

**THIS CIRCULAR AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this circular and/or as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant, or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) (“FSMA”) if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.**

The whole text of this document should be read. If you sell or have sold or otherwise transferred all of your shares in Benchmark Holdings plc, please immediately forward this circular, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold or transferred only part of your holding of shares, you should retain these documents and contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The Existing Ordinary Shares are admitted to trading on AIM, a market operated by the London Stock Exchange. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Placing Shares will commence at 8.00 a.m. (London time) on 19 December 2014. The Placing Shares will, when issued, rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares by reference to record dates falling after their date of issue and otherwise rank *pari passu* in all respects with the Existing Ordinary Shares.

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## **BENCHMARK HOLDINGS PLC**

*(Incorporated in England and Wales with registered number 4115910)*

**Placing of 82,353,000 Ordinary Shares at a price of 85 pence per share**

**Proposed acquisitions of SalmoBreed AS and majority stake in Stofnfiskur HF  
and**

**Notice of General Meeting**

**Cenkos Securities plc**

*Nominated Adviser and Broker*

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**Your attention is drawn to the letter from the Chairman which is set out in Part 1 of this circular and, in particular, to paragraph 14 which contains the unanimous recommendation from the Directors that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting referred to below.**

Notice of a General Meeting of Benchmark Holdings plc to be held at 4 p.m. (London time) on 18 December 2014 at the offices of Tavistock Communications, 131 Finsbury Pavement, London, EC2A 1NT is set out at the end of this circular. A Form of Proxy for use at the Meeting is enclosed. However, a proxy may also be appointed for CREST members, by using the CREST electronic proxy appointment service. To be valid, any instrument appointing a proxy must be received by **Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA**, as soon as possible but in any event so as to arrive no later than 4 p.m. (London time) on 16 December 2014, together with any power of attorney or other authority under which it is signed. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

Cenkos Securities plc, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as Nominated Adviser and Broker to the Company in connection with the matters described in this document. Persons receiving this document should note that Cenkos Securities plc will not be responsible to anyone other than the Company for providing the protections afforded to customers of Cenkos Securities plc or for advising any other person on the arrangements described in this document. Cenkos Securities plc has not authorised the contents

of, or any part of, this document and no liability whatsoever is accepted by Cenkos Securities plc for the accuracy of any information or opinions contained in this document or for the omission of any information. Cenkos Securities plc as nominated adviser and broker to the Company owes certain responsibilities to the London Stock Exchange plc which are not owed to the Company or the Directors, Shareholders or any other person.

This document does not constitute a prospectus for the purposes of section 85 of FSMA and any offer to the public is exempt by virtue of section 86 of FSMA, nor does it constitute an admission document drawn up in accordance with the AIM Rules. This document has not been approved for issue by any person for the purposes of section 21 of FSMA. This document does not constitute or form part of any offer or invitation to buy, subscribe for, or sell Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, the Placing Shares have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the “**Securities Act**”) or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Canada, Australia, the Republic of South Africa or Japan and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia, the Republic of South Africa or Japan. The distribution or transmission of this document in jurisdictions other than the UK may be restricted by law and, therefore, persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, this document may not be distributed, directly or indirectly, in or into the United States, Canada, the Republic of South Africa, Australia or Japan. Overseas shareholders and any person (including, without limitation, nominees and trustees), who have a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action.

No person has been authorised to give any information or make any representation and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, the Directors, or Cenkos Securities plc.

Copies of this circular are available free of charge on the Company’s website [www.benchmarkplc.com](http://www.benchmarkplc.com)

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## DIRECTORS AND ADVISERS

Directors	Alex Hambro ( <i>Chairman</i> ) Malcolm Pye ( <i>Chief Executive Officer</i> ) Mark Plampin ( <i>Chief Financial Officer</i> ) Roland Bonney ( <i>Chief Operating Officer</i> ) Susan Searle ( <i>Non-executive director</i> ) Basil Brookes ( <i>Non-executive director</i> )
Company secretary	Athene Blakeman Benchmark House 8 Smithy Wood Drive Sheffield S35 1QN
Nominated adviser and broker	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Legal advisers to the Company	Travers Smith LLP 10 Snow Hill London EC1A 2AL
Legal advisers to Cenkos Securities	K&L Gates LLP One New Change London EC4M 9AF
Registrar	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

## PLACING STATISTICS AND EXCHANGE RATES

Placing Price per Placing Share	85 pence
Number of Existing Ordinary Shares	136,977,095
Number of Placing Shares <sup>(1)</sup>	82,353,000
Number of Ordinary Shares in issue following Admission of the Placing Shares <sup>(1)</sup>	219,330,095
Number of Placing Shares as percentage of the Existing Ordinary Shares <sup>(1)</sup>	approximately 60.12 per cent.
Amount being raised under the Placing (gross)	£70,000,050
Amount being raised under the Placing (net)	£66,400,000
£:NOK exchange rate used for purposes of this document (save as expressly provided)	1:10.524
£:ISK exchange rate used for purposes of this document (save as expressly provided)	1:198.37

<sup>(1)</sup>Assuming full subscription under the Placing.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	24 November 2014
Latest time and date for receipt of Form of Proxy	4 p.m. on 16 December 2014
Voting record date	6 p.m. on 16 December 2014
General Meeting	4 p.m. on 18 December 2014
Completion of the Stofnfiskur Acquisition and Admission	19 December 2014
Anticipated date of completion of the SalmoBreed Acquisition (following Admission)	19 December 2014

If any of the details contained in the timetable above should change, the revised times and dates will be notified to Shareholders by means of an announcement through the Regulatory Information Service. All references to time and dates in this circular are to time and dates in London

