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**THE FOLLOWING ANNOUNCEMENT IS AN ADVERTISEMENT AND NOT A PROSPECTUS OR PROSPECTUS EQUIVALENT DOCUMENT AND INVESTORS SHOULD NOT MAKE ANY INVESTMENT DECISION IN RELATION TO HORNBY SHARES EXCEPT ON THE BASIS OF THE INFORMATION IN THE OFFER DOCUMENT, WHICH IS PROPOSED TO BE PUBLISHED IN DUE COURSE**

21 June 2017

**RULE 2.7 ANNOUNCEMENT: MANDATORY CASH OFFER**

by

**PHOENIX UK FUND LTD**

**to acquire the entire issued share capital**

of

**HORNBY PLC**

**1. Introduction**

Today, Phoenix UK Fund Ltd ("**Phoenix UK Fund**") unconditionally agreed to acquire 17,641,161 Hornby Shares from New Pistoia Income Limited ("**NPIL**"), at a price of 32.375 pence per Hornby Share (the "**Acquisition**"). It is expected that the Acquisition will settle on 23 June 2017. Following the Acquisition, 3,423,480 of Hornby Shares acquired will be transferred by Phoenix UK Fund to Aurora Investment Trust plc ("**AIT**"), another fund managed by Phoenix UK Fund's investment manager, Phoenix Asset Management Partners Limited ("**PAMP**").

Following completion of the Acquisition, the Phoenix Concert Party will, in aggregate, hold 46,704,038 Hornby Shares, representing 55.217 per cent. of the existing issued share capital, and voting rights, of Hornby.

As a result of the Acquisition, under Rule 9 of the Takeover Code, Phoenix UK Fund, on behalf of the Phoenix Concert Party, is required to make a mandatory cash offer (the "**Offer**") for the Hornby Shares not already held by Phoenix UK Fund or the other members of the Phoenix Concert Party, at a price of 32.375 pence per Hornby Share (such price being no less than the highest price paid by any member of the Phoenix Concert Party for any Hornby Share during the 12 months prior to the date of this announcement).

Phoenix UK Fund will make the Offer through the despatch of the Offer Document and Form of Acceptance, both of which will be posted to Hornby Shareholders (or made available electronically in accordance with the Takeover Code) as soon as practicable. The Offer Document will contain the formal terms of the Offer.

Certain terms used in this announcement are defined in Appendix III to this announcement.

## 2. Summary of the Offer

Once the Acquisition settles, the Offer will become wholly unconditional since the Phoenix Concert Party will hold more than 50 per cent. of the existing issued share capital of Hornby.

Under the Offer, further terms of which are set out in Appendix I of this announcement and which will be set out in full in the Offer Document and Form of Acceptance, Hornby Shareholders will receive:

### **32.375 pence in cash for each Hornby Share**

The Offer will extend to all issued Hornby Shares which are not held by the Phoenix Concert Party and any further Hornby Shares which are unconditionally allotted or issued and fully paid before the Offer closes.

The Offer will remain open for acceptance, subject to the provisions of Appendix I of this announcement and the terms of the Offer Document, until 1.00 p.m. on the 21<sup>st</sup> day after the date of publication of the Offer Document or (if that day is a Saturday, Sunday or a public holiday) on the next succeeding business day. **Since the Offer will become wholly unconditional once the Acquisition settles, the Offer will not be extended beyond this offer period.**

The Offer values the entire issued and to be issued share capital of Hornby (not taking into account the exercise of any outstanding options which may have vested), at approximately £27.4 million.

Hornby Shares will be acquired fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and other third party rights or interests together with all rights attaching thereto including, without limitation, the right to receive all dividends and other distributions (if any) announced, declared, made or paid thereafter.

Phoenix UK Fund, on behalf of the Phoenix Concert Party, reserves the right to reduce the Offer consideration by the amount of any dividend (or other distribution) which is paid or becomes payable by Hornby to the holders of Hornby Shares.

There are no agreements or arrangements to which Phoenix UK Fund is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.

There are no inducement fees or similar arrangements between Phoenix UK Fund and Hornby.

## 3. Background to and reasons for the Offer

On 7 April 2017, a requisition for a general meeting was received by Hornby from representatives of NPIL. The requisition stated that the purpose was to propose changes to the board of Hornby and, consequently, make changes to the business strategy of Hornby.

