

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

If you have sold or otherwise transferred all of your Ordinary Shares, please immediately forward this document, 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 only part of your holding of Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

The Directors (whose names and functions appear on page 5 of this document) and the Company accept responsibility, both collectively and individually, for the information contained in this document and compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Ordinary Shares are admitted to trading on AIM. **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 United Kingdom 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. The London Stock Exchange has not itself examined or approved the contents of this document. Prospective investors should read this document in its entirety.**

This document contains no offer of transferable securities to the public within the meaning of section 102B of the FSMA, the Act or otherwise. Accordingly, this document does not constitute a prospectus within the meaning of section 85 of the FSMA and has not been drawn up in accordance with the Prospectus Rules or approved by the FCA or any other competent authority. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List of the United Kingdom Listing Authority.

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# RedstoneConnect plc

*(incorporated and registered in England and Wales with registered number 05332126)*

## Proposed disposal of Comunica Holdings Limited and Commensus Limited

and

## Notice of General Meeting

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**This document should be read as a whole. However, your attention is drawn to the letter from the Chairman of the Company which is set out in Part 1 of this document and which contains, amongst other things, the Directors' unanimous recommendation that you vote in favour of the Resolution to be proposed at the General Meeting.**

Cantor Fitzgerald Europe ("Cantor Fitzgerald"), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser to the Company in connection with matters set out in this document and will not be acting for any other person (including a recipient of this document) or otherwise be responsible to any person for providing the protections afforded to clients of Cantor Fitzgerald or for advising any other person in respect of the matters set out in this document or any transaction, matter or arrangement referred to in this document. Cantor Fitzgerald's responsibilities as the Company's nominated adviser and broker are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Cantor Fitzgerald by the FSMA or the regulatory regime established thereunder, Cantor Fitzgerald does not accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company or the matters set out in this document. Cantor Fitzgerald accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this document or any such statement.

**Notice of the General Meeting of RedstoneConnect plc, to be held at the offices of DAC Beachcroft LLP, 100 Fetter Lane, London EC4A 1BN at 10.00 a.m. on 15 June 2018, is set out at the end of this document. To be valid, the accompanying Form of Proxy for use in connection with the General Meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, by not later than 10.00 a.m. on 13 June 2018 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting). Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish.**

**Shareholders who hold their Ordinary Shares in uncertificated form in CREST may alternatively use the CREST Proxy Voting Service in accordance with the procedures set out in the CREST Manual as explained in the notes accompanying the Notice of General Meeting at the end of this document. Proxies submitted via CREST must be received by Share Registrars Limited (ID 7RA36) by no later than 10.00 a.m. on 13 June 2018 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting). The appointment of a proxy using the CREST Proxy Voting Service will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.**

A copy of this document will be made available from the Company's website, [www.redstoneconnect.com](http://www.redstoneconnect.com). Neither the content of the Company's website nor any website accessible by hyperlinks to the Company's website is incorporated in, or forms part of, this document.

## **IMPORTANT NOTICE**

### **Cautionary note regarding forward-looking statements**

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors’ current intentions, beliefs or expectations concerning, among other things, the Existing Group’s results of operations, financial condition, liquidity, prospects, growth, strategies and the Existing Group’s markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors’ current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Existing Group’s and the Continuing Group’s operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by law or by the AIM Rules, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors’ expectations or to reflect events or circumstances after the date of this document.

### **Notice to overseas persons**

The distribution of this document and/or the Form of Proxy in certain jurisdictions may be restricted by law and therefore persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

### **Presentation of financial information**

Certain data in this document, including financial, statistical and operational information has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data. Percentages in tables have been rounded and, accordingly, may not add up to 100 per cent. In this document, references to “pounds sterling”, “£”, “pence” and “p” are to the lawful currency of the United Kingdom.

### **Interpretation**

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading “Definitions”.

All times referred to in this document and the Form of Proxy are, unless otherwise stated, references to London time.

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

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

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2018

Publication of this document	29 May
Latest time and date for receipt of Forms of Proxy and CREST voting instructions	10.00 a.m. on 13 June
General Meeting	10.00 a.m. on 15 June
Expected completion date of the Disposal	18 June

**Note:**

Each of the above times and/or dates is subject to change at the absolute discretion of the Company and Cantor Fitzgerald. If any of the above times and/or dates should change, the revised times and/or dates will be announced through a Regulatory Information Service.

