

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. Part II (EXPLANATORY STATEMENT) OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006. This document contains a proposal which, if implemented, will result in the cancellation of the listing of Low & Bonar Shares on the Official List and of trading of Low & Bonar Shares on the London Stock Exchange. If you are in any doubt as to the contents of this document or what 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, 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 Low & Bonar Shares, please send this document and the accompanying documents (other than documents or forms personalised to you) at once to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, these documents must not be forwarded, distributed or transmitted in, into or from any jurisdiction where to do so would violate the laws of that jurisdiction. If you have sold or otherwise transferred only part of your holding of Low & Bonar Shares, you should retain these documents and contact the bank, stockbroker or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this document and/or the accompanying documents (in whole or in part) in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

**Recommended Cash Acquisition
of
Low & Bonar PLC
by
FV Beteiligungs-GmbH
a wholly-owned subsidiary of Freudenberg SE
to be effected by means of a Scheme of Arrangement
under Part 26 of the Companies Act 2006**

This document (including any documents incorporated into it by reference) should be read as a whole and in conjunction with the accompanying Forms of Proxy.

Your attention is drawn to the letter from the Executive Chairman of Low & Bonar in Part I (*Letter from the Executive Chairman of Low & Bonar PLC*) of this document, which contains the unanimous recommendation of the Low & Bonar Board that you vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting. A letter from Rothschild & Co explaining the Scheme appears in Part II (*Explanatory Statement*) of this document.

Notices of the Court Meeting and the General Meeting, both of which will be held at Instinctif Partners, 65 Gresham Street, London, EC2V 7NQ on 5 November 2019, are set out in Part IX (*Notice of Court Meeting*) and Part X (*Notice of General Meeting*) of this document respectively. The Court Meeting will start at 10.30 a.m. and the General Meeting at 10.45 a.m. (or as soon thereafter as the Court Meeting shall have been concluded or adjourned).

The action to be taken by Low & Bonar Shareholders in relation to the Meetings is set out on pages 29 to 30 and in paragraph 17 of Part II (*Explanatory Statement*) of this document. It is very important that Low & Bonar Shareholders use their votes so that the Court can be satisfied that there is a fair and reasonable representation of their views. Low & Bonar Shareholders will receive a BLUE Form of Proxy for use in connection with the Court Meeting and a WHITE Form of Proxy for use in connection with the General Meeting. Whether or not you intend to be present at the Meetings in person, please complete and sign each of the Forms of Proxy (or appoint a proxy electronically, as referred to below) in accordance with the instructions printed on them and return them to Low & Bonar's Registrar, Equiniti, as soon as possible and, in any event, so as to be received by Equiniti by 10.30 a.m. on 1 November 2019 in respect of the Court Meeting and 10.45 a.m. on 1 November 2019 in respect of the General Meeting. If the BLUE Form of Proxy for the Court Meeting is not returned by the specified time, it may be handed to representatives of Equiniti or the Chairman of the Court Meeting before the start of that meeting and will still be valid. In the case of the General Meeting, however, unless the WHITE Form of Proxy is returned by the time mentioned in the instructions printed on it, it will be invalid. The completion and return of a Form of Proxy will not prevent Low & Bonar Shareholders from attending, voting and speaking in person at either the Court Meeting or the General Meeting, or any adjournment thereof, if you so wish and are so entitled.

If you have any questions about this document, the Court Meeting, the General Meeting or on the completion and return of the Forms of Proxy, please call the Shareholder Helpline between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on 0333-207-6385 or +44 (0)121-415-0954 (from outside the UK, international rates apply). Calls are charged at the standard geographic rate and will vary by provider. Please note that calls may be randomly monitored or recorded for security and training purposes and Equiniti cannot provide financial, legal, investment or tax advice or advice on the merits of the Acquisition. If requested, copies of the Forms of Proxy will be provided free of charge.

Certain terms used in this document are defined in Part VIII (*Definitions*).

Barclays, which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the UK, is acting for Freudenberg and no one else in connection with the Acquisition and will not be responsible to anyone other than Freudenberg for providing the protections afforded to clients of Barclays nor for providing advice in relation to the Acquisition or any matter referred to herein.

Rothschild & Co, which is authorised and regulated by the FCA in the UK, is acting exclusively for Low & Bonar and no one else in connection with the Acquisition and will not regard any other person as its client in relation to the Acquisition and will not be responsible to anyone other than Low & Bonar for providing the protections afforded to clients of Rothschild & Co, nor for providing advice in relation to any other matters referred to herein.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by Low & Bonar, the Low & Bonar Directors, FVB, the FVB Directors or by Barclays or Rothschild & Co or any other person involved in the Acquisition. Neither the delivery of this document nor holding the Meetings, the Court Hearing, or filing the Court Order shall, under any circumstances, create any implication that there has been no change in the affairs of the Low & Bonar Group or the Freudenberg Group since the date of this document or that the information in, or incorporated into, this document is correct as at any time subsequent to its date.

IMPORTANT NOTICES

Overseas jurisdictions

The release, publication or distribution of this document in or into or from jurisdictions other than the UK may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom to vote their Low & Bonar Shares with respect to the Scheme at the Meetings, or to appoint another person as proxy to vote at the Meetings on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. This document has been prepared for the purposes of complying with UK company law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of other jurisdictions.

Unless otherwise determined by FVB or required by the City Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction or any other jurisdiction where to do so would violate the laws of that jurisdiction and no person may vote in favour of the Acquisition by any use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this document will not be and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from such jurisdictions where to do so would violate the laws of that jurisdiction.

The availability of the Acquisition to Low & Bonar Shareholders who are not resident in the UK may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the UK should inform themselves of, and observe, any applicable requirements.

Further details in relation to Overseas Shareholders are contained in paragraph 15 of Part II (*Explanatory Statement*) of this document.

Additional information for US investors

The Acquisition is being made to acquire the securities of a Scottish company by means of a scheme of arrangement under the Companies Act and the laws of Scotland. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules under the US Exchange Act. Accordingly, the Scheme will be subject to disclosure requirements and practices applicable in the UK to schemes of arrangement, which are different from the disclosure requirements of the US tender offer rules. The financial information included in document has been or will have been prepared in accordance with accounting standards applicable in the UK and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US.

It may be difficult for US holders of Low & Bonar Shares to enforce their rights and claims arising out of the US federal securities laws, since FVB and Low & Bonar are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the US. US holders of Low & Bonar Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

The receipt of cash pursuant to the Acquisition by a US holder as consideration for the transfer of its Low & Bonar Shares pursuant to the Scheme will likely be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each Low & Bonar Shareholder is urged to consult his or her independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to him or her.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, FVB or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Low & Bonar Shares outside of the US, other than pursuant to the Acquisition, until the date on which the Acquisition and/or Scheme becomes effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to the Regulatory News Service of the London Stock Exchange and will be available on the FCA website at <http://www.londonstockexchange.com/prices-and-news/prices-news/home.htm>.

Forward looking statements

This document (including information incorporated by reference in this document), oral statements made regarding the Acquisition, and other information published by Freudenberg, FVB and Low & Bonar contain statements which are, or may be deemed to be, “forward-looking statements”. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of FVB and Low & Bonar about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in this document include statements relating to the expected effects of the Acquisition on Freudenberg, FVB and Low & Bonar, the expected timing and scope of the Acquisition and other statements other than historical facts. All statements other than statements of historical facts included in this document may be forward-looking statements. Without limitation, any statement preceded or followed by or that include the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “should”, “could”, “would”, “may”, “anticipates”, “estimates”, “synergy”, “cost-saving”, “projects”, “goal”, “strategy”, “budget”, “forecast” or “might” or, words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Freudenberg, FVB’s or Low & Bonar’s operations and potential synergies resulting from the Acquisition; and (iii) the effects of government regulation on Freudenberg, FVB’s or Low & Bonar’s business.

These forward-looking statements are not guarantees of future financial performance. Except as expressly provided in this document, they have not been reviewed by the auditors of Freudenberg, FVB or Low & Bonar or their respective financial advisers. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. These factors include the satisfaction of the Conditions, as well as additional factors, such as: fluctuations in the capital markets; fluctuations in interest and exchange rates; the occurrence of unforeseen disasters or catastrophes; political or economic instability in principal markets; adverse outcomes in litigation; and general, local and global economic, political, business and market conditions. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither Freudenberg, FVB nor Low & Bonar, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements. All subsequent oral or written forward-looking statements attributable to Freudenberg, FVB or Low & Bonar or any of their respective members, directors, officers or employees or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Freudenberg, FVB and Low & Bonar disclaim any obligation to update or revise any forward-looking or other statements contained herein other than in accordance with their legal and regulatory obligations.

No profit forecasts or estimates

No statement in this document, or incorporated by reference into this document, is intended to be or is to be construed as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings or earnings per share for Freudenberg, FVB or Low & Bonar, as appropriate, for the current or future financial years, or those of the Combined Group, would necessarily match or exceed the historical published earnings or earnings per share for Freudenberg, FVB or Low & Bonar, as appropriate.

Rounding

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Electronic communications

Please be aware that addresses, electronic addresses and other information provided by Low & Bonar Shareholders, persons with information rights and other relevant persons for the receipt of communications from Low & Bonar may be provided to FVB during the Offer Period as required under Section 4 of Appendix 4 of the City Code.

Publication on website and availability of hard copies

A copy of this document and the documents required to be published by Rule 26 of the Code will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Freudenberg's website at www.freudenberg.com/index.php?id=562 and Low & Bonar's website at www.lowandbonar.com. For the avoidance of doubt, the contents of those websites are not incorporated into and do not form part of this document.

You may request a hard copy of this document and all information incorporated into this document by reference to another source by contacting Equiniti during business hours on 0333-207-6385 from within the UK or +44 (0)121-415-0954 if calling from outside the UK or by submitting a request in writing to Equiniti at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. Calls are charged at the standard geographic rate and will vary by provider. You may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form.

Disclosure requirements of the City Code

Under Rule 8.3(a) of the Code, any person who is interested in one per cent. 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 one 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 3.30 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 of the Code.

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 of the Code).

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. 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.

In accordance with the Code, normal UK market practice and Rule 14e-5(b) of the US Exchange Act, Barclays and its affiliates will continue to act as exempt principal trader in Low & Bonar securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the UK pursuant to the Code will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com. This information will also be publicly disclosed in the United States to the extent that such information is made public in the UK.

Date

The date of publication of this document is 11 October 2019.

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ACTION TO BE TAKEN

For the reasons set out in this document, the Low & Bonar Board unanimously recommends that Scheme Shareholders vote in favour of the Scheme at the Court Meeting and the Low & Bonar Shareholders vote in favour of the Special Resolution relating to the Acquisition to be proposed at the General Meeting, as the Low & Bonar Directors (and an immediate family member of one Low & Bonar Director) who hold Low & Bonar Shares have irrevocably undertaken to do in respect of their own beneficial holdings of Low & Bonar Shares, and that you take the action described below.

1. The Documents

Please check that you have received the following:

- a BLUE Form of Proxy for use in respect of the Court Meeting on 5 November 2019; and
- a WHITE Form of Proxy for use in respect of the General Meeting on 5 November 2019; and
- a reply-paid envelope for use in the UK only for the return of the BLUE Form of Proxy and the WHITE Form of Proxy.

If you have not received all of these documents, please contact the Shareholder Helpline on the number indicated below.

2. Voting at the Court Meeting and the General Meeting

The Scheme will require approval at a meeting of Scheme Shareholders convened with the permission of the Court to be held at Instinctif Partners, 65 Gresham Street, London, EC2V 7NQ at 10.30 a.m. on 5 November 2019 (London time). Implementation of the Scheme will also require approval of Low & Bonar Shareholders of the Special Resolution relating to the Acquisition to be proposed at the General Meeting. The General Meeting will be held at the same place as the Court Meeting at 10.45 a.m. (or as soon thereafter as the Court Meeting shall have been concluded or adjourned).

Low & Bonar Shareholders entitled to attend and vote at the Meetings are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote at the Court Meeting and/or General Meeting. A proxy need not be a Scheme Shareholder or a Low & Bonar Shareholder.

It is important that, for the Court Meeting in particular, as many votes as possible are cast, so that the Court may be satisfied that there is a fair and reasonable representation of the opinion of Scheme Shareholders and Low & Bonar Shareholders. Whether or not you intend to attend the Court Meeting and/or the General Meeting, please sign and return your Forms of Proxy, or deliver your voting instructions by one of the other methods mentioned below, as soon as possible.

(a) *Sending Forms of Proxy by post or by hand*

Please complete and sign the Forms of Proxy in accordance with the instructions printed on them and return them, either (i) by post or, (ii) during normal business hours only, by hand, to Low & Bonar's Registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, so as to be received as soon as possible and in any event not later than the relevant time set out below:

BLUE Forms of Proxy for the Court Meeting	10.30 a.m. (London time) on 1 November 2019
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WHITE Forms of Proxy for the General Meeting	10.45 a.m. (London time) on 1 November 2019
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or, if in either case the Meeting is adjourned, the relevant Form of Proxy should be received not later than 48 hours (excluding any day which is not a Business Day) before the time fixed for the adjourned Meeting.

If the BLUE Form of Proxy for the Court Meeting is not returned by such time, it may be handed to a representative of Equiniti, on behalf of the Chairman of the Court Meeting, or to the Chairman of the Court Meeting, before the start of that Meeting. However, in the case of the General Meeting, the WHITE Form of Proxy must be received by Equiniti by the time mentioned above, or it will be invalid.

Low & Bonar Shareholders are entitled to appoint a proxy in respect of some or all of their Low & Bonar Shares and may also appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. Low & Bonar Shareholders who wish to appoint more than one proxy in respect of their holding of Low & Bonar Shares should contact Equiniti for further Forms of Proxy.

Completion and return of a Form of Proxy, or the appointment of a proxy electronically using CREST (or any other procedure described below), will not prevent you from attending, speaking and voting in person at either the Court Meeting and/or the General Meeting, or any adjournment thereof, if you wish and are entitled to do so.

(b) *Online appointment of proxies*

As an alternative to completing and returning the printed Forms of Proxy, proxies may be appointed electronically by logging on to the following website: www.sharevote.co.uk and following the instructions there. For an electronic proxy appointment to be valid, the appointment must be received by Equiniti no later than 10.30 a.m. (London time) on 1 November 2019 for the Court Meeting and 10.45 a.m. (London time) on 1 November 2019 for the General Meeting or, if in either case the Meeting is adjourned, no later than 48 hours (excluding any day which is not a Business Day) before the time fixed for the Meeting.

In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time, you may complete the BLUE Form of Proxy and hand it to a representative of Equiniti, on behalf of the Chairman of the Court Meeting, or the Chairman of the Court Meeting, before the start of the Court Meeting.

(c) *Electronic appointment of proxies through CREST*

If you hold Low & Bonar Shares in uncertificated form through CREST and wish to appoint a proxy or proxies for the Meetings (or any adjourned Meeting) by using the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed any voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment 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 the specifications of Euroclear and must contain the information required for such instructions as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy), must, in order to be valid, be transmitted so as to be received by Equiniti not less than 48 hours (excluding any day which is not a Business Day) before the time fixed for the Court Meeting or General Meeting (or adjourned meeting), as applicable. 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 Application Host) from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear 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 any voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) 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.

Low & Bonar may treat as invalid a CREST Proxy Instruction in the circumstances set out in the CREST Regulations.

3. Shareholder Helpline

If you have any questions in relation to this document, the Meetings, or the completion and return of the Forms of Proxy, please telephone Equiniti between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on 0333-207-6385 from within the UK or +44 (0)121-415-0954 if calling from outside the UK. Calls are charged at the standard geographic rate and will vary by provider. Calls to the Shareholder Helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The Shareholder Helpline cannot provide advice on the merits of the Acquisition nor give any financial, legal or tax advice.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All times shown are London times. All dates and times, other than those relating to the Court Meeting and the General Meeting, are based on Low & Bonar's and FVB's current expectations and are subject to change. If any of the dates and/or times in this expected timetable change, the revised dates and/or times will be notified to Low & Bonar Shareholders by announcement through a Regulatory Information Service, with such announcement being made available on FVB's and Low & Bonar's websites at www.freudenberg.com/index.php?id=562 and www.lowandbonar.com, respectively.

Event	Expected time/date
Latest time for lodging Forms of Proxy for:	
Court Meeting (BLUE form)	10.30 a.m. on 1 November 2019 ⁽¹⁾
General Meeting (WHITE form)	10.45 a.m. on 1 November 2019 ⁽¹⁾
Voting Record Time	6.30 p.m. on 1 November 2019 ⁽²⁾
Court Meeting	10.30 a.m. on 5 November 2019
General Meeting	10.45 a.m. on 5 November 2019 ⁽⁴⁾

The following dates are indicative only and subject to change; please see notes (3) and (5) below

Court Hearing	A date expected to be within fifteen Business Days of the satisfaction (or, if applicable, waiver) of the Conditions (other than those relating to the holding of the Court Meeting); satisfaction of such Conditions is expected to occur in the first half of 2020, subject to merger control clearances (“D”) ⁽³⁾⁽⁵⁾
Last day of dealings in, and for registration of transfers of, and disablement in CREST of, Low & Bonar Shares	(“D+1”) ⁽³⁾⁽⁵⁾
Suspension of listing and dealings in Low & Bonar Shares	6.00 p.m. on (“D+1”) ⁽³⁾⁽⁵⁾
Scheme Record Time	6.00 p.m. on (“D+1”) ⁽³⁾⁽⁵⁾
Effective Date of the Scheme	(“D+2”) ⁽³⁾⁽⁵⁾
Cancellation of listing of Low & Bonar Shares	By 8.00 a.m. on (“D+3”) ⁽³⁾⁽⁵⁾
Latest date for despatch of cheques and crediting of CREST for cash consideration due under the Scheme	14 days after the Effective Date
Latest date by which Scheme must be implemented	5.00 p.m. on 30 June 2020 ⁽⁶⁾

Notes:

- (1) The BLUE Form of Proxy for the Court Meeting, if not received by the time stated above (or, if the Court Meeting is adjourned, 48 hours (excluding any day which is not a Business Day) before the adjourned Court Meeting), may be handed to a representative of Equiniti, on behalf of the Chairman of the Court Meeting, or to the Chairman of the Court Meeting, before the start of that Meeting. However, in order to be valid, the WHITE Form of Proxy must be received no later than 10.45 a.m. (London time) on 1 November 2019 (or, if the General Meeting is adjourned, 48 hours (excluding any day which is not a Business Day) before the time fixed for the adjourned General Meeting). Please see “Action to be taken” on pages 29 to 30 and paragraph 17 of Part II (Explanatory Statement) of this document.
- (2) If either the Court Meeting or the General Meeting is adjourned, the Voting Record Time for the relevant adjourned Meeting will be 6.30 p.m. on the date which is two Business Days before the date set for such adjourned Meeting.
- (3) Any references to “D” or to a day after “D” are references to a Business Day.
- (4) To commence at 10.45 a.m. or, as soon thereafter as the Court Meeting shall have concluded or adjourned.
- (5) These times and dates are indicative only and will depend on, among other things, the dates upon which (i) the Conditions are satisfied or (where applicable) waived, (ii) the Court sanctions the Scheme, and (iii) the Court Order sanctioning the Scheme is delivered to the Registrar of Companies. If the expected dates of the Court Hearings are changed, Low & Bonar will give adequate notice of the changes by issuing an announcement through a Regulatory Information Service.
- (6) The latest date by which the Scheme must be implemented may be extended by agreement between Low & Bonar and FVB with (if required) the prior approval of the Panel and the Court.

Part I
LETTER FROM THE EXECUTIVE CHAIRMAN OF
LOW & BONAR PLC

LOW & BONAR PLC

(Incorporated under the laws of Scotland with registered number SC008349)

Directors:

Daniel Dayan *(Executive Chairman)*
Ian Ashton *(Group Chief Financial Officer)*
Trudy Schoolenberg *(Senior Independent Non-Executive Director)*
Kevin Matthews *(Independent Non-Executive Director)*
Michael Powell *(Independent Non-Executive Director)*
Peter Bertram *(Independent Non-Executive Director)*
Giulia Nobili *(Non-Executive Director)*

Registered Office:
Whitehall House
33 Yeaman Shore
Dundee, DD1 4BJ

11 October 2019

To all Low & Bonar Shareholders and, for information only, to participants in the Low & Bonar Share Plans and persons with information rights

Dear Shareholder,

**RECOMMENDED CASH ACQUISITION
BY FV BETEILIGUNGS-GMBH OF LOW & BONAR PLC**

1. Introduction

On 20 September 2019, the Low & Bonar Board and the FVB Board announced that they had reached agreement on the terms of a recommended cash offer by FVB for the entire issued, and to be issued, ordinary share capital of Low & Bonar.

FVB is a wholly-owned subsidiary of Freudenberg. Further information relating to FVB and Freudenberg can be found in paragraph 4 of the letter from Rothschild & Co set out in Part II (*Explanatory Statement*) of this document and in Part VII (*Additional Information*).

I am writing to you on behalf of the Low & Bonar Board to explain the background to and terms of the Acquisition, to encourage you to vote at the Meetings to be held on 5 November 2019 to consider the Acquisition, and to explain why the Low & Bonar Board is unanimously recommending that Low & Bonar Shareholders vote in favour of the resolutions to be put to those Meetings.

2. Summary of the terms of the Acquisition

It is proposed that the Acquisition be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act, which requires the approval of Low & Bonar Shareholders at the Meetings and the sanction of the Court.

Under the terms of the Acquisition, Scheme Shareholders at the Scheme Record Time will receive:

for each Scheme Share **15.5 pence in cash**

The Acquisition values Low & Bonar's entire issued, and to be issued, ordinary share capital at approximately £107 million.

The price of 15.5 pence for each Scheme Share represents:

- a premium of approximately 101 per cent. to the Closing Price of 7.7 pence per Low & Bonar Share on 19 September 2019 (being the last Business Day before the date of the Rule 2.7 Announcement); and
- a premium of approximately 119 per cent. to the Low & Bonar 30 trading day volume weighted average share price for the period ended 19 September 2019.

The Acquisition (including the Scheme) is subject to the Conditions and certain further terms set out in Part III (*Conditions to and further terms of the Acquisition and the Scheme*) of this document, including the sanction of the Scheme by the Court. The expected transaction timetable is set out on page 11 of this document.

Further information about the Acquisition is provided in Part II (*Explanatory Statement*) of this document.

3. Background to and reasons for recommending the Acquisition

Following a challenging period in 2017 and 2018 during which Low & Bonar changed Chairman, CEO and CFO and reversed its previous strategy to grow its Civil Engineering division, the Low & Bonar Board embarked on a turnaround programme to drive sustainable improvement in Low & Bonar's performance and financial position.