On 25 April 2017, PAMP (for itself and on behalf of the other members of the Phoenix Concert Party) entered into an irrevocable agreement, together with Ruffer LLP and Downing LLP in respect of 53.96 per cent. of the outstanding voting share capital of Hornby, to vote against the resolution proposed by NPIL in the requisition.

On 8 May 2017, Hornby received a letter from the representatives of NPIL withdrawing NPIL's request to proceed with convening the requisitioned general meeting of Hornby. On 16 May 2017 the requisitioned general meeting of Hornby was adjourned indefinitely.

After engaging with representatives of NPIL, Phoenix UK Fund has agreed to enter into the Acquisition to acquire all of the Hornby shares owned by NPIL.

Prior to the Acquisition, the Phoenix Concert Party were interested in Hornby Shares which, in aggregate, carried not less than 30 per cent. of the voting rights of Hornby, but not more than 50 per cent. of such voting rights. As a result of the Acquisition, the percentage of Hornby Shares carrying voting rights in which the Phoenix Concert Party is interested has increased to more than 50 per cent. of the voting rights of Hornby.

Rule 9 of the Takeover Code requires that where a shareholder, together with persons acting in concert with him, has an interest of not less than 30 per cent., but does not hold more than 50 per cent., of a company's voting share capital, and then acquires an interest in any further shares he is required to make a mandatory cash offer for the entire issued share capital not already owned by him and persons acting in concert with him. As a result of the Acquisition, and pursuant to Rule 9 of the Takeover Code, Phoenix UK Fund, on behalf of the Phoenix Concert Party, is therefore required to make an offer for all the Hornby Shares not already owned by it or by persons acting in concert with it.

#### **4. Information on Hornby**

Hornby is a holding company and was incorporated as a private limited company in England & Wales on 25 February 1981 (registration number: 01547390) and re-registered as a public company on 29 October 1986. Hornby was admitted to AIM on 12 August 2015.

Hornby's board is comprised of:

- Executive Chairman – Roger Canham
- Chief Executive Officer – Steve Cooke
- Group Finance Director – David Mulligan
- Non-Executive Directors – David Adams and Martin George

A biography of Roger Canham, who is also a director of PAMP in addition to Hornby, is set out in paragraph 5 below. Further details on the other Hornby directors can be found on Hornby's website ([www.hornby.plc.uk](http://www.hornby.plc.uk)).

Hornby has a Spanish branch and has six operating subsidiaries: Hornby Hobbies Limited in the United Kingdom with a branch in Hong Kong, Hornby America Inc. in the US, Hornby España S.A. in Spain, Hornby Italia s.r.l in Italy, Hornby France S.A.S in France and Hornby Deutschland GmbH in Germany.

The Hornby group is principally engaged in the development, design, sourcing and distribution of hobby and interactive products. The Hornby group distributes its products through a network of specialists and through its online activities and multiple retailers throughout the UK and overseas.

The audited annual report and accounts of Hornby for the period 1 April 2016 to 31 March 2017 can be found on Hornby's website ([www.hornby.plc.uk](http://www.hornby.plc.uk)).

#### **5. Information on the Phoenix Concert Party**

The Phoenix Concert Party comprises PAMP, Phoenix UK Fund, Phoenix UK Fund's directors and Roger Canham. The Offer is being made by the Phoenix UK Fund on behalf of the other members of the Phoenix Concert Party.

##### *PAMP*

PAMP is an investment management firm incorporated in England and Wales on 20 February 1998 with registered number 03514660, and authorised by the Financial Conduct Authority. It has

assets of approximately £750 million under management as at 20 June 2017 (being the latest practicable date prior to this announcement) and specialises in making long-term, value-based investments based upon its own proprietary research. It is the investment manager to Phoenix UK Fund and AIT, as well as investment adviser to a number of segregated accounts for institutional clients. The investment goals of PAMP are capital preservation and excellent long-term returns.

