

Letter of Intent

To: THCP Advisory Limited
THCS IV GP S.a. r.l
Sheikh Holdings Group (Investments) Limited
Kensington Capital Limited
Belgravia Investments Limited
(together, the "**Consortium**")
and
CareTech Holdings PLC ("**Target**")

13 April 2022

Proposed Acquisition by the Consortium of the Target (the "Acquisition")

We note that the Consortium proposes to acquire the entire issued and to be issued share capital of the Target and that the Acquisition is proposed to be implemented by way of a court sanctioned scheme of arrangement under Part 26 of the Companies Act 2006 (the "**Scheme**") or takeover offer for the Target (the "**Offer**") as appropriate.

We are the registered holder and beneficial owner of, and have all relevant authority to take all actions necessary to approve the Scheme or accept the Offer in respect of 797,196 ordinary shares of 0.5 pence each in the capital of the Target and confirm that it is our current intention, subject to applicable law and regulation in respect of those 797,196 Target ordinary shares (the "**Shares**"):

- (i) to vote in favour of the Scheme or to accept the Offer, as necessary; and
- (ii) to exercise or procure the exercise of the voting rights attached to the Shares as requested by you on any resolution which would assist implementation of the Scheme/Offer if it were passed or rejected at a general, class or other meeting of the Target shareholders.

We hereby confirm that at the date of this letter, other than the Shares, there are no other shares, or interests or rights to subscribe for shares, in the capital of the Target in which we are interested and we do not have any short positions, agreements to sell, delivery obligations or rights to require other persons to purchase or take delivery of any such shares in the capital of the Target.

This letter is not legally binding, does not constitute an irrevocable undertaking and does not prevent us from transferring control in the Shares/selling the Shares in the market or otherwise disposing of our interest/voting rights in the Shares, prior to us signing and returning the forms of proxy in connection with the Scheme or the formal legal acceptance of the Offer respectively.

We will inform you promptly of all information required to be disclosed by the Consortium pursuant to Rule 2.10(a) (and Rule 17, where relevant) of the Takeover Code (the "**Code**") and we consent to (i) public disclosure of such information and the terms of this letter; and (ii) this letter being published on a website as required by Rule 26.2 of the Code.

Should our current intention alter in respect of all or any of the 797,196 Shares referred to above, we will inform the Consortium and the Takeover Panel of the up-to-date position promptly so that

the Consortium can make an announcement as required by Rule 2.10 of the Code. We will inform you promptly should our control over/interest in/voting rights over any of the Shares, which are the subject of this statement of intent, be sold or otherwise transferred.

Yours faithfully,

A solid black rectangular box redacting the signature of the signatory.

.....
Signed by (print name) Alyx Wood
for and on behalf of **Kernow Asset Management**

Dated: 13 April 2022

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF THAT JURISDICTION.

THIS IS AN ANNOUNCEMENT FALLING UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE") AND DOES NOT CONSTITUTE AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CODE. THERE CAN BE NO CERTAINTY THAT ANY FIRM OFFER WILL BE MADE.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

FOR IMMEDIATE RELEASE

13 April 2022

Revised possible offer to acquire CareTech Holdings PLC ("CareTech" or the "Company")

Following the announcement on 1 April 2022 regarding a possible offer for CareTech (the "Transaction"), Sheikh Holdings Group (Investments) Limited ("Sheikh Holdings"), together with Belgravia Investments Limited ("Belgravia"), Kensington Capital Limited ("Kensington") and funds managed by THCS IV GP S.a.r.l and advised by THCP Advisory Limited ("THCP") (together, the "Consortium") has continued to engage with the independent directors of CareTech, being Jamie Cumming, Moira Livingston and Adrian Stone (the "CareTech Independent Board") and is progressing its due diligence. Further, the Consortium is pleased to announce that it has today submitted a revised and improved proposal (the "Revised Proposal") to the CareTech Independent Board.

Terms of the Revised Proposal

- **Cash Offer**

- Holders of ordinary shares in CareTech ("CareTech Shares") would receive 750 pence per CareTech Share in cash (the "Cash Offer").
- The Revised Proposal represents:
 - an increase of 25 pence (or 3.4 per cent.) relative to the previous proposal of 725 pence per CareTech Share, which the CareTech Independent Board indicated that they were minded to recommend;
 - 28.0 per cent. premium to the CareTech closing share price of 4 March 2022 (the "undisturbed date");
 - 29.7 per cent. premium to the volume weighted average price for the one month ending on the undisturbed date; and
 - 31.6 per cent. premium to the volume weighted average price for the three months ending on the undisturbed date.