The £54 million equity raise, accomplished in early 2019, provided some necessary support to the balance sheet and enabled the company to begin much needed investment, especially in its Asheville facility in the US and both CTT plants in Germany. Whilst progress has been made in reducing net debt, continued challenging market conditions and ongoing operational inefficiencies resulted in lower profitability than anticipated during 2019 and hence greater pressure on banking covenants. Low & Bonar accordingly renegotiated its banking arrangements in July 2019, securing a limited and short-term relaxation of covenants to provide the company with additional financial headroom while implementing its turnaround programme.

Low & Bonar became a more focused organisation following the disposal of its construction fibres and needle punch non-woven businesses through two separate transactions, finalised on 3 September 2019. The combined net proceeds of £21 million were used to further reduce the group's debt position. At the same time, further simplification of the organisational structure was implemented by removing layers, aligning responsibilities with the principal business drivers and streamlining the reporting structures within the Low & Bonar Group. This has resulted in lower costs, improved customer engagement and new business development opportunities.

Although the Low & Bonar Board sees 2019 as a year of transition, it is also very aware that many of the company's end markets remain difficult, competition is becoming more intense and it is likely that heightened levels of uncertainty will continue to persist in the short term, which is making it more difficult to resolve the company's legacy issues and improve its financial performance. Furthermore, and despite the challenging backdrop, continued investment, especially in Low & Bonar's US Colbond sites in Asheville, North Carolina, and Bellingham, Washington, and in its CTT businesses, is required to establish a robust, long-term manufacturing platform for the Low & Bonar Group.

The difficult trading conditions that impacted performance in the first half of 2019 have continued in the second half to date. As a result, Low & Bonar Group sales in the third quarter were lower than expected and profit was also below the Low & Bonar Board's expectations. Whilst the group is benefiting from slightly lower than expected raw material costs, as well as the impact of cost saving initiatives put in place in recent months, it is not expected that conditions in the group's markets will improve in the short term and, consequently, the Low & Bonar Board does not expect to recover the shortfall in third quarter trading within the current year.

As a consequence of this trading performance and a deterioration in outlook, and also in light of Low & Bonar having less flexibility in managing supplier credit terms than has been the case historically, Low & Bonar has engaged with its lenders. Amendments to the financing arrangements have been concluded, waiving the financial covenants which were due to be tested as at 30 November 2019, in order to assist Low & Bonar in progressing both its turnaround plan and the Acquisition. Further details of these arrangements are set out at paragraph 8 of this Part I (*Letter From The Executive Chairman of Low & Bonar PLC*).

It is against this background that the Low & Bonar Board has considered the merits of the Acquisition, assessing Low & Bonar's prospects as an independent entity against being part of a larger and better capitalised group. The Low & Bonar Board has considered the risks inherent in the execution of its turnaround programme and the potential for future growth in equity value for Low & Bonar Shareholders, as well as the outlook for employees and other key stakeholders.

The Low & Bonar Board has concluded that the Acquisition represents an attractive strategic option for Low & Bonar, its customers and its employees. As a leading player in the global market for performance materials, with large and complementary activities, Freudenberg will provide Low & Bonar's businesses and people with opportunities to develop and grow, as well as enhancing the value proposition to the customers of both businesses.

Furthermore, the Acquisition represents an opportunity for Low & Bonar Shareholders to realise their investment in Low & Bonar in cash in the near term, at a significant premium to the prevailing price per Low & Bonar Share, an opportunity which the Low & Bonar Board considers may not be otherwise achievable in the near term, particularly given the limited liquidity in Low & Bonar Shares.

Accordingly, following careful consideration of the above factors, the Low & Bonar Board unanimously recommends Low & Bonar Shareholders to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting.

4. Background to and reasons for the Acquisition

The Freudenberg Group has worldwide operations, with well-established activities across numerous applications. The commitment to quality, financial strength and independence, and commercial foresight continue to be the pillars of the Freudenberg Group's 169-year history as a family-owned business.

As a global technology group, Freudenberg aims to set standards in technology, innovation and quality. Low & Bonar is also known for the quality of its products and its business complements the existing businesses of Freudenberg while providing exciting new avenues for growth and diversification thanks to Low & Bonar's adjacent technologies. Freudenberg and Low & Bonar also share the same approach to sustainability.

Low & Bonar's Colbond business, with major plants in Asheville, Arnhem, and Changzhou, fits well with the FPM business and the combination will enhance Freudenberg's geographical presence and product offering, especially in existing applications for the construction, building interiors, home textiles and automotive sectors, allowing the Combined Group to better serve the customers of both businesses. The Acquisition would allow Freudenberg to further expand its technical expertise in spunlaid nonwovens. In particular, Low & Bonar's two-step process for making its Colback products (which involves first spinning bespoke multi-filament yarns and, subsequently, a separate fleecing process, which can use a variety of yarns to make a fabric with specific properties) will provide Freudenberg greater flexibility with respect to its product range and allow Freudenberg to better tailor its solutions to customer requirements.

With effect from the Effective Date, the earnings, assets and liabilities of FVB will include the consolidated earnings, assets and liabilities of Low & Bonar.

5. Irrevocable undertakings and letter of intent

FVB has received irrevocable undertakings from the Low & Bonar Directors (and from an immediate family member of one Low & Bonar Director) who hold Low & Bonar Shares to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting in respect of a total of 1,172,790 Low & Bonar Shares, representing approximately 0.17 per cent. of the issued ordinary share capital of Low & Bonar in issue on the Latest Practicable Date. These undertakings will cease to be binding if the Scheme lapses or is withdrawn unless FVB publicly confirms that it intends to implement the Acquisition by way of a Takeover Offer, or otherwise, within four Business Days after any such withdrawal or lapse.

In addition, FVB has received support for the Acquisition from Low & Bonar Shareholders in respect of 403,472,289 Low & Bonar Shares representing, in aggregate, approximately 58.5 per cent. of the existing issued ordinary share capital of Low & Bonar in issue on the Latest Practicable Date.

This support comprises irrevocable undertakings to vote, or procure the vote, in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting from Sterling Strategic Value Fund S.A., SICAV-RAIF, Aberforth Partners LLP, The Wellcome Trust Limited (as trustee of The Wellcome Trust), J O Hambro Capital Management Limited, Luxempart SA and AXA Investment Managers UK Limited.

J O Hambro Capital Management Limited also gave a letter of intent to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting in respect of 37,416,556 Low & Bonar Shares representing approximately 5.4 per cent. of the existing issued ordinary share capital of Low & Bonar. However, following a series of disposals, J O Hambro Capital Management Limited announced on 26 September 2019 that the letter of intent no longer applies to any Low & Bonar Shares.

Further details of these undertakings and letter of intent are set out in paragraph 6 of Part VII (*Additional Information*).

6. Management, employees and locations

Freudenberg is built on its people and has a family ownership culture that fits well with the culture of Low & Bonar and its employees. Freudenberg recognises that Low & Bonar has many committed and talented employees who have worked hard to support Low & Bonar and have played an important role in the development and success of Low & Bonar.

Freudenberg has given assurances to the Low & Bonar Directors that existing employee rights, including pension rights, of current employees will be fully safeguarded.

In order to achieve some of the expected benefits of the combination of Freudenberg and Low & Bonar, it will be necessary to perform a detailed review of how best to integrate and further develop the two businesses. This review is likely to result in a reorganisation of certain central administrative functions where duplication exists, including but not limited to executive management and other corporate functions. Freudenberg's intention is to close Low & Bonar's London head office and provide the respective functions from Freudenberg's existing offices in the UK or Freudenberg's headquarters in Weinheim, Germany. This office will be closed within 18-24 months following completion of the Acquisition as part of the wider integration process, but such closure is not expected to take place within the first six months following completion of the Acquisition. No decision has been taken on any other Low & Bonar sites, but this is expected to be part of the review process described below.

The finalisation and implementation of any repositioning, restructuring and/or integration of Low & Bonar's businesses and potential workforce adjustments will be subject to detailed and comprehensive planning as part of the review to be undertaken following completion of the Acquisition. This review is expected to take three to six months following completion of the Acquisition and is expected to cover all existing Low & Bonar businesses.

Any restructuring or reorganisation plans or measures developed out of this review will be subject to applicable and appropriate consultations and engagement with stakeholders including customers, potentially affected employees and any appropriate employee representative bodies in accordance with the legal obligations of the Combined Group. While any changes will depend on the outcome of the review, Freudenberg considers the retention of most of Low & Bonar's key business executives and employees as critical to the successful integration and future success of Low & Bonar and FPM and therefore does not expect to implement a material reduction in the number of Low & Bonar employees.

The overall integration process is expected to be completed within 18-24 months following completion of the Acquisition.

It is intended that, with effect from the Effective Date, all current Low & Bonar Directors will resign as directors of the Low & Bonar Board. It has not yet been determined whether the Executive Directors, Daniel Dayan and Ian Ashton, will resign as employees of the Low & Bonar Group.

Daniel Dayan, the Executive Chairman of Low & Bonar, is entitled to a bonus of up to 100 per cent. of his salary (i.e. £560,000) payable on 30 November 2019 or the date of the sale of the Low & Bonar Group as further detailed at paragraph 7.1 of Part VII (*Additional Information*) of this document. The amount of the bonus is dependent on the price per share achieved on a sale of Low & Bonar. The bonus amount corresponding to a sale price per Low & Bonar share of 15.5 pence is £126,933.

The Low & Bonar UK Pension Scheme is closed to new entrants and to the future accrual of benefits for existing members. Freudenberg intends that Low & Bonar, under the control of Freudenberg, will continue to meet its existing obligations in respect of the Low & Bonar UK Pension Scheme to fund any pension scheme deficit in accordance with the agreements reached with the Trustee of the Low & Bonar UK Pension Scheme following the actuarial valuation as at 31 March 2017.

Subject as set out above, there are no plans to make any changes to Low & Bonar's research and development functions, there are no plans to redeploy any of the fixed assets of Low & Bonar and it is not envisaged that there will be any material change to the balance of skills and functions of the employees and management of Low & Bonar.

FVB does not propose to enter into any incentivisation arrangements with any members of Low & Bonar management who are interested in Low & Bonar Shares.

7. Low & Bonar Share Plans

Further details of the arrangements proposed to be implemented in relation to the Low & Bonar Share Plans in connection with the Acquisition are set out in paragraph 7 of Part II (*Explanatory Statement*) of this document.

8. Current Trading and Prospects

Low & Bonar

The difficult trading conditions that impacted performance in the first half of 2019 have continued in the second half to date. As a result, Low & Bonar Group sales in the third quarter were lower than expected and profit was also below the Low & Bonar Board's expectations. Whilst the Low & Bonar Group is benefiting from slightly lower than expected raw material costs, as well as the impact of cost saving initiatives put in place in recent months, it is not expected that conditions in the group's markets will improve in the short term and consequently the Low & Bonar Board does not expect to recover the shortfall in third quarter trading within the current year.

As a consequence of this trading performance and a deterioration in outlook, and also in light of Low & Bonar having less flexibility in managing supplier credit terms than has been the case historically, Low & Bonar has engaged with its lenders. Amendments to financing arrangements have been concluded, waiving the financial covenants which were due to be tested as at 30 November 2019, in order to assist Low & Bonar in progressing both its turnaround plan and the Acquisition.

Should the Acquisition lapse or be withdrawn prior to 30 November 2019, the financial covenants under Low & Bonar's arrangements with its lenders will be reinstated and tested with respect to the financial position as at 30 November 2019. Should the Acquisition lapse or be withdrawn after 30 November 2019, those covenants will be reinstated and tested within 14 days of such lapse or withdrawal with respect to the financial position as at the previous month-end. In the event that the Acquisition does not complete by 30 June 2020, the scheduled covenant test as at 31 May 2020 would occur. In light of current performance as well as the challenging outlook, there is a significant risk that should the financial covenants be tested, Low & Bonar would not be able to comply.

FVB

Freudenberg's business performance is currently stable: the Freudenberg Group's sales in the year to date as at 30 June 2019 were €4.83 billion, which represents a 1.5 per cent. increase against the previous year. Freudenberg assumes that growth will slow down slightly over the remainder of 2019 due to global economic and geopolitical developments.

9. Dividend Policy

If, after the Announcement Date, any dividend and/or other distribution and/or other return of capital is authorised, declared, paid or made or becomes payable in respect of Low & Bonar Shares, FVB reserves the right to reduce the consideration payable under the terms of the Acquisition by an amount up to the amount of such dividend and/or distribution and/or return of capital. Whilst not expected, if any such dividend and/or distribution and/or return of capital is so authorised, declared, made or paid, any reference in this document to the Consideration payable under the Acquisition will be deemed to be a reference to the Consideration as so reduced.

10. Taxation

Your attention is drawn to Part VI (*Taxation*) of this document. **This summary is intended as a general guide only and if you are in any doubt as to your tax position, or if you are subject to taxation in any jurisdiction other than the UK you should consult an appropriate independent professional tax adviser.**

11. Overseas Shareholders

Overseas Shareholders should refer to paragraph 15 of Part II (*Explanatory Statement*) of this document.

12. Action to be taken

Your attention is drawn to pages 29 to 30, and paragraph 17 of Part II (*Explanatory Statement*) of this document, which explain the actions you should take in relation to the Acquisition and the Scheme.

Details relating to the de-listing of Low & Bonar Shares are included in paragraphs 12 and 13 of Part II (*Explanatory Statement*) of this document.

13. Further information

Your attention is drawn to the Explanatory Statement set out in Part II of this document, the full terms of the Scheme set out in Part IV, the additional information set out in Part VII and the Notices of the Meetings set out in Part IX and Part X of this document. **You should read the whole of this document and the accompanying Forms of Proxy and not rely solely on the information contained in this letter or the Explanatory Statement.**

A copy of this document (and all information incorporated into this document by reference to another source) and the Forms of Proxy are and will be available, subject to certain restrictions relating to Overseas Shareholders in Restricted Jurisdictions, for inspection on Low & Bonar's website at www.lowandbonar.com and FVB's website at www.freudenberg.com/index.php?id=562.

14. Recommendation

The Low & Bonar Board, which has been so advised by Rothschild & Co as to the financial terms of the Acquisition, considers the terms of the Acquisition to be fair and reasonable. In providing their advice to the Low & Bonar Board, Rothschild & Co have taken into account the commercial assessments of the Low & Bonar Board.

The Low & Bonar Board considers the Acquisition to be in the best interests of the Low & Bonar Shareholders taken as a whole. Accordingly, the Low & Bonar Board unanimously recommends that Low & Bonar Shareholders vote or procure votes in favour of the Scheme at the Court Meeting and the Special Resolution relating to the Acquisition to be proposed at the General Meeting, as the Low & Bonar Directors (and an immediate family member of one Low & Bonar Director) who hold Low & Bonar Shares have irrevocably undertaken to do in respect of their own beneficial holdings of 1,172,790 Low & Bonar Shares representing, in aggregate, approximately 0.17 per cent. of Low & Bonar's issued share capital on the Latest Practicable Date.

Yours faithfully,

Daniel Dayan
Executive Chairman

Part II EXPLANATORY STATEMENT

(in compliance with section 897 of the Companies Act 2006)



11 October 2019

To all Low & Bonar Shareholders and, for information only, to participants in the Low & Bonar Share Plans and persons with information rights

Dear Shareholder,

RECOMMENDED CASH ACQUISITION BY FV BETEILIGUNGS-GMBH OF LOW & BONAR PLC

1. Introduction

On 20 September 2019, the Low & Bonar Board and the FVB Board announced that they had reached agreement on the terms of a recommended cash offer by FVB for the entire issued, and to be issued, ordinary share capital of Low & Bonar, to be effected by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.

Your attention is drawn to the letter from the Executive Chairman of Low & Bonar set out in Part I (Letter from the Executive Chairman of Low & Bonar PLC) of this document, which forms part of this Explanatory Statement. That letter contains, among other things, the unanimous recommendation by the Low & Bonar Board to Low & Bonar Shareholders to vote in favour of the resolutions to approve and implement the Acquisition, and an explanation of the background to and reasons for recommending the Acquisition.

The Low & Bonar Board has been advised by Rothschild & Co in connection with the Acquisition. Rothschild & Co has been authorised by the Low & Bonar Board to write to you to set out the terms of the Acquisition and to provide you with other relevant information.

The terms of the Scheme are set out in full in Part IV (*Scheme of Arrangement*) of this document.

Statements made or referred to in this letter regarding Freudenberg's reasons for the Acquisition, information concerning the business of the Freudenberg Group, the financial effects of the acquisition on Freudenberg and/or intentions or expectations of or concerning the Freudenberg Group reflect the views of the FVB Board. Statements made or referred to in this letter regarding the background to and reasons for the recommendation of the Low & Bonar Board, information concerning the business of the Low & Bonar Group, and/or intentions or expectations of or concerning the Low & Bonar Group, reflect the views of the Low & Bonar Board.

2. Summary of the terms of the Acquisition and the Scheme

Under the terms of the Acquisition, which is subject to the satisfaction (or, where applicable, waiver) of the Conditions and to the further terms set out in Part III (*Conditions to and further terms of the Implementation of the Acquisition and the Scheme*) of this document, Scheme Shareholders at the Scheme Record Time will receive:

for each Scheme Share

15.5 pence in cash

The Acquisition values Low & Bonar's entire issued, and to be issued, ordinary share capital at approximately £107 million.

If, after 20 September 2019, any dividend and/or other distribution and/or return of capital is authorised, declared, paid or made or becomes payable in respect of Low & Bonar Shares, FVB reserves the right to reduce the consideration payable under the terms of the Acquisition by an amount up to the amount of such dividend and/or distribution and/or return of capital. If any such dividend and/or distribution and/or return of capital is so authorised, declared, made or paid, any reference in this document to the Consideration payable under the Acquisition will be deemed to be a reference to the Consideration as so reduced.

The price of 15.5 pence for each Scheme Share represents:

- a premium of approximately 101 per cent. to the Closing Price of 7.7 pence per Low & Bonar Share on 19 September 2019 (being the last Business Day before the date of the Rule 2.7 Announcement); and
- a premium of approximately 119 per cent. to the Low & Bonar 30 trading day volume weighted average share price for the period ended 19 September 2019.

3. Information on Low & Bonar

Low & Bonar is a global manufacturer and supplier of advanced, high-performance materials created from polymer-based yarns and fibres which are used in a wide range of demanding applications, covering building and industrial, interior and transportation applications and broad markets for technical coated fabrics. It has a high-quality range of performance materials based around its strong and versatile core technologies and develops solutions to meet the demands of its customers.

Its activities begin with the sourcing of widely available polymers, including polypropylene, polyethylene, polyester and polyamide. Using proprietary technology, these polymer mixes are extruded to form a variety of yarns, which are transformed into fabrics using a broad range of technologies and produce a mixture of woven, non-woven and composite materials, used by customers to enhance performance in their final product or improve efficiency in their own processes.

4. Information on Freudenberg and FVB

Freudenberg is a family-owned global technology group that seeks to strengthen its customers and society long-term through forward-looking innovations. Together with its partners, customers and the world of science, Freudenberg develops technologies, and products, solutions and services for numerous market segments.

Based in Weinheim, Germany, the Freudenberg Group operates over 500 sites in some 60 countries worldwide. In 2018, the Freudenberg Group employed an average of almost 49,000 people around the globe and posted sales of approximately €9.5 billion and an operating profit of approximately €910.3 million.

The Freudenberg Group is divided into ten business groups, namely: (i) Freudenberg Sealing Technologies, which specialises in sealing technology and electric mobility solutions; (ii) Freudenberg Oil & Gas Technologies, which provides sealing solutions and products to the oil and gas industry; (iii) EagleBurgmann, which manufactures industrial sealing technology; (iv) Freudenberg Medical, which specialises in the design, development and manufacture of innovative medical products; (v) Vibracoustic, which provides automotive solutions relating to noise, vibration and harshness; (vi) Freudenberg Filtration Technologies, which specialises in the development and production of air and liquid filtration solutions and their applications; (vii) Japan Vilene Company, a joint venture with a minority partner, which focuses its activities on nonwoven materials in medical and hygiene applications, floor mats and headliners and is primarily active in Asia and North America; (viii) Freudenberg Home and Cleaning Solutions, which manufactures brand cleaning articles and systems and laundry care products; (ix) Freudenberg Chemical Specialties, which comprises five business units developing, manufacturing and marketing chemical specialties; and (x) FPM, a global manufacturer of nonwovens offering high-performance technical textiles for a wide range of industries and applications, including automotive, the building industry, apparel, hygiene, medical, shoe components and leather goods, as well as many special applications.

FVB is a German limited liability company and currently serves as a holding company within the FPM business group. The sole shareholder of FVB is Freudenberg, a wholly-owned subsidiary of the ultimate parent company of the Freudenberg Group, Freudenberg & Co. Kommanditgesellschaft. FVB does not produce accounts on a consolidated basis, but its audited accounts for the two years ended 31 December 2018 can be viewed as described in Part V of this document (*Financial and Ratings Information*).

5. Low & Bonar Cumulative Preference Stock and Low & Bonar Deferred Shares

The Scheme will not affect the Low & Bonar Cumulative Preference Stock or Low & Bonar Deferred Shares, which shall continue in issue in accordance with their terms following the Acquisition. Low & Bonar has confirmed that no amount of dividend on the Low & Bonar Cumulative Preference Stock is outstanding or in arrears and that the Low & Bonar Cumulative Preference Stock therefore currently carries no right under the Low & Bonar Articles to receive notice of or attend or vote at any general meeting of Low & Bonar, including the General Meeting.

6. Financing of the Acquisition

The cash consideration payable by FVB to Low & Bonar Shareholders pursuant to the Acquisition will be funded from Freudenberg's existing cash resources.

Barclays, financial adviser to Freudenberg, confirms that it is satisfied that sufficient resources are available to FVB to satisfy in full the cash consideration payable pursuant to the Acquisition.

7. Low & Bonar Share Plans

Share options and awards granted to participants in the Low & Bonar Share Plans and which are not already exercisable or which have not already vested, will become exercisable or will vest on the date of the Court Order, subject to applicable performance conditions and time pro-rating.

Outstanding conditional awards and options granted under the Low & Bonar 2013 Long Term Incentive Plan will vest only to the extent that the applicable performance conditions are satisfied at that time. Options granted under the LTIP will be exercisable for one month following the date of the Court Order. Options not exercised will lapse. In light of Low & Bonar's current performance, it is not expected that the performance targets will be met and therefore it is not expected that the LTIP awards or options will vest. However, this will be confirmed closer to the date of the Court Order based on performance at that time.

Outstanding options granted under the Low & Bonar 2018 Sharesave Scheme will be exercisable for one month following the date of the Court Order. However, based on current estimated performance and vesting criteria, it is anticipated that only options granted under the Low & Bonar 2018 Sharesave Scheme in 2019 will be exercisable, although this will be determined closer to the date of the Court Order. UK participants will only receive tax favourable treatment on options exercised within 20 days of the date of the Court Order. For UK participants, options can be exercised only with the amount saved in the linked savings arrangement. For international participants, the number of options exercisable will be calculated on a time pro-rated basis. Options not exercised will lapse and savings will be returned to the participants.