The shareholders of PAMP and their respective percentage shareholdings as at 20 June 2017 (being the latest practicable date prior to the date of this announcement) are set out in the table below:

<b>Name</b>	<b>Percentage shareholding in PAMP (%)</b>
Channon Holdings Limited	87.38
Sir Peter Thompson	9.71
Charlotte Maby	2.91
Roger Canham	2.8
Gary Channon	0.000098

A summary of each of the shareholders of PAMP is set out below:

- Channon Holdings Limited – Channon Holdings Limited is the majority shareholder of PAMP. It was incorporated on 20 March 2013 for the sole purpose of taking ownership of PAMP from Channon & Co Limited and receives income from its investment in PAMP. Its directors are Gary Channon, Sedef Channon and Steven Tatters. Its shareholders are Gary Channon, Sedef Channon and Steven Tatters who hold 62.64 per cent., 36.8 per cent. and 0.56 per cent respectively.
- Sir Peter Thompson – Sir Peter Thompson is a retired businessman, having previously been chairman of NFC Plc, F.I. Group Plc, Community Hospitals Plc and Proshare. He led the successful employee buy-out of NFC Plc from the UK government and, as a result of its success, many of the drivers and fitters who invested in such company saw their share values rise 120 times over a 9 year period.
- Gary Channon – Gary Channon co-founded PAMP in 1998 and has managed Phoenix UK Fund since its launch that year. Using the same strategy applied to Phoenix UK Fund, Gary also manages additional segregated accounts for pension fund clients. Gary has over 30 years of business and financial services experience. His career began in fixed income trading at Nikko Securities Europe in 1987. He joined Goldman Sachs in 1989, working in global equity derivative products trading. In 1992, Gary joined Nomura International PLC as head of equity derivative trading. He remained at Nomura International as co-head of equity and equity derivatives trading until moving on to co-found Phoenix.
- Charlotte Maby – Charlotte has been with PAMP for 16 years and became a partner in 2010. She is the managing director of PAMP and spends most of her time on research. Her areas of expertise include fast-moving consumer goods (both for national and multi-national companies), grocery retail, banking groups, pub companies and advertising. Before joining PAMP, Charlotte worked in investment management at Ernst & Young LLP, where she passed the ACA Chartered Accountancy exams. She holds a Masters in Mechanical Engineering. Charlotte also studied Manufacture & Management at the University of Birmingham and the University of Illinois and spent two years working in industry at Alvis Aerospace and Procter & Gamble.

PAMP is the largest Hornby Shareholder and, as a result of the Acquisition, is interested in 46,664,038 Hornby Shares, representing 55.169 per cent. of the existing issued share capital, and voting rights, of Hornby.

PAMP's interests in Hornby Shares are held through the following discretionary funds:

- *Phoenix UK Fund* – Phoenix UK Fund is a Bahamian domiciled mutual fund incorporated in 1998, with approximately 140 underlying investors comprised of a mixture of institutional and high net worth individuals. The directors of Phoenix UK Fund are Mark Wildish, Alan Cole and Steven Tatters. As a result of the Acquisition, Phoenix UK Fund is interested in 27,101,679 Hornby Shares, representing approximately 32.041 per cent. of the existing issued share capital, and voting rights, of Hornby. Following the Acquisition and completion of the transfer of 3,423,480 Hornby Shares to AIT, Phoenix UK Fund will be interested in 23,678,199 Hornby Shares, representing approximately 27.994 per cent. of the existing issued share capital, and voting rights, of Hornby.
- *AIT* – AIT is a UK investment trust managed by PAMP and is listed on the Main Market of the Official list. As at 20 June 2017 (being the latest practicable date prior to publication of this announcement), AIT is interested in 4,000,000 Hornby Shares, representing approximately 4.729 per cent. of the existing issued share capital, and voting rights, of Hornby. Following completion of the Acquisition, Phoenix UK Fund will transfer 3,423,480 Hornby Shares to AIT and AIT will become interested in 7,423,480 Hornby Shares, representing approximately 8.777 per cent. of the existing issued share capital, and voting rights, of Hornby.
- *Fund CN3Q* – Fund CN3Q is a managed account for the pension scheme of the UK subsidiary of a European company. As at 20 June 2017 (being the latest practicable date prior to publication of this announcement), Fund CN3Q is interested in 3,016,170 Hornby Shares, representing approximately 3.566 per cent. of the existing issued share capital, and voting rights, of Hornby.
- *Fund BGU02* – Fund BGU02 is a managed account for a Guernsey domiciled multi manager. As at 20 June 2017 (being the latest practicable date prior to publication of this announcement), Fund BGU02 is interested in 2,530,206 Hornby Shares, representing approximately 2.991 per cent. of the existing issued share capital, and voting rights, of Hornby.
- *Fund 74205* – Fund 74205 is a managed account for a University Endowment. As at 20 June 2017 (being the latest practicable date prior to publication of this announcement), Fund 74205 is interested in 3,212,497 Hornby Shares, representing approximately 3.798 per cent. of the existing issued share capital, and voting rights, of Hornby.
- *Fund ACE* – Fund ACE is a managed account for a Switzerland-based family office. As at 20 June 2017 (being the latest practicable date prior to publication of this announcement), Fund ACE is interested in 680,057 Hornby Shares, representing approximately 0.804 per cent. of the existing issued share capital, and voting rights, of Hornby.
- *Phoenix R Fund* – Phoenix R Fund is a fund managed on behalf of a UK based wealth manager. As at 20 June 2017 (being the latest practicable date prior to publication of this announcement), Phoenix R Fund is interested in 6,123,429 Hornby Shares, representing approximately 7.240 per cent. of the existing issued share capital, and voting rights, of Hornby.

