

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN, INTO OR FROM THE UNITED STATES OR ANY OTHER JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

**INCREASED MANDATORY CASH OFFER BY CORPORATION FINANCIÈRE EUROPÉENNE S.A.
("CFE")**

FOR

CIP MERCHANT CAPITAL LIMITED ("CIP")

POSTING OF OFFER DOCUMENT

On 14 January 2022, the Board of CFE announced the terms and condition of a cash offer (the "**Original Offer**") pursuant to which it would offer to acquire the existing issued share capital of CIP not already owned by CFE, at 55 pence per CIP Share.

On 16 March 2022, the Board of CFE announced the terms of an increased and final cash offer for the CIP Shares not already held by CFE (the "**Increased Offer**") (or any persons acting in concert with it), at a price of 60 pence per CIP share (the "**Increased Offer Price**"). The Board of CFE confirms that the financial terms of the Increased Offer are final and will not be increased.

CFE announces that an offer document containing details of the terms and condition of the Increased Offer and the procedures for acceptance (the "**Increased Offer Document**") has been published today along with the relevant Form of Acceptance.

The Increased Offer Document, Form of Acceptance and this announcement will be available on CFE's website at <https://cfe-finance.com/documents-cip-merchant-capital-limited/> up to and including the end of the Offer.

The Increased Offer Price represents a:

- 9.1 per cent. increase on the offer price announced on 14 January (the "**Original Offer Price**");
- 5.3 per cent. to CIP's share price of 57 pence at the close of business on 15 March 2022, the last business day before the publication of the Increased Offer Announcement;
- 17.6 per cent. to CIP's share price of 51.0 pence at the close of business on 13 January 2022, the last business day before the Original Offer was announced;
- 22.4 per cent. to CIP's three month volume weighted average price of 49.0 pence to 13 January 2022, the last business day before the Original Offer was announced;
- 17.5 per cent. to CIP's six month volume weighted average price of 51.0 pence to 13 January 2022, the last business day before the Original Offer was announced; and
- 13.7 per cent. to CIP's 12 month volume weighted average price of 52.8 pence to 13 January 2022, the last business day before the Original Offer was announced.

CFE notes that since 13 January 2022, the last business day before the Original Offer was announced, the FTSE AIM All-Share has fallen approximately 15.7 per cent.. The Increased Offer provides certain value

today for CIP's portfolio of assets and provides an opportunity for CIP Shareholders to realise their CIP Shares for cash at a premium to the current trading market value of CIP.

CFE has continued to be supportive of the business since it became a shareholder, however, CIP's ordinary shares have consistently traded at a discount to its net asset value since shortly after admission to trading on AIM and this gap has increased significantly over the last year. The discount at which CIP's ordinary shares are trading as compared to NAV compares to an average discount of the Association of Investment Companies' (the "AIC") Flexible Investment sector (of which CIP is a constituent) of 12.6 per cent., as at 28 February 2022, the latest monthly figure available prior to the publication of the Increased Offer Document. The AIC's UK Smaller Companies sector, a comparable sector for CIP, in CFE's opinion, was trading at an average discount of 10.5 per cent. as at 28 February 2022.

CIP Shares have provided a negative total return to Shareholders since IPO of 49.0 per cent., as at 13 January 2022. This negative return only takes into account the fall in CIP's share price since IPO of 49.0 pence as no dividends have been made or declared to Shareholders over the same period.

Furthermore, the median daily volume of CIP Shares traded over the six months to 13 January 2022 was 35,587 CIP Shares, which implies that it would take 8 days to trade 275,000 CIP Shares on market, equivalent to a shareholding of 0.5 per cent.

Accordingly, CFE considers that the Increased Offer should be of interest to existing CIP Shareholders as it would enable CIP Shareholders to exit their investment in full for cash.

As at close of business on 17 March 2022, being the latest practicable date prior to this announcement, CFE had an interest in 19,369,621 CIP Shares, which together with the 69,000 CIP Shares purchased on 16 March 2022, represent approximately 35.3 per cent. of the CIP Shares in issue.

If CFE has by virtue of its shareholdings and valid acceptances of the Increased Offer, acquired or agreed to acquire CIP Shares carrying at least 75 per cent of the voting rights attaching to the ordinary share capital of CIP, CFE intends to procure that CIP will make an application to cancel trading in the CIP Shares on AIM.

The cancellation of the admission to trading of the CIP Shares would significantly reduce the liquidity and marketability of any CIP Shares in respect of which valid acceptances of the Increased Offer have not been submitted at that time.

Although CIP Shares will remain transferable, they will cease to be transferable through CREST. Shareholders who hold CIP Shares in uncertificated form in CREST will, following cancellation of trading on AIM becoming effective, be sent a share certificate for those CIP Shares.