Outstanding options granted under the Low & Bonar International Sharesave Scheme will be exercisable for six months following the Effective Date. Options not exercised will lapse and savings will be returned to the participants.

Outstanding options granted under the Low & Bonar 1997 Sharesave Scheme will be exercisable for one month following the Effective Date. Options not exercised will lapse and savings will be returned to the participants.

All Low & Bonar Shares issued or transferred on the exercise of share options or vesting of share awards under the Low & Bonar Share Plans before the Scheme Record Time will be subject to the terms of the Scheme and will constitute Scheme Shares.

The Scheme will not extend to any Low & Bonar Shares issued after the Scheme Record Time, for example, to satisfy the exercise of options by participants over Low & Bonar Shares after the Scheme Record Time. However, as part of the Special Resolution to be proposed at the General Meeting, it is proposed that the Low & Bonar Articles be amended to provide, among other things, that if the Scheme becomes effective, any Low & Bonar Shares issued after the Scheme Record Time (including to participants in the Low & Bonar Share Plans who exercise options after the Scheme Record Time), will be transferred automatically to FVB (or such person as FVB directs) in consideration for 15.5 pence in cash for each Low & Bonar Share so transferred. Consequently, participants in the Low & Bonar Share Plans who receive Low & Bonar Shares on the exercise of share options after the Scheme Record Time will be able to receive the same consideration as Scheme Shareholders.

Letters will be sent to participants in the Low & Bonar Share Plans whose awards or options are not underwater at the price per Low & Bonar Share being offered under the terms of the Acquisition explaining the effect of the Scheme on their share options and awards and, where applicable, their right to exercise share options to acquire Low & Bonar Shares or to receive Low & Bonar Shares on the vesting of share awards.

8. Low & Bonar Directors and the effect of the Scheme on their interests

Details of the interests of the Low & Bonar Directors in the share capital of Low & Bonar, and options and awards in respect of such share capital, are set out in paragraph 5 of Part VII (*Additional Information*) of this document. Low & Bonar Shares held by the Low & Bonar Directors will be subject to the Scheme.

Particulars of the service contracts (including termination provisions) and letters of appointment of the Low & Bonar Directors are set out in paragraph 7 of Part VII (*Additional Information*) of this document.

Daniel Dayan, the Executive Chairman of Low & Bonar, is entitled to a bonus of up to 100 per cent. of his salary (i.e. £560,000) payable on 30 November 2019 or the date of the sale of the Low & Bonar Group as further detailed at paragraph 7.1 of Part VII (*Additional Information*) of this document. The amount of the bonus is dependent on the price per share achieved on a sale of Low & Bonar. The bonus amount corresponding to a sale price per Low & Bonar share of 15.5 pence is £126,933.

FVB has received irrevocable undertakings from the Low & Bonar Directors (and from an immediate family member of one Low & Bonar Director) who hold Low & Bonar Shares to vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the General Meeting in respect of 1,172,790 Low & Bonar Shares, representing approximately 0.17 per cent. of Low & Bonar's issued share capital on the Latest Practicable Date.

The effect of the Scheme on the interests of the Low & Bonar Directors does not differ from the effect of the Scheme on the interests of other persons.

9. Description of the Scheme and the Meetings

9.1 The Scheme

The Acquisition is to be implemented by means of a court-sanctioned scheme of arrangement between Low & Bonar and the Scheme Shareholders who are on the register of members at the Scheme Record Time, under Part 26 of the Companies Act. The procedure requires approval by Low & Bonar Shareholders at the Court Meeting and General Meeting, and sanction of the Scheme by the Court. The Scheme is set out in full in Part IV (*Scheme of Arrangement*) of this document.

The purpose of the Scheme is to provide for FVB to become the holder of the entire issued ordinary share capital of Low & Bonar. This is to be achieved by transferring the Scheme Shares held by Low & Bonar Shareholders to FVB, in consideration for which FVB will pay cash on the basis set out in this Part II (*Explanatory Statement*).

9.2 The Meetings

Before the Court's sanction can be sought for the Scheme, the Scheme requires approval by the passing of a resolution at the Court Meeting. In addition, the Special Resolution must be passed at the General Meeting to authorise the Directors to implement the Scheme and to deal with certain ancillary matters. The General Meeting will be held immediately after the Court Meeting. Notices of the Meetings are set out in Part IX (*Notice of Court Meeting*) and Part X (*Notice of General Meeting*) of this document, respectively.

Save as set out below, all holders of Low & Bonar Shares whose names appear on the register of members of Low & Bonar at the Voting Record Time, or, if any such Meeting is adjourned, on the register of members at 6.30 p.m. (London time) on the date which is two Business Days before the date set for such adjourned meeting, will be entitled to attend and vote at the Meetings, in respect of the Low & Bonar Shares registered in their name at the relevant time.

(a) *The Court Meeting*

The Court Meeting has been convened at the direction of the Court for 10.30 a.m. (London time) on 5 November 2019 for Scheme Shareholders to consider and, if thought fit, approve the Scheme.

At the Court Meeting, voting will be by poll and each Scheme Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held as at the Voting Record Time. The approval required at the Court Meeting is a majority in number of those Scheme Shareholders present and voting in person or by proxy, representing not less than 75 per cent. in value of the Scheme Shares held by such Scheme Shareholders.

It is important that, for the Court Meeting in particular, as many votes as possible are cast, so that the Court may be satisfied that there is a fair and reasonable representation of opinion of the Low & Bonar Shareholders. You are therefore strongly advised to sign and return your Forms of Proxy for both Meetings as soon as possible. Doing so will not prevent you from attending, voting and speaking at the Meetings or any adjournment thereof, if you so wish and are so entitled.

(b) *The General Meeting*

The General Meeting has been convened for 10.45 a.m. (London time) on 5 November 2019, or as soon after that time as the Court Meeting has been concluded or adjourned, for Low & Bonar Shareholders to consider and, if thought fit, pass the Special Resolution which is necessary to implement the Scheme and certain related matters.

The Special Resolution is being proposed to approve:

- (i) giving the Low & Bonar Board the authority to take all necessary action to carry the Scheme into effect; and
- (ii) amending the Low & Bonar Articles as described in paragraph 9.4 below.

At the General Meeting, voting on the Special Resolution will be by poll and each Low & Bonar Shareholder present in person or by proxy will be entitled to one vote for each Low & Bonar Share held as at the Voting Record Time. The approval required for the Special Resolution to be passed is at least 75 per cent. of the votes cast on the Special Resolution (in person or by proxy).

BLUE Forms of Proxy for use at the Court Meeting and WHITE Forms of Proxy for use at the General Meeting should be returned, either by post or (during normal business hours only) by hand to Low & Bonar's Registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA as soon as possible and, in any event, so as to be received not later than 10.30 a.m. and 10.45 a.m., respectively on 1 November 2019 (or, in the case of adjournment(s), no later than 48 hours (excluding any day which is not a Business Day) before the time fixed for the adjourned Meeting(s)). If the BLUE Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to a representative of Equiniti, on behalf of the Chairman of the Court Meeting, or to the Chairman of the Court Meeting before the start of that Meeting. However, in the case of the General Meeting, the WHITE Form of Proxy must be returned by the time mentioned above, or it will be invalid. The completion and return of a Form of Proxy will not prevent you from attending and voting in person at either the Court Meeting or the General Meeting, or any adjournment thereof, if you so wish and are so entitled.

Information about the procedures for appointing proxies and giving voting instructions is set out in paragraph 17 (*Action to be taken*) below of this Part II and on pages 29 to 30 of this document.

9.3 *Court Hearing*

Under the Companies Act, the Scheme requires the sanction of the Court. Low & Bonar will give adequate notice of the date and time of the Court Hearing, once known, by issuing an announcement through a Regulatory Information Service. The hearing by the Court to sanction the Scheme is currently expected to be held during the first half of 2020, subject to the prior satisfaction or waiver of the other Conditions set out in Part III (*Conditions to and further terms of the Acquisition and the Scheme*) of this document.

Any Scheme Shareholder or other person who considers that he or she has an interest in the Scheme (each an “**Interested Party**”) and who is concerned that the Scheme may adversely affect him or her is entitled to be heard by the Court, as explained below.

If an Interested Party wishes to raise concerns with the Court in relation to the Scheme or to appear at the Court Hearing, he or she should seek independent legal advice and should lodge written answers to the Petition with the Court at Parliament House, Parliament Square, Edinburgh, EH1 1RQ, within the period of time specified in the advertisement of the Petition and pay the required fee. Written answers are a formal Court document which must comply with the rules of the Court and are normally prepared by Scottish counsel.

The practice of the Court is to consider written objections to a scheme of arrangement which are not in the form of written answers and/or to allow a person who has not lodged written answers to appear at a hearing on that scheme. Each Interested Party should note that, despite that practice, the Court might require an Interested Party to lodge written answers in order to raise objections to the Scheme and/or appear at the Court Hearing.

The Scheme will become Effective on delivery of a certified copy of the Court Order to the Registrar of Companies.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders irrespective of whether or not they attended the Meetings or voted in favour of the Scheme at the Court Meeting or in favour of the Special Resolution at the General Meeting. If the Scheme is not implemented by the Long Stop Date, the Scheme will not be implemented and the Acquisition will not proceed.

9.4 *Amendments to the Low & Bonar Articles*

It is proposed, as part of the Special Resolution to be proposed at the General Meeting, that the Low & Bonar Articles be amended to ensure that any Low & Bonar Shares issued under the Low & Bonar Share Plans or otherwise after the Voting Record Time and on or prior to the Scheme Record Time will be subject to the Scheme.

It is also proposed to amend the Low & Bonar Articles so that, among other things, any Low & Bonar Shares issued to any person other than FVB, or its nominee, after the Scheme Record Time will be automatically acquired by FVB for 15.5 pence. Consequently, participants in the Low & Bonar Share Plans who would otherwise receive Low & Bonar Shares on the exercise of share options after the Scheme Record Time will be able to receive the same consideration as Low & Bonar Shareholders as if those shares had been Scheme Shares. These provisions will avoid any person (other than FVB or its nominee) being left with Low & Bonar Shares after the Scheme becomes effective.

Paragraph (b) of the Special Resolution set out in the notice of the General Meeting in Part X (*Notice of General Meeting*) of this document seeks the approval of Low & Bonar Shareholders for those amendments.

9.5 *Entitlement to vote at the Meetings*

Each Low & Bonar Shareholder who is entered in Low & Bonar’s register of members at the Voting Record Time (expected to be 6.30 p.m. (London time) on 1 November 2019) will be entitled to attend, vote and speak on all resolutions to be put to each of the Meetings. If either Meeting is adjourned, only those Low & Bonar Shareholders on the register of members at 6.30 p.m. (London time) on the day which is two Business Days before the adjourned meeting will be entitled to attend and vote. Each eligible Low & Bonar Shareholder is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him or her. A proxy need not be a Low & Bonar Shareholder but must attend the Meetings. The completion and return of a Form of Proxy or the appointment of a proxy or proxies electronically shall not prevent a Low & Bonar Shareholder from attending, voting and speaking in person at either Meeting or any adjournment thereof if such shareholder wishes and is entitled to do so.

If you are in any doubt as to whether or not you are permitted to vote at the Meetings, please call the Shareholder Helpline between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on 0333-207-6385 or +44 (0)121-415-0954 (from outside the UK, international rates apply). Calls are charged at the standard geographic rate and will vary by provider. Please note that calls may be randomly monitored or recorded for security and training purposes and Equiniti cannot provide financial, legal, investment or tax advice or advice on the merits of the Acquisition. If requested, copies of the Scheme Circular and the Forms of Proxy will be provided free of charge.

Further information on the actions to be taken is set out on pages 29 to 30 of paragraph 17 of this Part II (*Explanatory Statement*) of this document.

9.6 Modifications to the Scheme

The Scheme contains a provision for Low & Bonar and FVB jointly to consent (on behalf of all persons concerned) to any modification of, or addition to, the Scheme or to any condition which the Court may approve or impose. The Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to the interests of Scheme Shareholders unless Scheme Shareholders were informed of any such modification, addition or condition. It would be for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held in those circumstances.

10. Conditions to the Acquisition

The Conditions to the Acquisition are set out in full in Part III (*Conditions to and further terms of the Implementation of the Acquisition and the Scheme*) of this document. In summary, the Acquisition is conditional upon, among other things:

- (a) approval of the Scheme at the Court Meeting by a majority in number of the Scheme Shareholders present and voting at the Court Meeting, either in person or by proxy, representing three-quarters or more in value of the Scheme Shares held by those Scheme Shareholders and the Court Meeting being held on or before the 22nd day after the expected date of the Court Meeting as set out in this document or such later date as FVB and Low & Bonar may agree and the Court may allow;
- (b) all resolutions in connection with or required to approve and implement the Scheme as set out in the notice of the General Meeting (including the Special Resolution) being duly passed by the requisite majority at the General Meeting;
- (c) the General Meeting being held on or before the 22nd day after the expected date of the General Meeting as set out in this document or such later date as may be agreed by FVB and Low & Bonar;
- (d) the sanction of the Scheme by the Court without modification or with modification on terms acceptable to FVB and Low & Bonar and the delivery of a certified copy of the Scheme Court Order to the Registrar of Companies;
- (e) the Court Hearing being held on or before the 22nd day after the expected date of the Court Hearing as set out in this document, or such later date as may be agreed by FVB and Low & Bonar;
- (f) insofar as the Acquisition constitutes a relevant merger situation for the purpose of the Enterprise Act 2002 and is reviewed by the CMA pursuant to the provisions of the Enterprise Act 2002, the CMA issuing a decision in terms satisfactory to FVB that it is not the CMA's intention to make a CMA Phase 2 Reference (or the applicable time period for the CMA to issue either decision having expired without it having done so and without it having made a CMA Phase 2 Reference);
- (g) insofar as the Acquisition does not constitute a concentration with a Union dimension within the meaning of the EU Merger Regulation, either:
 - (i) in the event that a referral request under Articles 4(5) or 22(3) of the EU Merger Regulation is made and accepted, the European Commission:
 - (A) not having referred (or having been deemed to have referred) any part of the Acquisition to the Merger Control Authority of one or more Member States of the European Union under Article 9 of the EU Merger Regulation; and
 - (B) adopting, or being deemed to have indicated in terms satisfactory to FVB that it will adopt, a decision pursuant to Articles 6(1) or 6(2) of the EU Merger Regulation declaring the Acquisition or any matters arising from the Acquisition, to be compatible with the common market pursuant to the EU Merger Regulation; or

- (ii) except where the Acquisition is reviewed by the CMA (in which case the Condition referred to paragraph (f) above will apply), in the event that such a referral request is either not made or is made and is rejected, or in the event that following an accepted referral request the European Commission has referred (or has been deemed to have referred) any part of the Acquisition to the Merger Control Authority of one or more Member States of the European Union under Article 9 of the EU Merger Regulation, and any other necessary merger control filings and notifications identified by Freudenberg have been made to the competent Merger Control Authority of a Member State of the European Union, all approvals, consents or clearances necessary or appropriate having been obtained from such competent Merger Control Authorities in terms satisfactory to FVB (in each case within the relevant preliminary review period ('Phase 1' or equivalent) without the Merger Control Authority having initiated further in-depth proceedings ('Phase 2' or equivalent)); and
- (h) insofar as any other necessary or expedient merger control filings and notifications identified by Freudenberg have been made to the competent Merger Control Authority in each relevant jurisdiction, all approvals, consents or clearances necessary or appropriate having been obtained from such competent Merger Control Authorities in terms satisfactory to FVB (in each case within the relevant preliminary review period ('Phase 1' or equivalent) without the Merger Control Authorities having initiated further in-depth proceedings ('Phase 2' or equivalent)).

11. Offer-related arrangements

11.1 Cooperation Agreement

FVB and Low & Bonar have entered into the Cooperation Agreement pursuant to which, among other things: (i) FVB and Low & Bonar have agreed to co-operate for the purposes of obtaining all approvals, consents, clearances, permissions, confirmations, comfort letters and waivers which may need to be obtained from any relevant authority in connection with the implementation of the Acquisition; (ii) FVB agrees to provide information and assistance to Low & Bonar for the purposes of preparing the Scheme Circular and any other document required by law to be published in connection with the Scheme; (iii) FVB has agreed to certain provisions if the Scheme switches to a Takeover Offer; (iv) FVB and Low & Bonar have agreed to implement appropriate proposals in relation to the Low & Bonar Share Plans and the Low & Bonar Employee Benefit Trust; and (v) FVB has agreed to pay Low & Bonar, subject to the terms of the Cooperation Agreement, a break payment in the amount of £1.5 million if the Acquisition lapses or is withdrawn as a result of FVB invoking the antitrust Conditions set out at paragraphs 3 and 4(a) of Part A of Part III of this document or £750,000 if the Acquisition lapses or is withdrawn as a result of FVB invoking the antitrust Condition set out at paragraph 4(b) of Part A of Part III of this document, or, in the case of each such aforementioned amounts if the Acquisition lapses or is withdrawn as a result of the applicable Conditions becoming incapable of satisfaction or not being satisfied by the Long Stop Date and not having been waived by FVB. The break payment is not payable in certain circumstances as set out in the Cooperation Agreement.

The Cooperation Agreement will terminate in certain circumstances, including: (i) if the Low & Bonar Board withdraws or adversely modifies its recommendation of the Acquisition; (ii) the Low & Bonar Board recommends a competing proposal or a competing proposal becomes effective or is declared or becomes unconditional in all respects; (iii) the Acquisition lapses or terminates in accordance with its terms; (iv) if key milestones for the Scheme process are not met within certain time periods; or (v) otherwise as agreed between FVB and Low & Bonar.

11.2 Non-Disclosure Agreement

Freudenberg and Low & Bonar have entered into the NDA pursuant to which each party has undertaken, amongst other things, to: (a) keep confidential information relating to the Acquisition and the other party and not to disclose it to third parties unless permitted by the terms of the NDA; and (b) only use the confidential information for the purposes of the potential Acquisition and obtaining related antitrust clearances. With certain exceptions, the confidentiality obligations will expire upon the earlier of: (i) 24 months from the date of the NDA; and (ii) completion of the Acquisition.

The NDA also contains undertakings from Freudenberg that for a period of 12 months, none of Freudenberg or any of its group undertakings and certain other associated persons shall, without the prior written consent of Low & Bonar, acquire or offer to acquire any interest in shares or other securities of Low & Bonar (which

undertaking ceases as at the date of the Rule 2.7 Announcement). Low & Bonar and Freudenberg each provide undertakings that, for a period of 12 months from the date of the NDA, they shall not, without the other party's prior written consent, solicit certain employees or officers or entice away any suppliers or customers of the other party, subject to customary carve-outs.

11.3 Clean Team Agreement

Freudenberg and Low & Bonar have entered into the Clean Team Agreement, the purpose of which is to ensure that the disclosure of certain materials relating to Low & Bonar to certain Freudenberg employees, external legal counsel and external experts hired by Freudenberg, is appropriately ring-fenced in order to preserve the confidentiality of such materials and ensure disclosure is made in compliance with all applicable antitrust laws.

11.4 Clean Team Protocols

Freudenberg and its external legal advisors have also entered into the Clean Team Protocols, the purpose of which is to ensure that the disclosure of certain materials relating to Low & Bonar required for the purpose of obtaining all necessary antitrust approvals and clearances to Freudenberg's external advisors, is ring-fenced in order to preserve the confidentiality of such materials and ensure disclosure is made in compliance with all applicable antitrust laws.

12. Cancellation of listing of Low & Bonar Shares

It is intended that dealings in Low & Bonar Shares will be suspended at 6.00 p.m. on the Business Day after the Court Hearing. No transfers of Low & Bonar Shares will be registered after 6.00 p.m. on that date. It is further intended that, prior to the Scheme becoming effective, an application will be made by Low & Bonar to the London Stock Exchange for the cancellation of the trading of Low & Bonar Shares on its main market for listed securities and the FCA will be requested to cancel the listing of Low & Bonar Shares on the Official List, in each case to take effect on or shortly after the Effective Date.

Share certificates in respect of the Low & Bonar Shares will cease to be valid from the Effective Date. Shareholders are free to retain them for their records or alternatively can destroy them following the Effective Date. In addition, entitlements held within the CREST system to the Low & Bonar Shares will be cancelled on the first Business Day following the Effective Date.

13. Settlement

Subject to the Scheme becoming effective, settlement of the consideration to which any holder of Scheme Shares is entitled will be effected as soon as practicable and in any event not later than 14 days after the Effective Date in the manner set out below.

In the case of any Scheme Shares which at the Scheme Record Time are in certificated form, FVB shall procure the despatch to the persons entitled thereto of cheques for the sums payable to them respectively, provided that if the amount payable to any such Scheme Shareholder exceeds £1 million, FVB reserves the right in its sole discretion to make arrangements with such Scheme Shareholder to facilitate electronic payment of such amount in lieu of a cheque.

13.1 Consideration where Scheme Shares are held in uncertificated form (that is, in CREST)

Where, at the Scheme Record Time, a holder of Scheme Shares holds such shares in uncertificated form, settlement of cash consideration will be effected through CREST by the creation of an assured payment obligation in favour of the appropriate CREST account through which the relevant Low & Bonar Shareholder holds such uncertificated shares.

Notwithstanding the above, FVB reserves the right to settle all or part of such consideration in the manner set out in paragraph 13.2 below if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this paragraph 13.1.

13.2 Consideration where Scheme Shares are held in certificated form

Where, at the Scheme Record Time, a holder of Scheme Shares holds such shares in certificated form settlement of the cash consideration due pursuant to the Scheme will be effected by cheque or FVB may, as mentioned above, arrange to make payment electronically. All cheques will be in pounds sterling drawn on the branch of a UK clearing bank. Payments made by cheque will be payable to the Low & Bonar Shareholder(s) concerned. Payment to certificated holders will not be sent via CHAPS or BACS.

Cheques will be despatched by first class post (or by such other method as may be approved by the Panel) to the address appearing on the Low & Bonar share register at the Scheme Record Time (or, in the case of joint holders, to the address of that joint holder whose name stands first in the said register in respect of such joint holding at the Scheme Record Time).

13.3 General

All documents and remittances sent through the post will be sent at the risk of the person(s) entitled thereto.

Save with the consent of the Panel, settlement of the consideration to which any Low & Bonar Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms set out in this Part II without regard to any lien, right of set off, counterclaim or analogous right to which FVB may otherwise be, or claim to be, entitled against any Low & Bonar Shareholder.

14. Taxation

Shareholders should read Part VI (*Taxation*) of this document which contains a general description of the United Kingdom tax consequences of the Acquisition. If they are in any doubt as to their tax position, they should contact their professional adviser immediately.