## **DIRECTORS, SECRETARY AND ADVISERS**

### **Directors**

Frank Beechinor, *Chairman*  
Mark Braund, *Chief Executive Officer*  
Spencer Dredge, *Chief Financial Officer*  
Guy van Zwanenberg, *Non-Executive Director*  
Diana Dyer Bartlett, *Non-Executive Director*

all of:

40 Holborn Viaduct  
London  
EC1N 2PB

### **Company Secretary**

Roisin Clawson

### **Nominated Adviser and Broker**

Cantor Fitzgerald Europe  
One Churchill Place  
London  
E14 5RB

### **Joint Broker**

Whitman Howard Limited  
First Floor  
Connaught House  
London  
W1K 3NB

### **Legal Advisers to the Company**

DAC Beachcroft LLP  
100 Fetter Lane  
London  
EC4A 1BN

### **Registrars**

Share Registrars Limited  
The Courtyard  
17 West Street  
Farnham  
Surrey  
GU9 7DR

## DEFINITIONS

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

<b>“Act”</b>	the Companies Act 2006 (as amended);
<b>“AIM”</b>	the AIM market operated by the London Stock Exchange;
<b>“AIM Rules”</b>	the AIM Rules for Companies and guidance notes published by the London Stock Exchange from time to time;
<b>“Business Day”</b>	a day on which dealings in domestic securities may take place on the London Stock Exchange;
<b>“Cantor Fitzgerald”</b>	Cantor Fitzgerald Europe, the Company’s nominated advisor;
<b>“Certificated form” or “in Certificated form”</b>	an Ordinary Share recorded on a company’s share register as being held in certificated form (namely, not in CREST);
<b>“Company” or “RedstoneConnect”</b>	RedstoneConnect plc, a company incorporated and registered in England and Wales with registered number 05332126;
<b>“Completion”</b>	completion of the sale of the whole of the issued share capital of each of the Sale Companies in accordance with the Share Purchase Agreement;
<b>“Connect IB”</b>	Connect IB Ltd, a company incorporated and registered in England and Wales with registered number 09336000;
<b>“Continuing Group”</b>	the Company and its subsidiary undertakings following Completion;
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in those regulations);
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended);
<b>“Directors” or “Board”</b>	the directors of the Company whose names are set out on page 5 of this document, or any duly authorised committee thereof;
<b>“Disposal”</b>	the proposed disposal by the Company of each of the Sale Companies pursuant to the Share Purchase Agreement;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, the operator of CREST;
<b>“Existing Group”</b>	the Company and its subsidiary undertakings as at the date of this document (including, without limitation, the Sale Companies);
<b>“FCA”</b>	the Financial Conduct Authority;
<b>“Form of Proxy”</b>	the form of proxy for use in connection with the General Meeting which accompanies this document;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended);
<b>“General Meeting”</b>	the general meeting of the Company to be held at the offices of DAC Beachcroft LLP, 100 Fetter Lane, London EC4A 1BN at 10.00 a.m. on 15 June 2018, notice of which is set out at the end of this document;

<b>“Locked Box Accounts”</b>	the audited accounts of the Sale Group for the accounting period ended on the Locked Box Accounts Date;
<b>“Locked Box Accounts Date”</b>	31 January 2018;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“Notice of General Meeting”</b>	the notice convening the General Meeting which is set out at the end of this document;
<b>“Ordinary Shares”</b>	the ordinary shares of 10 pence each in the capital of the Company;
<b>“Prospectus Rules”</b>	the prospectus rules made by the FCA pursuant to section 73A of the FSMA;
<b>“Purchaser” or “Excel I.T.”</b>	Excel I.T Services Limited, a company incorporated and registered in England and Wales with company number 06468498;
<b>“Register”</b>	the register of members of the Company maintained by Share Registrars Limited;
<b>“Resolution”</b>	the ordinary resolution set out in the Notice of General Meeting;
<b>“SaaS”</b>	software as a service;
<b>“Sale Companies”</b>	each of (a) Comunica Holdings Limited and (b) Commensus Limited together constituting the Systems Integration and Managed Services divisions of the Existing Group;
<b>“Sale Group”</b>	the Sale Companies and Redstone Converged Solutions Ltd (a subsidiary of Comunica Holdings Limited);
<b>“Share Purchase Agreement”</b>	the conditional share purchase agreement dated 25 May 2018 between the Company and the Purchaser;
<b>“Shareholders”</b>	holders of Ordinary Shares;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“uncertificated” or “in uncertificated form”</b>	an Ordinary Share recorded on a company’s share register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST; and
<b>“Voting Record Time”</b>	10.00 a.m. on 13 June 2018.