The employees and directors of PAMP solely invest in the Phoenix UK Fund and do not participate in any of the other vehicles listed above.

*Phoenix UK Fund's directors*

The directors of Phoenix UK Fund are Mark Wildish, Alan Cole and Steven Tatters. None of the Phoenix UK Fund directors are directly interested in Hornby Shares.

#### *Roger Canham*

Roger Canham is both Executive Chairman of Hornby and a director of PAMP. He was appointed to the board of Hornby on 7 November 2012 and became Chairman on 1 February 2013. Roger has been Chairman of PAMP since 2009 and also owns and manages a number of property development companies and was also Chairman of CPP Group PLC, a company in which PAMP has an investment, until May 2016. Prior to that, he was a non-executive director of Goshawk Insurance Holdings PLC as PAMP's representative from 2007 until the business was acquired in 2008, and a director of Brake Bros Limited, for a year following its acquisition of W. Pauley & Co Limited in 2002. He joined W. Pauley & Co Limited in 1990 and became Managing Director in 1996.

Roger Canham is an ex-colleague and acquaintance of Gary Channon. He was appointed to the board of directors of PAMP in July 2009, following the retirement of the then Chairman, Sir Peter Thompson. Save in respect of his historic appointment as a non-executive director of Goshawk Insurance Holdings PLC as PAMP's representative from 2007 until the business was acquired in 2008 and his historic appointment as Chairman of CPP Group PLC until May 2016, a company in which PAMP has an investment, Roger holds no other board positions in PAMP investee companies.

Roger Canham is deemed, by virtue of his office as a director of PAMP, to be acting in concert with PAMP for the purposes of the Takeover Code. As at 20 June 2017 (being the latest practicable date prior to publication of this announcement), he is interested in 40,000 Hornby Shares, representing approximately 0.047 per cent. of the existing issued share capital, and voting rights, of Hornby.

Roger also has an interest in respect of Phoenix UK Fund (but not in respect of any of the other vehicles described above) and in which he first invested in October 2002 and on the same terms as any other investor.

## **6. Financing of the Offer**

It is estimated that full acceptance of the Offer by Hornby Shareholders will result in a maximum cash consideration payable by Phoenix UK Fund of approximately £12.26 million. The cash consideration payable under the Offer will be funded using Phoenix UK Fund's existing cash resources.

Liberum is satisfied that the necessary cash resources are available to Phoenix UK Fund to enable it to satisfy in full the consideration payable by Phoenix UK Fund under the terms of the Offer.

## **7. Management, employees and locations**

PAMP supported Hornby's placing and open offer announced in June 2016 in order that the management of Hornby could implement a turnaround strategy to focus Hornby on its core, profitable business units, together with a view to returning the business to a profitable, cash generative state. PAMP continues to support progress made by Hornby towards a profitable and cash generative state. PAMP has no intention to change the locations of Hornby's places of business or to redeploy any material fixed assets of Hornby as a consequence of the Acquisition.