## DEFINITIONS

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

<b>“2006 Act”</b>	the UK Companies Act 2006
<b>“Acquisitions”</b>	the SalmoBreed Acquisition and the Stofnfiskur Acquisition
<b>“Admission”</b>	the admission to trading on AIM of the Placing Shares in accordance with the AIM Rules
<b>“AFGC”</b>	Akvaforsk Genetics Center AS, a private limited liability company incorporated under the laws of Norway with registered address at c/o Veso, 0103 Oslo, Norway, and with business registration number 981 043 286
<b>“AIM”</b>	the market of that name operated by London Stock Exchange
<b>“AIM Rules for Companies”</b>	the AIM Rules for Companies, as published and amended from time to time by the London Stock Exchange
<b>“AIM Rules for Nominated Advisors”</b>	the rules for nominated advisers to AIM companies, as published and amended from time to time by London Stock Exchange
<b>“Board” or “Directors”</b>	the directors of the Company from time to time
<b>“Bolaks”</b>	AS Bolaks, a private limited liability company incorporated under the laws of Norway with registered address at Fusavegen 281, 5640 Eikelandsosen, Norway, and with business registration number 930 391 328
<b>“Business Day”</b>	any day (other than a Saturday or Sunday) upon which commercial banks are open for business in London, UK
<b>“Cenkos Securities”</b>	Cenkos Securities plc
<b>“COGS”</b>	cost of goods sold
<b>“Company” or “Benchmark”</b>	Benchmark Holdings plc
<b>“CREST”</b>	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland which facilitates the transfer of title to shares in uncertificated form
<b>“EBIT”</b>	earnings before interest and tax
<b>“EBITDA”</b>	earnings before interest, tax depreciation and amortisation
<b>“Edinburgh Biocampus”</b>	the Group’s vaccine manufacturing facility based in Edinburgh
<b>“Enlarged Share Capital”</b>	the issued ordinary share capital of the Company immediately following Admission (taking into account the issue of the Placing Shares)
<b>“Erfjord”</b>	Erfjord Stamfisk AS, a private limited liability company incorporated under the laws of Norway with registered address at Postboks 234 Sentrum, 5804 Bergen, Norway, and with business registration number 943 706 573
<b>“Euroclear UK &amp; Ireland”</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>“Existing Ordinary Shares”</b>	the existing Ordinary Shares in issue as at the date of this document
<b>“Form of Proxy”</b>	the form of proxy accompanying this circular
<b>“FCA”</b>	the Financial Conduct Authority of the United Kingdom
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended)
<b>“General Meeting”</b>	the general meeting of Shareholders to be held at 4 p.m. on 18 December 2014
<b>“Group”</b>	the Company, together with its subsidiary undertakings
<b>“ISK”</b>	Icelandic Krona
<b>“London Stock Exchange”</b>	London Stock Exchange plc

<b>“Minority Stofnfiskur Shareholders”</b>	shareholders in Stofnfiskur (other than the Purchaser and Stofnfiskur) following completion of the Stofnfiskur Acquisition
<b>“NOK”</b>	Norwegian Krone
<b>“Notice” or “Notice of General Meeting”</b>	the notice of the General Meeting comprising part of this circular
<b>“Official List”</b>	the daily official list maintained by the FCA
<b>“Ordinary Shares”</b>	the ordinary shares of 0.1p each in the capital of the Company
<b>“Osland”</b>	Osland Havbruk AS, a private limited liability company incorporated under the laws of Norway with registered address at 5962 Bjordal, Norway, and with business registration number 920 002 218
<b>“Placees”</b>	the persons who have conditionally agreed, or who will conditionally agree, to subscribe for Ordinary Shares in the Placing
<b>“Placing”</b>	the conditional placing of the Placing Shares at the Placing Price by Cenkos Securities, as described in Part I of this circular
<b>“Placing Agreement”</b>	the conditional agreement dated 21 November 2014 between the Company and Cenkos Securities relating to the Placing, as described in Part II of this Circular
<b>“Placing Price”</b>	85 pence per Placing Share
<b>“Placing Shares”</b>	the up to 82,353,000 Placing Shares which have been or will be conditionally placed with certain institutional and other investors by Cenkos Securities and are to be issued by the Company pursuant to the Placing
<b>“Purchaser”</b>	Benchmark Genetics Limited, a private limited company incorporated under the laws of England and Wales with company number 9115896 and a wholly-owned subsidiary of the Company
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting, the full text of which is set out in the Notice
<b>“SalmoBreed”</b>	SalmoBreed AS, a private limited liability company incorporated and existing under the laws of Norway with business registration number 983 506 925
<b>“SalmoBreed Acquisition”</b>	the proposed acquisition by the Purchaser of the entire issued share capital of SalmoBreed AS on the terms set out in the SalmoBreed SPA and as described in this circular
<b>“SalmoBreed Sellers”</b>	Sjøtroll, Bolaks, Erfjord, AFGC and Osland
<b>“SalmoBreed SPA”</b>	the conditional sale and purchase agreement, dated 21 November 2014, between the SalmoBreed Sellers, Benchmark and the Purchaser in respect of the SalmoBreed Acquisition
<b>“Shareholder”</b>	a holder of Ordinary Shares
<b>“Sjøtroll”</b>	Sjøtroll Havbruk AS, a private limited liability company incorporated under the laws of Norway with registered address at c/o Sjøtroll AS, 5397 Bekkjarvik, Norway, and with business registration number 929 363 833
<b>“stock account”</b>	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited
<b>“Stofnfiskur”</b>	Stofnfiskur hf, a public limited liability company incorporated and registered in Iceland with company number 620391-1079 whose registered office is at Kalmanstjörn, 221 Hafnarfjörður, Iceland

<b>“Stofnfiskur Acquisition”</b>	the proposed acquisition by the Purchaser of 81.92 per cent. of the share capital of Stofnfiskur on the terms set out in the Stofnfiskur Main SPA and Stofnfiskur Transfer Agreements, and as described in this circular
<b>“Stofnfiskur Main SPA”</b>	the conditional sale and purchase agreement, dated 21 November 2014, between the Stofnfiskur Majority Seller the Company and the Purchaser in respect of the Stofnfiskur Acquisition
<b>“Stofnfiskur Majority Seller”</b>	HB Grandi hf., a public limited company incorporated under the laws of Iceland with registered number 541185-0389
<b>“Stofnfiskur Minority Sellers”</b>	various minority shareholders collectively holding 16.98 per cent. of the issued share capital of Stofnfiskur
<b>“Stofnfiskur Transfer Agreements”</b>	the conditional sale and purchase agreements, dated 21 November 2014, between the Stofnfiskur Minority Sellers, the Company and the Purchaser in respect of the Stofnfiskur Acquisition
<b>“UK Listing Authority”</b>	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA



**Part I: Letter from the Chairman**  
**BENCHMARK HOLDINGS PLC**

*(Incorporated and registered in England and Wales under the Companies Act 1985  
with registered number 4115910)*

Directors:  
Alex Hambro (*Chairman*)  
Malcolm Pye (*Chief Executive Officer*)  
Roland Bonney (*Chief Operating Officer*)  
Mark Plampin (*Chief Financial Officer*)  
Susan Searle (*Non-Executive Director*)  
Basil Brookes (*Non-Executive Director*)

Registered Office:  
Benchmark House  
8 Smithy Wood Drive  
Sheffield  
S35 1QN

24 November 2014

Dear Shareholder,

**Placing and acquisitions of SalmoBreed AS and majority stake in Stofnfiskur HF**  
**Notice of General Meeting**

**1. Introduction**

The Company has today announced the proposed acquisition of:

- the entire issued share capital of SalmoBreed for initial consideration of NOK 205,000,000 (approximately £19.5m) (and potential further consideration upon the satisfaction of performance conditions, as described in paragraph 1 of Part III); and
- 81.92 per cent. of the issued share capital of Stofnfiskur for an initial consideration of ISK 4,105,726,840 (approximately £20.7m) (and potential further consideration upon the satisfaction of performance conditions as described in paragraph 2 of Part III),

by Benchmark Genetics Limited, a new wholly-owned subsidiary of the Company, on the terms and conditions of, respectively the SalmoBreed SPA and the Stofnfiskur Main SPA and the Stofnfiskur Transfer Agreements (summarised in paragraphs 1 to 3 of Part III).

