

First Sentinel PLC Proposed Bond Issue and publication of Bond IM

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First Sentinel PLC

01 February 2018

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This announcement contains inside information for the purposes of the Market Abuse Regulation (EU No. 596/2014) ("MAR"). Upon the publication of this announcement, this inside information is now considered to be in the public domain and shall therefore cease to be inside information.

1 February 2018

First Sentinel Plc

("First Sentinel" or the "Company")

Issue of up to GBP4,000,000 sterling denominated

7.0% Secured Bonds due 28 February 2023 ("Bonds")

Intended Admission Announcement

Publication of Information Memorandum

First Sentinel Plc ("First Sentinel" or the "Company") (NEX: FSEN), the alternative investment company focused on providing growth capital for public and private company investments, is pleased to announce that it intends to issue up to GBP4,000,000 sterling denominated 7.0% Secured Bonds due 28 February 2023, to be admitted to trading on the NEX Exchange Growth Market. The Bonds are redeemable each year, and at a 5% premium if held to maturity, and Bondholders' interests are partially protected by a credit insurance policy provided by Equinox Global, which covers (subject to a GBP1 million aggregate cap per policy year) the risk of insolvency of certain underlying debtors of the Company's subsidiary, Perennial Enterprise PTY Ltd ("Perennial Enterprise"). Accordingly, today the Company has published the Information Memorandum in connection with the Bonds, a copy of which is available from the Company's website at www.first-sentinel.com.

The Company expects to issue the Bonds in tranches over the course of 2018 and intends to make an application for admission of the Bonds to trading on the NEX Exchange Growth

Market ("Admission"). Admission of an initial tranche of Bonds will take place on the date on which the Company issues the first tranche of Bonds and this is expected to be on or around 28 February 2018. As at the date of this announcement, it is not known how many Bonds will be issued within the first tranche and issued on Admission. The Company will make a further regulatory news announcement once the number of Bonds is known and thereafter at the point of any further Bond issue(s).

Further important information about the Bonds and the related insurance and security is set out below.

The Company

First Sentinel is an alternative investment company, registered with the FCA as a small authorised UK AIFM, which provides growth capital for public and private company investments. First Sentinel invests in a range of debt and equity instruments in target portfolio companies.

To date, the Company has raised approximately GBP1.4 million of equity capital and has deployed that capital into a number of equity and debt investments, the announcements of which have been made via a regulatory news service of the NEX Exchange Growth Market and are available on the Company's website www.first-sentinel.com.

In addition, on 4 December 2017 First Sentinel announced that it had acquired 80% of the issued share capital of Perennial Enterprise (also trading as Access Factors). Perennial Enterprise is a Sydney-based, debtor finance/factoring business with a focus towards the crash repair, labour-hire and mining industries. By purchasing its clients' invoices Perennial Enterprise unlocks the restriction placed on a business's cash flows due to lengthy payment terms, thus providing businesses with liquidity for their operational needs.

Perennial's reported turnover for the year ended 30 June 2017 (\$AUD) was approximately \$1,030,000 (GBP588,130) with profit realized before tax being \$245,306 (GBP140,070). This year, Perennial expects to surpass \$60 million (GBP34,260,000) in purchased invoices, averaging over \$5 million (GBP2,855,000) per month and doubling the prior year with further significant growth expected this year.

The acquisition of Perennial Enterprise is consistent with the Company's strategy to focus on the provision of short term debt with various layers of downside protection. Approximately a quarter of the business of Perennial Enterprise in 2017 was focussed on the crash repair sector where purchased invoices are typically repaid in less than 30 days by motor insurance companies. The invoices are only purchased after the motor insurer has approved the payment of the invoice which resulted in a zero-default rate in 2017. In addition to this, under its terms and conditions with the crash repair operation, Perennial Enterprise also has recourse to assets of the business selling the invoice. The remaining invoices purchased by Perennial Enterprise are typically in the civil engineering and labour hire sectors and are repaid by large blue-chip companies, Government departments or debtors that the directors consider to be credible.

Use of Proceeds

The Board intends to use the net proceeds of the Bonds of up to GBP3.7m to invest in the activities of its subsidiary, Perennial Enterprise.

The proceeds will be used to purchase invoices from customers of Perennial Enterprise enabling the expansion of its business and portfolio of clients.

The historic maximum exposure to any debtor at any point in time by Perennial Enterprise is approximately AUD\$175,000 (GBP99,925).

Insurance

In order to partially protect Bondholders' interests, the Company will take out credit insurance with Equinox Global which is a specialist trade credit insurer with offices in five countries. The credit insurance will be underwritten by various syndicates at Lloyd's of London which means they carry the following Lloyd's investment grade credit ratings: AA- (Fitch), A+ (Standard & Poor's) and A (AM Best).

The credit insurance will protect the Company against risks of insolvency of certain underlying customers (debtors) of Perennial Enterprise. It has a GBP1,000,000 annual aggregate limit and covers 90% of any loss suffered by the Company up to that GBP1,000,000 limit in aggregate, subject also to certain sub-limits per individual insurer.