Low & Bonar Shareholders who are or may be subject to tax outside the United Kingdom should consult an appropriate independent professional adviser as to the tax consequences of the Acquisition.

15. Overseas Shareholders

15.1 General

The availability of the Scheme and the Acquisition to Overseas Shareholders may be affected by the laws of the relevant jurisdictions in which they are located. Overseas Shareholders should inform themselves about and should observe any applicable legal or regulatory requirements. It is the responsibility of all Overseas Shareholders to satisfy themselves as to the full compliance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

The release, publication or distribution of this document and/or accompanying documents in or into or from jurisdictions other than the UK may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom, to vote their Low & Bonar Shares with respect to the Scheme at the Court Meeting or the General Meeting, or to appoint another person as proxy may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. This document and any accompanying documents have been prepared for the purposes of complying with Scottish law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of other jurisdictions.

Unless otherwise determined by FVB or required by the City Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction or any other jurisdiction where to do so would violate the laws of that jurisdiction and no person may vote in favour of the Acquisition by any use, means, instrumentality or form within a Restricted Jurisdiction or

any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this document will not be and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from such jurisdictions where to do so would violate the laws of that jurisdiction.

The availability of the Acquisition to Low & Bonar Shareholders who are not resident in the UK may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the UK should inform themselves of, and observe, any applicable requirements.

Additional information for US investors

The Acquisition is being made to acquire the securities of a Scottish company by means of a scheme of arrangement under the Companies Act and the laws of Scotland. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules under the US Exchange Act. Accordingly, the Scheme will be subject to disclosure requirements and practices applicable in the UK to schemes of arrangement, which are different from the disclosure requirements of the US tender offer rules. The financial information included in this document has been or will have been prepared in accordance with accounting standards applicable in the UK and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US.

It may be difficult for US holders of Low & Bonar Shares to enforce their rights and claims arising out of the US federal securities laws, since FVB and Low & Bonar are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the US. US holders of Low & Bonar Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

The receipt of cash pursuant to the Acquisition by a US holder as consideration for the transfer of its Low & Bonar Shares pursuant to the Scheme will likely be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each Low & Bonar Shareholder is urged to consult his or her independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to him or her.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, FVB or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Low & Bonar Shares outside of the US, other than pursuant to the Acquisition, until the date on which the Acquisition and/or Scheme becomes effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to the Regulatory News Service of the London Stock Exchange and will be available on the FCA website at <http://www.londonstockexchange.com/prices-and-news/prices-news/home.htm>.

16. Further information

The terms of the Scheme are set out in full in Part IV (*Scheme of Arrangement*) of this document. Your attention is also drawn to the further information contained in this document, all of which forms part of this Explanatory Statement, and, in particular, to the Conditions set out in Part A of Part III (*Conditions to and further terms of the Implementation of the Acquisition and the Scheme*), and the additional information set out in Part VII (*Additional Information*) of this document.

17. Action to be taken

Sending Forms of Proxy by post or by hand

Low & Bonar Shareholders will receive a BLUE Form of Proxy for the Court Meeting and a WHITE Form of Proxy for the General Meeting. Please complete and sign the Forms of Proxy in accordance with the instructions printed on them and return them, either (i) by post or (ii) during normal business hours only, by hand to Low & Bonar's Registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA so as to be received as soon as possible and, in any event, not later than 10.30 a.m. and 10.45 a.m., respectively on 1 November 2019 (or, in the case of adjournment(s), no later than 48 hours (excluding any day which is not a Business Day) before the time fixed for the adjourned Meeting(s)). If the BLUE Form of Proxy for the Court Meeting is not received by the above time, it may be handed to a representative of Equiniti, on behalf of the Chairman of the Court Meeting, or to the Chairman of the Court Meeting, before the start of that Meeting. However, in the case of the General Meeting, the WHITE Form of Proxy must be received by the time mentioned above, or it will be invalid.

Low & Bonar Shareholders are entitled to appoint a proxy in respect of some or all of their Low & Bonar Shares and may also appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. Low & Bonar Shareholders who wish to appoint more than one proxy in respect of their holding of Low & Bonar Shares should contact Equiniti for further Forms of Proxy.

Completion and return of a Form of Proxy, or the appointment of a proxy electronically using CREST (or any other procedure described below), will not prevent you from attending, speaking and voting in person at either the Court Meeting or the General Meeting, or any adjournment thereof, if you wish and are entitled to do so.

Electronic appointment of proxies through CREST

If you hold your Low & Bonar Shares in uncertificated form (i.e. in CREST) you may vote using the CREST voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the notices of the Meetings set out in Part IX (*Notice of Court Meeting*) and Part X (*Notice of General Meeting*) of this document). Proxies submitted via CREST (under CREST participant ID RA19) must be received by Low & Bonar's Registrars by no later than 10.30 a.m. (London time) on 1 November 2019 in the case of the Court Meeting and by no later than 10.45 a.m. (London time) on 1 November 2019 in the case of the General Meeting or, in the case of any adjournment, by no later than 48 hours (excluding any day which is not a Business Day) before the time fixed for the holding of the adjourned meeting.

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 the specifications of Euroclear and must contain the information required for such instructions as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy), must, in order to be valid, be transmitted so as to be received by Equiniti not less than 48 hours (excluding any day which is not a Business Day) before the time fixed for the Court Meeting or General Meeting (or adjourned Meeting(s)), as applicable. 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 Application Host) from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear 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 any voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) 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.

Low & Bonar may treat as invalid a CREST Proxy Instruction in the circumstances set out in the CREST Regulations.

Online appointment of proxies

As an alternative to completing and returning the printed Forms of Proxy, Low & Bonar Shareholders entitled to attend and vote at the Meetings may appoint a proxy electronically by logging on to the following website: www.sharevote.co.uk and entering the voting ID, task ID and shareholder reference number shown on their Forms of Proxy. For an electronic proxy appointment to be valid, the appointment must be received by Equiniti no later than 10.30 a.m. (London time) on 1 November 2019 for the Court Meeting and 10.45 a.m. (London time) on 1 November 2019 for the General Meeting (or, in the case of adjournment(s), no later than 48 hours (excluding any day which is not a Business Day) before the time fixed for the adjourned Meeting(s)). Full details of the procedure to be followed to appoint a proxy electronically are given on the website.

In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time you may complete the BLUE Form of Proxy and hand it to a representative of Equiniti, on behalf of the Chairman of the Court Meeting, or to the Chairman of the Court Meeting, before the start of that Meeting.

It is important that, for the Court Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of Scheme Shareholder opinion. You are therefore strongly urged to complete and return both of your Forms of Proxy as soon as possible. Doing so will not prevent you from attending, speaking and voting in person at the Meetings if you wish and are entitled to do so.

Shareholder Helpline

If you have any questions in relation to this document, the Meetings, or the completion and return of the Forms of Proxy, please telephone Equiniti between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on 0333-207-6385 from within the UK or +44 (0)121-415-0954 if calling from outside the UK. Calls are charged at the standard geographic rate and will vary by provider. Different charges may apply to calls from mobile telephones and calls may be randomly monitored for security and training purposes. The Shareholder Helpline cannot provide advice on the merits of the Acquisition nor give any financial, legal or tax advice.

Yours faithfully

Stuart Vincent
Managing Director
for and on behalf of N.M. Rothschild & Sons Limited

Part III
CONDITIONS TO AND FURTHER TERMS OF THE
ACQUISITION AND THE SCHEME

Part A: Conditions to the Scheme and Acquisition

1. The Acquisition will be conditional upon the Scheme becoming unconditional and becoming effective in accordance with its terms, subject to the provisions of the Code, by no later than the Long Stop Date.

Scheme approval

2. The Scheme becoming effective will be conditional upon:
 - (a) approval of the Scheme at the Court Meeting and at any separate class meeting that may be required by a majority in number of the Scheme Shareholders (or the relevant class or classes thereof, if applicable) present and voting, either in person or by proxy, representing three-quarters or more in value of the Scheme Shares held by those Scheme Shareholders and such Court Meeting being held on or before the 22nd day after the expected date of the Court Meeting as set out in this document or such later date as FVB and Low & Bonar may agree and the Court may allow;
 - (b) all resolutions in connection with or required to approve and implement the Scheme as set out in the notice of the General Meeting (including, without limitation, the Special Resolution) being duly passed by the requisite majority at the General Meeting;
 - (c) such General Meeting being held on or before the 22nd day after the expected date of the General Meeting as set out in this document or such later date as may be agreed by FVB and Low & Bonar;
 - (d) the sanction of the Scheme by the Court without modification or with modification on terms acceptable to FVB and Low & Bonar and the delivery of a certified copy of the Court Order to the Registrar of Companies;
 - (e) the Court Hearing being held on or before the 22nd day after the expected date of the Court Hearing as set out in this document (or such later date as may be agreed by FVB and Low & Bonar);

In addition, subject as stated in Part B below, FVB and Low & Bonar have agreed that the Acquisition will be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme effective will not be taken unless such conditions (as amended, if appropriate) have been satisfied or, where relevant, waived:

Antitrust approvals and clearances

3. insofar as the Acquisition constitutes a relevant merger situation for the purpose of the Enterprise Act 2002 and is reviewed by the CMA pursuant to the provisions of the Enterprise Act 2002, the CMA issuing a decision in terms satisfactory to FVB that it is not the CMA's intention to make a CMA Phase 2 Reference (or the applicable time period for the CMA to issue either decision having expired without it having done so and without it having made a CMA Phase 2 Reference);
4. insofar as the Acquisition does not constitute a concentration with a Union dimension within the meaning of the EU Merger Regulation, either:
 - (a) in the event that a referral request under Articles 4(5) or 22(3) of the EU Merger Regulation is made and accepted, the European Commission:
 - (i) not having referred (or having been deemed to have referred) any part of the Acquisition to the Merger Control Authority of one or more Member States of the European Union under Article 9 of the EU Merger Regulation; and
 - (ii) adopting, or being deemed to have indicated in terms satisfactory to FVB that it will adopt, a decision pursuant to Articles 6(1) or 6(2) of the EU Merger Regulation declaring the Acquisition or any matters arising from the Acquisition, to be compatible with the common market pursuant to the EU Merger Regulation; or

- (b) except where the Acquisition is reviewed by the CMA (in which case Condition 3 above will apply), in the event that such a referral request is either not made or is made and is rejected, or in the event that following an accepted referral request the European Commission has referred (or has been deemed to have referred) any part of the Acquisition to the Merger Control Authority of one or more Member States of the European Union under Article 9 of the EU Merger Regulation, and any other necessary merger control filings and notifications identified by Freudenberg have been made to the competent Merger Control Authority of a Member State of the European Union, all approvals, consents or clearances necessary or appropriate having been obtained from such competent Merger Control Authorities in terms satisfactory to FVB (in each case within the relevant preliminary review period ('Phase 1' or equivalent) without the Merger Control Authority having initiated further in-depth proceedings ('Phase 2' or equivalent));
5. insofar as any other necessary or expedient merger control filings and notifications identified by Freudenberg have been made to the competent Merger Control Authority in each relevant jurisdiction, all approvals, consents or clearances necessary or appropriate having been obtained from such competent Merger Control Authorities in terms satisfactory to FVB (in each case within the relevant preliminary review period ('Phase 1' or equivalent) without the Merger Control Authority having initiated further in-depth proceedings ('Phase 2' or equivalent));

Other notifications, waiting periods and Authorisations

6. all necessary notifications, filings or applications having been made in connection with the Acquisition and all necessary waiting periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with in each case in respect of the Acquisition and all Authorisations necessary or appropriate in any jurisdiction for or in respect of the Acquisition and, except pursuant to Chapter 3 of Part 28 of the Companies Act, the acquisition or the proposed acquisition of any shares or other securities in, or control or management of, Low & Bonar or any other member of the Wider Low & Bonar Group by any member of the Wider Freudenberg Group having been obtained in terms and in a form satisfactory to FVB from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any persons or bodies with whom any member of the Wider Low & Bonar Group or the Wider Freudenberg Group has entered into contractual arrangements and all such Authorisations necessary to carry on the business of any member of the Wider Low & Bonar Group in any jurisdiction having been obtained and all such Authorisations remaining in full force and effect at the time at which the Acquisition becomes effective or otherwise wholly unconditional and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations and all such necessary statutory or regulatory obligations in any jurisdiction having been complied with;
7. except with the consent or the agreement of FVB, no resolution of Low & Bonar Shareholders in relation to any acquisition or disposal of assets or shares (or the equivalent thereof) in any undertaking or undertakings (or in relation to any merger, demerger, consolidation, reconstruction, amalgamation or scheme) being passed at a meeting of Low & Bonar Shareholders other than in relation to and as necessary to implement the Acquisition or the Scheme and, other than with the consent or the agreement of FVB, no member of the Wider Low & Bonar Group having taken (or agreed or proposed to take) any action that requires, or would require, the consent of the Panel or the approval of Low & Bonar Shareholders in accordance with, or as contemplated by, Rule 21.1 of the Code;

General regulatory

8. other than to the extent arising in connection with the antitrust conditions at paragraph 3, 4 and 5 of section A of this Part III, no antitrust regulator or Third Party having given notice of a decision or proposal to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and in each case, not having withdrawn the same), or having required any action to be taken or otherwise having done anything or taken any steps, or having enacted or made or proposed to enact or make any statute, regulation, decision, order or change to published practice (and, in each case, not having withdrawn the same) and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to:
- (a) require, prevent or materially delay the divestiture or materially alter the terms envisaged for such divestiture by any member of the Wider Freudenberg Group or by any member of the Wider Low & Bonar Group of all

or any material part of its businesses, assets or property or impose any material limitation on the ability of all or any of them to conduct their businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof);

- (b) except pursuant to Chapter 3 of Part 28 of the Companies Act, require any member of the Wider Freudenberg Group or the Wider Low & Bonar Group to acquire or offer to acquire a material number of any shares, other securities (or the equivalent) or interest in any member of the Wider Low & Bonar Group or any asset owned by any third party (other than Scheme Shares in the implementation of the Acquisition);
- (c) impose any limitation on, or result in a delay in, the ability of any member of the Wider Freudenberg Group directly or indirectly to acquire, hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in or loans to any member of the Wider Freudenberg Group or on the ability of any member of the Wider Low & Bonar Group or any member of the Wider Freudenberg Group directly or indirectly to hold or exercise effectively all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any member of the Wider Low & Bonar Group;
- (d) otherwise materially adversely affect any or all of the business, assets, prospects or profits of any member of the Wider Low & Bonar Group or the Wider Freudenberg Group;
- (e) result in any member of the Wider Low & Bonar Group ceasing to be able to carry on business under any name under which it presently carries on business to an extent which is material in the context of the Wider Low & Bonar Group taken as a whole or in the context of the Acquisition (as the case may be);
- (f) make the Acquisition, or any aspect of the Acquisition, its implementation or the acquisition of any shares or other securities in, or control or management of, Low & Bonar by any member of the Wider Freudenberg Group void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise directly or indirectly materially prevent or prohibit, restrict, restrain, or delay or otherwise materially interfere with the implementation of, or impose additional materially adverse conditions or obligations with respect to, or otherwise materially challenge, impede, interfere or require material amendment of the Acquisition or the acquisition of any shares or other securities in, or control or management of, Low & Bonar by any member of the Wider Freudenberg Group;
- (g) require, prevent or materially delay a divestiture by any member of the Wider Freudenberg Group of any shares or other securities (or the equivalent) in any member of the Wider Low & Bonar Group or any member of the Wider Freudenberg Group; or
- (h) impose any material limitation on the ability of any member of the Wider Freudenberg Group or any member of the Wider Low & Bonar Group to conduct, integrate or co-ordinate all or any part of its business with all or any part of the business of any other member of the Wider Freudenberg Group and/or the Wider Low & Bonar Group in a manner which is materially adverse to the Wider Low & Bonar Group taken as a whole or the Wider Freudenberg Group taken as a whole or in the context of the Acquisition (as the case may be),

and all applicable waiting and other time periods (including any extensions thereof) during which any such antitrust regulator or Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any relevant jurisdiction in respect of the Acquisition or the acquisition of any Low & Bonar Shares or of management or voting control of Low & Bonar or any member of the Wider Low & Bonar Group or otherwise intervene having expired, lapsed or been terminated;

Certain matters arising as a result of any arrangement, agreement, etc.

9. except as Disclosed, there being no provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Wider Low & Bonar Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, as a consequence of the Acquisition or the acquisition or the proposed acquisition by any member of the Wider Freudenberg Group of any shares or other securities in Low & Bonar or because of a change in the control or management of any member of the Wider Low & Bonar Group or otherwise, could or might reasonably be expected to result in, in each case to an extent which is material in the context of the Wider Low & Bonar Group taken as a whole or material in the context of the Acquisition:
- (a) any monies borrowed by, or any other indebtedness, actual or contingent, of, or any grant available to, any member of the Wider Low & Bonar Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
 - (b) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Low & Bonar Group or any such mortgage, charge or other security interest (wherever created, arising or having arisen) becoming enforceable or being enforced;
 - (c) any assets of any such member being disposed of or charged or ceasing to be available to any such member, or any right arising under which any asset could be required to be disposed of or charged or could cease to be available to any such member other than in the ordinary course of business;
 - (d) any obligation to obtain or acquire any licence, permission, approval, clearance, permit, notice, consent, authorisation, waiver, grant, concession, agreement, certificate, exemption order or registration from any Third Party;
 - (e) any arrangement, agreement, lease, licence, permit licence, permission, approval, clearance, notice, consent, authorisation, waiver, grant, concession, certificate, exemption order or registration or other instrument being terminated or becoming capable of being terminated or adversely modified or the rights, liabilities, obligations or interests of any member of the Wider Low & Bonar Group being adversely modified or adversely affected or any obligation or liability arising or any adverse action being taken or arising thereunder;
 - (f) any liability of any member of the Wider Low & Bonar Group to make any severance, termination, bonus or other payment to any of its directors or other officers;
 - (g) the rights, liabilities, obligations, interests or business of any member of the Wider Low & Bonar Group or any member of the Wider Freudenberg Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider Low & Bonar Group or any member of the Wider Freudenberg Group in or with any other person or body or firm or company (or any arrangement or arrangement relating to any such interests or business) being or becoming capable of being terminated, or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken thereunder;
 - (h) any member of the Wider Low & Bonar Group ceasing to be able to carry on business under any name under which it presently carries on business;
 - (i) the creation or acceleration of any liability to taxation or an adverse effect on the tax position of any member of the Wider Low & Bonar Group;
 - (j) the value of, or the financial or trading position of, any member of the Wider Low & Bonar Group being prejudiced or adversely affected; or
 - (k) the creation or acceleration of any liability (actual or contingent and including without limitation for taxation) by any member of the Wider Low & Bonar Group or for which any such member may be responsible other than trade creditors or other liabilities incurred in the ordinary course of business, and

no event having occurred which, under any provision of any such arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider Low & Bonar Group is a party or by or to which any member or any of its assets are bound, entitled or subject, would or could reasonably be expected to result in any of the events or circumstances as are referred to in Conditions 9(a) to (k);

10. except as Disclosed, no member of the Wider Low & Bonar Group having:

- (a) entered into any agreement, contract, transaction, arrangement or commitment or terminated or varied the terms of any agreement or arrangement (other than in the ordinary course of business);
- (b) entered into any contract, transaction or arrangement which would be restrictive on the business of any member of the Wider Low & Bonar Group or the Wider Freudenberg Group or which is or could involve obligations which would or might reasonably be expected to be so restrictive; or
- (c) entered into, implemented or authorised the entry into, any joint venture, asset or profit sharing agreement, partnership or merger of business or corporate entities,

and which in any such case is material in the context of the Wider Low & Bonar Group taken as a whole or in the context of the Acquisition.