Prior to Admission, the Company may seek to enter into agreements, on materially the same terms (including as to price) as the Stofnfiskur Transfer Agreements, with holders of shares in Stofnfiskur who have not already agreed to sell their shares to the Purchaser.

In addition to the Acquisitions, the Company is also proposing to invest up to £10m to fund the extension of the capacity of the Edinburgh Biocampus.

In order to finance the Acquisitions and investment in the Edinburgh Biocampus, Benchmark has announced a Placing to raise gross proceeds of approximately £70 million by the issue to Placees of 82,353,000 Placing Shares at 85 pence per Placing Share. The Acquisitions and the Placing are conditional upon (amongst other things) the passing of the Resolutions at the General Meeting.

*1.1 Information on SalmoBreed*

SalmoBreed is a leading salmon genetics company founded in 1999 based in Norway. SalmoBreed specialises in developing genetic material for salmon breeders which improves areas such as growth, disease resistance and product quality. Its activities include the development of genetic material and the distribution of salmon eggs. SalmoBreed is recognised as having leading genetics, and uses genetic marker and typing tools in its selection programme and to sell salmon eggs with QTL (qualitative trait loci) for resistance to two of the key diseases in salmon. To date SalmoBreed has been mainly focussed on the Norwegian market (the world's largest producer of salmon), with limited activities in the Faroes and Scotland, and the Board believes that there is opportunity for internal expansion through the Acquisitions as discussed further in paragraph 2 below.

In the year ended 31 December 2013 SalmoBreed generated reported revenues of £2.7m and EBITDA of £0.2m and had net assets of £1.8m as at 31 December 2013.

Historically, SalmoBreed's revenues have derived from royalties paid for its genetic material by salmon egg producers being, up to completion of the SalmoBreed Acquisition, solely the SalmoBreed Sellers. Benchmark, however, will operate SalmoBreed under a different business model such that going forward, SalmoBreed's revenues will derive from the sale of salmon eggs produced from its genetic material by third party contract producers. The Actual Restated figures

below present SalmoBreed's results as if it had operated under Benchmark's proposed business model historically.

In addition, as part of the SalmoBreed Acquisition, SalmoBreed will enter into commercial arrangements with Bolaks, Sjtroll and Erfjord (each, a SalmoBreed Seller) relating to the terms (including as to pricing) on which those companies will, following the SalmoBreed Acquisition, produce eggs for SalmoBreed. The unaudited pro forma figures set out below illustrate the combined effect of the change in the business model and the agreed commercial terms and have been adjusted for one-off non-recurring costs identified. The pro forma information has been prepared for illustrative purposes only, based on management's assumptions and, because of its nature, addresses a hypothetical situation and does not represent SalmoBreed's actual financial results.

	FY13 Actual Restated	FY13 Pro forma	FY14 Forecast
<b>SalmoBreed Income Statement (£'000)</b>			
<b>Years ended 31 December</b>			
Revenues	9,806	<b>9,806</b>	<b>9,507</b>
COGS	(7,250)	<b>(6,276)</b>	<b>(6,210)</b>
Gross profit	2,556	<b>3,530</b>	<b>3,297</b>
<i>Gross profit (%)</i>	26%	<b>36%</b>	<b>35%</b>
Other operating costs	(2,347)	<b>(2,153)</b>	<b>(2,248)</b>
<b>EBITDA</b>	209	<b>1,377</b>	<b>1,049</b>
<i>EBITDA %</i>	2%	<b>14%</b>	<b>11%</b>
Eggs sold (m)	112	<b>112</b>	<b>107</b>

### 1.2 Information on Stofnfiskur

Stofnfiskur is a salmon breeding company which was founded in Iceland in 1991. Stofnfiskur is able to supply eggs outside the natural salmon breeding season. The availability of 'out of season' eggs allows major salmon farming operators to optimise the efficiency and improve the utilisation of their high capital processing operations by running them at stable and managed volumes throughout the year. The 'out of season' salmon eggs required to fuel this year round production can only be produced in land-based controlled environment facilities. Stofnfiskur has the capability and capacity to do this on a significant scale. This combined with Stofnfiskur's high biosecurity status derived from land-based production (i.e. away from the sea where the broodstock could come into contact with pathogens carried by wild fish) gives it a significant advantage in the market. In the year ended 31 December 2013 Stofnfiskur generated reported revenues of £6.1m, EBITDA of £0.4m had net assets of £5.0m as at 31 December 2013.

The unaudited Actual Restated financial information set out on the following page has been adjusted to remove the non-cash impact of changes in inventory value and changes in the value of the biological asset(s) on the profit and loss statement. The Directors believe that this pro forma more appropriately reflects the normalised performance of the business.

This information has been prepared for illustrative purposes only and because of its nature addresses a hypothetical situation and does not represent Stofnfiskur's actual financial results.

<b>Stofnfiskur Income Statement (£'000)</b>	<b>FY13</b>	<b>FY14</b>
<b>Years ended 31 December</b>	<b>Actual</b>	<b>Forecast</b>
Revenues	6,098	6,620
COGS*	(4,453)	(4,719)
Gross profit	1,644	1,901
GP%	27%	29%
Other operating costs	(605)	(550)
<b>EBITDA</b>	<b>1,039</b>	<b>1,351</b>
<b>Minority interest</b>	<b>(188)</b>	<b>(244)</b>
<b>Benchmark share of EBITDA</b>	<b>851</b>	<b>1,107</b>
<i>EBITDA %</i>	<i>17%</i>	<i>20%</i>
<i>Eggs sold (m)</i>	<i>53</i>	<i>61</i>
<i>Eggs produced (m)</i>	<i>190</i>	<i>200</i>

\* Figures calculated using exchange rates in the range of £1:ISK194 to £1:ISK198

### 1.3 The combined business

The Directors believe that the combination of SalmoBreed and Stofnfiskur within the wider Benchmark group will create a world leading salmon and aquaculture breeding business and the world's second largest salmon egg producer. The global market for salmon egg production is estimated by the Company to amount to £160m. The combination of SalmoBreed and Stofnfiskur bring together the strengths of SalmoBreed in genetics, with Stofnfiskur's biosecure production facilities capable of supplying fertile eggs all year round, as well as a complementary geographic footprint. The Directors believe that this combined strength will allow the Group to accelerate growth in the combined business and to expand its international market share, increasing Stofnfiskur's utilisation of production capacity, currently at c. 35 per cent., and enhancing its margins and profitability. In addition, the technology held within the two businesses will provide an excellent platform to build into new and emerging markets for aquaculture breeding. The Directors consider that, notwithstanding the Minority Stofnfiskur Shareholders, the Group will be able to implement its business plan for the combined business.

### 1.4 The Placing

The net proceeds of the Placing (after commission and expenses of the Placing) will be used to fund the Acquisitions, to expand and accelerate the development of the Edinburgh Biocampus. Further details on the background to and rationale of the Acquisitions are given in paragraph 2 below.