## PART 1

### LETTER FROM THE CHAIRMAN OF REDSTONECONNECT PLC

# RedstoneConnect plc

*(Incorporated in England and Wales with registered number 05332126)*

*Directors:*

Frank Beechinor, *Chairman*  
Mark Braund, *Chief Executive Officer*  
Spencer Dredge, *Chief Financial Officer*  
Guy van Zwanenberg, *Non-Executive Director*  
Diana Dyer Bartlett, *Non-Executive Director*

*Registered Office:*

40 Holborn Viaduct  
London  
EC1N 2PB

29 May 2018

*To holders of Ordinary Shares and, for information only, to holders of options over Ordinary Shares*

Dear Shareholder,

## **Proposed disposal of Comunica Holdings Limited and Commensus Limited**

**and**

## **Notice of General Meeting**

### **1. Introduction**

Your Board announced on 29 May 2018 that it has conditionally agreed to sell the entire issued share capital of each of the Sale Companies, comprising the Existing Group's Systems Integration and Managed Services divisions, to the Purchaser for £21.6 million, of which £19.6 million is payable in cash on Completion and up to a further £2 million will become payable on or before final completion and settlement of an already contracted project by Redstone Converged Solutions Ltd provided such project is carried out on a profitable basis. In addition, intercompany loans as at 31 January 2018 of, in aggregate, approximately £1.4 million owed by the Company to the Sale Group are being waived as part of the Disposal.

The Disposal is of sufficient size relative to that of the Existing Group to constitute a disposal resulting in a fundamental change of business pursuant to Rule 15 of the AIM Rules and Completion is, therefore, conditional upon the approval of Shareholders.

Accordingly, your approval of the Disposal is being sought at the General Meeting of the Company to be held at the offices of DAC Beachcroft LLP, 100 Fetter Lane, London EC4A 1BN at 10.00 a.m. on 15 June 2018. The notice convening the General Meeting and setting out the Resolution to be considered at it is set out at the end of this document. A summary of the action you should take is set out in paragraph 9 of this letter and on the Form of Proxy which accompanies this document.

Further details of the Disposal and the Share Purchase Agreement are set out below and in Part 2 of this document.

The purpose of this document is to give you further details of the Disposal, including the background to and reasons for it, to explain why the Directors consider it to be in the best interests of the Company and its Shareholders as a whole and unanimously to recommend that you vote in favour of the Resolution to be proposed at the General Meeting. The Directors have irrevocably undertaken to vote in favour of the Resolution in respect of the 336,979 Ordinary Shares in which they are beneficially interested, representing



approximately 1.6 per cent. of the issued ordinary share capital of the Company. Details of further irrevocable undertakings and a letter of intent which have been obtained by the Company can be found in paragraph 7 below.

## 2. Background to and reasons for the Disposal

RedstoneConnect is focused on technologies that make real estate more efficient and businesses more effective as a result. The Company provides the infrastructure capabilities and the software applications to deliver smart buildings and smart workspace solutions for commercial businesses, public sector organisations, real estate owners and managers.

RedstoneConnect currently has three business divisions:

- **Systems Integration** – integrated and digital infrastructure for buildings and commercial spaces;
- **Managed Services** – IT support services and hosted cloud-based IT support services; and
- **Software** – software to improve building user experience, utilisation and efficiency with the Connect software platform and OneSpace occupancy management software solution.

Following the acquisition of Connect IB, a company that had developed and deployed solutions in the mapping and wayfinding of smart buildings, in March 2016, the Board has been focused on developing the Company's software offering. The Systems Integration and Managed Services divisions operate in more mature markets and therefore the Board believes that higher levels of growth are available to the Company's Software division. In addition, the Systems Integration division has high levels of project-related work and therefore less predictable revenues and, as has been evidenced in the year to 31 January 2018, demonstrates greater working capital requirements as projects commence. Therefore, the Board's view is that the Company's capital resources would be better utilised in growing the technology-led intellectual property part of the Company, focusing on evolving over the coming years into a higher value added SaaS recurring income model. The Board sees significant opportunities for growth in the smart software and co-working space technology markets especially in the agile working and the connected office environment, a core target market for the Group's occupancy management software solution, OneSpace. In addition, the Board sees the potential to increase its geographic reach through international sales of its software solutions.

In May 2017, the Board acquired Anders and Kern U.K. Limited ("**A+K**") which not only brought with it an experienced sales and marketing team but also helped expand the Company's customer reach for its software offering. In conjunction with the acquisition of A+K, the Company raised funds which financed the acquisition and also provided additional working capital, part of which was used to accelerate the development and functionality of OneSpace, especially in improving the platform architecture and developing its meeting room management module functionality. The Software division has grown considerably over the past 12 months and in the interim results for the period ended 31 July 2017 and announced in October 2017, the Software division represented approximately 31 per cent. of the Group's adjusted EBITDA (before unallocated central costs). For the year ended 31 January 2018, the Software division represented approximately 37 per cent. of the Group's adjusted EBITDA (before unallocated central costs).