The Company considers a credit insurance policy limit of GBP1,000,000 in aggregate per year to be more than adequate to cover Perennial Enterprise's exposure to debtors' insolvency at any one time. The maximum exposure at any one point in time in 2017 for the largest 17 of Perennial Enterprise's motor insurance debtors was under GBP571,000 (AUD\$1m). The Board considers that the likelihood of all 17 of these motor insurers becoming insolvent at the same time is remote.

Under the terms of the annual credit insurance, cover applies, subject to the policy terms, conditions and limits, to those of Perennial Enterprise's debtors' invoices purchased during the policy year in question. In the event of any claim, the Bondholders would have first call on the policy as they will be named as Loss Payees. For full terms and conditions of the credit insurance, please refer to Equinox Corporate Policy Wording COM201608 (<http://www.equinox-global.co/wp-content/uploads/2016/08/Equinox-Complete-COM201608.pdf>).

The policy period will be of 12 (twelve) months (as of 28 February 2018), and the Company intends to renew it until the Bonds mature.

Security

The Bonds will be secured by way of a first floating charge over (i) the proceeds of the issue of the Bonds to the extent held by the Company in cash from time to time prior to being advanced to Perennial Enterprise, and (ii) any invoices receivable, purchased with the funds raised from the Bonds, assigned by Perennial Enterprise to the Company from time to time. No other assets of the Company from time to time will be subject to such floating charge security. Potential investors should note that such floating charge security will only extend over a limited pool of the Company's assets and will not give the trustee of the Bonds (on behalf of itself and holders of the Bonds) the right to appoint an administrator of the Company.

Purpose of the Bond and Admission

Financing new investments, particularly the invoice purchase business activities of its subsidiary, Perennial Enterprise, in this manner rather than by the use of cash reserves or the issue of new Ordinary Shares should allow the Company to increase the value of its investment portfolio, generate attractive returns for Bondholders and Shareholders and avoid Shareholder dilution.

Directors

The Directors are responsible for the overall management and control of the Company. The Executive Directors review the operations of the Company at regular meetings and the Board meets on a regular basis or whenever required. The Directors provide the Company with the necessary combination, at this stage of its development, of corporate finance knowledge, investment and acquisition experience that is key to the successful execution of the Company's Investing Policy. The Board is composed of Brian Stockbridge as CEO and Aimee Freeding as Executive Director, Tom Dignall and Shane Perry as Non-Executive Directors, and Matthew Rice as Independent Non-Executive Director. Details on each of them are set out below.

Brian Stockbridge (CEO), aged 44

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Brian Stockbridge is an investment banker and investor, based in London. He has held senior positions with several well-respected City firms, including Grant Thornton, Noble & Company and Allenby Capital. In 2012, Brian opened the London office of the independent investment banking operation Zeus Capital. As a regulator at the Panel on Takeovers & Mergers, he was the primary case officer for over 150 transactions valued up to and over GBP1bn. Brian is experienced primarily in raising funds for companies, is an active investor and is a former Qualified Executive for the purposes of AIM. Brian was Finance Director of Rangers International Football Club plc and its subsidiaries from December 2012 to January 2014. In 2014, Brian set up International Financial Strategic Associates (IFSA), a boutique financial advisory and investment company offering assistance to directors and shareholders of small and medium sized companies with principal investment, fundraising and mergers and acquisitions.

Aimee Ayn Freeding (Executive Director), aged 42

Aimee has over 20 years' experience in the technology sector holding lead User Experience (UX) and Product positions for XBOX, Expedia, Microsoft, Oracle and the Chicago Tribune. Her work at XBOX won a BAFTA and she has been nominated for another. She has led teams for several FTSE 100 IT firms across the globe. More recently, Aimee has assisted in the financing and floating of a number of small cap businesses on junior stock markets in London. With Distinction, Aimee achieved a Master's of Science in Human Computer Interaction from the DePaul University School of Computer Science in Chicago. She graduated Summa Cum Laude from Bradley University with degrees in Design and Advertising.

Thomas ("Tom") Bryce Dignall (Non-Executive Director), aged 59

Tom Dignall qualified as Chartered Management Accountant in 1984 and has over 30 years' experience in managing both small and medium sized enterprises. For the past 12 years, Tom has been the Group Finance Director of Advance Construction Group Limited in Scotland. The business turnover is GBP200m and the company employs over 1500 direct employees. He has previously been involved in many business acquisitions / restructuring plans and MBOs. In 1995 he organised an MBO of a plastic manufacturing company in the North of

England and took on the role of Managing Director and majority shareholder; the business was eventually sold as part of a private sale in 2000. In his early years Tom worked as part of the financial team for Malden Timber Grangemouth (part of Wickes PLC) in Scotland and gained experience in Group Financial Reporting, Budgeting and Cost Control.

Shane Young Perry (Non-Executive Director), aged 36

Shane is the Managing Director of Perennial Enterprise with 4 years' experience in Debtor Finance. He started his career as a financial planner until he decided to pivot into the underdeveloped debtor finance industry, in Australia. He has experience in business development and acquisitions, through not only organically growing his debtor finance company but also by acquiring other factoring businesses. He has been based in Sydney for the past 12 years and has tailored his financial products to support the growth of civil engineering and mining companies. He also specialises in offering factoring services for the auto body repair and labour hire industries.

