable opinion of the Independent Directors), to circumvent the proper application of the AIM Rules, this deed, the Disclosure and Transparency Rules of the Financial Conduct Authority or any other Applicable Law;
 - (iv) subject to clause 4, use its shareholding so as to unduly influence the composition of the Board of Directors or any Group Board, including without limitation by way of the appointment of any Connected Person of FB Investors to the Board of Directors, any Group Board, the Remuneration Committee, the Audit Committee, the Nominations

Committee or any other duly authorised committee of the Board or any Group Board;

- (v) vote at any general meeting of the Company in respect of any resolution concerning any contract, agreement, arrangement or transaction of any type between any Group Company and FB Investors and/or any of its Connected Persons;
- (vi) compromise the ability of the Company or any other Group Company to act independently of FB Investors and/or any of its Connected Persons;
- (vii) exercise its voting rights to procure or seek to procure any amendment to the Articles which would be inconsistent with the provisions of this deed; or
- (viii) instruct the FB Investors Directors to do or act in such way that has the effect of procuring that any of the matters the subject of the above restrictions in this clause 3.2 (c) are undertaken.

3.3 In the event that any conflict of interest arises between the Company and FB Investors of which the Company becomes aware, whether pursuant to the arrangements contemplated herein, any future transaction between the parties, or otherwise, the Company undertakes to consult with the NOMAD at the earliest practicable opportunity.

4 THE BOARD

4.1 Following Completion, the Company undertakes to update the composition of the Board, the Nominations Committee, the Audit Committee and the Remuneration Committee to reflect the composition set out in Schedule 1.

4.2 The Company agrees that, for so long as FB Investors holds (directly or indirectly) 50% or more of the issued voting share capital of the Company, FB Investors shall be entitled to:

- (a) appoint up to a maximum of two directors to the Board (each a “**FB Investors Director**”), the first FB Investors Director following Completion being Philip Beinhaker;
- (b) nominate one of the FB Investors Directors appointed pursuant to this clause 4 to be the Chairman of the Board of Directors; and
- (c) appoint one of the FB Investors Directors appointed pursuant to this clause 4 to each of the Nominations Committee, the Audit Committee and the Remuneration Committee.

4.3 The FB Investors Directors shall be entitled to receive a fee for the performance of their duties as directors commensurate with their respective roles and responsibilities as recommended by the Independent Directors on the Remuneration Committee.

4.4 FB Investors shall be entitled to remove a FB Investors Director previously appointed by it under clause 4.2, subject to complying with any Applicable Laws. FB Investors shall procure that the relevant FB Investors Director shall not seek compensation for loss of office and shall waive all claims that such FB Investors Director may have against the Company. FB Investors undertakes to serve such appointment and removal notices in accordance with clauses 4.5 and 4.10.

4.5 Any such appointment or removal of a FB Investors Director by FB Investors pursuant to clauses 4.2 and 4.3 shall be by notice in writing delivered to the company secretary of the Company and signed by an authorised signatory of FB Investors and, in the case of removal of any FB Investors Director (from such person's position as such), the notice served by FB Investors shall constitute an offer by the relevant appointee to the Board to resign forthwith or, if a date for such person's removal is specified in such

notice, on that date, in each case without seeking compensation for loss of office and waiving all claims that such FB Investors Director may have against the Company or any Group Company in connection thereto. If such FB Investors Director refuses to resign, the parties shall use reasonable endeavours to ensure that such FB Investors Director is removed pursuant to a special notice and ordinary resolution of the Shareholders as soon as practicable. Nothing in this clause 4.5 shall prejudice the Company's right to remove a FB Investors Director from office by ordinary resolution of the Shareholders.