The Disposal will provide the Board with the opportunity to focus on continuing the excellent progress being made by the Company's Software division by:

- providing a clear and focused platform to execute the Board's strategy of becoming a software company focused on the attractive smart buildings and co-working space technology markets;
- providing funds for investment in the Company's technology through ongoing development of new modules and functionality;
- providing the Continuing Group with the flexibility to take advantage of potential acquisition opportunities of complementary businesses that broaden its software suite of products and extend the Continuing Group's customer reach in the smart building and co-working space technology markets; and
- strengthening the Continuing Group's balance sheet, leaving it in a strong cash position.

The Board believes that the terms of the Disposal represent good value for Shareholders and appropriately value the future growth potential of the Sale Companies against the risks associated with the nature and

timing of delivering that growth. The Disposal also provides the Board with the opportunity to focus on accelerating the execution of its strategy for the Continuing Group.

Further details of the Disposal and the Share Purchase Agreement are set out below and in Part 2 of this document.

### **Information on the Sale Companies**

The Company's Systems Integration division operates under the "Redstone" brand. Its work is project based, lower margin than the Group's other divisions and involves design work for new builds as well as retro-fit projects. Services designed and installed range from bespoke solutions such as lighting projects through to much broader network, cabling and cellular based projects within office building developments. The delivery of its offering is typically achieved using multi-disciplined project and contract management teams.

The Managed Services division which also operates under the "Redstone" brand provides a range of desktop and data centre ICT support services through to network infrastructure and management (including move/add/change and break and fix services) and general support services either on premise or hosted as a cloud offering. In addition, the Managed Services division under the "Commensus" brand offers fully managed cloud hosted IT support services.

Combined, the two divisions have over 280 customers with approximately 120 using the combined managed services offering. The Managed Services division's largest customers operate in the financial services sector but the division also has long standing customers in the oil & gas and legal sectors.

For the year ended 31 January 2018, the Sale Group generated pro-forma revenue of approximately £41.6 million and an adjusted pro forma EBITDA (before central Group costs) of approximately £3.0 million. At 31 January 2018, the Sale Group had gross assets of approximately £15.9 million and net assets of approximately £8.8 million (excluding goodwill and intangible assets held in the consolidated accounts).

### **3. Principal terms of the Disposal**

Pursuant to the terms of the Share Purchase Agreement, the Company has conditionally agreed to sell the entire issued share capital of each of the Sale Companies, comprising the Systems Integration and Managed Services divisions of the Existing Group, to the Purchaser for £21.6 million, of which £19.6 million is payable in cash on Completion and up to a further £2 million will become payable on or before final completion of an already contracted project by Redstone Converged Solutions Ltd provided such project is carried out on a profitable basis. In addition, intercompany loans as at 31 January 2018 of, in aggregate, approximately £1.4 million owed by the Company to the Sale Group are being waived as part of the Disposal.

As the equity value for the Sale Group has been determined by reference to the Locked Box Accounts, the Share Purchase Agreement contains a "locked box" mechanism whereby it has been agreed that only certain categories of leakage from the Sale Group to the Company are permitted to take place from 31 January 2018 to Completion. If there is any leakage, the Company will be required to pay an amount necessary to put the relevant member of the Sale Group into the position it would have been in if there had not been any leakage (including, without limitation, the costs and expenses reasonably incurred).

Completion is conditional upon the approval of the Disposal by Shareholders and none of the Sale Companies nor the Company having suffered an insolvency event.

Further details of the Share Purchase Agreement, including details of the "locked box" mechanism, are set out in Part 2 of this document.

### **4. Information on the Purchaser**

With 25 years' experience, Excel I.T. has grown into a leading IT infrastructure company and support partner to global corporations. Working with clients across Europe, the Middle East and Africa, Excel I.T. has developed a range of services in the delivery of IT infrastructure and infrastructure support services. They deliver new-build, refurbishment, upgrade and renewal projects of all sizes as well as providing clients with technology and strategic support for building network automation and optimisation.

For the year ended 31 March 2017, Excel I.T. had revenues of approximately £23.4 million and operating profit of approximately £2.5 million.

## **5. Financial effects of the Disposal and use of the proceeds**

As at 31 January 2018, the Consolidated Net Assets of the Group were approximately £22.4 million. The value of the Sale Group's audited net assets, including goodwill and intangible assets held in the consolidated accounts, as at the Locked Box Accounts Date, being the date used as the reference point to agree with the Purchaser the value of net assets that will be transferred on Completion, was approximately £20.2 million.