Certain events occurring since the Accounts Date:

11. except as Disclosed, no member of the Wider Low & Bonar Group having since the Accounts Date:

- (a) issued, proposed or agreed to issue, or authorised or announced its intention to authorise or propose the issue, of, additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Low & Bonar Shares (except, where relevant, as between Low & Bonar and wholly-owned subsidiaries of Low & Bonar or between the wholly owned subsidiaries of Low & Bonar) or redeemed, purchased or reduced any part of its share capital or sold or transferred or agreed to sell or transfer any Low & Bonar Shares held by Low & Bonar as treasury shares save as pursuant to the exercise of options or vesting of awards granted under the Low & Bonar Share Plans or for the grant of options or awards in accordance with normal practice under the Low & Bonar Share Plans or with both the prior consent of the Panel and the prior written consent of FVB;
- (b) recommended, declared, paid or made, or proposed to declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than dividends (or other distributions, whether payable in cash or otherwise) lawfully paid or made by any wholly-owned subsidiary of Low & Bonar to Low & Bonar or any of its wholly-owned subsidiaries;
- (c) save as between Low & Bonar and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, effected, authorised, proposed or announced its intention to propose any change in its share or loan capital (or equivalent thereof);
- (d) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or made any other change to any part of its share capital;
- (e) proposed or agreed to provide or modify the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider Low & Bonar Group;
- (f) save as between Low & Bonar and its wholly-owned subsidiaries and other than pursuant to the Acquisition, implemented, effected, authorised, proposed or announced its intention to propose any merger, demerger, reconstruction, arrangement, amalgamation, commitment or scheme or any acquisition or disposal or transfer of assets, shares (other than in the ordinary course of business) or loan capital (or the equivalent thereof) or any right, title or interest in any assets, shares or loan capital (or the equivalent thereof) or other transaction or arrangement in respect of itself or another member of the Wider Low & Bonar Group which in each case would be material in the context of the Wider Low & Bonar Group taken as a whole;

- (g) save as between Low & Bonar and its wholly-owned subsidiaries, acquired or disposed of or transferred (other than in the ordinary course of business) or mortgaged, charged or encumbered any assets or shares or any right, title or interest in any assets or shares (other than in the ordinary course of business) or authorised the same or entered into, varied or terminated or authorised, proposed or announced its intention to enter into, vary, terminate or authorise any agreement, arrangement, contract, transaction or commitment (other than in the ordinary course of business and whether in respect of capital expenditure or otherwise) which is of a loss-making, long-term or unusual or onerous nature or magnitude, or which involves or could involve an obligation of such a nature or magnitude, in each case which is material in the context of the Wider Low & Bonar Group taken as a whole or in the context of the Acquisition (whether in respect of capital expenditure or otherwise);
- (h) exercised any pre-emption rights, or any similar rights that allow any member of the Wider Low & Bonar Group to subscribe for, or acquire, shares in any other person;
- (i) issued, authorised or proposed the issue of or made any change in or to any debentures, or (other than in the ordinary course of business) or, save as between Low & Bonar and its wholly-owned subsidiaries, incurred or increased any indebtedness or liability, actual or contingent, which is material in the context of the Wider Low & Bonar Group taken as a whole or in the context of the Acquisition;
- (j) made, or announced any proposal to make, any change or addition to any retirement, death or disability benefit or any other employment-related benefit (including, but not limited to, bonuses, retention arrangements or share incentive schemes or other benefit relating to the employment or termination of employment of any employee of the Wider Low & Bonar Group) of or in respect of any of its directors, employees, former directors or former employees;
- (k) except in relation to changes made or agreed to be made as required by applicable legislation or other laws or changes to legislation or other laws, having made or agreed or consented to any change to:
 - (i) the terms of the trust deeds or other documentation constituting and/or governing the pension scheme(s) (or other arrangements for the provision of retirement benefits) established by any member of the Wider Low & Bonar Group for its directors, employees or their dependents;
 - (ii) the contributions payable to any such pension scheme(s) or other retirement benefit arrangements or the benefits which accrue or the retirement benefits which are payable thereunder;
 - (iii) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
 - (iv) the basis upon which the liabilities (including pensions or other retirement or death benefits) of such pension schemes or other retirement benefit arrangements are funded, valued or made;
- (l) save as between Low & Bonar and its wholly-owned subsidiaries, granted any lease or third party rights in respect of any of the leasehold or freehold property owned or occupied by it or transferred or otherwise disposed of any such property;
- (m) entered into or varied or made any offer (which remains open for acceptance) to enter into or vary the terms of any service agreement, commitment or arrangement with any director or senior executive of Low & Bonar or any director or senior executive of the Wider Low & Bonar Group;
- (n) taken any action which results in the creation or acceleration of any material tax liability or any member of the Wider Low & Bonar Group or a material adverse effect on the tax position of any such member;
- (o) made any amendment to its memorandum or articles of association;
- (p) waived, compromised or settled any claim or authorised any such waiver or compromise, save in the ordinary course of business, which is material in the context of the Wider Low & Bonar Group taken as a whole or material in the context of the Acquisition;

- (q) been unable or admitted that it is unable to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business or proposed or entered into any composition or voluntary arrangement with its creditors (or any class of them) or the filing at court of documentation in order to obtain a moratorium prior to a voluntary arrangement or, by reason of actual or anticipated financial difficulties, commenced negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;
- (r) taken or proposed any corporate action or had any steps taken or had any legal proceedings started or threatened against it for its winding-up (voluntary or otherwise), dissolution, striking-off or reorganisation or for the appointment of a receiver, administrator (including the filing of any administration application, notice of intention to appoint an administrator or notice of appointment of an administrator), administrative receiver, trustee or similar officer of all or any material part of its assets or revenues or for any analogous proceedings or steps in any jurisdiction or for the appointment of any analogous person in any jurisdiction;
- (s) taken, entered into or had started or threatened against it in a jurisdiction outside Scotland any form of insolvency proceeding or event similar or analogous to any of the events referred to in Conditions 11(q) and (r) above; or
- (t) agreed to enter into or entered into an agreement or arrangement or commitment or passed any resolution or announced any intention or made any offer (which remains open to acceptance) with respect to any of the transactions, matters or events referred to in this Condition 11;

No adverse change, litigation, regulatory enquiry or similar

12. except as Disclosed there having been since the Accounts Date:

- (a) no adverse change and no circumstance having arisen which would or might reasonably be expected to result in any adverse change in, the business, assets, financial or trading position or profits or prospects or operational performance of any member of the Wider Low & Bonar Group which is material in the context of the Wider Low & Bonar Group taken as a whole or is material in the context of the Acquisition;
- (b) no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced or instituted by or against or remaining outstanding against or in respect of any member of the Wider Low & Bonar Group or to which any member of the Wider Low & Bonar Group is or may become a party (whether as claimant, defendant or otherwise) having been threatened, announced, instituted or remaining outstanding by, against or in respect of, any member of the Wider Low & Bonar Group, in each case which is or might reasonably be expected to be material in the context of the Wider Low & Bonar Group, or the Wider Freudenberg Group, taken as a whole or in the context of the Acquisition;
- (c) no enquiry, review or investigation by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Low & Bonar Group having been threatened, announced or instituted or remaining outstanding by, against or in respect of any member of the Wider Low & Bonar Group, in each case which might reasonably be expected to have a material adverse effect on the Wider Low & Bonar Group, or the Wider Freudenberg Group, taken as a whole or is material in the context of the Acquisition;
- (d) no contingent or other liability having arisen or increased which is reasonably likely to affect adversely the business, assets, financial or trading position or profits or prospects of any member of the Wider Low & Bonar Group to an extent which is material in the context of the Wider Low & Bonar Group taken as a whole or in the context of the Acquisition;
- (e) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Low & Bonar Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which might reasonably be expected to have a material adverse effect on the Wider Low & Bonar Group taken as a whole or is material in the context of the Acquisition;

No discovery of certain matters regarding information, liabilities and environmental issues

13. except as Disclosed, FVB not having discovered:

- (a) that any financial, business or other information concerning the Wider Low & Bonar Group publicly announced prior to the Announcement Date or disclosed at any time to any member of the Wider Freudenberg Group by or on behalf of any member of the Wider Low & Bonar Group prior to the Announcement Date is misleading, contains a material misrepresentation of any fact, or omits to state a fact necessary to make that information not misleading, which was not subsequently corrected at least three Business Days before the Announcement Date by disclosure via a Regulatory Information Service, in any such case to a material extent;
- (b) any member of the Wider Low & Bonar Group is subject to any liability, contingent or otherwise, which is not disclosed in the annual reports and accounts of Low & Bonar for the financial year ended on the Accounts Date;
- (c) that any member of the Wider Low & Bonar Group or any partnership, company, joint venture or other entity in which any member of the Wider Low & Bonar Group has a significant economic interest and which is not a subsidiary undertaking of Low & Bonar is subject to any liability, contingent or otherwise;
- (d) any past or present member, director, officer or employee of the Wider Low & Bonar Group has not complied with all applicable legislation, regulations, requirements or any Authorisations relating to the use, treatment, storage, carriage, disposal, discharge, spillage, release, leak or emission of any waste or hazardous substance or any substance likely to impair the environment (including property) or harm human or animal health or otherwise relating to environmental matters or the health and safety of humans, which non-compliance would be likely to give rise to any material liability, including any penalty for non-compliance (whether actual or contingent) on the part of any member of the Wider Low & Bonar Group;
- (e) that there has been a disposal, discharge, spillage, accumulation, release, leak, emission or the migration, production, supply, treatment, storage, transport or use of any waste or hazardous substance or any substance likely to impair the environment (including any property) or harm human or animal health which (whether or not giving rise to non-compliance with any law or regulation), would be likely to give rise to any material liability (whether actual or contingent) on the part of any member of the Wider Low & Bonar Group;
- (f) that there is or is reasonably likely to be any material obligation or liability (whether actual or contingent) or requirement to make good, remediate, repair, reinstate or clean up any property, asset or any controlled waters currently or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider Low & Bonar Group (or on its behalf), or in which any such member may have or previously have had or be deemed to have had an interest, under any environmental legislation, common law, regulation, notice, circular, Authorisation or order of any Third Party in any jurisdiction or to contribute to the cost thereof or associated therewith or indemnify any person in relation thereto; or
- (g) that circumstances exist (whether as a result of making the Acquisition or otherwise) which would or would be reasonably likely to lead to any Third Party instituting (or whereby any member of the Wider Low & Bonar Group would be required or likely to be required to institute) an environmental audit or take any steps which would in any such case result or be reasonably likely to result in any actual or contingent liability to improve or install new plant or equipment or to make good, repair, reinstate or clean up any property of any description or any asset now or previously owned, occupied or made use of by any past or present member of the Wider Low & Bonar Group (or on its behalf) or by any person for which a member of the Wider Low & Bonar Group is or has been responsible, or in which any such member may have or previously have had or be deemed to have had an interest, which is material in the context of the Wider Low & Bonar Group taken as a whole or in the context of the Acquisition;

Anti-corruption and criminal property

14. except as Disclosed, FVB not having discovered:

- (a) any past or present member, director, officer or employee of the Wider Low & Bonar Group or any person that performs or has performed services for or on behalf of any such company is or has engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, as amended or the US Foreign Corrupt Practices Act 1977, as amended or any other anti-corruption legislation applicable to the Wider Low & Bonar Group;
- (b) any past or present member of the Wider Low & Bonar Group has engaged in any activity or business with, or made any investments in, or made any payments to any government, entity or individual covered by any of the economic sanctions administered by the United Nations or the European Union (or any of their respective member states) or the United States Office of Foreign Assets Control or any other governments or supranational body or authority in any jurisdiction in breach of any such sanctions;
- (c) any asset of any member of the Wider Low & Bonar Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition); or
- (d) that any past or present member, director, officer or employee of the of Wider Low & Bonar Group has engaged in any business with or made any investments in, or made any payments, funds or assets available, to or received any funds or assets from: (i) any government, entity or individual in respect of which US or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control or HM Treasury & Customs; or (ii) any government, entity or individual named by any of the economic sanctions of the United Nations or the European Union or any of their respective member states, or any governments or supranational body or authority in any jurisdiction in breach of any applicable laws or sanctions.

Part B: Waiver and Invocation of the Conditions

1. The Scheme will not become effective unless the Conditions (other than Conditions 2(d) and 2(e) of this Part III) have been fulfilled or (if capable of waiver) waived or, where appropriate, have been determined by FVB to be or remain satisfied by no later than 11.59 pm on the date before the Court Hearing.
2. Subject to the requirements of the Panel, FVB reserves the right to waive:
 - (a) any of the Conditions set out in the above Condition 2 of Part A for the timing of the Court Meeting, the General Meeting and the Court Hearing. If any such deadline is not met, FVB shall make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with Low & Bonar to extend the deadline in relation to the relevant Condition; and
 - (b) in whole or in part all or any of the above Conditions 3 to 14 of Part A inclusive.
3. The Scheme and the Acquisition shall lapse if:
 - (a) insofar as the Acquisition constitutes a concentration with a Community dimension within the scope of the EU Merger Regulation or is referred to the European Commission pursuant to Article 4(5) of the EU Merger Regulation, the European Commission either initiates proceedings under Article 6(1)(c) of the EU Merger Regulation or makes a referral to a competent authority in the United Kingdom under Article 9(1) of the EU Merger Regulation and there is then a CMA Phase 2 Reference; or
 - (b) the Acquisition becomes subject to a CMA Phase 2 Reference,in each case, before the date of the Court Meeting.

4. If FVB is required to make an offer or offers for any Low & Bonar Shares under the provisions of Rule 9 of the Code, FVB may make such alterations to the Conditions as are necessary to comply with the provisions of that Rule.
5. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.
6. Under Rule 13.5 of the Code, FVB may not invoke a condition of the Scheme so as to cause the Scheme not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the condition are of material significance to FVB in the context of the Acquisition. Whether or not such condition can be invoked would be determined by the Panel. The conditions contained in Conditions 1 to 4(a) (inclusive) of Part A are not subject to this provision of the Code.
7. FVB shall not be under any obligation to waive (if capable of waiver), to determine, to be or remain satisfied or to treat as fulfilled any of the Conditions in 2 to 14 (to the extent capable of waiver) by a date earlier than the latest date for the fulfilment of that Condition notwithstanding that the other Conditions may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.

Part C: Certain further terms of the Acquisition

1. Low & Bonar Shares will be acquired by FVB fully paid and free from all liens, equitable interests, options, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever and together with all rights attaching to them as at the Announcement Date or subsequently attaching or accruing to them, including voting rights and the right to receive and retain, in full, all dividends and other distributions (if any) declared, made, paid or payable, or any other return of capital made, on or after the Announcement Date.
2. If, on or after the Announcement Date, any dividend and/or other distribution and/or other return of capital is authorised, declared, made or paid or becomes payable in respect of the Low & Bonar Shares, FVB reserves the right (without prejudice to any right of FVB, with the consent of the Panel, to invoke Condition 11(b) in Part A above), to reduce the consideration payable under the terms of the Acquisition for the Low & Bonar Shares by an amount up to the amount of such dividend and/or distribution and/or return of capital, in which case any reference in the Rule 2.7 Announcement or in this document to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced. To the extent that any such dividend and/or distribution and/or other return of capital is authorised, declared, made or paid or is payable prior to the Scheme becoming effective in accordance with its terms and it is: (i) transferred pursuant to the Acquisition on a basis which entitles FVB to receive the dividend, distribution or return of capital and to retain it; or (ii) cancelled, the consideration payable under the terms of the Acquisition will not be subject to change in accordance with this paragraph. Any exercise by FVB of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Acquisition.
3. FVB reserves the right to elect (with the consent of the Panel, if required and subject to the terms of the Cooperation Agreement) to implement the Acquisition by way of a Takeover Offer, in its absolute discretion. In such event, the Acquisition will be implemented on substantially the same terms subject to appropriate amendments, including (without limitation) an acceptance condition set at 90 per cent. (or such less percentage, being more than 50 per cent., as FVB may decide) of the shares to which such offer relates, so far as applicable, as those which would apply to the Scheme.
4. The Acquisition will be subject, inter alia, to the Conditions and certain further terms which are set out in this Part III and such further terms as may be required to comply with the Listing Rules and the provisions of the Code.
5. The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements. Further information in relation to Overseas Shareholders will be contained in the Scheme Circular.

6. The Acquisition is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any jurisdiction where to do so would violate the laws of that jurisdiction and will not be capable of acceptance by any such use, means, instrumentality or facility or from within any such jurisdiction.
7. FVB reserves the right for any other member of the Wider Freudenberg Group from time to time to implement the Acquisition.
8. This document and any rights or liabilities arising hereunder, the Acquisition, the Scheme, and any proxies will be governed by Scots law and be subject to the jurisdiction of the Court. The Scheme will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange and the FCA.

Part IV
THE SCHEME OF ARRANGEMENT

SCHEME OF ARRANGEMENT
(under Part 26 of the Companies Act 2006)

between

LOW & BONAR PLC

and

THE SCHEME SHAREHOLDERS

(as hereinafter defined)

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions have the following meanings:

“Acquisition”	the proposed acquisition of the entire issued, and to be issued, ordinary share capital of Low & Bonar by FVB, to be effected by the Scheme;
“Announcement Date”	20 September 2019;
“Business Day”	a day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for normal business in London;
“certificated” or “in certificated form”	not in uncertificated form (that is, not in CREST);
“Companies Act”	the Companies Act 2006 (as amended, modified, consolidated, re-enacted or replaced from time to time);
“Company” or “Low & Bonar”	Low & Bonar PLC, a company registered in Scotland with registered number SC008349;
“Conditions”	the conditions to the implementation of the Acquisition (including the Scheme), as set out in Part III (<i>Conditions to and Further Terms of the Acquisition and the Scheme</i>) of the Scheme Circular;
“Court”	the Court of Session in Edinburgh;
“Court Hearing”	the hearing by the Court of the application to sanction the Scheme under Part 26 of the Companies Act;
“Court Meeting”	the meeting of Scheme Shareholders (including any adjournment thereof), convened with the permission of the Court under Part 26 of the Companies Act to consider and, if thought fit, to approve this Scheme (with or without modification);
“CREST”	the relevant system to facilitate the transfer of title to shares in uncertificated form (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations);

“CREST Regulations”	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755) (as amended from time to time);
“Effective Date”	the date on which this Scheme becomes effective in accordance with section 899(4) of the Companies Act;
“Encumbrances”	all liens, equitable interests, options, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever;
“Euroclear”	Euroclear UK & Ireland Limited;
“Excluded Shares”	any Low & Bonar Shares beneficially owned by FVB, any parent or subsidiary undertaking (as defined in the Companies Act) of FVB, or any subsidiary undertaking of any such parent, or any person acting in concert with FVB;
“Freudenberg”	FVB’s direct parent company, Freudenberg SE;
“Freudenberg Group”	Freudenberg & Co. Kommanditgesellschaft and its subsidiaries;
“FVB”	FV Beteiligungs-GmbH;
“General Meeting”	the general meeting of the Company (including any adjournment thereof) to be convened in connection with the Scheme;
“holder”	includes any person entitled by transmission;
“Latest Practicable Date”	8 October 2019, being the latest practicable date before the publication of the Scheme Circular;
“Low & Bonar Articles”	the articles of association of the Company, as amended from time to time;
“Low & Bonar Shareholders”	holders of Low & Bonar Shares;
“Low & Bonar Share Plans”	the 1997 Low & Bonar Sharesave Scheme, the Low & Bonar International Sharesave Scheme, the Low & Bonar 2018 Sharesave Scheme and the Low & Bonar 2013 Long Term Incentive Plan each as amended from time to time;
“Low & Bonar Shares”	ordinary shares of five pence each in the capital of the Company;
“Panel”	the Panel on Takeovers and Mergers;
“Registrar” or “Equiniti”	Equiniti Limited, the Company’s registrars;
“Registrar of Companies”	the Registrar of Companies in Scotland;
“Regulatory Information Service”	any of the services authorised by the Financial Conduct Authority from time to time for the purposes of disseminating regulatory announcements;
“Restricted Jurisdiction”	any jurisdiction where the relevant action would constitute a violation of the relevant laws and regulations of such jurisdiction or would result in a requirement to comply with any governmental or other consent or any registration, filing or other formality which FVB or Low & Bonar regards as unduly onerous;

“Scheme”	this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by FVB and Low & Bonar;
“Scheme Circular”	the circular to the Low & Bonar Shareholders published by the Company in connection with this Scheme;
“Scheme Record Time”	6.00 p.m. (London time) on the Business Day immediately following the date of the Court Hearing;
“Scheme Shareholder”	a holder of Scheme Shares;
“Scheme Shares”	Low & Bonar Shares: <ul style="list-style-type: none"> (a) in issue at the date of this Scheme; (b) (if any) issued after the date of this Scheme, but before the Voting Record Time; and (c) (if any) issued at or after the Voting Record Time but at or before the Scheme Record Time, either on terms that the original or any subsequent holders thereof shall be bound by the Scheme or in respect of which the holders thereof shall have agreed in writing to be bound by the Scheme, <p style="margin-left: 40px;">in each case excluding any Excluded Shares;</p>
“subsidiary”	has the meaning given in section 1159 of the Companies Act 2006;
“subsidiary undertaking”	has the meaning given in section 1162 of the Companies Act 2006;
“uncertificated” or “in uncertificated form”	recorded on the relevant register as being held in uncertificated form and title to which may, by virtue of the CREST Regulations, be transferred by means of CREST;
“Voting Record Time”	6.30 p.m. (London time) on the day which is two Business Days prior to the date of the Court Meeting or any adjournment thereof (as the case may be),

and references to clauses are to clauses of this Scheme.

- (B) As at the Latest Practicable Date, the issued ordinary share capital of the Company was £34,487,814.75 divided into 689,756,295 ordinary shares of five pence each all of which are credited as fully paid.
- (C) Options and awards to acquire up to 12,772,870 Low & Bonar Shares have been granted pursuant to the Low & Bonar Share Plans and remain unexercised and/or unvested at the date of this document. It is anticipated that options over 777,918 Low & Bonar Shares will be exercisable if the Court sanctions the Scheme.
- (D) As at the Latest Practicable Date, none of the companies in the Freudenberg Group held any Low & Bonar Shares.
- (E) FVB has, subject to the satisfaction or, where applicable, waiver of the Conditions, agreed to appear by Counsel at the hearing to sanction this Scheme and to submit to be bound by and undertake to the Court to be bound by this Scheme and to execute and do, or procure to be executed and done, all such documents, acts or things as may be necessary or desirable to be executed or done by it or on its behalf for the purpose of giving effect to this Scheme.

THE SCHEME

1. Transfer of Scheme Shares

- (a) On the Effective Date, FVB (or such of its nominee(s) as are determined by FVB) shall acquire all of the Scheme Shares, fully paid-up and free from all Encumbrances and together with all rights attaching to them as at the Announcement Date or subsequently attaching or accruing to them, including voting rights and the right to receive and retain, in full, all dividends and other distributions (if any) declared, made, paid or payable, or any other return of capital declared, made, paid or payable on or after the Announcement Date.
- (b) For such purposes, the Scheme Shares shall be transferred to FVB (or such of its nominee(s) as FVB may determine) and to give effect to those transfers any person may be appointed by FVB as attorney and/or agent and/or otherwise and shall be authorised as such attorney and/or agent and/or otherwise on behalf of the relevant holder of Scheme Shares to execute and deliver as transferor one or more forms of transfer or other instrument or instruction of transfer (whether as a deed or otherwise), or procure the transfer by means of CREST, of such Scheme Shares and every form, instrument or instruction of transfer so executed shall be as effective as if it had been executed or given by the holder or holders of the Scheme Shares thereby transferred.
- (c) Pending the transfer of the Scheme Shares pursuant to clause 1(b), each Scheme Shareholder irrevocably appoints FVB and/or its nominee(s) as its attorney and/or agent and/or otherwise to exercise on its behalf (in place of and to the exclusion of the relevant Scheme Shareholder) any voting rights attached to its Scheme Shares and any or all rights and privileges attaching to its Scheme Shares, to sign any consent to short notice of a general or separate class meeting and to execute a form of proxy in respect of its Scheme Shares appointing any person nominated by FVB to attend general and separate class meetings of the Company and authorises the Company to send to FVB any notice, circular, warrant or other document or communication which may be required to be sent to it as a member of the Company, such that from the Effective Date, no Scheme Shareholder shall be entitled to exercise any voting rights attached to the Scheme Shares or any other rights or privileges attaching to the Scheme Shares.

2. Consideration for the transfer of Scheme Shares

- (a) In consideration of the transfer of the Scheme Shares to FVB, FVB shall, subject to the remaining provisions of this Scheme, pay or procure that there shall be paid to or for the account of each Scheme Shareholder (as appearing in the register of members of Low & Bonar at the Scheme Record Time) 15.5 pence in cash per Scheme Share held by the Scheme Shareholder at the Scheme Record Time.
- (b) If prior to the Effective Date, any dividend and/or other distribution and/or return of capital is authorised, declared, paid or made or becomes payable by Low & Bonar in respect of the Low & Bonar Shares, FVB reserves the right to reduce the consideration payable under the terms of the Scheme by an amount up to the amount of that dividend and/or other distribution and/or return of capital except where the Scheme Shares are or will be acquired pursuant to the Scheme on a basis which entitles FVB to receive the dividend, distribution or return of capital and to retain it. If any such dividend and/or other distribution and/or other return of capital occurs, any reference in this Scheme to the Consideration payable under the Scheme will be deemed to be a reference to the Consideration as so reduced. The exercise of those rights shall not be regarded as constituting any revision or variation of the terms of the Scheme. Any exercise by FVB of those rights shall be the subject of an announcement. To the extent that FVB exercises those rights, Scheme Shareholders will be entitled to receive and retain that dividend, distribution or return of capital.