- 4.6 Subject as provided in clause 4.10, the Company covenants that it shall undertake formally to appoint any person nominated by FB Investors in accordance with clause 4.2 as soon as possible and in any event within five Business Days of receipt of any notice delivered pursuant to clause 4.5. For the avoidance of doubt, the Company's obligations under this clause 4.6 shall not in any way diminish or qualify any rights of FB Investors to appoint or remove from office any FB Investors Director appointed by it.
- 4.7 If FB Investors no longer has the right to appoint the number of FB Investors Directors it has on the Board at that time, it shall (unless otherwise agreed by the NOMAD and a majority of the Independent Directors) procure that any FB Investors Directors appointed resign forthwith without seeking compensation for loss of office and waiving all claims that such FB Investors Directors may have against the Company in connection thereto. If such FB Investors Directors refuse to resign, the parties shall use reasonable endeavours to ensure that any such FB Investors Directors are removed pursuant to a special notice and ordinary resolution of the Shareholders of the Company as soon as practicable.
- 4.8 The Company shall procure that FB Investors is consulted in relation to any proposal for the appointment of an additional or replacement director of the Company, or any proposal to remove a director of the Company from office, and the Company shall ensure that all such consultations are conducted during a reasonable period of time prior to the proposal.
- 4.9 Except as otherwise required by law and subject to the directors' fiduciary duties, the Company shall procure that each FB Investors Director shall (if that person remains a director of the Company at the relevant time and is willing to stand for re-election) be recommended for re-election at each general meeting of the Company at which that FB Investors Director is required to retire and seek re-election, unless FB Investors gives notice that it does not wish the person to be nominated for re-election.
- 4.10 FB Investors shall consult with the Company and the NOMAD before serving notice in writing to appoint or remove a director in accordance with clause 4.5. FB Investors agrees and acknowledges that the appointment or removal of a director shall be subject to the prior written approval of the NOMAD (such approval not to be unreasonably withheld, delayed or conditioned) following all such due diligence as it deems appropriate (acting reasonably) in order to assess the ongoing appropriateness of the Company for admission to trading on AIM.
- 4.11 FB Investors shall be responsible for, and agrees with the other parties to indemnify and keep indemnified the Company on demand against, all losses, liabilities and costs which the Company may suffer or incur arising out of, or in connection with, any claim by any FB Investors Director for wrongful or unfair dismissal or redundancy or other compensation arising out of the FB Investors Director's removal or loss of office.
- 4.12 The provisions of this clause 4 shall apply *mutatis mutandis* to all Group Companies for the benefit of FB Investors. References to *FB Investors Directors* shall, as the context may require, apply to directors to be appointed by FB Investors to the Board or any Group Board.
- 4.13 FB Investors and the Company undertake to the NOMAD that any director appointed to the Board after Completion shall receive advice and guidance from the NOMAD and other appropriate professional advisers as to the Company's responsibilities and

obligations under the AIM Rules and as to their own duties and responsibilities as a director of an AIM company in order to facilitate compliance by the Company with the AIM Rules and compliance by the NOMAD with the Nomad Rules.

5 EXERCISE OF VOTING RIGHTS BY FB INVESTORS

5.1 Subject to clause 8, this deed shall not be terminated or amended other than with the sanction of the NOMAD and a resolution approved by not less than 50% of the Independent Shareholders.

5.2 FB Investors further agrees that its FB Investors Directors shall not vote in any meeting of the Board of Directors in relation to the consideration of any proposal to:

- (a) cancel, vary or terminate this deed; or
- (b) take any action against FB Investors in relation to any breach or alleged breach by FB Investors of any contract entered into between FB Investors and any Group Company; or
- (c) amend, replace or abandon the corporate governance regime adopted by any Group Company from time to time in a manner which would be inconsistent with the provisions of this deed; or
- (d) adopt, amend, replace or abandon any of the terms of reference for any of the Committees adopted by the Company from time to time in a manner which would be inconsistent with the provisions of this deed; or
- (e) enter into, terminate or in any way alter any commercial arrangements, agreements and/or relationships between:
 - (i) any Group Company; and
 - (ii) FB Investors or any of its Connected Persons,

save, in each case, with the sanction of a resolution unanimously approved by the Board of Directors excluding the FB Investors Director(s). Save in the event of any actual conflict of interest (which may, for the avoidance of doubt, be approved by the Independent Directors), the foregoing shall not preclude the FB Investors Director(s) from actually attending any meeting convened to consider any of the above proposals but such FB Investors Director(s) shall neither vote nor be counted in any necessary quorum.

5.3 The quorum for any meeting of the Board of Directors or any of the Committees thereof to consider any of the matter listed in clause 5.2 above shall be two Independent Directors (or such lesser number of Independent Directors at that time appointed).

5.4 FB Investors acknowledges that each FB Investors Director will at all times owe his or her statutory and fiduciary duties as a director of the Company to the Company.

5.5 FB Investors further agrees to procure (to the extent that it is legally able to do so) that, if any Independent Director ceases to be a director of the Company for any reason and the Independent Directors resolve that such Independent Director should be replaced, such Independent Director shall, as soon as practicable, be replaced by a new Independent Director.

6 ENFORCEABILITY

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