The Consortium believes that the Revised Proposal provides holders of CareTech Shares ("CareTech Shareholders") with a substantial premium, in cash, while also offering a full and fair valuation for the Company's successes to date and commensurate compensation for its future prospects.

- **Partial Alternative Offer**

- As an alternative to the Cash Offer, for each CareTech Share held, eligible CareTech Shareholders may elect to receive a class of non-voting ordinary shares in the indirect parent of the new entity to be incorporated for the purposes of the Transaction ("Topco") ("Rollover Securities") (the "Partial Alternative Offer").
- The Rollover Securities would not be listed and would rank economically *pari passu* with the Consortium's ordinary shares.
- Eligible CareTech Shareholders would be able to elect for the Partial Alternative Offer in relation to all or part of their holding of CareTech Shares.
- The Partial Alternative Offer would be limited to a maximum of approximately 22 per cent. of the issued ordinary share capital of Topco. This would represent approximately 5 per cent. of the fully diluted equity value of the Company. The availability of the Partial Alternative Offer is conditional on elections being made such that total elections exceed approximately 0.6 per cent. of the fully diluted equity value of the Company.
- The Rollover Securities would carry no voting rights.

- There would be no right of transfer of the Rollover Securities other than in accordance with customary permitted transfer provisions or by operation of the drag and tag rights described below.
- The Rollover Securities would have customary pre-emption and drag and tag rights. In the event of the sale of less than 50 per cent. of the shares in Topco, the tag would be pro rata. In the event of a sale of more than 50 per cent. of the shares in Topco, the tag could be exercised in respect of all Rollover Securities. The Rollover Securities will be independently valued and an estimate of the value of the Rollover Securities will be included in the offer document circulated to CareTech Shareholders in due course.

In accordance with the terms of the Cash Offer and the Partial Alternative Offer, CareTech Shareholders are entitled to receive the previously declared final dividend of 9.5 pence per CareTech Share, which is payable in May 2022 (the "FY21 Dividend").

Shareholder support for the Revised Proposal

The Consortium has received irrevocable undertakings to vote, or procure a vote, in favour of the resolutions relating to the Revised Proposal or to accept or procure acceptance of the Revised Proposal from the following CareTech Shareholders:

- Lombard Odier Asset Management (Europe) Limited in respect of a total of 13,750,256 CareTech Shares, representing, in aggregate, approximately 12.1 per cent. of the issued ordinary share capital of CareTech on 12 April 2022 (the "Latest Practicable Date"); and
- Richard Griffiths in respect of 5,233,870 CareTech Shares, representing approximately 4.6 per cent. of the ordinary share capital of CareTech on the Latest Practicable Date. Richard Griffiths has also elected to receive the Partial Alternative Offer in respect of his holding of 5,233,870 CareTech Shares.

In total, therefore, the Consortium has received irrevocable undertakings in respect of a total of 18,984,126 CareTech Shares representing, in aggregate, approximately 16.8 per cent. of the issued ordinary share capital of CareTech on the Latest Practicable Date. In addition, Sheikh Holdings, together with persons "acting in concert" (for the purposes of the Code) with Sheikh Holdings, holds 13,804,206 shares in CareTech, representing 12.2 per cent. of CareTech's voting rights, which when taken together with the irrevocable undertakings represents, in aggregate, approximately 28.9 per cent. of the ordinary share capital of CareTech on the Latest Practicable Date.

In addition to the irrevocable undertakings referred to above, the Consortium has received non-binding letters of intent to vote or procure a vote, in favour of the resolutions relating to the Revised Proposal or to accept or procure acceptance of the Revised Proposal from the following CareTech Shareholders:

- Stichting Value Partners Family Office in respect of a total of 8,832,784 CareTech Shares representing approximately 7.8 per cent. of the issued ordinary share capital of CareTech on the Latest Practicable Date; and
- Hargreave Hale Limited in respect of 8,032,415 CareTech Shares representing approximately 7.1 per cent. of the ordinary share capital of CareTech on the Latest Practicable Date; and
- Amati Global Investors Limited in respect of 2,455,762 CareTech Shares representing approximately 2.2 per cent. of the ordinary share capital of CareTech on the Latest Practicable Date; and
- OVMK Asset Management NV in respect of 1,838,367 CareTech Shares representing approximately 1.6 per cent. of the ordinary share capital of CareTech on the Latest Practicable Date; and
- Tellworth Investments in respect of 1,606,496 CareTech Shares representing approximately 1.4 per cent. of the ordinary share capital of CareTech on the Latest Practicable Date; and
- Kernow Asset Management in respect of 797,196 CareTech Shares representing approximately 0.7 per cent. of the ordinary share capital of CareTech on the Latest Practicable Date; and
- His Excellency Ahmad Ali Al Sayegh in respect of 220,047 CareTech Shares representing approximately 0.2 per cent. of the ordinary share capital of CareTech on the Latest Practicable Date; and
- Shafqat Malik in respect of 211,418 CareTech Shares representing approximately 0.2 per cent. of the ordinary share capital of CareTech on the Latest Practicable Date.