3. Settlement

- (a) Settlement shall be effected as follows:
 - (i) where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, settlement of any cash consideration to which the Scheme Shareholder is entitled shall be settled by FVB by cheque. Cheques shall be despatched as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date;

- (ii) where, at the Scheme Record Time, a Scheme Shareholder holds Low & Bonar Shares in certificated form, settlement of the Consideration due under the Scheme in respect of those Scheme Shares will be despatched by first class post (or by international standard post, if overseas), by cheque drawn on a branch of a UK clearing bank, provided that, if the amount payable to any such Scheme Shareholder exceeds £1 million, FVB reserves the right, in its sole discretion, to make arrangements with such Scheme Shareholder to facilitate electronic payment of such amount in lieu of a cheque; and
 - (iii) where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form, settlement of any cash consideration to which the Scheme Shareholder is entitled shall be paid by means of CREST by FVB procuring that Euroclear is instructed to create an assured payment obligation in favour of the Scheme Shareholder's payment bank in respect of the cash consideration due to them as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date, in accordance with the CREST assured payment arrangements, provided that FVB reserves the right to make such payment by cheque as set out in clause 3(a)(i) if, for reasons outside of its reasonable control, it is not able to effect settlement in accordance with this clause 3(a)(iii).
- (b) As from the Effective Date, each holding of Scheme Shares credited to any stock account in CREST shall be disabled and all Scheme Shares will be removed from CREST in due course.
 - (c) All deliveries of notices, certificates and/or cheques required to be made under this Scheme shall be made by sending the same by first class post (or by such other method as may be approved by the Panel), addressed to the person entitled thereto, to the address appearing in the register of members of the Company or, in the case of joint holders, to the address of the holder whose name stands first in such register in respect of the joint holding concerned at the Scheme Record Time.
 - (d) All cheques shall be in pounds sterling and drawn on a United Kingdom clearing bank and shall be made payable to the Scheme Shareholder concerned or, in the case of joint holders, to the holder whose name stands first in the register of members of the Company in respect of the joint holding concerned at the Scheme Record Time and the encashment of any such cheque or the creation of any such assured payment obligation as is referred to in clause 3(a)(i) and clause 3(a)(ii)(iii) shall be a complete discharge to FVB for the moneys represented thereby.
 - (e) None of the Company, FVB, Equiniti, their respective agents and nominees shall be responsible for any loss or delay in the transmission of any notice, cheques or payment sent to Scheme Shareholders in accordance with this clause 3, which shall be sent at the risk of the Scheme Shareholder concerned.

4. Certificates in respect of Scheme Shares

With effect from and including the Effective Date:

- (a) all certificates representing the Scheme Shares shall cease to be valid as documents of title to the shares represented thereby and every holder of certificates representing Scheme Shares shall be bound at the request of the Company to deliver up such certificate(s) to the Company or to destroy the same;
- (b) Euroclear shall be instructed to cancel the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form;
- (c) following the cancellation of the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form, Equiniti shall be authorised to dematerialize entitlements to such Scheme Shares; and
- (d) subject to the completion of such transfers, forms, instruments or instructions as may be required in accordance with paragraph 1(b) and the payment of any UK stamp duty thereon, the Company shall make appropriate entries in the register of members of the Company to reflect the transfer of the Scheme Shares to FVB and/or its nominee(s).

5. Mandates

All mandates to the Company in force at the Scheme Record Time relating to Scheme Shares shall, as from the Effective Date, cease to be valid.

6. Effective time

- (a) This Scheme shall become effective as soon as a certified copy of the order of the Court under Part 26 of the Companies Act sanctioning the Scheme shall have been delivered to the Registrar of Companies.
- (b) Unless this Scheme shall become effective at or before 5.00 p.m. (London time) on 30 June 2020 or such later date, if any, as the Company and FVB may agree (with, if required the Panel's consent) and the Court may allow, this Scheme shall never become effective.

7. Modification

The Company and FVB may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition which the Court may approve or impose.

8. Governing law

This Scheme is governed by the laws of Scotland and is subject to the jurisdiction of the Court. The rules of the City Code on Takeovers and Mergers also apply to this Scheme.

11 October 2019

Part V FINANCIAL AND RATINGS INFORMATION

Part A: Financial Information Relating to Low & Bonar

The following sets out financial information in respect of Low & Bonar as required by Rule 24.3 of the City Code. The documents referred to below, the contents of which have previously been announced through a Regulatory Information Service, are incorporated into this document by reference pursuant to Rule 24.15 of the City Code:

- the audited accounts of Low & Bonar for the financial year ended 30 November 2018 are set out on pages 102 to 157 (both inclusive) in Low & Bonar's annual report for the financial year ended 30 November 2018 available from Low & Bonar's website at www.lowandbonar.com; and
- the audited accounts of Low & Bonar for the financial year ended 30 November 2017 are set out on pages 85 to 133 (both inclusive) in Low & Bonar's annual report for the financial year ended on 30 November 2017 available from Low & Bonar's website at www.lowandbonar.com; and
- copies of any interim statements and preliminary announcements made by Low & Bonar since the date of its last published audited accounts available from Low & Bonar's website at www.lowandbonar.com.

Part B: Low & Bonar Ratings Information

Prior to the commencement of the Offer Period, Low & Bonar had been assigned an unsolicited senior unsecured rating of B- (developing watch) and a commercial paper rating of B by Egan-Jones Ratings Company.

As at the Latest Practicable Date, Egan-Jones Ratings Company had not changed the above ratings.

Part C: Financial Information Relating to Freudenberg and FVB

The following sets out the financial information in respect of Freudenberg and FVB required by Rule 24.3 of the City Code. The documents referred to below are incorporated into this document by reference pursuant to Rule 24.15 of the City Code:

- the audited accounts of Freudenberg for the financial year ended 31 December 2018 are set out on pages 103 to 167 (both inclusive) of Freudenberg's annual report for the financial year ended 30 December 2018 available from Freudenberg's website, <https://www.freudenberg.com/newsroom/downloads/>;
- the audited accounts of Freudenberg for the financial year ended 31 December 2017 are set out on pages 103 to 156 (both inclusive) of Freudenberg's annual report for the financial year ended 31 December 2017 available from Freudenberg's website, <https://www.freudenberg.com/newsroom/downloads/>;
- the audited accounts of FVB for the financial year ended 31 December 2018 are set out on pages 11 to 12 (both inclusive) of FVB's audit report for the financial year ended 31 December 2017 available from Freudenberg's website, <https://www.freudenberg.com/meta/confidential/#>;
- the audited accounts of FVB for the financial year ended 31 December 2017 are set out on pages 11 to 12 (both inclusive) of FVB's audit report for the financial year ended 31 December 2017 available from Freudenberg's website, <https://www.freudenberg.com/meta/confidential/#>;
- no preliminary statement of annual results, half yearly financial reports or interim financial information has been published by Freudenberg or FVB, respectively, since the date of its last published audited accounts on 31 December 2018.

A Scheme Shareholder may request a copy of such information in hard copy form (hard copies will not be provided unless requested). Hard copies may be requested from Sabine Fath at Freudenberg, by writing to Freudenberg & Co. Kommanditgesellschaft, Corporate Communications; Hoehnerweg 2-4, 69469 Weinheim, Germany, or by telephone on +49 (6201) 80 6617 during normal business hours.

Part D: FVB Ratings Information

Freudenberg is rated A3 by Moody's and has held this rating since 6 July 2016. The rating was re-affirmed by Moody's on 21 May 2019 with a stable outlook. FVB is an unrated, wholly-owned subsidiary of Freudenberg.

No incorporation of website information

Save as expressly referred to herein, neither the content of Low & Bonar's or FVB's websites, nor the content of any website accessible from hyperlinks on Low & Bonar's or FVB's websites, is incorporated into, or forms part of, this document.

Part VI TAXATION

1. UK Taxation

The comments set out below summarise certain limited aspects of the UK taxation treatment of certain Low & Bonar Shareholders under the Scheme and do not purport to be a complete analysis of all tax considerations relating to the Scheme. The comments do not constitute tax advice. They are based on current UK legislation and what is understood to be current HM Revenue and Customs (“HMRC”) practice (which may not be binding on HMRC), both of which are subject to change, possibly with retrospective effect. The comments are intended as a general guide and do not deal with certain types of Low & Bonar Shareholder such as charities, trusts, dealers in securities, persons who have or could be treated for tax purposes as having acquired or held their Low & Bonar Shares by reason of their employment or as carried interest, collective investment schemes, persons subject to UK tax on the remittance basis and insurance companies.

References below to “**UK Holders**” are to Low & Bonar Shareholders who are resident for tax purposes in, and only in, the United Kingdom (and, in the case of individuals, to whom “split year” treatment does not apply and who are domiciled for tax purposes in, and only in, the United Kingdom), who hold their Low & Bonar Shares as an investment (other than under a pension arrangement or individual savings account) and who are the absolute beneficial owners of their Low & Bonar Shares.

If you are in any doubt about your tax position or you are subject to taxation in any jurisdiction other than the United Kingdom, you should consult an appropriately qualified independent professional adviser immediately.

UK taxation of chargeable gains (“CGT”)

The transfer of Low & Bonar Shares under the Scheme in return for cash should be treated as a disposal of a UK Holder’s Low & Bonar Shares for the purposes of UK CGT or corporation tax on chargeable gains (as applicable) and therefore may, depending on the UK Holder’s particular circumstances (including the availability of exemptions, reliefs and/or allowable losses), give rise to a liability to UK taxation on chargeable gains or, alternatively, an allowable capital loss.

Individual Low & Bonar Shareholders

Subject to available reliefs or allowances, gains arising on a disposal of Low & Bonar Shares by an individual UK Holder will generally be taxed at the rate of 10 per cent. or 20 per cent. depending on the individual’s personal circumstances, including other taxable income and gains in the relevant tax year. The capital gains tax annual exemption (£12,000 (2019/20 tax year)) may be available to individual UK Holders in respect of any chargeable gains realised on the disposal of their Low & Bonar Shares.

Corporate Low & Bonar Shareholders

Subject to any available relief or exemptions, gains arising on the disposal of Low & Bonar Shares by a Low & Bonar Shareholder within the charge to UK corporation tax will be subject to corporation tax, at a rate of 19 per cent. for the financial year starting 1 April 2019. For such UK Holders within the charge to UK corporation tax (but which do not qualify for the substantial shareholding exemption in respect of their Low & Bonar Shares), the indexation allowance may be available where the Low & Bonar Shares were acquired prior to 31 December 2017 in respect of the period of ownership of the Low & Bonar Shares up to and including 31 December 2017 to reduce any chargeable gain arising (but not to create or increase any allowable loss) on the transfer of their Low & Bonar Shares under the Scheme in return for cash. The indexation allowance has effectively been frozen so that it is only calculated up to December 2017, irrespective of when the relevant disposal actually takes place.

The substantial shareholding exemption may apply to exempt from corporation tax any gain arising to UK Holders within the charge to UK corporation tax where a number of conditions are satisfied, including that the corporate UK Holder (together with certain associated companies) has held not less than 10 per cent. of the ordinary issued share capital of Low & Bonar for a period of at least one year beginning not more than six years prior to the date of disposal.

Other direct tax matters

Special tax provisions may apply to Low & Bonar Shareholders who have acquired or who acquire their Low & Bonar Shares under a Low & Bonar Share Plan, including provisions imposing a charge to income tax and national insurance contributions.

UK stamp duty and stamp duty reserve tax (“SDRT”)

No UK stamp duty or SDRT should generally be payable by Low & Bonar Shareholders on the transfer of their Low & Bonar Shares under the Scheme.

UK taxation of certain Overseas Shareholders

Non-UK Holders should not be subject to United Kingdom taxation of chargeable gains in respect of the Scheme, but they may be subject to foreign taxation depending on their personal circumstances.

No UK stamp duty or SDRT should generally be payable by Non-UK Holders on the transfer of their Low & Bonar Shares under the Scheme.

References above to “**Non-UK Holders**” are to (A) individual Overseas Shareholders who (i) are not resident for tax purposes in the United Kingdom, (ii) have not returned and will not be returning to the United Kingdom after a period of “temporary non-residence”, and (iii) are not carrying on a trade (or profession or vocation) in the United Kingdom, and (B) Overseas Shareholders which are companies and are not within the charge to UK corporation tax.

Part VII ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Low & Bonar Directors, whose names are set out in paragraph 2.1 of this Part VII (*Additional Information*), accept responsibility for the information contained in this document (including any expressions of opinion), except for that information for which the Freudenberg Responsible Persons accept responsibility in accordance with paragraph 1.2 below. To the best of the knowledge and belief of the Low & Bonar Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Freudenberg Responsible Persons, whose names are set out in paragraph 2.2 of this Part VII (*Additional Information*), accept responsibility for the information contained in this document (including any expressions of opinion) relating to the Freudenberg Group, the Freudenberg Responsible Persons, their close relatives, related trusts and other connected persons and persons acting in concert with FVB (as such term is used in the Code). To the best of the knowledge and belief of the Freudenberg Responsible Persons (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

- 2.1 The Low & Bonar Directors and their respective functions are as follows:

<i>Director</i>	<i>Function</i>
Daniel Dayan	Executive Chairman
Ian Ashton	Group Chief Financial Officer
Trudy Schoolenberg	Senior Independent Non-Executive Director
Peter Bertram	Independent Non-Executive Director
Kevin Matthews	Independent Non-Executive Director
Michael Powell	Independent Non-Executive Director
Giulia Nobili	Non-Executive Director

Low & Bonar's registered office is at: Whitehall House, 33 Yeaman Shore, Dundee, DD1 4BJ.

- 2.2 The Freudenberg Responsible Persons comprise the FVB Directors and the Freudenberg Board of Management and their respective functions are as follows:

2.2.1 FVB Directors

<i>Name</i>	<i>Function</i>
Dr. Frank Heislitz	Chief Executive Officer, Freudenberg Performance Materials
John McNabb	Chief Technology Officer, Freudenberg Performance Materials
Thomas Herr	Chief Financial Officer, Freudenberg Performance Materials

FVB's registered office is at: Hoehnerweg 2 – 4, 69469 Weinheim, Germany.

2.2.2 Freudenberg Board of Management

<i>Name</i>	<i>Function</i>
Dr. Mohsen Sohi	Chief Executive Officer
Dr. Tilman Krauch	Chief Technology Officer
Dr. Ralf Krieger	Chief Financial Officer

Freudenberg's registered office is at: Hoehnerweg 2 – 4, 69469 Weinheim, Germany.

3. Persons acting in concert

- 3.1 In addition to the Low & Bonar Directors (together with their close relatives and related trusts) and members of the Low & Bonar Group (and their related pension schemes), the persons who, for the purposes of the City Code, are acting in concert with Low & Bonar in respect of the Acquisition and who are required to be disclosed are:

Name	Registered office	Relationship with Low & Bonar
Sterling Strategic Value Fund SA, SICAV-RAIF	18 rue de l'Eau L-1449 Luxembourg	Owens or controls an equity interest of at least 20 per cent.
N.M. Rothschild & Sons Limited	New Court, St Swithin's Lane, London EC4N 1HS	Connected adviser
Peel Hunt LLP	Moor House, 120 London Wall, London EC2Y 5ET	Connected adviser
Canaccord Genuity Limited	88 Wood Street, London EC2V 7QR	Connected adviser

- 3.2 In addition to the FVB Directors and members of the Freudenberg Board of Management (together with their close relatives and related trusts) and members of the Freudenberg Group (and their related pension schemes), the persons who, for the purposes of the City Code, are acting in concert with FVB in respect of the Acquisition and who are required to be disclosed are Barclays and the members of the Freudenberg Supervisory Board, comprise:

Name	Registered office	Relationship with FVB
Barclays	1 Churchill Place Canary Wharf London, E14 5HP	Connected adviser
Martin Wentzler	Freudenberg's registered office	Freudenberg Supervisory Board Chairman
Prof. Dr. Dieter Kurz	Freudenberg's registered office	Freudenberg Supervisory Board Deputy Chairman
Martin Freudenberg	Freudenberg's registered office	Freudenberg Supervisory Board Member
Dr. Maria Freudenberg-Beetz	Freudenberg's registered office	Freudenberg Supervisory Board Member
Martin Haas-Wittmüß	Freudenberg's registered office	Freudenberg Supervisory Board Member
Essimari Kairisto	Freudenberg's registered office	Freudenberg Supervisory Board Member
Dr. Richard Pott	Freudenberg's registered office	Freudenberg Supervisory Board Member
David M. Purvis	Freudenberg's registered office	Freudenberg Supervisory Board Member
Walter Schildhauer	Freudenberg's registered office	Freudenberg Supervisory Board Member

Name	Registered office	Relationship with FVB
Dr. Christoph Schücking	Freudenberg’s registered office	Freudenberg Supervisory Board Member
Mathias Thielen	Freudenberg’s registered office	Freudenberg Supervisory Board Member
Prof. Dr. Emanuel V. Towfigh	Freudenberg’s registered office	Freudenberg Supervisory Board Member

4. Market quotations

4.1 The following table shows the Closing Price for Low & Bonar Shares on the London Stock Exchange on:

- (a) 19 September 2019, being the last Business Day prior to the commencement of the Offer Period;
- (b) the first Business Day of each of the six months immediately before the date of this document; and
- (c) the Latest Practicable Date.

Date	Low & Bonar Share (pence)
1 May 2019	15.00
3 June 2019	9.96
1 July 2019	6.00
1 August 2019	7.50
2 September 2019	6.99
19 September 2019	7.73
1 October 2019	14.68
8 October 2019	14.78

5. Interests and dealings in relevant securities

5.1 Definitions used in this section

For the purposes of this paragraph 5:

“**acting in concert**” with FVB or Low & Bonar, as the case may be, means any such person acting or deemed to be acting in concert with FVB or Low & Bonar, as the case may be, for the purposes of the City Code;

“**connected adviser**” has the meaning given to it in the City Code;

“**connected person**” in relation to a director of FVB or Low & Bonar includes: (a) such director’s spouse or civil partner and children or step-children under the age of 18; (b) the trustee(s) of any trust for the benefit of such director and/or any person mentioned in (a); (c) any company in which such director and/or any person mentioned in (a) or (b) is entitled to exercise or control the exercise of one-third or more of the voting power, or which is accustomed to act in accordance with the directions of such director or any such person; and (d) any other person whose interests in shares are taken to be interests of such director pursuant to Part 22 of the Companies Act;

“**control**” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights (as defined in the City Code) of a company, irrespective of whether such interest(s) give(s) de facto control;

“**dealing**” has the meaning given to it in the City Code and “**dealt**” has the corresponding meaning;

“**derivative**” includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;

“**Disclosure Period**” means the period commencing on 20 September 2018 (being the date 12 months prior to the date of commencement of the Offer Period) and ending on the Latest Practicable Date;

“**exempt principal trader**” has the meanings given by the City Code;

“**financial collateral arrangements**” are arrangements of the kind referred to in Note 4 on Rule 4.6 of the City Code;

“**interest**” in relevant securities has the meaning given to it in the City Code;

“**Latest Practicable Date**” means the close of business on 8 October 2019, being the latest practicable date prior to the publication of this document;

“**Note 11 arrangement**” includes any indemnity or option arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing (other than irrevocable commitments and letters of intent to vote in favour of the Scheme and/or related resolutions, details of which are set out in paragraph 5 of this Part VII (*Additional Information*));

“**Offer Period**” means in this context the period commencing on 20 September 2019 and ending on the Latest Practicable Date;

“**relevant securities**” means:

- (a) Low & Bonar Shares and any other securities of Low & Bonar which carry voting rights;
- (b) equity share capital of Low & Bonar or, as the context requires, FVB; and
- (c) securities of Low & Bonar or, as the context requires, FVB, carrying conversion or subscription rights into any of the foregoing; and

“**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

5.2 *Interests in relevant securities of Low & Bonar*

Low & Bonar

- (a) As at the Latest Practicable Date, the interests of the Low & Bonar Directors (and their close relatives, related trusts and connected persons) in Low & Bonar Shares (apart from options, which are described in paragraph (b) below) were as follows:

<i>Low & Bonar Director (and one immediate family member of a Low & Bonar Director)</i>	<i>Number of Low & Bonar Shares</i>	<i>Percentage of Low & Bonar issued share capital</i>
Daniel Dayan	732,560	0.11
Trudy Schoolenberg	144,247	0.02
Peter Bertram	149,597	0.02
Kevin Matthews	68,751	0.01
Kate Powell ¹	77,635	0.01
TOTAL	1,172,790	0.17

- (b) As at the Latest Practicable Date, the Low & Bonar Directors held the following outstanding options and awards over Low & Bonar Shares under the Low & Bonar Share Plans:

¹ Kate Powell is Michael Powell’s wife.

Long Term Incentive Plan

Director	Maximum number of ordinary shares awarded	Date of grant	Share price at grant* (£)	Exercise price per share (£)	Vesting date
Ian Ashton	2,217,623	8 April 2019	0.14	Nil	7 April 2022

* Closing price on the date of grant

Vesting of the LTIP award set out above is subject to the performance targets in the LTIP plan being met. In light of Low & Bonar's current performance, it is not expected that the performance targets will be met and therefore it is not expected that the LTIP award will vest. However, this will be confirmed closer to the date of the Court Order based on performance at that time.

(c) As at the Latest Practicable Date, the interests of persons acting in concert with Low & Bonar in Low & Bonar Shares were as follows:

Name	Number of Low & Bonar Shares	Percentage of existing issued share capital (excluding treasury shares)
Sterling Strategic Value Fund SA, SICAV-RAIF	150,084,072	21.8

5.3 Dealings in relevant securities in Low & Bonar

Low & Bonar

(a) During the Disclosure Period, the following dealings in Low & Bonar Shares by Low & Bonar Directors (and their close relatives, related trusts and connected persons) and persons acting in concert with Low & Bonar have taken place:

(i) Low & Bonar Directors (and an immediate family member of one Low & Bonar Director)

Name of Low & Bonar Director (and one immediate family member of one Low & Bonar Director)	Dates	Nature of dealings	Number of Low & Bonar Shares	Price (pence)
Daniel Dayan	26 September 2018	Acquisition of Low & Bonar Shares	368,000	40.41
Daniel Dayan	20 February 2019	Acquisition of Low & Bonar Shares – Firm placing and open offer	364,560	15.00
Trudy Schoolenberg	20 February 2019	Acquisition of Low & Bonar Shares	35,892	15.00
Trudy Schoolenberg	20 February 2019	Acquisition of Low & Bonar Shares – Firm placing and open offer (held by Binck Bank NV)	35,893	15.00
Kate Powell ²	20 February 2019	Acquisition of Low & Bonar Shares – Firm placing and open offer	38,635	15.00

² Kate Powell is Michael Powell's wife.