It is expected that the net proceeds of the Disposal on Completion (and excluding the £2 million that will become payable on or before 30 November 2018 subject to the completion of an already contracted project by Redstone Converged Solutions Ltd), after payment of transaction costs, will be approximately £19.2 million. In addition, upon Completion the Board will repay all of its outstanding debt and overdrafts save for a mortgage of approximately £450,000 (amounting to approximately £4.3 million as at 23 May 2018) so that the Continuing Group will be debt free. As at 23 May 2018, the Company (excluding the Sale Group) had cash and cash equivalents of approximately £0.4 million.

As set out below in the strategy for the Continuing Group, the Board believes that there are excellent growth opportunities for the Software division. The balance sheet strength afforded to the Group from the net proceeds of the Disposal will enable the Continuing Group to develop its software offering in the occupancy management space by adding new functionality and modules as well as complementing this development with strategic acquisitions. Part of the cash will therefore be applied for additional investment into the continued development of the software offering as well as seeking to expand its sales and marketing capability, both through adding to the Group's direct sales capability but also opening additional indirect sales channels through partnership arrangements.

Importantly, the Directors believe that the occupancy management software sector remains very fragmented and therefore there are good opportunities to accelerate the Continuing Group's growth by applying part of the cash proceeds to capitalise on acquisition opportunities and conclude transactions in an expeditious manner. In the event that the Company is unable to conclude suitable acquisitions or that some or all of the cash received from the Disposal has not been deployed and is still left in the business after 2 years, the Board will consider returning funds to Shareholders.

## **6. Strategy for the Continuing Group**

The Board believes that the Disposal will provide it with an excellent opportunity to focus exclusively on capturing the opportunity it believes exists for a software offering targeting the smart building and co-working space markets. This opportunity is not just in the UK but also in international markets such as the USA and Europe.

The Board believes that there is a change in the business environment where employee mobility and agile working is challenging modern organisations to adapt their approach to effective and efficient use of the work space. This is driving demand for workspace management solutions. In 2017, the global market for occupancy analytics based software services was estimated to be worth \$1.5 billion with the market size forecast to grow by a compound annual growth rate of approximately 25 per cent. to over \$4.60 billion by 2022. The Company believes that its existing OneSpace software solution is well positioned to address this market opportunity.

Through its OneSpace software solution and the Connect software platform, the Company can already deliver software solutions for utilisation and efficiency, occupancy management, access control, location-based services, wayfinding and meeting room management and the Company is working to develop an advanced suite of other resource management functionality. The software suite is built to an open-architecture standard, can be deployed either on-premise or in the cloud and has a secure API layer that permits easy integration with third party applications. The data gathering, analytics and dashboard functionality provide clients with the information required to deploy mobile and agile working strategies and configure space to achieve increased engagement with the workforce whilst making the most efficient use of the work space. In addition, the Board believes that it can complement the existing application of its OneSpace software solution by targeting additional market segments such as the fast growing co-working space sector.

To date, the Software division has already won blue chip customers such as UBS and UBM on multi-year contracts and other clients include GlaxoSmithKine, the Rugby Football Union and the Munich Smart City project. Contracts have been both license sales and SaaS based per user contracts and whilst the ambition is to increase the proportion of revenues from SaaS recurring revenue contracts, in the near term, the Board believes that there are still strong opportunities to deliver licence-based sales aligned to the buying requirements of its target audience.

As noted above, the Directors intend to deploy part of the proceeds from the Disposal in ongoing investment in the software to continue to add to its functionality and modular offering thereby increasing the market opportunity from the multi-national enterprises it is currently engaged with and increasing its reach into the mid-market. Furthermore, the Company will look to accelerate its routes to market by investment in sales, both direct and through indirect sales/partnership channels.

In addition to utilising the proceeds of the disposal to deliver continued organic growth, the Company will seek opportunities to grow through acquisition that will enhance the Continuing Group's software proposition and its suite of products. In addition, acquisitions that broaden the Continuing Group's accessible markets (such as into the co-working space sector) will provide increased opportunities to promote its complete solutions concept. The Company will be looking at acquisition opportunities that not only provide technology in adjacent and/or complementary areas to the Continuing Group but also ones which bring with them an existing and established client base as well as broadening the Continuing Group's geographical reach. The Board's acquisition strategy will therefore principally focus on further developing the Continuing Group's strategy of software sales into the smart building and co-working space markets.

With the Continuing Group focussed exclusively as a software business, it is the Board's aspiration that through the additional investment in the Group, complemented by value enhancing acquisitions, the Company will benefit from anticipated growth in the smart buildings and occupancy analytics sector and evolve into a leading international workspace management software company with high margin SaaS and licence based revenues.