Action to be taken by CIP Shareholders

The Increased Offer will be open for acceptance until 1:00 p.m. (London time) on 1 April 2022, but this date may be brought forward as set out in the Increased Offer Document. To accept the Increased Offer, it is important that CIP Shareholders follow the instructions set out in paragraph 13 of the letter from CFE in Part 1 of the Increased Offer Document and, in respect of certificated CIP Shares, as further described in the Form of Acceptance.

Acceptances of the Increased Offer in respect of certificated CIP Shares should be made by completing and returning the Form of Acceptance (along with the relevant share certificate(s) and/or other appropriate documents of title) using the accompanying first class reply-paid envelope (for use within the United Kingdom only) as soon as possible and in any event so as to be received by no later than 1:00 p.m. (London time) on 1 April 2022.

Acceptances of the Increased Offer in respect of uncertificated CIP Shares should be made electronically through CREST so that the TTE Instruction settles as soon as possible and in any event by no later than 1:00 p.m. (London time) on 1 April 2022.

Acceptances of the Offer shall be deemed to be acceptances of the Increased Offer in accordance with paragraph 4 of Section B of Part II of the Original Offer Document. Therefore, CIP Shareholders who have already validly accepted (and not validly withdrawn) their acceptance of the Offer are not required to take any further action in respect of the Increased Offer.

Shareholder helpline

If CIP Shareholders have any questions about the Increased Offer Document, or are in doubt about the procedure for completing and returning of the Form of Acceptance, please call Link Group between 9.00 a.m. and 5.30 p.m. Monday to Friday (excluding UK public holidays) on 0371 664 0321 from within the UK or +44 0371 664 0321 if calling from outside the UK. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and timing purposes. Please note that Link Group cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

Defined terms used but not defined in this announcement have the meanings set out in the Increased Offer Document.

Corporation Financière Européenne S.A.

+352 22 13 23

Mario Cordoni
Marco Paternò Castello

Investec Bank plc (Financial Adviser and Broker to CFE)

+44 (0) 20 7597 5970

Bruce Garrow
David Anderson
Virginia Bull
Shalin Bhamra
Carlo Spingardi

Important Notices

This announcement is not intended to and does not constitute an offer to sell, or form part of, or constitute the solicitation of an offer to purchase any securities. The full terms and conditions of the Increased Offer will be set out in the Increased Offer Document and the accompanying Form of Acceptance. In deciding whether or not to accept the Increased Offer, CIP Shareholders must rely solely on the terms and condition of the Increased Offer and the information contained, and the procedures described, in the Increased Offer Document and the accompanying Form of Acceptance.

Investec Bank plc ("Investec"), which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively as financial adviser for CFE and no one else in relation to the Increased Offer and/or other matters set out in this announcement and will not be responsible to anyone other than CFE for providing the protections afforded to the clients of Investec, or for providing advice in relation to the Increased Offer, the contents of this announcement or any other matter referred to herein. Neither Investec nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Investec in connection with the Increased Offer, this announcement, any statement contained herein or otherwise.

Unless otherwise determined by CFE, the Increased Offer Document will not be delivered directly or indirectly in or into the Restricted Jurisdictions. CFE will make the Increased Offer to Restricted Overseas Persons by way of a notice in La Gazette Officielle. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements. Custodians, nominees and trustees should observe these restrictions and should not send or distribute this announcement in or into the Restricted Jurisdictions.

The directors of CFE accept responsibility for the information (including any expressions of opinion) contained in this announcement. To the best of the knowledge and belief of the directors of CFE (who have taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of that information.

Forward looking statements

This announcement may contain statements that are or may be forward-looking with respect to the financial condition, results of operation(s) and business(es) of CIP and CFE. These forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors which could or may cause actual results or developments to differ materially from those expressed or implied by such forward-looking statements. The statements have been made with reference to forecast price changes, economic conditions, and the current regulatory environment.

Disclosure requirements of the Takeover Code on Takeovers and Mergers

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent or more of any class of relevant securities of an CIP company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

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

No profit forecasts or estimates

No statement in this announcement is intended as a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings or earnings per ordinary share for CFE or CIP respectively for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per ordinary share for CFE or CIP respectively.

Publication on website

A copy of this announcement and all other documents, announcements or information published in relation to the Increased Offer, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, will be made available, free of charge, at <https://cfe-finance.com/public-documents/> by no later than 12 noon (London time) on 21 March 2022. For the avoidance of doubt, the contents of this website are not incorporated into and do not form part of this announcement.

Information relating to CIP Shareholders

Please be aware that addresses, electronic addresses and certain other information provided by CIP Shareholders, persons with information rights and other relevant persons for the receipt of communication from CIP may be provided to CFE during the Offer Period as required under Section 4 of Appendix 4 of the Code.