Kevin Matthews	20 February 2019	Acquisition of Low & Bonar Shares –Firm placing and open offer	34,214	15.00
Peter Bertram	2 October 2018	Acquisition of Low & Bonar Shares	75,150	39.92
Peter Bertram	20 February 2019	Acquisition of Low & Bonar Shares –Firm placing and open offer	74,447	15.00

(ii) Persons acting in concert with Low & Bonar

Name of party	Date(s)	Nature of dealings	Number of Low & Bonar Shares	Price (pence)
Sterling Strategic Value Fund S.A., SICAV-RAIF	27 September 2018	Purchase – Market trade	4,000,000	39.0000
Sterling Strategic Value Fund S.A., SICAV-RAIF	27 September 2018	Purchase – Market trade	50,000	39.0000
Sterling Strategic Value Fund S.A., SICAV-RAIF	2 October 2018	Purchase – Market trade	100,000	40.0000
Sterling Strategic Value Fund S.A., SICAV-RAIF	2 October 2018	Purchase – Market trade	750,000	39.8000
Sterling Strategic Value Fund S.A., SICAV-RAIF	2 October 2018	Purchase – Market trade	250,000	39.5000
Sterling Strategic Value Fund S.A., SICAV-RAIF	2 October 2018	Purchase – Market trade	900,000	39.9000
Sterling Strategic Value Fund S.A., SICAV-RAIF	3 October 2018	Purchase – Market trade	200,000	39.8500
Sterling Strategic Value Fund S.A., SICAV-RAIF	3 October 2018	Purchase – Market trade	100,000	39.5000
Sterling Strategic Value Fund S.A., SICAV-RAIF	3 October 2018	Purchase – Market trade	100,000	39.0000
Sterling Strategic Value Fund S.A., SICAV-RAIF	4 October 2018	Purchase – Market trade	100,000	38.5000
Sterling Strategic Value Fund S.A., SICAV-RAIF	4 October 2018	Purchase – Market trade	100,000	37.1574
Sterling Strategic Value Fund S.A., SICAV-RAIF	5 October 2018	Purchase – Market trade	455,000	37.0000
Sterling Strategic Value Fund S.A., SICAV-RAIF	5 October 2018	Purchase – Market trade	200,000	37.0000
Sterling Strategic Value Fund S.A., SICAV-RAIF	5 October 2018	Purchase – Market trade	50,000	37.0000
Sterling Strategic Value Fund S.A., SICAV-RAIF	10 October 2018	Purchase – Market trade	100,000	36.9585
Sterling Strategic Value Fund S.A., SICAV-RAIF	30 January 2019	Purchase – Open offer	56,541,571	15.0000
Sterling Strategic Value Fund S.A., SICAV-RAIF	19 February 2019	Purchase – Placing	30,341,448	15.0000
Sterling Strategic Value Fund S.A., SICAV-RAIF	1 April 2019	Purchase – Market trade	500,000	13.1000
Sterling Strategic Value Fund S.A., SICAV-RAIF	9 April 2019	Sale – Market Trade	100,000	14.5000
Sterling Strategic Value Fund S.A., SICAV-RAIF	10 April 2019	Sale – Market Trade	400,000	14.5000

Sterling Strategic Value Fund S.A., SICAV-RAIF	22 May 2019	Purchase – Market Trade	500,000	11.1000
Sterling Strategic Value Fund S.A., SICAV-RAIF	22 May 2019	Purchase – Market Trade	263,000	11.0000
Sterling Strategic Value Fund S.A., SICAV-RAIF	23 May 2019	Purchase – Market Trade	500,000	10.9642
Sterling Strategic Value Fund S.A., SICAV-RAIF	24 May 2019	Purchase – Market Trade	92,711	10.7000
Sterling Strategic Value Fund S.A., SICAV-RAIF	28 May 2019	Purchase – Market Trade	500,000	10.7359
Sterling Strategic Value Fund S.A., SICAV-RAIF	29 May 2019	Purchase – Market Trade	427,751	10.4000
Sterling Strategic Value Fund S.A., SICAV-RAIF	31 May 2019	Purchase – Market Trade	235,900	9.7444
Sterling Strategic Value Fund S.A., SICAV-RAIF	3 June 2019	Purchase – Market Trade	325,091	9.8504
Sterling Strategic Value Fund S.A., SICAV-RAIF	4 June 2019	Purchase – Market Trade	371,916	9.4828
Sterling Strategic Value Fund S.A., SICAV-RAIF	5 June 2019	Purchase – Market Trade	128,084	9.9000
Sterling Strategic Value Fund S.A., SICAV-RAIF	5 June 2019	Purchase – Market Trade	250,000	9.5065
Sterling Strategic Value Fund S.A., SICAV-RAIF	6 June 2019	Purchase – Market Trade	250,000	9.7321
Sterling Strategic Value Fund S.A., SICAV-RAIF	7 June 2019	Purchase – Market Trade	500,000	8.7684
Sterling Strategic Value Fund S.A., SICAV-RAIF	10 June 2019	Purchase – Market Trade	216,735	8.7100
Sterling Strategic Value Fund S.A., SICAV-RAIF	11 June 2019	Purchase – Market Trade	283,265	8.9953
Sterling Strategic Value Fund S.A., SICAV-RAIF	11 June 2019	Purchase – Market Trade	174,318	9.0670
Sterling Strategic Value Fund S.A., SICAV-RAIF	12 June 2019	Purchase – Market Trade	107,299	9.1000
Sterling Strategic Value Fund S.A., SICAV-RAIF	17 June 2019	Purchase – Market Trade	500,000	6.8069
Sterling Strategic Value Fund S.A., SICAV-RAIF	17 June 2019	Purchase – Market Trade	332,860	6.6511
Sterling Strategic Value Fund S.A., SICAV-RAIF	18 June 2019	Purchase – Market Trade	167,140	6.6734

5.4 **General**

Save as disclosed in this document:

- (a) as at the Latest Practicable Date, none of: (i) FVB; (ii) Freudenberg; (iii) any FVB Director, or any member of the Supervisory Board or Board of Management of Freudenberg, or any close relatives, related trusts or connected person of any such person; and (iv) any other person acting in concert with FVB or Freudenberg, had any interest in, right to subscribe in respect of, or short position in respect of relevant securities of Low & Bonar; and no such person has dealt in any relevant securities of Low & Bonar during the Disclosure Period;

- (b) as at the Latest Practicable Date, neither FVB nor Freudenberg nor any person acting in concert with FVB or Freudenberg had borrowed or lent any relevant securities of Low & Bonar (including any financial collateral arrangements), save for borrowed shares which have been either on-lent or sold;
- (c) as at the Latest Practicable Date, none of: (i) Low & Bonar; (ii) any Low & Bonar Director, or any close relatives, related trusts or connected person of any such director; and (iii) any other person acting in concert with Low & Bonar, had any interest in, right to subscribe in respect of, or short position in relation to relevant securities of Low & Bonar; and no such person has dealt in any relevant securities of Low & Bonar during the Offer Period;
- (d) as at the Latest Practicable Date, neither Low & Bonar nor any person acting in concert with it had borrowed or lent any relevant securities of Low & Bonar (including any financial collateral arrangements), save for borrowed shares which have been either on-lent or sold;
- (e) as at the Latest Practicable Date, none of: (i) Low & Bonar; and (ii) any Low & Bonar Director, or any close relatives, related trusts or connected person of any such director, had any interest in, right to subscribe in respect of, or short position in relation to relevant securities of FVB; and no such person has dealt in any relevant securities during the Offer Period;
- (f) as at the Latest Practicable Date, save for the irrevocable undertakings described in paragraph 6 below, neither FVB nor Freudenberg nor any person acting in concert with FVB or Freudenberg has any Note 11 arrangement with any other person; and
- (g) as at the Latest Practicable Date, neither Low & Bonar nor any person who is an acting in concert with Low & Bonar has any Note 11 arrangement with any other person.

6. Irrevocable undertakings

6.1 *Low & Bonar Directors and Immediate Family Members*

FVB has received irrevocable undertakings from the Low & Bonar Directors (and an immediate family member of one Low & Bonar Director) who hold Low & Bonar Shares to vote in favour of the Scheme in respect of their own beneficial holdings totalling 1,172,790 Low & Bonar Shares, representing in aggregate approximately 0.17 per cent. of Low & Bonar's issued share capital as at the Latest Practicable Date, comprised as follows:

Name of Low & Bonar Director (and an immediate family member of one Low & Bonar Director)	Number of Low & Bonar Shares	Percentage of issued ordinary share capital of Low & Bonar
Daniel Dayan	732,560	0.11
Trudy Schoolenberg	144,247	0.02
Peter Bertram	149,597	0.02
Kevin Matthews	68,751	0.01
Kate Powell ³	77,635	0.01
TOTAL	1,172,790	0.17

These irrevocable undertakings will cease to be binding if the Scheme lapses or is withdrawn unless FVB publicly confirms that it intends to implement the Acquisition by way of a Takeover Offer, or otherwise, within four Business Days after any such withdrawal or lapse.

³ Kate Powell is Michael Powell's wife.

6.2 Institutional Shareholders

The following holders of Low & Bonar Shares have given irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting in relation to the following Low & Bonar Shares:

Name	Number of Low & Bonar Shares	Percentage of issued ordinary share capital of Low & Bonar
Sterling Strategic Value Fund S.A., SICAV-RAIF	150,084,072	21.8
Aberforth Partners LLP	71,795,604	10.4
The Wellcome Trust Limited (as trustee of The Wellcome Trust)	40,672,737	5.9
J O Hambro Capital Management Limited	37,416,557	5.4
Luxempart SA	55,708,870	8.1
AXA Investment Managers UK Limited	47,794,449	6.9
TOTAL	403,472,289	58.5

The irrevocable undertakings given by Sterling Strategic Value Fund S.A., SICAV-RAIF (“**Sterling**”) and Luxempart SA will cease to be binding and be of no effect if: (i) the Scheme lapses or is withdrawn in accordance with its terms unless at or before the time of, or within five Business Days after, such lapse or withdrawal, FVB has publicly confirmed that it intends to implement the Acquisition by way of a Takeover Offer or otherwise; (ii) an announcement is made in accordance with Rule 2.7 of the Code of a competing offer (whether to be made by way of an offer or scheme of arrangement) either wholly in cash or with a full cash alternative in respect of the entire issued, and to be issued, share capital of Low & Bonar and such competing offer or, as the case may be, full cash alternative, represents a value per Low & Bonar Share at the date and time in London of such announcement of not less than 17 pence, unless FVB announces an improvement to the terms of its offer within five Business Days of the higher competing offer being made such that the price of the improved offer is equal to or greater than the higher competing offer; or (iii) the Scheme is not effective by 11.59 p.m. on 30 April 2020. The irrevocable undertaking given by Sterling will also lapse if the Scheme Circular is not posted within 28 days (or such longer period as the Panel may agree, being not more than 10 weeks) of the Announcement Date.

The irrevocable undertaking given by J O Hambro Capital Management Limited (“**J O Hambro**”) will cease to be binding and be of no effect if: (i) the Scheme lapses or is withdrawn in accordance with its terms unless at or before the time of, or within five Business Days after, such lapse or withdrawal, FVB has publicly confirmed that it intends to implement the Acquisition by way of a Takeover Offer or otherwise; or (ii) an announcement is made in accordance with Rule 2.7 of the Code of a competing offer (whether to be made by way of an offer or scheme of arrangement) either wholly in cash or with a full cash alternative in respect of the entire issued, and to be issued, share capital of Low & Bonar and such competing offer or, as the case may be, full cash alternative, represents a value per Low & Bonar Share at the date and time in London of such announcement of not less than 110 per cent. of the value of consideration per ordinary share of Low & Bonar payable pursuant to FVB’s offer.

The irrevocable undertaking given by AXA Investment Managers UK Limited (“**AXA**”) will cease to be binding and be of no effect if: (i) the Scheme lapses or is withdrawn in accordance with its terms unless at or before the time of, or within 5 Business Days after, such lapse or withdrawal, FVB has publicly confirmed that it intends to implement the Acquisition by way of a Takeover Offer or otherwise; or (ii) an announcement is made in accordance with Rule 2.7 of the Code of a competing offer (whether to be made by way of an offer or scheme of arrangement) either wholly in cash or with a full cash alternative in respect of the entire issued, and to be issued, share capital of Low & Bonar and such competing offer or, as the case may be, full cash alternative, represents a value per Low & Bonar Share at the date and time in London of such announcement of not less than 110 per cent. of the value of consideration per ordinary share of Low & Bonar payable pursuant to FVB’s offer, unless FVB has announced an improvement to the terms of its offer within 5 Business Days of the higher competing offer being made such that the price of the improved offer is equal to or greater than the higher competing offer.

The irrevocable undertakings given by Aberforth Partners LLP (“**Aberforth**”) and The Wellcome Trust Limited (as trustee of The Wellcome Trust) (“**Wellcome**”) will lapse and cease to be enforceable if: (i) the Scheme is withdrawn or does not become effective in accordance with its terms unless at or before the time of, or within 5 Business Days after, such lapse or withdrawal, FVB has publicly confirmed that it intends to implement the Acquisition by way of a Takeover Offer or otherwise; or (ii) an announcement is made in accordance with Rule 2.7 of the Code of a competing offer (whether to be made by way of an offer or scheme of arrangement) in respect of the shares in Low & Bonar which represents, in the opinion of Aberforth or Wellcome (as applicable), a value per ordinary share of Low & Bonar at the date and time in London of such announcement of not less than 110 per cent. of the value of consideration per ordinary share of Low & Bonar payable pursuant to FVB’s offer and at any time following such announcement Aberforth or Wellcome (as applicable) notifies FVB of such opinion or otherwise makes an announcement or notification that it no longer intends to vote in favour of the Scheme, and nothing in the irrevocable undertaking prevents Aberforth or Wellcome (as the case may be) from selling, transferring or otherwise disposing of all or any of the relevant Low & Bonar Shares at or above such price. All of the obligations of Aberforth and Wellcome under their respective irrevocable undertakings shall be fully discharged and the irrevocable undertakings will cease to have any continuing force and effect at the conclusion of the Court Meeting and the General Meeting (provided that they have voted or procured the vote in favour of the resolutions). The irrevocable undertakings given by Aberforth and Wellcome shall also lapse and be of no further force or effect: (i) if the Scheme Circular is not posted within 28 days of the date of the Rule 2.7 Announcement (or such later date as Aberforth or Wellcome (as applicable) may agree in writing); and (ii) if and to the extent that any relevant Low & Bonar Shares have been lent to a third party and are unable to be recalled using reasonable endeavours.

The irrevocable undertaking given by Aberforth entitles it to sell, or to instruct the sale of, some or all of the Low & Bonar Shares managed by it if, following any termination or amendment of Aberforth’s authority from the relevant beneficial owners of the Low & Bonar Shares, Aberforth (in its sole discretion) considers that such sale is necessary or in the best interests of the beneficial owner(s) of the relevant Low & Bonar Shares or if Aberforth is otherwise required or instructed to do so by such owner(s), and Aberforth’s irrevocable undertaking will not apply to any Low & Bonar Shares which are so sold. The irrevocable undertaking given by Aberforth will also not apply to Low & Bonar Shares to the extent that they are the subject of a distribution to a client by way of a redemption in specie.

The irrevocable undertaking given by Aberforth is subject to any termination or amendment of Aberforth’s authority from the relevant beneficial owners of the Low & Bonar Shares. Similarly, the irrevocable undertaking given by AXA is subject to any amendment or termination of AXA’s authority in respect of the Low & Bonar Shares or instruction to the contrary by AXA’s underlying clients or customers. The irrevocable undertaking given by J O Hambro allows it to sell all or any part of its Low & Bonar Shares at any time to any person who has executed and delivered an irrevocable undertaking to FVB which is the same in all material respects as the irrevocable given to FVB.

J O Hambro also gave a letter of intent to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the General Meeting in relation to 37,416,556 Low & Bonar Shares. However, following a series of disposals, J O Hambro announced on 26 September 2019 that the letter of intent no longer applies to any Low & Bonar Shares.

7. Service contracts and letters of appointment of the Low & Bonar Directors

7.1 Low & Bonar Executive Directors

The Low & Bonar Executive Directors have entered into service agreements with the Low & Bonar Group as summarised below:

Director	Date of Appointment (current role)	Notice Period (from Director)	Notice Period (from Low & Bonar)	Current annual base salary (£)
Daniel Dayan	3 July 2019	6 months	6 months	560,000
Ian Ashton	10 December 2018	6 months	12 months	300,000

Daniel Dayan was appointed as Executive Chairman on 3 July 2019 on the following terms:

- Base salary of £320,000, of which £160,000 p/a shall be deferred until 1 January 2021. The deferred payment is conditional on Daniel Dayan remaining in employment and not having given notice at that date, unless the Remuneration Committee determines otherwise.
- Payment in lieu of notice (PILON): 50 per cent. of base salary, being salary for the six-month notice period.
- LTIP award over shares to a value equivalent to 2x base salary, vesting on the third anniversary of the grant, subject to performance condition assessed on 31 December 2020. Threshold target was a share price of 15 pence (triggering vesting of 20 per cent. of the award), and the maximum target was a share price of 30 pence (triggering vesting of 100 per cent. of the award).

After Daniel Dayan's appointment, Low & Bonar received approaches with regard to a potential offer being made for its entire issued and to be issued share capital. As a result, Low & Bonar remained in a period of inside information after publishing its half year results, and therefore was not in a position to honour the commitment to grant the share award to Daniel Dayan in accordance with the appointment letter. On that basis, the Company and Daniel Dayan entered into new employment terms on 16 August 2019.

The terms of the new appointment letter, subject to the Low & Bonar remaining in a closed period and/or Daniel Dayan being unable to trade due to the existence of inside information are as follows:

- Base salary: £560,000 p/a, of which £400,000 p/a shall be deferred until 1 January 2021. The deferred payment is conditional on Daniel Dayan remaining in employment and not having given notice at that date, unless the Remuneration Committee determines otherwise.
- PILON: 50 per cent. of base salary, being salary for the six-month notice period.
- LTIP: N/A.
- Bonus: Daniel Dayan is entitled to a bonus of up to 100 per cent. of his salary (i.e. £560,000) payable on 30 November 2019 or on the date of sale of the Low & Bonar Group based upon the price per share achieved in a sale of Low & Bonar between a share price of 15 pence (triggering payment of 20 per cent. of the bonus), and a share price of 30 pence (triggering payment of 100 per cent. of the bonus). The bonus amount corresponding to a Low & Bonar share price of 15.5 pence is £126,933.
- Should Low & Bonar no longer be in a closed period, and Daniel Dayan not be on any insider list as at that time, his terms of employment will be as set out in the previous appointment letter.

Ian Ashton is eligible to receive a performance-related bonus of up to 100 per cent. of salary for the 2019 financial year and was made a grant under the LTIP as part of the annual LTIP award in 2019. Ian Ashton receives a contribution of 15 per cent. of his salary to his Personal Pension Plan, and may elect to have a cash supplement in lieu of such a contribution. Ian Ashton is also eligible to participate in Low & Bonar's life assurance scheme, private medical expenses insurance scheme for the benefit of himself, his wife and all dependent children under the age of 21.

Both Executive Directors are reimbursed for all reasonable and properly documented expenses incurred in performing the duties of their office.

7.2 *The Low & Bonar Non-Executive Directors*

The Low & Bonar Non-Executive Directors have entered into letters of appointment with the Low & Bonar Group as summarised below:

Director	Date of Appointment (current role)	Notice Period (from Director)	Notice Period (from Low & Bonar)	Current annual fees (£)	Unexpired term of directorship
Trudy Schoolenberg	1 May 2019	6 months	6 months	42,500	2 years, 7 months
Peter Bertram	1 February 2018	3 months	3 months	42,500	1 year, 4 months
Kevin Matthews	1 April 2018	6 months	6 months	42,500	1 year, 6 months
Michael Powell	1 December 2016	6 months	6 months	42,500	2 months
Giulia Nobili	10 July 2019	3 months	3 months	Nil	2 years, 9 months

Trudy Schoolenberg, Kevin Matthews and Michael Powell receive an additional £7,000 per annum uplift for their roles as Senior Independent Director, Chairman of the Remuneration Committee and Chairman of the Audit Committee respectively.

All Low & Bonar Non-Executive Directors are reimbursed for all reasonable and properly documented expenses incurred in performing the duties of their office.

7.3 *Other service contracts*

Save as disclosed above, there are no service contracts between any Low & Bonar Director or proposed Director of Low & Bonar and any member of the Low & Bonar Group and no such contract has been entered into or amended within the six months preceding the date of this document.

8. **Material contracts**

8.1 *Offer-related Agreements*

(a) *Cooperation Agreement*

FVB and Low & Bonar have entered into the Cooperation Agreement, pursuant to which, among other things: (i) FVB and Low & Bonar have agreed to co-operate for the purposes of obtaining all approvals, consents, clearances, permissions, confirmations, comfort letters and waivers which may need to be obtained from any relevant authority in connection with the implementation of the Acquisition; (ii) FVB agrees to provide information and assistance to Low & Bonar for the purposes of preparing the Scheme Circular and any other document required by law to be published in connection with the Scheme; (iii) FVB has agreed to certain provisions if the Scheme switches to a Takeover Offer; (iv) FVB and Low & Bonar have agreed to implement appropriate proposals in relation to the Low & Bonar Share Plans and the Low & Bonar Employee Benefit Trust; and (v) FVB has agreed to pay Low & Bonar, subject to the terms of the Cooperation Agreement, a break payment in the amount of £1.5 million if the Acquisition lapses or is withdrawn as a result of FVB invoking the antitrust Conditions set out at paragraphs 3 and 4(a) of Part A of Part III of this document or £750,000 if the Acquisition lapses or is withdrawn as a result of FVB invoking the antitrust Condition set out at paragraph 4(b) of Part A of Part III of this document, or, in the case of each such aforementioned amounts if the Acquisition lapses or is withdrawn as a result of the applicable Conditions becoming incapable of satisfaction or not being satisfied by the Long Stop Date and not having been waived by FVB. The break payment is not payable in certain circumstances as set out in the Cooperation Agreement.

The Cooperation Agreement will terminate in certain circumstances, including: (i) if the Low & Bonar Board withdraws its recommendation of the Acquisition; (ii) the Low & Bonar Board recommends a competing proposal or a competing proposal becomes effective or is declared or becomes unconditional in all respects; (iii) the Acquisition lapses or terminates in accordance with its terms; or (iv) if key milestones for the Scheme process are not met within certain time periods; or (v) otherwise as agreed between FVB and Low & Bonar.

(b) *Non-Disclosure Agreements*

Freudenberg and Low & Bonar have entered into the NDA, pursuant to which each party has undertaken, amongst other things, to: (a) keep confidential information relating to the Acquisition and the other party and not to disclose it to third parties unless permitted by the terms of the NDA; and (b) only use the confidential information for the purposes of the potential Acquisition and obtaining related antitrust clearances. With certain exceptions, the confidentiality obligations will expire upon the earlier of: (i) 24 months from the date of the NDA; and (ii) completion of the Acquisition.