As the allotment and issue of the Placing Shares would exceed the Directors' existing authorities to allot Ordinary Shares for cash on a non pre-emptive basis, the General Meeting is being convened to seek Shareholders' approval to grant new authorities to enable the Directors to complete the Placing. The Placing is therefore conditional (among other things) on the passing of the Resolutions by Shareholders at the General Meeting to be held at 4 p.m. on 18 December 2014. The Stofnfiskur Acquisition is conditional on the allotment of the Placing Shares upon completion of the Placing. The SalmoBreed Acquisition is conditional upon payment of the consideration by the Purchaser. The Acquisitions are not conditional on each other. Should Shareholder approval of the Resolutions not be obtained at the General Meeting, neither the Acquisitions nor the Placing will proceed.

If issued, the Placing Shares are expected to be admitted to trading on AIM at 8.00 a.m. on 19 December 2014.

**The purpose of this letter is to explain to Shareholders the background to, and reasons for, the SalmoBreed Acquisition and the Stofnfiskur Acquisition and the Placing and to request the support of Shareholders for the Resolutions. The Notice convening the General Meeting is set out at the end of this circular and a Form of Proxy is also enclosed for you to complete. This letter includes an explanation of the Resolutions.**

## **2. Background to and rationale of the SalmoBreed Acquisition and the Stofnfiskur Acquisition**

Benchmark's vision is to become the leading player in the supply of applied biotechnology, sustainability science and knowledge transfer to animal health, with particular focus on aquaculture and biotechnology. Today Benchmark provides a comprehensive offering in aquaculture internationally extending from veterinary health management and diagnostic services through to vaccine and medicine development, manufacture and distribution. One of Benchmark's strategic objectives is to expand its range of activities to include animal breeding and genetics. Animal breeding and genetics play a primary role in the development of production efficiency and sustainability in the global livestock and aquaculture industries. It is particularly important in the high volume production systems that supply the world's poultry, pork, dairy and fish (aquaculture) markets.

The animal breeding industry tends to be characterised by a small number of international players which are technology driven and are deeply embedded within their respective sectors. The acquisitions of SalmoBreed and Stofnfiskur represent an opportunity for Benchmark to enter the animal breeding and genetics industry. The Acquisitions will significantly expand the Group's activities in aquaculture, strengthen its position as a leading international supplier to the industry and create a substantial platform for future growth.

The Company has identified significant sources of potential synergies from combining Stofnfiskur and SalmoBreed, including:

- Stofnfiskur provides a readily available supply of high quality out-of-season eggs which can extend SalmoBreed's sales season and is also expected to help to increase in-season sales. In addition the availability of out-of-season eggs is expected to enhance SalmoBreed's position in the market.
- Stofnfiskur's existing international distribution will be available to SalmoBreed through the introduction of SalmoBreed genetics into Stofnfiskur's facilities. SalmoBreed currently sells almost exclusively into Norway.
- SalmoBreed's genetics will be available to Stofnfiskur's customers.

In addition, the Acquisitions create substantial opportunities for synergies with the Group. Breeding and genetics function within the same fundamental biology (molecular/cell biology, ecology, metabolic and sustainable husbandry biology) as is already being exploited in Benchmark's Animal Health and Sustainability Science businesses, giving rise to opportunities for synergistic development and combined approaches to solving key industry problems including disease, metabolic disorders and nutrition. SalmoBreed and Stofnfiskur operate in the same key international markets as, and share customers with, Benchmark's existing businesses.

The Directors believe that there is significant opportunity for growth in breeding and genetics in aquaculture particularly through expansion into areas of aquaculture which are fast growing and less developed than salmon. They believe that SalmoBreed and Stofnfiskur can serve as a development platform to build into other core and emerging aquaculture markets such as tilapia, catfish, grouper, sea bass, sea bream and shrimp.

Benchmark's management team has long experience in the primary breeding sector in poultry, cattle and pig breeding which can be used to support the development of Stofnfiskur and SalmoBreed both technically and in their marketing, technical servicing and business development programmes.

The Acquisitions, whilst subject to certain conditions (some of which are set out in Part III), are not conditional upon each other.

## **3. Development of the Edinburgh Biocampus**

The Company intends to use up to £10 million of the placing proceeds to expand and accelerate the development of its vaccine manufacturing facility in Edinburgh. In December 2013, the Company raised funds for the first phase of development of the Edinburgh Biocampus. Over the last twelve months, revenues from the Company's vaccines have continued to grow. In addition the Company has established that the contract manufacture business which it is targeting requires higher capacity in specialist areas than previously anticipated. Further, the Company's announced agreement with HypoPet for the commercialisation and manufacture of the HypoCat vaccine will require a specialist additional plant.

#### **4. Trading update and outlook**

The Company is pleased to announce that trading to the year ended 30 September 2014 was in line with expectations. Salmosan, Benchmark's sea lice treatment, has traded ahead of forecasts on a global basis, and the Company has seen revenue growth across its vaccines division as a whole. Contract manufacturing opportunities within the division are progressing, and management's outlook for current activities remains unchanged.

The Company's preliminary results for the year ended 30 September 2014 will be announced on 27 January 2015.

#### **5. Key terms of SalmoBreed Acquisition**

Further details of the SalmoBreed Acquisition are set out in paragraph 1 of Part III of this document.

#### **6. Key terms of Stofnfiskur Acquisition**

Further details of the Stofnfiskur Acquisition are set out in paragraphs 2 to 4 (inclusive) of Part III of this document.

Immediately following completion of the Stofnfiskur Acquisition, the Minority Stofnfiskur Shareholders will hold 18.08 per cent. of the issued share capital of Stofnfiskur. For further information regarding certain of the rights of such Minority Stofnfiskur Shareholders, see the Risk Factor entitled "Rights of Minority Stofnfiskur Shareholders" in Part II of this document.

#### **7. Terms of the Placing**

##### *7.1 Principal terms of the Placing*

The Company is proposing to raise gross proceeds of approximately £70 million pursuant to the Placing through the issue of the Placing Shares.

The Placing will result in the issue of 82,353,000 Ordinary Shares (representing, in aggregate, approximately 37.55 per cent. of the Enlarged Share Capital (assuming full subscription under the Placing)). The Placing Shares will, when issued, rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares by reference to record dates falling after their date of issue and otherwise rank *pari passu* in all respects with the Existing Ordinary Shares. No temporary documents of title will be issued.

Following the issue of the Placing Shares, existing Shareholders will undergo a dilution of 37.55 per cent. to their interests in the Company as a result of the Placing.

Under the Placing Agreement, the Company has appointed Cenkos Securities as its agent in connection with the Placing to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. Further terms of the Placing Agreement are set out in paragraph 5 of Part III of this circular.

##### *7.2 Other information relating to the Placing*

As the issue and allotment of the Placing Shares will exceed the Directors' existing authorities to allot shares for cash on a non pre-emptive basis, the General Meeting is being called to seek Shareholders' approval to grant new authorities to enable the Directors, *inter alia*, to complete the Placing. The Placing is conditional, *inter alia*, upon:

- the passing of the Resolutions at the General Meeting;
- the Placing becoming unconditional in all respects (other than Admission) and not having been terminated in accordance with its terms; and
- admission of the Placing Shares becoming effective by not later than 8.00 a.m. on 19 December 2014 (or such later time and/or date as the Company and Cenkos Securities may agree, not being later than 31 January 2015).

Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the Placing will not proceed. The SalmoBreed Acquisition will not complete until after Admission, upon payment to the SalmoBreed Sellers of the consideration payable to them under the SalmoBreed SPA. During the period following Admission until completion of the SalmoBreed Acquisition (i) neither the SalmoBreed Sellers nor the Company will have termination rights in respect of the SalmoBreed Acquisition (other than, in favour of the Seller, in circumstances where the Purchaser fails to pay over the consideration) and (ii) the Company will not have control, save through certain contractual

restrictions in the SalmoBreed SPA, over SalmoBreed. Completion of the SalmoBreed SPA is expected to take place during the course of the day of Admission. The Stofnfiskur Acquisition will complete simultaneously with Admission.

## **8. Use of proceeds**

The Placing is expected to raise gross proceeds of approximately £70 million (before commission and the expenses of the Placing).

The net proceeds of approximately £66.4 million will be used:

- to fund the initial consideration under the Acquisitions (approximately £40.2 million, and any earn-out consideration payable);
- to fund the development of the Edinburgh Bicocampus (up to £10 million); and
- for general corporate purposes.

## **9. Application for Admission**

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings for normal settlement in the Placing Shares on AIM will commence at 8.00 a.m. on 19 December 2014.

## **10. General Meeting**

A notice convening the General Meeting to be held at the offices of Tavistock Communications, 131 Finsbury Pavement, London, EC2A 1NT at 4 p.m. on 18 December 2014 is set out at the end of this circular. At the General Meeting, the following resolutions will be proposed:

1. an ordinary resolution, to grant authority to the Directors to allot, pursuant to the Placing, Ordinary Shares in the capital of the Company or to grant rights to subscribe for or convert any security into shares in the capital of the Company pursuant to section 551 of the Act, up to an aggregate nominal amount of £82,353. This authority in respect of the allotment of Ordinary Shares pursuant to the Placing and the authority is in addition to the authorities granted to the Directors at the Annual General Meeting of the Company held on 11 March 2014, and will expire (along with such authorities) at the conclusion of the Annual General Meeting of the Company to be held in 2015; and
2. conditional on the passing of resolution 1 above, a special resolution, to disapply the statutory pre-emption rights contained in section 561(1) of the Act in respect of the allotment for cash pursuant to the Placing of Ordinary Shares up to an aggregate nominal amount of £82,353. This authority is in addition to the authorities granted to the Directors at the Annual General Meeting of the Company held on 11 March 2014, and will expire (along with such authorities) at the conclusion of the Annual General Meeting of the Company to be held in 2015.

## **11. Irrevocables**

The Directors and a founder Shareholder have irrevocably undertaken to vote or to direct the registered holder of the shares to vote in favour of Resolutions 1 and 2 above in respect of the 46,022,806 Existing Ordinary Shares in aggregate (representing approximately 33.6 per cent. of the issued ordinary share capital of the Company) in which they and their connected persons are interested.

## **12. Action to be taken by Shareholders**

Shareholders will find accompanying this circular a Form of Proxy for use at the General Meeting. Whether or not Shareholders intend to be present at the General Meeting, they are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed on it to **Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA** as soon as possible and, in any event, so as to arrive no later than 4 p.m. on 16 December 2014. Completion and return of the Form of Proxy will not affect Shareholders' right to attend and vote in person at the General Meeting if they so wish. Further information regarding the appointment of proxies can be found on page 23 of this circular.

In the case of Shareholders who hold their Ordinary Shares in uncertificated form and receive these materials through their broker or other intermediary, the Shareholder should complete and

send a letter of direction in accordance with the instructions provided by their broker or other intermediary.

**In order for the Placing and, therefore, the Acquisitions to proceed, Shareholders will need to approve Resolutions 1 and 2 set out in the Notice of General Meeting. If Resolutions 1 and 2 are not passed, the Placing and, therefore, the Acquisitions will not proceed.**

**Accordingly it is important that Shareholders vote in favour of Resolutions 1 and 2, in order that the Placing and, therefore, the Acquisitions can proceed.**

### **13. Related Parties Section**

Invesco Asset Management Limited (“**Invesco**”) and Lansdowne Partners (UK) LLP (“**Lansdowne**”) currently own 10.22 per cent. and 13.51 per cent. respectively of the Company’s existing ordinary share capital and are therefore each treated as a related party of the Company under Rule 13 of the AIM Rules for Companies as substantial shareholders. Invesco’s and Lansdowne’s respective participations in the Placing are therefore treated as related party transactions for the purposes of the AIM Rules for Companies.

The Directors of the Company consider, having consulted with Cenkos as the Company’s nominated adviser, that the terms of the Placing are fair and reasonable insofar as the Company’s shareholders are concerned.

### **14. Directors’ recommendation**

The Directors consider the Acquisitions and the Placing to be in the best interests of the Company and its Shareholders as a whole.

Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting. The Directors have irrevocably undertaken to vote, or to direct that votes are cast, in favour of the Resolutions in respect of 30,877,120 Existing Ordinary Shares, in aggregate, representing approximately 22.5 per cent. of the existing issued ordinary share capital of the Company.

Yours faithfully

**Alex Hambro**  
*Chairman*

## **PART II: RISK FACTORS**

**THE FOLLOWING FACTORS DO NOT PURPORT TO BE AN EXHAUSTIVE LIST OR EXPLANATION OF ALL THE RISK FACTORS INVOLVED IN INVESTING IN BENCHMARK AND/ OR ARISING IN CONNECTION WITH THE ACQUISITIONS. IN PARTICULAR, THE GROUP'S PERFORMANCE MIGHT BE AFFECTED BY CHANGES IN THE MARKET AND/OR ECONOMIC CONDITIONS AND IN LEGAL, REGULATORY AND TAX REQUIREMENTS. ADDITIONALLY, THERE MAY BE RISKS OF WHICH THE BOARD IS NOT AWARE OR BELIEVES TO BE IMMATERIAL WHICH MAY, IN THE FUTURE, ADVERSELY AFFECT THE GROUP'S BUSINESS AND THE MARKET PRICE OF THE PLACING SHARES. IN SUCH CASES, THE MARKET PRICE OF THE PLACING SHARES MAY DECLINE AND HOLDERS OF PLACING SHARES MAY LOSE ALL OR PART OF THEIR INVESTMENT.**

### **Disease outbreaks may affect the volumes, revenues and profits of the business**

An outbreak of disease at any of the Stofnfiskur production facilities may have a material adverse effect on Stofnfiskur's ability to sell the salmon eggs it produces, may result in the suspension of production from the relevant facility and may adversely affect Stofnfiskur's ability to import eggs into other countries. A disease outbreak may also negatively affect the reputation of Stofnfiskur, resulting in reduced egg sales for a prolonged period.