Matthew Rice (Independent Non-Executive Director), aged 54

Matthew Rice is an experienced professional with detailed knowledge and experience in senior management roles. Matthew was head of financial planning and Private Banking for Ulster Bank Ireland and was UK managing director for CBD Capital Ltd., an Irish Based Venture Capital fund. Matthew is currently UK managing director for a Chicago based Investment Bank, Prometheus Capital. Matthew has extensive experience in corporate governance, risk management and board membership and has established investor connections in Ireland, the UK and the USA. Matthew is the designated person for listing regulatory news updates on the London Stock Exchange for a FTSE 250 Company, is managing director for Club 9 Sports and senior advisor to Keith Bishop Associates, a leading London based PR firm advising corporate and high net worth individuals.

The Bonds

The minimum investment is GBP1,000. The Bonds bear interest from and including the date of issue at the rate of 7.0 percent per annum, payable quarterly in arrears in equal instalments of 1.75 per cent. Interest is calculated on the amount of bonds held each quarter on 31 May, 31 August, 30 November and 28 February in each year and shall be paid within 10 Business Days of each interest date. Subject to the first issue of Bonds completing before 1 March 2018, it is expected that the first interest payment date will be 10 Business Days after 31 May 2018 pro rata from the date of the investment.

The Bonds will have a 5-year duration but upon the Bondholders' request received by the Company at least 30 (thirty) days in advance, or in the case of an uncertificated holder, by a TTE message settled before 30 days before such date, the Bonds may be redeemed at their principal amount plus any accrued and unpaid interest on the following dates: 28 February 2019, 28 February 2020, 28 February 2021 and 28 February 2022.

If the Bonds are held until 28 February 2023 and not previously redeemed or purchased and cancelled, the Bonds will be redeemed by the Company at 105 per cent. of their principal amount plus any accrued and unpaid interest on 28 February 2023. The Company may purchase the Bonds at any time and has the right to redeem the Bonds before the Maturity Date at their principal amount plus any accrued and unpaid interest upon giving not less than 15 (fifteen) days' notice in advance.

The Bonds will be subject to the insurance and security protections as described above.

Capital Structure

As at the date of this announcement no Bonds have been issued. The issued share capital of the Company is 14,158,740 ordinary shares, all of which are fully paid up, and with nominal value of GBP0.001.

Save as set out below, the Company was not aware of any person, who, directly or indirectly, had an interest representing 3 per cent. or more of the issued ordinary share capital (being the threshold at or above which, in accordance with the provisions of section 5 of the Disclosure Guidance and Transparency Rules, any interest must be disclosed by the Company):

Name	Number of Shares as at the date of this	% of issued share capital	Warrants / Options
		514,947	Shareholder
			Warrants
		10%	Director
Brian Stockbridge	514,947	3.64%	Warrants*
		514,947	Shareholder
			Warrants
		10%	Director
Aimee Freeding	514,947	3.64%	Warrants*
			Options to
			purchase a
			number of
			shares that

represent

up to 4% of

Shane Perry 707,937 5.0% the Shares**

2,000,000

Shareholder

Sandy Easdale 2,000,000 14.13% Warrants

2,000,000

Shareholder

James Easdale 2,000,000 14.13% Warrants

5% Director

Tom Dignall 272,727 1.93% Warrants***

Reyker Nominees

Ltd 5,274,427 37,25% N/A

Unitywest

Capital UK

Limited 500,000 3,53% N/A

Nanji, Mr

Mohamed 454,545 3,21% N/A

Shields,

Mr James	454,545	3,21%	N/A
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* The Director Warrants for each Executive Director are exercisable over Shares representing ten per cent. of the enlarged issued share capital of the Company at the time of exercise and are exercisable for a period of five years from Admission

** The Options are exercisable in one tranche only until 1 December 2019

*** The Director Warrants for the Non-Executive Director are exercisable over Shares representing five per cent. of the enlarged issued share capital of the Company at the time of exercise and are exercisable for a period of five years from Admission

Clearing System

With effect from Admission, the Bonds will be freely transferrable through CREST and are also transferable in certificated form. Bondholders who wish to receive and retain Bond certificates will be able to do so.

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Document available for inspection

Copies of the Information Memorandum will be available free of charge to the public during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the date following one month after the date of Admission at the registered office of the Company and at the offices of DAC Beachcroft LLP at 100 Fetter Lane, London EC4A 1BN. Additionally, an electronic version of this Document will be available on the Company's website at www.first-sentinel.com.

The Directors of the Company accept responsibility for this announcement.

Exchange Rate

The following exchange rate has been used to assist the understanding of this document
GBP0.5710 = AUD\$1.00 (Source: Bloomberg Markets, as at 30 January 2018).

About First Sentinel

First Sentinel is an alternative investment company, registered with the FCA as a small authorised UK AIFM, which provides growth capital for public and private company investments. First Sentinel invests in a range of debt and equity instruments in target portfolio companies.

The Company's website is www.first-sentinel.com

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