## **7. Irrevocable undertakings**

The Directors and Keith Jump (the Company's chief technology officer) have given irrevocable undertakings to the Company to vote in favour of the Resolutions (and, where relevant, to procure that such action is taken by the relevant registered holders if that is not them), in respect of their entire beneficial holdings totalling, in aggregate, 491,204 Ordinary Shares, representing approximately 2.3 per cent. of the Company's issued share capital.

In addition, certain other Shareholders, being JO Hambro Capital Management Ltd and Canaccord Genuity Wealth Limited, have given irrevocable undertakings to the Company to vote in favour of the Resolution to be proposed at the General Meeting (and, where relevant, to procure that such action is taken by the relevant registered holders if that is not one of them) in respect of their beneficial holdings totalling, in aggregate, 5,066,160 Ordinary Shares, representing approximately 24.3 per cent. of the Company's existing issued share capital. A letter of intent to vote in favour of the Resolution has also been obtained from Herald Investment Management Limited in respect of 1,611,987 Ordinary Shares representing approximately 7.8 per cent. of the Company's issued share capital.

In total, therefore, the Company has received irrevocable undertakings and a letter of intent to vote in favour of the Resolution in respect of holdings totalling in aggregate 7,169,351 Ordinary Shares, representing approximately 34.5 per cent. of the Company's issued share capital.

## **8. The General Meeting**

You will find set out at the end of this document a notice convening the General Meeting to be held on 15 June 2018 at the offices of the Company's solicitors, DAC Beachcroft LLP, 100 Fetter Lane, London EC4A 1BN at 10.00 a.m., at which the Resolution will be proposed.

The Resolution, which will be proposed at the General Meeting as an ordinary resolution, is to approve the Disposal and to authorise the Directors to take all steps necessary or desirable to complete the Disposal.

In order for the Resolution to be passed a simple majority is required.

Shareholders should read the Notice of General Meeting at the end of this document for the full text of the Resolution and for further details about the General Meeting.

The attention of Shareholders is also drawn to the voting intentions of the Directors as set out in the paragraph entitled "Recommendation" below.

Shareholders have the right to attend, speak and vote at the General Meeting (or, if they are not attending the meeting, to appoint someone else as their proxy to vote on their behalf) if they are on the Register at the Voting Record Time (namely 10.00 a.m. on 13 June 2018). Changes to entries in the Register after the Voting Record Time will be disregarded in determining the rights of any person to attend and/or vote at the General Meeting. If the General Meeting is adjourned, only those Shareholders on the Register 48 hours before the time of the adjourned General Meeting (excluding any part of a day that is not a Business Day) will be entitled to attend, speak and vote or to appoint a proxy.

The number of Ordinary Shares a Shareholder holds as at the Voting Record Time will determine how many votes a Shareholder or his proxy will have in the event of a poll.

## **9. Action to be taken**

A Form of Proxy for use at the General Meeting accompanies this document. The Form of Proxy should be completed and signed in accordance with the instructions thereon and returned to the Company's registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, as soon as possible, but in any event so as to be received by no later than 10.00 a.m. on 13 June 2018 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting).

If you hold your Ordinary Shares in uncertificated form in CREST, you may vote using the CREST Proxy Voting service in accordance with the procedures set out in the CREST Manual. Further details are also set out in the notes accompanying the Notice of General Meeting at the end of this document. Proxies submitted via CREST must be received by Share Registrars Limited (ID 7RA36) by no later than 10.00 a.m. on 13 June 2018 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the time fixed for the adjourned meeting).

The completion and return of a Form of Proxy or the use of the CREST Proxy Voting Service will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.

## **10. Recommendation**

The Directors consider the Disposal to be in the best interests of the Company and its Shareholders as a whole and accordingly unanimously recommend Shareholders to vote in favour of the Resolution to be proposed at the General Meeting as they have irrevocably undertaken to do so in respect of their beneficial holdings amounting, in aggregate, to 336,979 Ordinary Shares, representing approximately 1.6 per cent. of the issued ordinary share capital of the Company.

Yours faithfully,

**Frank Beechinor**

*Chairman*

## PART 2

### SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE PURCHASE AGREEMENT

#### 1. General

The Share Purchase Agreement was entered into on 25 May 2018 between the Company and the Purchaser.

Pursuant to the terms of the Share Purchase Agreement, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire issued share capital of each of the Sale Companies, comprising the Existing Group's Systems Integration and Managed Services divisions.