Following the completion of the Offer, PAMP intends to increase its understanding of Hornby and its longer term strategy for delivering further earnings growth following the completion of its

turnaround strategy, by entering into further discussions with its management and the board of Hornby.

PAMP believes that Hornby has an attractive portfolio of brands and it is PAMP's intention to work collaboratively with the management and the board of Hornby to review all strategic options for the business including, but not limited to, acquisitions, disposals, licensing agreements, funding requirements together with management and board composition. The motivation for PAMP in any such discussion will be to optimise long term value for all Hornby Shareholders. Until the detailed review of Hornby's strategy is completed, the details of any changes to Hornby's strategy are not yet known and no decisions have yet been made by PAMP in relation to specific actions that it would seek to take.

PAMP recognises the importance of the Hornby management team and employees to the future success of Hornby. As the review of Hornby's business has not yet been completed, no decisions have been made by PAMP on its long-term intentions for Hornby. Until such review is completed, PAMP cannot be certain whether any changes will be necessary. Likewise, if changes are necessary PAMP cannot be certain of what the effect of any strategy changes will be on Hornby's employees and management. Following completion of the Offer, PAMP intends to ensure that the existing statutory employment rights, including any pension rights, of the management and employees of Hornby will be fully safeguarded.

PAMP commits to work as quickly as possible towards any change to the strategy, management structure or tangible/intangible asset utilisation if it becomes apparent they are necessary. If any material changes are necessary, PAMP will work with Hornby to inform Hornby Shareholders in a timely manner (where practicable with regard to commercially sensitive information).

PAMP believes that Hornby should maintain its AIM listing. PAMP will support Hornby in maintaining a board of directors that complies with the QCA Corporate Governance Code.

**8. Hornby Share Option Scheme**

The Offer will extend to any Hornby Shares which are issued or unconditionally allotted whilst the Offer remains open for acceptance (or prior to such earlier time and/or date as Phoenix UK Fund may, subject to the Takeover Code, determine) as a result of the exercise of options granted under the Hornby Share Option Scheme prior to the date of this announcement.

The Offer may impact on the options held by the Hornby Option holders. Hornby Option holders will be contacted regarding the effect of the Offer on their rights under the options and appropriate proposals will be made to participants as soon as practicable after the Offer Document is published.

**9. Disclosure of interests in Hornby**

As a result of the Acquisition, the Phoenix Concert Party is interested in 46,704,038 Hornby Shares (in aggregate), representing 55.217 per cent. of the existing issued share capital, and voting rights, of Hornby. Details of the interests of each member of the Phoenix Concert Party in Relevant Hornby Shares as a result of the Acquisition is as follows:

<b>Name</b>	<b>Hornby Shares</b>	<b>Percentage of Hornby Shares (%)</b>
PAMP*	46,664,038	55.169
Roger Canham	40,000	0.047

**Total**

**46,704,038**

**55.217**

*\*As disclosed in paragraph 5, PAMP's interests in Hornby Shares are held through the discretionary funds identified in paragraph 5 (including Phoenix UK Fund).*

Save for the interests of the Phoenix Concert Party described above, as at the date of this announcement, neither the Phoenix UK Fund nor any other member of the Phoenix Concert Party, nor any of the directors of the members of the Phoenix Concert Party, owns or controls any Hornby Shares or any securities convertible or exchangeable into Hornby Shares (including pursuant to any long exposure, whether conditional or absolute, to changes in the prices of securities) or any rights to subscribe for or purchase the same, or holds any options (including traded options) in respect of, or has any option to acquire, any Hornby Shares or has entered into any derivatives referenced to Hornby Shares ("**Relevant Hornby Shares**") which remain outstanding, nor does any such person have any arrangement in relation to Relevant Hornby Shares. An "arrangement" for these purposes also includes any indemnity or option arrangement, or any agreement or understanding, formal or informal, of whatever nature, relating to Relevant Hornby Shares which may be an inducement to deal or refrain from dealing in such securities.

Neither Phoenix UK Fund nor any person acting in concert with Phoenix UK Fund has borrowed or lent any Relevant Hornby Shares (save for any borrowed Relevant Hornby Shares which have been either on-lent or sold).

Neither Phoenix UK Fund nor any of its associates (within the meaning of the Takeover Code) has procured any irrevocable commitment or letter of intent in respect of any Relevant Hornby Shares.