In 2013, the Chilean government banned imports of Atlantic salmon eggs on a temporary basis after the Totivirus was found. This impacted the profitability of Stofnfiskur. Subsequently, Iceland has been approved as one of the only countries able to import salmon eggs into Chile, which is positive for Stofnfiskur.

An outbreak of disease at any of the producers from which SalmoBreed purchases salmon eggs may have a material adverse effect on SalmoBreed's ability to acquire salmon eggs from the relevant producer. SalmoBreed may be unable to source eggs from an alternative source. Either situation may have a material adverse effect on the numbers of eggs which SalmoBreed is able to sell. A disease outbreak at any of the producers may also negatively affect the reputation of SalmoBreed, resulting in reduced egg sales for a prolonged period.

A reduction in the number of eggs that Stofnfiskur or SalmoBreed is able to sell would result in reduced revenues and could have a material adverse effects on the profits of the relevant business.

### **Failure to obtain or a delay in obtaining the necessary regulatory approvals may affect the integration plan and result in lower profits**

The Company's intention to integrate the businesses of Stofnfiskur and SalmoBreed is reliant on various regulatory approvals relating to the transportation and importation of salmon genetics and salmon eggs being obtained in a number of countries, including Chile, Iceland, Norway, Scotland and the Faroe Islands. Whilst it is expected that the relevant approvals will be obtained, a failure to obtain, or a delay in obtaining, such approvals may delay the execution of the integration plan for the two businesses or require revisions to the integration plan. This may result in the Company failing to achieve the anticipated growth in sales of salmon eggs which the Directors expect will result from the integration of the businesses of Stofnfiskur and SalmoBreed. A drop or a failure to achieve growth in egg sales may result in a failure to achieve the growth in revenues and profits which the Directors expect to result from the combination of the businesses of Stofnfiskur and SalmoBreed.

### **Market conditions and competition may affect egg sales and prices, resulting in reduced revenues and profits**

Market conditions and competition in the market may negatively affect demand and the prices for the salmon eggs sold by Stofnfiskur and SalmoBreed. In particular, a failure to achieve the same or better genetic advances as competitors in salmon egg production may result in a reduction in demand for eggs sold by Stofnfiskur and SalmoBreed and/or limit the scope for increasing salmon egg prices.

A reduction in the number of eggs that Stofnfiskur or SalmoBreed is able to sell, or a reduction in the price at which the companies are able to sell, salmon eggs, would result in reduced revenues and could have a material adverse effects on the profits of the relevant business.



The Directors expect the integration of Stofnfiskur and SalmoBreed to result in increased salmon egg sales and higher prices as a result of strengthened genetics, mutual access to customers and year round availability of eggs. Insufficient market demand or an inability to increase salmon egg prices may result in the combined business failing to grow the value of eggs sold at the rate anticipated. A failure to achieve the expected growth in the value of salmon egg sold would result in revenues and profits being lower than anticipated.

#### **Requirement for further investment to achieve growth plans**

Certain elements of the growth plan for the combined Stofnfiskur and SalmoBreed businesses may require further investment. In particular, the Company may be required to invest in expanded facilities or a new farm may be required in Iceland or Norway in order to integrate SalmoBreed genetics to Stofnfiskur or land-based production facilities, enabling the production of out of season eggs with full or partial SalmoBreed genetics. The cost of further investment may adversely affect the profits of the combined business.

#### **Successful integration of Stofnfiskur and SalmoBreed is key to achieving Company's growth plan**

Although Stofnfiskur and SalmoBreed have an operating history, this may not be determinative of the Company's ability to implement its business strategy. The results of the Company's operations will depend on many factors including, but not limited to, its ability to manage the acquired assets, retain and attract key personnel and leverage the Acquisitions to create cross-selling opportunities. Failure to implement the business strategy could materially impact the Group's financial results.

#### **Dependence on key executives and personnel**

The future success of Stofnfiskur and SalmoBreed is substantially dependent on the continued services and performance of its executive Directors and senior management and its ability to attract and retain suitably skilled and experienced personnel. The loss of the services of any of the directors, members of senior management or other key employees could have a material adverse effect upon the performance of Stofnfiskur and SalmoBreed and the Group's business and results of operations. Finding and hiring any such replacements could be costly and might require the Company to grant significant equity awards or other incentive compensation, which could adversely impact its financial results.

#### **Business strategy may change**

The future success of the Group will depend on the Directors' ability to continue to implement effectively its business strategy. In particular, the pursuit of that strategy may be affected by changes in social, political or economic factors related to energy and the environment, or by changes in the competitive environment in the markets in which the Group currently operates or expects to operate. If such changes were to materialise the Directors may decide to change certain aspects of the Group's strategy. This might entail the development of alternative products and services, which would place additional strain on the Group's capital resources and may adversely impact on the revenues and profitability of the Group.

#### **Execution risk under SalmoBreed SPA**

The SalmoBreed Acquisition will not complete until the Purchaser makes payment of the initial consideration under the SalmoBreed SPA. The Purchaser requires part of the proceeds of the Placing in order to make such payment. The proceeds of the Placing will not be available until shortly after Admission. Consequently the SalmoBreed Acquisition can only be completed after Admission. It is expected that such completion will occur on the same day as Admission, but there can be no guarantee that it will not be delayed. During the period between Admission and completion of the SalmoBreed Acquisition, neither the SalmoBreed Sellers nor the Company have any termination rights and the Company will have no control over SalmoBreed save for certain contractual restrictions. If the consideration is not paid to the SalmoBreed Sellers by the date falling 25 business days after the date of the SalmoBreed SPA, then the SalmoBreed Sellers are entitled to terminate the SalmoBreed SPA and the SalmoBreed Acquisition would not proceed, despite the Placing being successfully completed. In such circumstances, the Company would consider alternative uses for the relevant part of the proceeds of the Placing, including general

corporate purposes, other acquisitions and/or returning some or all of the remaining proceeds to Shareholders. Placees would not be entitled to the return of such proceeds.

### **Rights of Minority Stofnfiskur Shareholders**

Following completion of the Stofnfiskur Acquisition, the Purchaser will own 81.92 per cent. of the issued share capital of Stofnfiskur. Consequently, unless following completion of the Stofnfiskur Acquisition, the Purchaser acquires all shares held by Minority Stofnfiskur Shareholders or acquires further shares from Minority Stofnfiskur Shareholders sufficient to bring the Purchaser's holding in Stofnfiskur above 90 per cent. of the issued share capital (at which point, the Purchaser may be able to compulsorily acquire the rest of the shares held by Minority Stofnfiskur Shareholders under Icelandic law), there will be minority shareholders in Stofnfiskur.

Minority Stofnfiskur Shareholders will have minority protection rights which they could seek to exercise in certain circumstances. Certain of these rights are outlined below.

In certain circumstances, under applicable Icelandic company law, Minority Stofnfiskur Shareholders holding less than 20 per cent. of the shares may be entitled (i) to direct that an investigation be carried out in connection with the activities of Stofnfiskur, (ii) and/or require a dividend of a minimum of a quarter of the remainder of annual profit (after previous years' losses have been met and the required funds have been contributed to the company's statutory reserve fund) to be paid, subject to a cap equal to two per cent. of Stofnfiskur's capital and reserves. In addition, the board of Stofnfiskur will have fiduciary duties and duties of confidentiality to Stofnfiskur and its shareholders as a whole.