#### 2. Condition

Completion of the Share Purchase Agreement is conditional upon the passing of the Resolution at the General Meeting and none of the Sale Companies nor the Company having suffered an insolvency event. If either of the conditions are not satisfied by 7.59 a.m. on 22 June 2018 (or such other date as the parties may agree), the Share Purchase Agreement will automatically terminate with immediate effect.

#### 3. Pre-Completion obligations

At all times during the period from (and including) the date of the Share Purchase Agreement up to (and including) the date of Completion or, if earlier, the termination of the Share Purchase Agreement in accordance with its terms, the Company has agreed (amongst other things):

- (a) to procure that each member of the Sale Group carries on the target business in the normal course of business and in the manner provided in the Share Purchase Agreement; and
- (b) that except with the prior written consent of the Purchaser, no member of the Sale Group shall (nor shall they agree to) undertake certain actions including, for example, disposing of any material assets used or required for the operation of the target business other than in the ordinary course of business, appointing any person as a director, incurring any capital expenditure on any item in excess of £25,000, making any loan, declaring or paying any dividend or other distribution or granting any security over the assets of any member of the Sale Group.

#### 4. Consideration

The total consideration payable by the Purchaser on Completion for the purchase of the entire issued share capital of each of the Sale Companies is £21.6 million, of which £19.6 million is payable in cash on Completion and up to a further £2 million will become payable on or before final completion and settlement of an already contracted project by Redstone Converged Solutions Ltd (the "**Project**"), provided it can be evidenced that the Project has been carried out on a profitable basis (the "**Additional Consideration**"). In addition, intercompany loans as at 31 January 2018 of, in aggregate, approximately £1.4 million owed by the Company to the Sale Group are being waived as part of the Disposal.

The Additional Consideration will be retained by the Purchaser for working capital purposes relating to the Project, the contract for which is currently due to complete by 31 December 2018, with the settlement process to follow thereafter. In the event that the Additional Consideration is not sufficient to cover the ongoing working capital relating to the Project, the Company may be required to provide additional working capital equal to any such deficit, subject to the terms of the Share Purchase Agreement. In the event that the work carried out by Redstone Converged Solutions Ltd in connection with the Project is not profitable in the period beginning on 1 February 2018 and ending on the date of final settlement, the Company has agreed to indemnify the Purchaser in respect of an amount equal to the total loss in that period.

The consideration for the Disposal has been calculated on the basis that, as at the Locked Box Accounts Date, the Sale Group had no debt and no cash, save for sufficient cash or debt in the Sale Group to maintain a normal level of working capital, such level having been agreed between the parties and calculated on the basis of a 24 month average.

As the equity value has been determined by reference to the Locked Box Accounts, the Company has warranted to the Purchaser that in the period commencing on the Locked Box Accounts Date and ending

on Completion, there has been no Leakage. In the event of any breach of such warranties, the Company has agreed to pay to the Purchaser an amount necessary to put the relevant member of the Sale Group into the position it would have been in if there had been no breach of warranty (together with all costs and expenses reasonably and properly incurred by the Purchaser or the Sale Companies as a result of such breach and any additional amount required to ensure that the net amount received by the Purchaser is the amount that the Purchaser would have received if the payment was not subject to tax).

The definition of Leakage in the Share Purchase Agreement includes (but is not limited to) any payment, transfer of value, dividend or other distribution or assumption or waiver of liability by or from any member of the Sale Group to the Company or any member of the Continuing Group, other than "Permitted Leakage", such as any payments specifically provided for in the Locked Box Accounts, payments of salary and any items otherwise agreed between the parties to constitute Permitted Leakage. Any such leakage claim must be made by the Purchaser within the period of 12 months from the date of Completion.

## **5. Termination**

The Share Purchase Agreement will be terminated:

- (a) automatically if the Resolution has not been passed by the Shareholders by 7.59 a.m. on 22 June 2018 (or such other date as the parties may agree) or on the occurrence of an insolvency event on the part of any of the Sale Companies or the Company;
- (b) at the option of the Purchaser, by notice in writing to the Company, if it has been notified of a material adverse change (which includes the Company materially breaching the terms of the Share Purchase Agreement) occurring after the date of the Share Purchase Agreement and prior to Completion; or
- (c) at the option of either party by giving written notice to the other, if either the Company or the Purchaser (as the case may be) does not comply with its obligations under the Share Purchase Agreement at Completion in any material respect.

## **6. Post-completion restrictive covenants**

The Share Purchase Agreement contains restrictive covenants given by both the Company and the Purchaser as summarised below.

### ***Company's restrictive covenants***

For a period of 12 months from Completion, the Company has agreed that, subject to certain exceptions (set out below), it shall not, amongst other things, (i) compete with the business of the Sale Group, (ii) solicit customers or suppliers of the Sale Group's business or (iii) solicit certain employees of the Sale Group.