Phoenix UK Fund confirms that it is, on the date of this announcement, making an Opening Position Disclosure, setting out the details required to be disclosed by it under Rule 8.1(a) of the Takeover Code. In view of the requirement for confidentiality prior to this announcement, enquiries have not been made of certain persons who are deemed (for the purposes of the Takeover Code) to be acting in concert with Phoenix UK Fund. Phoenix UK Fund further confirms that if, after due enquiry of such persons, details of any holdings of any person acting in concert with Phoenix UK Fund are disclosed, an updated Opening Position Disclosure in accordance with Rule 8.1(a) and Note 2(a)(i) on Rule 8 of the Takeover Code will be made as soon as possible.

## **10. AIM admission, De-listing, Compulsory acquisition and Re-registration**

PAMP believes that Hornby will benefit from the access to capital and increased profile and transparency that an AIM listing provides. Subject to Hornby's nominated adviser assessing that Hornby's free float remains suitable for the purposes of maintaining an AIM listing, following the completion of the Offer, PAMP intends to recommend to the directors of Hornby that Hornby maintains its listing on AIM.

## **11. General**

The availability of the Offer to persons not resident in the UK may be affected by the laws of the relevant jurisdiction. Any persons who are subject to the laws of any jurisdiction other than the UK should inform themselves about and observe any applicable requirements.

Appendix I sets out the principal further terms of the Offer. Appendix II contains source notes relating to certain information contained in this announcement. Certain terms used in this announcement are defined in Appendix III to this announcement.



The Offer Document, containing the full terms of the Offer, together with a Form of Acceptance, will be published and sent to Hornby Shareholders as soon as practicable and, for information only, to participants in the Hornby Share Option Scheme.

## 12. Documents published on website

Copies of the following documents will by no later than 12 noon (London time) on 22 June 2017 be published on PAMP's website ([www.phoenixassetmanagement.com](http://www.phoenixassetmanagement.com)) until the end of the Offer:

- (a) the Opening Position Disclosure of Phoenix UK Fund to be published on 21 June 2017; and
- (b) this announcement (subject to any applicable restrictions with respect to persons resident in Restricted Jurisdictions).

For the avoidance of doubt, the contents of the website are not incorporated by reference and does not form part of this announcement.

### Enquiries:

Phoenix UK Fund Ltd <i>James Wilson</i>	020 8600 0100
Liberum Capital Limited (Financial Adviser to Phoenix UK Fund) <i>Neil Patel / Neil Elliot</i>	020 3100 2000
Maitland Consultancy Limited (Financial PR Adviser to Phoenix UK Fund) <i>William Clutterbuck</i>	020 7379 5151

*Terms used in this summary shall have the meaning given to them in the full announcement.*

*Liberum, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Phoenix UK Fund and no one else in connection with the Offer and will not be responsible to anyone other than Phoenix UK Fund for providing the protections afforded to its clients, nor for providing advice in relation to the Offer or in relation to the contents of this announcement or any transaction or arrangement referred to in this announcement.*

*The directors of Phoenix UK Fund accept responsibility for the information contained in this announcement. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this announcement (other than any information relating to Hornby, Hornby's directors or their immediate families, related trusts and connected persons) for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*This announcement is not intended to and does not constitute, or form any part of, an offer or an invitation to purchase any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Offer or otherwise, nor shall there be any sale, issuance or transfer of securities of Hornby in any jurisdiction in contravention of applicable law. This announcement does not constitute a prospectus or equivalent document. The Offer will be made solely through the Offer Document, which will contain the full terms of the Offer, including details of how to accept the Offer. Any acceptance or other response to the Offer should be made only on the basis of the information contained in the Offer Document. The laws of relevant jurisdictions may affect the availability of the Offer to persons not resident in the United Kingdom. Persons who are not resident in the United Kingdom, or who are subject to the laws of any jurisdiction other than the*

United Kingdom, should inform themselves about and observe any applicable legal and regulatory requirements. The Offer Document will be available for public inspection and also be available on the website of PAMP ([www.phoenixassetmanagement.com](http://www.phoenixassetmanagement.com)).