## PART III: FURTHER INFORMATION

### 1. SalmoBreed SPA

The SalmoBreed SPA was entered into on 21 November 2014 between Benchmark, the SalmoBreed Sellers and the Purchaser and is governed by Norwegian law. Under the terms of the SalmoBreed SPA, the Purchaser has agreed to purchase and the SalmoBreed Sellers have agreed to sell the entire issued share capital of SalmoBreed (the “**SalmoBreed Shares**”), subject to the conditions described below.

The aggregate consideration payable by the Purchaser to the SalmoBreed Sellers at completion is NOK 205,000,000 (the “**SalmoBreed Consideration**”). The SalmoBreed Sellers may be entitled to further consideration under the terms of an earn-out (the “**SalmoBreed Earn-Out**”), under which a further aggregate amount of NOK 30,000,000 may be payable by the Purchaser to the SalmoBreed Sellers, subject to SalmoBreed’s cumulative sales of in-season eggs in the period commencing on 1 January 2015 and ending on 31 December 2017 exceeding 400,000,000 eggs. Any such further consideration payable pursuant to the Earn-Out will be payable on 1 March 2018.

Under the SalmoBreed SPA, the SalmoBreed Sellers are required to reimburse the Purchaser for any leakage (i.e. payments to or for the benefit of the SalmoBreed Sellers or their affiliates outside the ordinary course of business) between 31 December 2013 and the date of completion.

The Purchaser’s obligation to complete the SalmoBreed Acquisition is conditional on certain conditions, including but not limited to:

- (a) SalmoBreed having at least NOK 12,500,000 (including any investment in any money market fund) in freely available own (and not borrowed) cash at completion;
- (b) SalmoBreed having entered into agreed form commercial agreements with the SalmoBreed Sellers and their affiliates governing the SalmoBreed Sellers’ production of eggs for SalmoBreed and the SalmoBreed Sellers’ affiliates’ purchase of eggs from SalmoBreed;
- (c) no material breach of the SalmoBreed Sellers’ representations and warranties having occurred (in which case, subject to certain conditions, the SalmoBreed Sellers may also elect not to proceed to SalmoBreed Completion); and
- (d) Cenkos Securities not having exercised its rights to terminate the Placing prior to the unconditional allotment of the Placing Shares.

The SalmoBreed SPA includes customary sellers’ representations and warranties in favour of the Purchaser which are subject to customary limitations on liability.

The Company has guaranteed the obligations of the Purchaser under the SalmoBreed SPA. Completion under the SalmoBreed SPA is conditional upon payment of the SalmoBreed consideration to the SalmoBreed Sellers, which is expected to take place on the date of Admission (see the Risk Factor entitled “*Execution risk under SalmoBreed SPA*” in Part II of this document).

### 2. Stofnfiskur Main SPA

The Stofnfiskur Main SPA was entered into on 21 November 2014 between the Stofnfiskur Purchaser and the Stofnfiskur Majority Seller and is governed by Icelandic law. Under the terms of the Stofnfiskur Main SPA, the Purchaser has agreed to purchase and the Stofnfiskur Majority Seller has agreed to sell 64.94 per cent. of the issued share capital of Stofnfiskur (the “**Stofnfiskur Main Shares**”), subject to the conditions described below.

The aggregate consideration payable by the Stofnfiskur Purchaser to the Stofnfiskur Majority Seller at completion is ISK 1,858,375,010 (the “**Stofnfiskur Main Consideration**”). In addition, Benchmark will advance a loan in an amount of ISK 1,761,484,398 to Stofnfiskur on completion, which Stofnfiskur will use to repay a loan of ISK 1,483,974,962 owing to the Stofnfiskur Majority Seller and the balance of which will be used to repay outstanding bank debt. The Stofnfiskur Majority Seller may be entitled to further consideration under the terms of an earn-out (the “**Stofnfiskur Earn-Out**”), under which a further aggregate amount of up to ISK 1,299,341,086 may be payable by the Stofnfiskur Purchaser to the Stofnfiskur Majority Seller, subject to Stofnfiskur’s cumulative sales of eggs for the purposes of salmon breeding in the period commencing on 1 January 2015 and ending on 31 December 2017 exceeding 78,000,000 eggs in any one calendar year during the Stofnfiskur Earn-out period. Any such further consideration payable pursuant to the Stofnfiskur Earn-Out will be payable no later than on 31 March 2018.

Under the Stofnfiskur Main SPA, the Stofnfiskur Majority Seller is required to reimburse the Stofnfiskur Purchaser for any leakage (i.e. payments to or for the benefit of the Stofnfiskur Majority Seller or its affiliates outside the ordinary course of business) between 30 June 2014 and the date of completion.

The Stofnfiskur Purchaser's obligation to complete the Stofnfiskur Main SPA is conditional on certain conditions, including but not limited to:

- (a) the Stofnfiskur Transfer Agreements being completed simultaneously with the Stofnfiskur Main SPA in respect of Stofnfiskur Minority Sellers holding at least 10.06 per cent. of the issued share capital of Stofnfiskur (such shareholdings to be represented by issued share certificates);
- (b) Stofnfiskur having at least ISK 100 million (including any investment in any money market fund) in freely available own (and not borrowed) cash at completion;
- (c) no material breach of Stofnfiskur Majority Seller's representations and warranties having occurred; and
- (d) Cenkos Securities not having exercised its rights to terminate the Placing prior to the unconditional allotment of the Placing Shares.

The Stofnfiskur Main SPA includes customary sellers' representations and warranties in favour of the Stofnfiskur Purchaser which are subject to customary limitations on liability.

The Purchaser has agreed to grant a share pledge by way of security over the Stofnfiskur Main Shares on completion, which share pledge will automatically terminate once the Stofnfiskur Main Consideration has been paid in accordance with the Stofnfiskur Main SPA.

Under a separate guarantee, the Company has agreed to guarantee the obligations of the Purchaser under the Stofnfiskur Main SPA (including obligations in relation to the Stofnfiskur Earn-Out).

The aggregate initial consideration to be paid by the Purchaser for the shares in Stofnfiskur under the Stofnfiskur Main SPA and the Stofnfiskur Transfer Agreements is ISK 4,105,726,840 (approximately £20.7m). The aggregate maximum consideration payable under the Stofnfiskur Earn Out to the Stofnfiskur Majority Sellers and the Stofnfiskur Minority Sellers is ISK 1,639,050,517 (approximately £8.3m).

### **3. Stofnfiskur Transfer Agreements**

The Stofnfiskur Transfer Agreements were entered into on 21 November 2014 between the Company, the Stofnfiskur Minority Sellers and the Stofnfiskur Purchaser and are governed by Icelandic law. Under the terms of the Stofnfiskur Transfer Agreements, the Stofnfiskur Purchaser has agreed to purchase and the Stofnfiskur Minority Sellers have agreed to sell 16.98 per cent. of the issued share capital of Stofnfiskur (the "**Stofnfiskur Minority Shares**"), subject to the conditions described below.