The Consortium has, therefore, received irrevocable undertakings and non-binding letters of intent in respect of a total of 42,978,611 CareTech Shares representing, in aggregate, approximately 37.9 per cent. of the issued ordinary share capital of CareTech on the Latest Practicable Date. When taken together with the Sheikh Holdings shares described above, the Sheikh Holdings shares, irrevocable undertakings and non-binding letters of intent represent, in aggregate, approximately 50.1 per cent. of the ordinary share capital of CareTech on the Latest Practicable Date.

Further details of the irrevocable undertakings and non-binding letters of intent are set out in Appendix 1.

About the Consortium

Sheikh Holdings is a UK-based private family office, founded by Haroon Sheikh and Farouq Sheikh OBE, the founders of CareTech. Haroon and Farouq Sheikh co-founded CareTech in 1993 and have been the architects of CareTech's growth having been involved in its vision and strategy from the outset. As the CEO and Chairman respectively, Haroon and Farouq have been instrumental in securing funding for the CareTech group as well as leading the management team in winning long-term contracts from local and health authorities. Having led the business for almost 30 years, Haroon and Farouq have cultivated CareTech's reputation for excellence and high-quality services, as evidenced by its CQC and Ofsted ratings, which are ahead of sector averages. With significant industry experience, Haroon and Farouq recognise the importance of CareTech's duty of care to its service users and responsibility to all its stakeholders. Sheikh Holdings, together with any person "acting in concert" (for the purposes of the Code) with it, holds 13,804,206 shares in CareTech, representing 12.2 per cent. of CareTech's voting rights.

THCP is an innovative investment house with over \$2 billion of assets under management providing flexible structured capital solutions to successful entrepreneurs and management teams in the European mid-market. THCP prides itself on partnering with ambitious teams – who strive to grow their businesses with discipline, integrity, and positive social impact – and seeks to back them in their growth journeys with minority capital and ongoing support. The firm has completed more than 20 investments since its founding in 2013.

Belgravia is a company owned by The Belgravia Trust, which is a discretionary trust. Kensington is a company owned by the Kensington Trust, which is a discretionary trust. The entities are managed by Hansard Trust Company Limited, which is a regulated company based in Guernsey. The beneficiaries of the discretionary trusts include Farouq Sheikh OBE and Haroon Sheikh and their respective families.

Commenting on the Transaction, Farouq Sheikh, Co-founder and Chairman of CareTech, said:

"For almost 30 years we have built CareTech into a highly respected and well-run business that puts our service users at the heart of everything we do, however, we believe that an alternative ownership structure is now appropriate to enable the business to continue to grow and to fully serve the long-term needs of all its stakeholders. Our duty of care to our service users remains our number one priority and we believe that our proposed offer is the best way of delivering this by ensuring the continuity of CareTech's highly experienced management team and by accessing secure and appropriate financing. I am humbled by the overwhelming support shown by shareholders at this stage of the Transaction."

Reservations

Pursuant to Rule 2.5 of the Code, the Consortium reserves the right to vary the form and / or mix of the offer consideration and vary the transaction structure. The Consortium also reserves the right to make an offer at a lower value than 750 pence per share:

- a) with the recommendation or consent of the CareTech Independent Board;
- b) if CareTech announces, declares or pays any dividend or any other distribution or return of value to its shareholders (other than the FY21 dividend) after the date of this announcement, in which case the Consortium reserves the right to make an equivalent adjustment to the Revised Proposal;
- c) following the announcement by CareTech of a whitewash transaction pursuant to the Code; or
- d) if a third party announces a firm intention to make an offer for CareTech at less than 750 pence per CareTech Share.

This announcement does not constitute a firm intention to make an offer and, accordingly, there can be no certainty that an offer will be made.

Rule 2.6(a) of the Code requires that the Consortium, by no later than 5.00 p.m. on 2 May 2022, either announces a firm intention to make an offer for CareTech in accordance with Rule 2.7 of the Code or announces that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline will only be extended with the consent of the Panel on Takeovers and Mergers, in accordance with Rule 2.6(c) of the Code.

Further announcements will be made as appropriate.