The Company will not be restricted from supplying and providing OneSpace software, audio visual, access control and other meeting room IT solutions, or distributing and reselling hardware. In addition, none of the restrictive covenants shall prevent the Company having and using the name "RedstoneConnect" for the period of 12 months following Completion.

### ***Purchaser's restrictive covenants***

For a period of 12 months from Completion, the Purchaser has agreed that it shall not, amongst other things, solicit customers of the Sale Group or the Continuing Group with a view to providing software solutions or services to such customers in competition with the Continuing Group's software including, but not limited to, OneSpace.

## **7. Warranties and limitations**

The Share Purchase Agreement contains warranties in the usual form given by the Company to the Purchaser on the date of the Share Purchase Agreement and repeated on Completion (subject to any disclosures made). The Company has also provided an indemnity to the Purchaser in respect of certain employee related claims limited to a period of 6 months following Completion.

In the absence of fraud, wilful misconduct, wilful concealment and dishonesty, the Company's liability for a breach of the terms of the Share Purchase Agreement including, for example, any breach of warranty is limited to £10,000,000.

The Company will not be liable for a warranty claim unless notice in writing summarising the nature of the warranty claim (in so far as it is known to the Purchaser) and, as far as is reasonably practicable, the amount claimed, has been given by or on behalf of the Purchaser to the Company:

- (a) in the case of a warranty claim for breach of the tax warranties, on or before the seventh anniversary of Completion; and
- (b) in any other case, within the period of 18 months from the date of Completion.

The Share Purchase Agreement also includes a tax covenant given by the Company in favour of the Purchaser.

## **8. Governing law**

The Share Purchase Agreement is governed by English law.



## NOTICE OF GENERAL MEETING

# RedstoneConnect plc

*(Incorporated and registered in England and Wales with registered number 05332126)*

**NOTICE IS HEREBY GIVEN THAT** a general meeting of RedstoneConnect plc (the “**Company**”) will be held at the offices of DAC Beachcroft LLP, 100 Fetter Lane, London EC4V 1BN at 10.00 a.m. on 15 June 2018 to consider and, if thought fit, to pass the following resolution which will be proposed as an ordinary resolution:

### Ordinary Resolution

THAT, for the purposes of Rule 15 of the AIM Rules for Companies published by the London Stock Exchange plc, the disposal (the “**Disposal**”) by the Company of the entire issued share capital of each of the Sale Companies (as defined in the circular to the Company’s shareholders dated 29 May 2018) on the terms and subject to the conditions set out in the share purchase agreement dated 25 May 2018 (the “**Share Purchase Agreement**”) between (1) the Company and (2) EXCEL I.T Services Limited and related documentation to be entered into pursuant to the Share Purchase Agreement, be and is hereby approved with such minor amendments as the directors of the Company (the “**Directors**”) may approve, and the Directors or any duly authorised committee of the Directors be and are hereby authorised to take all steps necessary or desirable to complete the Disposal.

Dated: 29 May 2018

*Registered Office:*  
40 Holborn Viaduct  
London  
EC1N 2PB

*By order of the Board*  
Roisin Clawson  
Company Secretary

### Explanatory Notes:

#### Entitlement to attend and vote

1. Only those members registered on the Company’s register of members at:
  - 10.00 a.m. on 13 June 2018; or,
  - if this meeting is adjourned, the time and date that is 48 hours prior to the adjourned meeting,

shall be entitled to attend and vote at the meeting in accordance with Regulation 41 of the Uncertificated Securities Regulations 2001. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

#### Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to more than one share. To appoint more than one proxy please refer to the notes on the proxy form.

### **Appointment of proxy using hard copy proxy form**

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
  - completed and signed;
  - sent or delivered to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or scanned and sent by email to proxies@shareregistrars.uk.com; and
  - received by Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR no later than 10.00 a.m. on 13 June 2018.
6. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
7. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

### **Appointment of proxy by joint members**

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

### **Changing proxy instructions**

9. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off times for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
10. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR.
11. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

### **Termination of proxy appointment**

12. In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR.
13. In the case of a member which is a Company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.
14. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
15. The revocation notice must be received by Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR no later than 10.00 a.m. on 13 June 2018.
16. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
17. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

### **Submission of proxy electronically**

18. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider should refer to their CREST sponsor or voting service provider who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy, the revocation of a proxy appointment or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA36) by the latest time(s) for receipt of proxy appointments specified in this notice of meeting. 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. After this time, any change of instructions to a proxy appointed through CREST should be communicated to the appointee by other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider take) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and,

where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

**Corporate representative**

19. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