The Offer will not be made, directly or indirectly, in or into the United States or by use of the mails of, or by any means (including, without limitation, facsimile or other electronic transmission, telex or telephone) or instrumentality of inter-state or foreign commerce of, or any facility of, a national, state or other securities exchange of, the United States, nor will it be made directly or indirectly in or into Canada, Australia or Japan and the Offer will not be capable of acceptance by any such use, means, instrumentality or facility or from within the United States, Canada, Australia or Japan or any other such jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction. Accordingly, copies of this announcement are not being, will not be and must not be mailed or otherwise forwarded, distributed or sent in, into or from the USA, Canada, Australia or Japan or any other such jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction and persons receiving this announcement (including without limitation custodians, nominees and trustees) must not mail, forward, distribute or send them in, into or from the USA, Canada, Australia or Japan or any other such jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction.

This announcement, including information included or incorporated by reference in this announcement, may contain "forward-looking statements" concerning members of the Phoenix Concert Party and Hornby. All statements other than statements of historical fact may be forward-looking statements. Generally, the words "will", "may", "should", "continue", "believes", "expects", "intends", "anticipates" or similar expressions identify forward-looking statements. The forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the companies' abilities to control or estimate precisely, such as future market conditions and the behaviours of other market participants, and therefore undue reliance should not be placed on such statements, which speak only as of the date of this announcement. Phoenix UK Fund and Hornby assume no obligation and do not intend to update these forward-looking statements, except as required pursuant to applicable law.

Please be aware that addresses, electronic addresses and certain other information provided by Hornby Shareholders and other relevant persons in connection with the receipt of communications from Hornby may be provided to Phoenix UK Fund during the offer period as required under Section 4 of Appendix 4 of the Takeover Code.

### **Disclosure requirements of the Takeover Code**

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain

*details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3. Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.*

### **Publication on Website**

*In accordance with Rule 26.1 of the Takeover Code, a copy of this announcement together with all information incorporated into this announcement by reference to another source will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on PAMP's website ([www.phoenixassetmanagement.com](http://www.phoenixassetmanagement.com)) by no later than 12 noon (London time) on the Business Day following the publication of this announcement. For the avoidance of doubt, the contents of the website are not incorporated by reference and do not form part of this announcement.*

*You may request a hard copy of this announcement (and any information incorporated by reference in this announcement) by calling Capita Asset Services on +44 (0)371 664 0321. It is important that you note that unless you make a request, a hard copy of this announcement and any such information incorporated by reference in it will not be sent to you. You may also request that all future documents, announcements and information to be sent to you in relation to the Offer should be in hard copy form.*

## APPENDIX I

### PRINCIPAL FURTHER TERMS OF THE OFFER

1. The Offer will become wholly unconditional once the Acquisition settles.
2. The Offer will extend to all issued Hornby Shares which are not held by the Phoenix Concert Party and any further Hornby Shares which are unconditionally allotted or issued and fully paid before the Offer closes.
3. The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements. The Offer is not being made, directly or indirectly, in or into, the United States, Canada, Australia or Japan, nor is it being made in or into any jurisdiction where such delivery or receipt of the Offer would contravene the applicable laws in that jurisdiction.
4. The Offer will remain open for acceptance until 1.00 p.m. on the 21<sup>st</sup> day after the date of publication of the Offer Document or (if that day is a Saturday, Sunday or a public holiday) on the next succeeding business day. **Since the Offer will become wholly unconditional once the Acquisition settles, the Offer will not be extended beyond this offer period.**
5. Hornby Shares will be acquired fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and other third party rights or interests together with all rights attaching thereto, including without limitation the right to receive all dividends and other distributions (if any) announced, declared, made or paid thereafter.
6. Phoenix UK Fund, on behalf of the Phoenix Concert Party, reserves the right to reduce the Offer consideration by the amount of any dividend (or other distribution) which is paid or becomes payable by Hornby to the holders of Hornby Shares.
7. The Offer is subject to the applicable requirements of the Takeover Code. The Offer and any acceptances under the Offer will be governed by English law and will be subject to the jurisdiction of the courts of England.

## **APPENDIX II**

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

1. The value placed by the Offer on the existing issued and to be issued ordinary share capital of Hornby, taking into account statements made by reference to the existing issued and to be issued share capital of Hornby (but not taking into account the value of all outstanding options), is based upon 84,583,204 Hornby Shares in issue on 20 June 2017 (being the latest practicable date prior to publication of this announcement).