Enquiries:

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Farouq Sheikh

Finsbury (PR Adviser to the Consortium)**+44 (0)20 7251 3801**

Faeth Birch

Charlie Chichester

Richard Webster-Smith

Further information

This announcement contains 'forward-looking statements' concerning the Consortium that are subject to risks and uncertainties. Generally, the words 'will', 'may', 'should', 'continue', 'believes', 'targets', 'plans', 'expects', 'aims', 'intends', 'anticipates' or similar expressions or negatives thereof identify forward-looking statements. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond CareTech and the Consortium's ability to control or estimate precisely. CareTech and the Consortium cannot give any assurance that such forward-looking statements will prove to have been correct. The reader is cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this announcement. CareTech and the Consortium does not undertake any obligation to update or revise publicly any of the forward-looking statements set out herein, whether as a result of new information, future events or otherwise, except to the extent legally required.

This announcement is not intended to, and does not, constitute or form part of an offer to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction. Any offer, if made, will be made solely by certain offer documentation which will contain the full terms and conditions of any offer, including details of how it may be accepted.

The release, publication or distribution of this announcement in jurisdictions outside the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves about, and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities law of any such jurisdiction.

Disclosure requirements of the Code

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

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

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

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

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the 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. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Publication on website

In accordance with Rule 26.1 of the Code, a copy of this announcement will be available (subject to certain restrictions relating to persons resident in restricted jurisdictions) at <http://www.sheikhholdings.co.uk/> promptly and in any event by no later than 12 noon on the business day following the date of this announcement. The content of this website is not incorporated into and does not form part of this announcement.

Appendix 1

Irrevocable Undertakings

The following CareTech Shareholders have given irrevocable undertakings to vote, or procure a vote, in favour of the resolutions relating to the Revised Proposal or to accept or procure acceptance of the Revised Proposal in relation to the following CareTech Shares which they or their family members or connected persons are beneficially interested, representing, in aggregate approximately 16.8 per cent. of the issued ordinary share capital of CareTech on the Latest Practicable Date.

Name	Number of CareTech Shares	Percentage of issued ordinary share capital of CareTech on the Latest Practicable Date
LOMBARD ODIER ASSET MANAGEMENT (EUROPE) LIMITED	13,750,256	12.1%
RICHARD GRIFFITHS	5,233,870	4.6%

Richard Griffiths has also elected to receive the Partial Alternative Offer in respect of his holding of 5,233,870 CareTech Shares.

The irrevocable undertakings will cease to be binding if:

- the Consortium announces that it does not intend to make an offer for CareTech in accordance with Rule 2.8 of the Code; or
- in accordance with the Code, a third party makes a general offer pursuant to Rule 2.7 of the Code (howsoever structured) to acquire the whole of the issued and to be issued share capital of CareTech for an offer price of more than 10 per cent. above the offer price of 750 pence per CareTech Share.

The irrevocable undertaking from Lombard Odier Asset Management (Europe) Limited will cease to be binding if the Transaction has not completed by 11.59 p.m. on 31 December 2022.

Non-binding letters of intent

The following CareTech Shareholders have given non-binding letters of intent to vote, or procure a vote, in favour of the resolutions relating to the Revised Proposal or to accept or procure acceptance of the Revised Proposal in relation to the following CareTech Shares which they or their family members or connected persons are beneficially interested, representing, in aggregate approximately 21.2 per cent. of the issued ordinary share capital of CareTech on the Latest Practicable Date.

Name	Number of CareTech Shares	Percentage of issued ordinary share capital of CareTech on the Latest Practicable Date
STICHTING VALUE PARTNERS FAMILY OFFICE	8,832,784	7.8%
HARGREAVE HALE LIMITED	8,032,415	7.1%
AMATI GLOBAL INVESTORS LIMITED	2,455,762	2.2%
OVMK ASSET MANAGEMENT NV	1,838,367	1.6%
TELLWORTH INVESTMENTS	1,606,496	1.4%
KERNOW ASSET MANAGEMENT	797,196	0.7%
HIS EXCELLENCY AHMAD ALI AL SAYEGH	220,047	0.2%
SHAFQAT MALIK	211,418	0.2%

Appendix 2

Sources and bases of information

In this announcement, unless otherwise stated, the following bases and sources have been used.

- 1) The existing issued ordinary share capital of CareTech is based upon 113,336,434 CareTech Shares in issue on 12 April 2022 (being the latest practicable date);
- 2) The premia calculations used in the announcement have been calculated by reference to:
 - a) the closing share price on 4 March 2022 (being the undisturbed date) of 586 pence;
 - b) the one-month volume weighted average closing price of 578 pence per CareTech Share on 4 March 2022 (being the undisturbed date); and
 - c) the three-month volume weighted average closing price of 570 pence per CareTech Share on 4 March 2022 (being the undisturbed date).
- 3) Unless otherwise stated, all prices and volume weighted average prices for CareTech Shares have been derived from FactSet.
- 4) Certain figures included in this announcement have been subject to rounding adjustments.