The aggregate consideration payable by the Stofnfiskur Purchaser to Stofnfiskur Minority Sellers at completion is ISK 485,867,432 (the "**Stofnfiskur Minority Consideration**"). The Stofnfiskur Minority Sellers may be entitled to further consideration under the terms of the Stofnfiskur Earn Out, under which a further aggregate amount of up to ISK 339,709,431 may be payable.

The Stofnfiskur Purchaser's obligation to complete the Stofnfiskur Transfer Agreements is conditional on completion occurring under the Stofnfiskur Main SPA.

The Stofnfiskur Transfer Agreements include sellers' representations and warranties in respect of legal and beneficial ownership of the Stofnfiskur Minority Shares.

### **4. Placing Agreement**

Under the terms of a Placing Agreement dated 21 November 2014 made between the Company and Cenkos Securities, Cenkos Securities was appointed as an agent of the Company to use reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. Pursuant to the Placing Agreement, the Company has given certain warranties to Cenkos Securities regarding, *inter alia*, the accuracy of information in this document and an indemnity in favour of Cenkos Securities in respect of, *inter alia*, losses arising directly or indirectly out of the Placing.

The Placing Agreement is conditional, *inter alia*, on (a) all conditions to completion under the SalmoBreed SPA being satisfied, save for the condition relating to the payment of the SalmoBreed consideration to the SalmoBreed Sellers; (b) all conditions to the Stofnfiskur Main SPA being satisfied or waived; (c) Admission taking place in respect of the Placing Shares by no later than 8.00 a.m. on 19 December 2014 or such later date as may be agreed by the Company and Cenkos Securities, not being later than 31 January 2015; (d) the passing of the Resolutions at the General Meeting; and (e) the Company complying with all of its obligations under the Placing Agreement. Under the Placing Agreement, the Company has agreed to pay commissions at a rate of 3 per cent. to Cenkos Securities in relation to the Ordinary Shares placed by them pursuant to the Placing which shall be deducted from the proceeds of the Placing. Cenkos Securities is entitled, in certain limited circumstances, to terminate the Placing Agreement prior to Admission and to the payment of outstanding expenses on such termination.

#### **6. Equity Development Engagement Letter**

Under the terms of an engagement letter with Equity Development Limited (“ED”), the Company will pay a one-off fee £20,000, together with a success fee equal to 3 per cent. of monies raised from investors introduced to the Placing by ED.

# BENCHMARK HOLDINGS PLC

*(Incorporated and registered in England and Wales under the Companies Act 1985  
with registered number 4115910)*

## NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a General Meeting of Benchmark Holdings plc (“**Benchmark**” or the “**Company**”) will be held at the offices of Tavistock Communications, 131 Finsbury Pavement, London, EC2A 1NT at 4 p.m. (London time) on 18 December 2014 for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolution 1 will be proposed as an ordinary resolution and Resolution 2 will be proposed as a special resolution.

### **Resolution 1**

That, in addition to the authorities granted to the Directors at the Annual General Meeting of the Company held on 11 March 2014, the Directors be and are hereby generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for, or to convert any security into, shares in the Company, as is contemplated in sub-sections 551(1)(a) and 551(1)(b) respectively of the Act up to a maximum nominal amount of £82,353 pursuant to the Placing (as defined in the circular dated 24 November 2014, of which this notice forms part), provided that this authority shall expire on the date of the next annual general meeting of the Company (save that the Company may at any time before such expiry make an offer or agreement which might require such shares to be allotted after such expiry and the Directors may issue and allot shares in pursuance of such offer or agreement notwithstanding that the authority hereby conferred has expired).

### **Resolution 2**

That, in addition to the authorities granted to the Directors at the Annual General Meeting of the Company held on 11 March 2014 and conditional on the passing of Resolution 1 above, the Directors be and are hereby empowered pursuant to section 570 of the 2006 Act to allot equity securities (as defined in section 560 of the Act) for cash, pursuant to the authority conferred on them to allot such shares or grant such rights by that resolution up to a maximum nominal value of £82,353 as if sub-section (1) of section 561 of the Act did not apply to any such allotment, provided that this power shall expire on the date of the next annual general meeting of the Company (save that the Company may at any time before such expiry make an offer or agreement which might require such shares to be allotted after such expiry and the Directors may issue and allot shares in pursuance of such offer or agreement notwithstanding that the authority hereby conferred has expired).

### **By order of the Board of Directors**

**Athene Blakeman**

*Secretary*

24 November 2014

Registered Office:  
Benchmark House  
8 Smithy Wood Drive  
Sheffield  
S35 1QN

## Notes

- (i) A Shareholder entitled to attend and vote at the General Meeting convened by the above Notice is entitled to appoint a proxy to exercise all or any of the rights of the member to attend and speak and vote on his behalf. A proxy need not be a member of the Company. A Shareholder may appoint more than one proxy in relation to the General Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.
- (ii) To appoint a proxy you may:
  - (a) use the Form of Proxy enclosed with this Notice of General Meeting. To be valid, the Form of Proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be received by post or (during normal business hours only) by hand at **Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA**, so as to arrive no later than 4 p.m. on 16 December 2014;
  - (b) register the appointment of your proxy electronically by logging on to [www.sharevote.co.uk](http://www.sharevote.co.uk) using the Voting ID, Task ID and Shareholder reference number printed on your enclosed proxy form and following the instructions provided. Please note that any electronic communication sent to the company's registrar in respect of the appointment of a proxy that is found to contain a computer virus will not be accepted; or
  - (c) if you hold your shares in uncertificated form, use the CREST electronic proxy appointment service as described in paragraph (iii) below.

Completion of the Form of Proxy or appointment of a proxy through CREST will not prevent a Shareholder from attending and voting in person.

- (iii) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual which can be found at [www.euroclear.com](http://www.euroclear.com). 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 made by means of CREST 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 must be transmitted so as to be received by the issuer's agent, ID RA19, by 4 p.m. on 16 December 2014. 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 issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
- (iv) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only Shareholders registered in the register of members of the Company as at 6 p.m. on 16 December 2014 shall be entitled to attend and vote at the General Meeting in respect of the number of shares registered in their name at such time. If the General Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned Meeting is 6 p.m. on the day being two days prior to the date fixed for the adjourned meeting (excluding any part of a day that is not a business day). Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.
- (v) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (vi) You may not use any electronic address provided either in the above Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

- (vii) Copies of the terms and conditions of appointment of the Directors are available for inspection at the registered office of the Company, Benchmark House, 8 Smithy Wood Drive, Sheffield, South Yorkshire S35 1QN, during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this Notice until the conclusion of the General Meeting and will be available for inspection at the place of the General Meeting for at least 15 minutes prior to and during the General Meeting.
- (viii) As at 21 November 2014 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 136,977,095 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 21 November 2014 were 136,977,095.