## APPENDIX III

### DEFINITIONS

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

"Act"	the Companies Act 2006 (as amended)
"Acquisition"	has the meaning given in paragraph 1 of this announcement
"AIM"	the AIM Market operated by London Stock Exchange plc
"AIT"	Aurora Investment Trust plc, a company incorporated in England & Wales with registration number 03300814
"Australia"	the Commonwealth of Australia, its possessions, states and territories and all areas subject to its jurisdiction and any political sub-division thereof
"Business Day"	a day, not being a Saturday or Sunday nor any other day which is a public holiday in England and Wales
"Canada"	Canada, its possessions, provinces and territories and all areas under its jurisdiction or any political sub-divisions thereof
"Hornby" or the "Company"	Hornby plc, a company incorporated in England & Wales with registration number 01547390
"Hornby Option holders" or "Option holder"	a holder of options under the Hornby Share Option Scheme
"Hornby Share Option Scheme"	The Hornby Plc Long Term Incentive Plan 2016
"Hornby Share(s)"	the existing issued or unconditionally allotted and paid (or credited as fully paid) ordinary shares of 1 pence each in the capital of Hornby and, where the context so permits, any further shares which are unconditionally allotted or issued fully paid (or credited as fully paid) on or prior to the date on which the Offer closes (excluding, for the avoidance of doubt, treasury shares)
"Hornby Shareholders"	the holders of Hornby Shares
"Japan"	Japan, its cities, prefectures, territories and possessions
"Liberum"	Liberum Capital Limited, financial adviser to Phoenix UK Fund
"London Stock Exchange"	London Stock Exchange plc or its successor
"NPIL"	New Pistoia Income Limited

"Offer"	the mandatory cash offer by Phoenix UK Fund to acquire all the Hornby Shares not already owned by the Phoenix Concert Party on the terms set out in the Offer Document and the Form of Acceptance and, where the context permits, any subsequent revision or variation of such offer or any extension or renewal thereof
"Offer Document"	the formal document to be sent to Hornby Shareholders setting out the full terms of the Offer
"offer period"	the period commencing on 21 June 2017 (being the date of this announcement) and ending on the 21 <sup>st</sup> day after the date of publication of the Offer Document or (if that day is a Saturday, Sunday or a public holiday) on the next succeeding business day
"Offer Price"	32.375 pence per Hornby Share
"Official List"	the Official List of the UKLA
"PAMP"	Phoenix Asset Management Partners Limited, the investment adviser to the Phoenix UK Fund, a company incorporated in England & Wales with registration number 03514660
"Panel"	the Panel on Takeovers and Mergers
"person"	a person (including an individual, partnership, unincorporated syndicate, limited liability company, unincorporated organisation, trust, trustee, executor, administrator, or other legal representative)
"Phoenix Concert Party"	together being PAMP, Phoenix UK Fund, the directors of Phoenix UK Fund and Roger Canham (who for the purposes of the Takeover Code are considered to be acting in concert)
"Phoenix UK Fund"	Phoenix UK Fund Ltd, a company incorporated in The Commonwealth of the Bahamas with registration number 72,182B
"Pound Sterling" or "£"	UK pound sterling (and references to "pence" shall be construed accordingly)
"QCA Corporate Governance Code"	Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies 2013
"Relevant Hornby Shares"	has the meaning given in paragraph 9 of this announcement
"Restricted Jurisdiction"	subject always to the requirements of Rule 23.2 of the Takeover Code in relation to the distribution of offer documentation to jurisdictions outside the UK, any jurisdiction where extension of the Offer would violate the law of that jurisdiction
"Takeover Code"	the City Code on Takeovers and Mergers
"third party"	any central bank, government, government department or governmental, quasi-governmental, supranational, statutory,

regulatory or investigative body, authority (including any national anti-trust or merger control authority), trade agency, court, association, institution or professional or environmental body or any other person or body whatsoever in any jurisdiction

"UKLA"

the Financial Conduct Authority exercising its functions under Part VI of the Financial Services and Markets Act 2000

"United Kingdom" or "UK"

the United Kingdom of Great Britain and Northern Ireland and its dependent territories

"United States", "US" or "USA"

the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political subdivision thereof