The NDA also contains undertakings from Freudenberg that for a period of 12 months, none of Freudenberg or any of its group undertakings and certain other associated persons shall not, without the prior written consent of Low & Bonar, acquire or offer to acquire any interest in shares or other securities of Low & Bonar (which undertaking ceases as at the date of the Rule 2.7 Announcement). Low & Bonar and Freudenberg each provide undertakings that, for a period of 12 months from the date of the NDA, they shall not, without the other party's prior written consent, solicit certain employees or officers or entice away any suppliers or customers of the other party, subject to customary carve-outs.

(c) *Clean Team Agreement*

Freudenberg and Low & Bonar have entered into the Clean Team Agreement, the purpose of which is to ensure that the disclosure of certain materials relating to Low & Bonar to certain Freudenberg employees, external legal counsel and external experts hired by Freudenberg, is appropriately ring-fenced in order to preserve the confidentiality of such materials and ensure disclosure is made in compliance with all applicable antitrust laws.

(d) *Clean Team Protocols*

Freudenberg and its external legal advisors have also entered into the Clean Team Protocols, the purpose of which is to ensure that the disclosure of certain materials relating to Low & Bonar required for the purpose of obtaining all necessary antitrust approvals and clearances to Freudenberg's external advisors, is ring-fenced in order to preserve the confidentiality of such materials and ensure disclosure is made in compliance with all applicable antitrust laws.

8.2 *Low & Bonar Material Contracts*

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Low & Bonar Group during the period beginning two years preceding the commencement of the Offer Period and are or may be material or contain any provision under which any member of the Low & Bonar Group has an obligation or entitlement which is material to it as at the date of this document:

(a) *Existing Finance Arrangements*

(i) *Facility Agreement*

On 16 May 2018, Low & Bonar and Low & Bonar Technical Textiles Holding BV (the "**borrowers**") entered into a €165 million multicurrency revolving facility agreement (the "**Facility Agreement**") with, amongst others, HSBC Bank plc, ING Bank N.V., London Branch and Citibank N.A., London Branch as mandated lead arrangers and joint bookrunners and HSBC Bank plc as facility agent.

The funds under the Facility Agreement were used initially to refinance a then-existing facility and thereafter were available for general corporate purposes. A commitment fee applies to the Facility Agreement at a rate of 35 per cent. of the then applicable margin payable on the unused and uncanceled amount available from each lender, payable in arrears on the last day of each successive period of three months during the term of the facility. Certain customary fees are also payable to the facility agent. The

base currency for funds drawn under the Facility Agreement is the Euro, but funds can be drawn in other currencies provided that currency is readily available in the amount required and freely convertible into Euro.

The borrowers may borrow funds under the Facility Agreement by delivering to the agent a duly completed utilisation request, provided that there can be no more than 20 loans outstanding at any one time under the Facility Agreement. The utilisation request must specify the currency and amount of the proposed loan and an interest period of one, two, three or six months (unless otherwise agreed). All loans, together with accrued interest, are required to be repaid on the last day of their respective interest period. The Facility Agreement terminates five years from the date of the agreement, on 15 May 2023, and all loans remaining outstanding shall be due and payable at that date. Subject to certain conditions, all or part of the utilisations under the Facility Agreement may be voluntarily prepaid and all or part of the available commitment may be voluntarily cancelled. Any amount repaid can generally be redrawn in accordance with the terms of the Facility Agreement, but no amounts cancelled may be subsequently reinstated, subject to certain exceptions.

Prepayment will be required in full or in part on the occurrence of an illegality event (that is, if it becomes unlawful in any applicable jurisdiction for a lender to perform its obligations under the Facility Agreement) and may be required in full or in part if any person or group of persons acting in concert gains control of Low & Bonar.

Low & Bonar, Low & Bonar Technical Textiles Holdings BV, Low & Bonar GmbH, Low & Bonar N.V., Low & Bonar B.V. and Low & Bonar Inc. provide a continuing guarantee of punctual performance of each of the borrower's obligations under the Facility Agreement and also undertakes to indemnify the relevant lender immediately on demand against any cost, loss or liability it incurs as a result of any borrowers' non-performance under the Facility Agreement (save as set out below). The Facility Agreement is unsecured.

A number of standard representations and warranties have been given in the Facility Agreement, most of which are repeated on the date of each utilisation request and on each proposed utilisation date. Customary materiality tests, carve-outs and grace periods also apply. The Facility Agreement requires the borrowers and the guarantors to comply, and to ensure the compliance of the Low & Bonar Group, with a number of customary undertakings and covenants including, inter alia, a net debt to EBITDA ratio covenant (the "**Leverage Covenant**"). The Leverage Covenant for the Low & Bonar Group required a ratio of not more than 3.5x at 31 May 2019 and was later reduced to a ratio of not more than 3.0x at 30 November 2019 (subject as set out further below).

The Facility Agreement contains certain customary events of default (subject in certain cases to agreed grace periods, thresholds and other qualifications) including, for example, non-payment, breach of financial covenants and a cross-default to other financial indebtedness of any member of the Low & Bonar Group. The occurrence of an event of default which is continuing would allow the lenders under the Facility Agreement to, amongst other things, upon written notice to Low & Bonar, accelerate all or part of the outstanding loans, cancel the commitments and declare all or part of the loans payable on demand.

On 29 July 2019, the borrowers entered into certain amending agreements in relation to the Facility Agreement under which: (a) the total commitments under the Facility Agreement were reduced from €165 million to €135 million; (b) the Leverage Covenant was amended such that the Low & Bonar Group requires a ratio of not more than 3.5x (rather than 3.0x) at 30 November 2019 (and thereafter a ratio of not more than 3.0x) and the ratio of EBITA to Net Interest Payable would be at least 2.50x at 30 November 2019 (and thereafter be 3.0x). In addition, the borrowers agreed to enhance certain information provision conditions; (c) Low & Bonar agreed not to pay an interim dividend in respect of the 6-month period ended on 30 May 2019; and (d) the borrowers agreed to procure that the net proceeds from any disposal of assets would be used to repay the amounts outstanding under the Facility Agreement and the PP Loan Note (as defined below) (pro rata to the principal amount outstanding under each such facility) for certain periods whilst the Leverage Covenant shows the relevant ratio to be more than 2.75x.

On 29 August 2019, Low & Bonar N.V. resigned as a guarantor under the Facility Agreement having ceased to be a subsidiary undertaking of Low & Bonar as set out in paragraph (e) below. On 17 September, 2019, Low & Bonar Euro Holdings Limited acceded as a guarantor to the Facility Agreement on the same basis as other subsidiary undertakings of Low & Bonar.

On 9 October 2019, the borrowers entered into an amending agreement in relation to the Facility Agreement under which: (a) compliance with the financial covenants for the period to 30 November 2019 was waived; (b) the margin above LIBOR or EURIBOR payable on borrowings was increased; and (c) no utilisation request will be issued by any borrower which would increase the amount borrowed without the

prior written consent of the facility agent (acting on the instructions of the majority lenders). Should the Acquisition lapse or be withdrawn at any time on or before 31 May 2020, then Low & Bonar will, within 14 days after the later of 30 November 2019 and the date of such lapse or withdrawal, deliver to the facility agent a compliance certificate in respect of the twelve month period ending on and including the later of: (i) 30 November 2019; and (ii) the last day of the calendar month immediately prior to the date of such lapse or withdrawal (such period, the “**Additional Relevant Period**”) demonstrating that for the Additional Relevant Period: the ratio of EBITDA to net interest payable for such Additional Relevant Period is not less than 2.50 to 1; and the Leverage Covenant ratio is not greater than 3.50 to 1. Low & Bonar also agreed to provide information with regard to the Acquisition to the lenders.

(ii) *PP Loan Note*

A note purchase agreement was entered into on 2 September 2016 between Low & Bonar Technical Textiles Holding BV as issuer, Low & Bonar as parent guarantor and PGIM, Inc. and The Prudential Insurance Company of America as purchasers, pursuant to which the issuer issued €60 million of 2.57 per cent. Senior Unsecured Notes due 2 September 2026, as amended by amendment agreements dated 16 May 2018, 29 July 2019 and 9 October 2019 (as so amended, the “**PP Loan Note**”).

Beginning on 2 September 2022 and on each 2 September thereafter, up to and including 2 September 2025, the issuer is required to prepay €12 million principal amount of the notes then outstanding at par and without payment of any make-whole amount or other premium. The remaining unpaid balance of the notes is due and payable on 2 September 2026. In addition, standard mandatory prepayment provisions apply where there is a change of control or where a holder of a note would be in violation of sanctions laws due to changes in sanctions laws. The notes are subject to standard optional prepayment provisions, including payment of a make-whole amount, or for tax reasons.

Low & Bonar and the subsidiaries that provide a guarantee under the Facility Agreement are also required to provide similar guarantees of the punctual performance of the issuer’s obligations under the PP Loan Note. Each such guarantor undertakes to indemnify noteholders immediately on demand against any cost, loss or liability they incur as a result of the issuer’s non-performance under the PP Loan Note. The PP Loan Note is unsecured and ranks *pari passu* to the facility under the Facility Agreement.

A number of standard representations and warranties have been given in the PP Loan Note. Customary materiality tests, carve-outs and grace periods also apply. The PP Loan Note requires the Low & Bonar Group to comply with a number of customary undertakings and to maintain specified EBITDA to interest and net debt to EBITDA ratios, in line with the financial covenants under the Facility Agreement (following an amendment to the PP Loan Note made on 16 May 2018). The events of default are usual for notes and transactions of this type. Upon the occurrence of an event of default which is not remedied or waived, the noteholders may require all outstanding notes to be repaid immediately, together with a make whole amount.

The PP Loan Note was also agreed to be amended on 29 July 2019 in the manner referred to in paragraph (i) above in relation to the Facility Agreement to similarly amend the financial covenants and information provision undertakings. The borrowers agreed to pay certain fees to the holders of the PP Loan Note in return for such amendments.

On 29 August 2019, Low & Bonar N.V. resigned as a guarantor under the PP Loan Note having ceased to be a subsidiary undertaking of Low & Bonar as set out in paragraph (e) below. On 17 September 2019, Low & Bonar Euro Holdings Limited acceded as a guarantor to the PP Loan Note on the same basis as other subsidiary undertakings of Low & Bonar.

On 9 October 2019, the borrowers entered into an amending agreement in relation to the PP Loan Note under which the financial covenants were amended and compliance with the financial covenants was waived on the same basis as for the Facility Agreement set out at paragraph 8.2(a)(i) above and the borrowers agreed to provide information with regard to the Acquisition to the holders of the PP Loan Note. The borrowers agreed to pay certain fees to the holders of the PP Loan Note in return for such waivers and amendment.

(b) *Bonar Natpet Joint Venture Disposal Agreements*

(i) *Bonar Natpet SPA*

Low & Bonar, Low & Bonar Technical Textiles Holding B.V. (“**TTH**”), National Petrochemical Industrial Company (J.S.C.) (“**Natpet**”) and Bonar Natpet LLC (“**Bonar Natpet**”) entered into a share purchase

agreement on 15 January 2018 (the “**Bonar Natpet SPA**”) pursuant to which, TTH and Natpet agreed to terminate the non-woven geotextile joint venture in Saudi Arabia between them, Natpet agreed to purchase from TTH its 50 per cent. stake in Bonar Natpet and TTH agreed to provide transitional services for a period of six months from completion at an agreed per diem rate until 31 December 2021. Low & Bonar agreed to act as guarantor of the obligations of members of the Group under the Bonar Natpet SPA.

The consideration for the Bonar Natpet SPA comprised a nominal amount for the shares in Bonar Natpet, payable by Natpet to TTH, and certain fees payable to Low & Bonar on 31 December each year until 31 December 2019 linked to the financial performance of Bonar Natpet in that period. In addition, it was agreed that TTH would make a payment to Bonar Natpet relating to certain trade debtor invoices of Bonar Natpet which were unpaid at the time of completion of the transaction for a specified period (all of which payments were made at completion of the transaction referred to below). In addition, the Bonar Natpet SPA required the parties to enter into the Bonar Natpet IP Licence and the Bonar Natpet Deed of Termination detailed below and a distribution agreement between Bonar Natpet and Low & Bonar N.V.. The completion of the transactions in the Bonar Natpet SPA was subject to certain completion conditions, including in relation to no government or regulatory proceedings or investigations being threatened or commenced which would prohibit, challenge or otherwise materially inhibit completion; approval of and entry into any documents required to effect completion and applicable consents being obtained from lenders and regulators in Saudi Arabia, as applicable, such conditions being required to be met by no later than 15 September 2018. The parties entered into amendment deeds (the “**Bonar Natpet Amendment Deeds**”) on 1 September and 19 November 2018 to provide that the Bonar Natpet SPA would terminate if the completion conditions were not satisfied by 30 November 2018 and then 10 January 2019, respectively. A further amending deed was entered into on 9 January 2019 to accommodate certain practical arrangements to allow for an orderly completion of the transactions envisaged by the Bonar Natpet SPA, after the main conditions to completion of it were met, and the sale of TTH’s shares in Bonar Natpet was completed in March 2019. On 9 January 2019, the parties to the Bonar Natpet SPA entered into an escrow account agreement to facilitate payments of sums due between them under the Bonar Natpet SPA.

The Bonar Natpet SPA contained typical title, capacity and seller solvency warranties and customary pre-completion undertakings relating to the conduct of the Bonar Natpet business and the steps required to be taken prior to completion. In addition, Low & Bonar agreed, subject to completion, to purchase or procure that its affiliates purchase 1,500 tonnes of fibre from Bonar Natpet at agreed rates during the 12 months after the date of the agreement or pay a shortfall payment at the conclusion of the 12 month period to offset Bonar Natpet’s losses. Low & Bonar complied with its obligations in this respect during 2018.

(ii) *Bonar Natpet IP Licence Agreement*

Simultaneously with and pursuant to the Bonar Natpet SPA, Low & Bonar, Low & Bonar N.V., TTH, Natpet and Bonar Natpet entered into an intellectual property licence agreement on 15 January 2018 (the “**Bonar Natpet IP Licence Agreement**”), which became effective in March 2019. Pursuant to the Bonar Natpet IP Licence Agreement, Low & Bonar N.V. has agreed to continue to licence certain trademarks to Bonar Natpet on a non-exclusive basis until 31 December 2019, unless terminated earlier, and to a perpetual licence (subject to certain limited exceptions) of certain know-how related to the manufacture of the products manufactured by Bonar Natpet during the duration of the joint venture. Low & Bonar agreed to guarantee the obligations of Low & Bonar N.V. and TTH and Natpet agreed to continue to guarantee the obligations of Bonar Natpet under the Bonar Natpet IP Licence Agreement. The Bonar Natpet IP Licence Agreement was amended by way of a deed on 9 January 2019 to accommodate certain consequential changes required as a result of the amendments made to the Bonar Natpet SPA on that same date. Low & Bonar N.V. ceased to be a member of the Low & Bonar Group on 28 August 2019, as set out in more detail in paragraph (e) below, but Low & Bonar remains a guarantor of its obligations under the Bonar Natpet IP Licence Agreement subject as set out in paragraph (e) below.

The use of the licensed trademarks is for the purposes of marketing and selling the non-woven textiles products manufactured by Bonar Natpet in certain Middle Eastern and Asian territories and the US, and for the purposes of marketing and selling staple fibres worldwide. The Bonar Natpet IP Licence Agreement also contains certain restrictions on sales of competing products in overlapping territories and non-solicitation undertakings relating to key employees by all parties.

The Bonar Natpet IP Licence Agreement may be terminated by Low & Bonar N.V. or Bonar Natpet by written notice in respect of a default on payment, an unremedied material breach, insolvency or where there is a change of control in respect of which Bonar Natpet is acquired by a competitor of Low & Bonar N.V.

Under the NPNW Sale and Purchase Agreement, Low & Bonar is to be indemnified by the NPNW Buyer (as defined as paragraph (e) below) for any losses arising from Low & Bonar N.V. not performing its obligations under the Bonar Natpet IP Licence Agreement.

(iii) *Bonar Natpet Deed of Termination*

Simultaneously with and pursuant to the Bonar Natpet SPA, Low & Bonar, TTH, Natpet, Bonar Natpet and Low & Bonar N.V. entered into a deed of termination on 15 January 2018 (the “**Bonar Natpet Deed of Termination**”). Pursuant to the Bonar Natpet Deed of Termination, conditional on completion under the Bonar Natpet SPA, the previous agreements between the parties relating to the Bonar Natpet joint venture terminate and outstanding shareholder loans and royalties are discharged. The Bonar Natpet Deed of Termination was amended by way of a deed on 9 January 2019 to accommodate certain consequential changes required as a result of the amendments made to the Bonar Natpet SPA on that same date.

(c) *Placing and Open Offer*

(i) *Placing and Open Offer Agreement*

On 30 January 2019, Low & Bonar, Peel Hunt LLP (the “**Underwriter**”) and Canaccord Genuity Limited (“**Canaccord**”) entered into a Placing and Open Offer Agreement (the “**Placing and Open Offer Agreement**”) pursuant to which Low & Bonar appointed Peel Hunt LLP as underwriter and sponsor and Canaccord as co-lead manager in connection with a placing and open offer and firm placing of 32,628,228 new ordinary shares at the issue price of 15 pence per ordinary share in connection with the firm placing and 327,021,479 new ordinary shares at the same price in connection with the placing and open offer.

Subject to and pursuant to the terms and conditions of the Placing and Open Offer Agreement, the Underwriter agreed to fully underwrite the placing and open offer and firm placing. The Underwriter (as agent of Low & Bonar) agreed to use reasonable endeavours to procure institutional investors to subscribe for shares in the open offer, subject to clawback to satisfy valid applications by certain qualifying shareholders under the open offer. The Underwriter also agreed to procure conditional subscribers for the firm placed shares, such firm places to comprise institutional and other investors. The Underwriter agreed to acquire (a) any open offer shares which were not taken up under the open offer by qualifying shareholders and were not subscribed for under the placing and (b) any shares that were not subscribed for under the firm placing.

The underwriting commission payable to the Underwriter was equal to 2.25 per cent. of the offer price multiplied by the total number of new shares. Low & Bonar also agreed to pay to Peel Hunt LLP a sponsor fee of £350,000 and to pay to Canaccord a commission of 0.5 per cent. of the offer price multiplied by the total number of new shares issued.

Low & Bonar also agreed to bear all expenses of or incidental to the placing and open offer and firm placing, and certain other matters.

Low & Bonar gave certain customary representations, warranties and undertakings to the Underwriter and Canaccord and customary indemnities to the Underwriter and Canaccord and to certain persons connected with them, in relation to the placing and open offer and firm placing. The obligations of the Underwriter under the Placing and Open Offer Agreement were subject to certain customary conditions, which were met.

Low & Bonar agreed that, between the date of the Placing and Open Offer Agreement and the date which fell 180 calendar days after admission, it would not, and would procure that no group company would, without the prior written consent of the Underwriter: (i) issue, allot, offer, pledge, sell, contract to sell, grant any option, right, warrant or contract to purchase, purchase any option or contract to sell, lend or otherwise transfer or dispose of, directly or indirectly, any ordinary shares or other shares in the capital of Low & Bonar or any securities convertible into or exchangeable for ordinary shares or other shares in the capital of Low & Bonar; or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of ordinary shares or other shares in the capital of Low & Bonar, subject to certain exceptions.

(ii) *Jersey Co Arrangements*

In connection with the placing and open offer and firm placing, Low & Bonar, Peel Hunt LLP (“**JerseyCo Subscriber**”) and Arthur (Funding) Jersey Limited (“**JerseyCo**”), a subsidiary of Low & Bonar, entered into two agreements, each dated 30 January 2019, in respect of the subscription and transfer of ordinary shares and redeemable preference shares in JerseyCo to facilitate the placing and open offer and firm placing (each, a “**Subscription and Transfer Agreement**”). Under the terms of a Subscription and Transfer Agreement:

- (A) the JerseyCo Subscriber would apply monies received or due from investors and shareholders taking up new shares under the placing and open offer and firm placing to subscribe for redeemable preference shares in JerseyCo to an aggregate value equal to such monies (after deducting certain commissions and expenses); and
- (B) Low & Bonar would allot and issue the new ordinary shares to be issued in connection with the placing and open offer and firm placing to the investors and shareholders entitled thereto in consideration of JerseyCo transferring its holdings of redeemable preference shares and ordinary shares in JerseyCo to Low & Bonar.

Instead of receiving cash as consideration for the issue of the new shares, at the conclusion of the placing and open offer and firm placing, Low & Bonar would own the entire issued ordinary and redeemable preference share capital of JerseyCo whose only assets would be cash reserves representing an amount equal to the net proceeds of the placing and open offer and firm placing. Low & Bonar subsequently redeemed the preference share capital to obtain the proceeds from the placing and open offer and firm placing.

(d) *CF Sale Agreement*

On 31 May 2019, Low & Bonar N.V. and LCM Construction Products Limited (the “**CF Sellers**”) entered into a sale and purchase agreement with Adfil NV relating to the sale and purchase of (i) the construction fibres business (“**CF Business**”) carried on by Low & Bonar N.V. and (ii) the entire issued share capital of Low & Bonar Hull Limited owned by LCM Construction Products Limited (the “**Construction Fibres SPA**”). At the same time, Low & Bonar N.V. also entered into a sale agreement with Industria BV (a company associated with Adfil NV) for the sale of certain land and buildings in Zele, Belgium from which the CF Business was conducted (the “**CF Property**”). The sales of the CF Business and the CF Property completed on 1 July 2019 after satisfaction of the conditions precedent.

The consideration payable for the CF Business and CF Property were initially calculated, respectively as €3.5 million for the CF Business (subject to certain adjustments related to certain financial parameters) and €2,901,507 for the CF Property. The consideration for the CF Business was finally determined to be €3,306,843. The entire consideration for the CF Property has been paid. Adfil NV also agreed to make certain payments to the Low & Bonar N.V. in respect of its trade creditors existing at completion of the sale of the CF business in an amount of €1,587,574, all of which has been paid.

The CF Sellers gave certain customary representations and warranties with regard to the sale of the CF Business and, in the case of Low & Bonar N.V., the CF Property. The CF Sellers also entered into certain ancillary agreements relating to the disposal of the CF Business. These included (i) a transitional services agreement under which Low & Bonar N.V. agreed to provide certain services to Adfil NV in relation to the continued operation of the CF business in the fields of HR, information technology, maintenance, purchasing, use of an office facility, logistics, quality management and use of forklift trucks for varying periods up to one year and on condition of payment of certain fees; (ii) an agreement under which the Group’s facility in Dundee would continue to supply certain fibres to Adfil NV, and (iii) a licence for the continued use of certain intellectual property used in the CF Business.

The CF Sellers agreed not to re-enter the CF Business for a period of two years after the sale, and Low & Bonar has separately agreed with Adfil NV that the remainder of the Low & Bonar Group will also abide by such restrictions.

Low & Bonar N.V. and Adfil NV also entered into a memorandum of understanding with regard to the sale to the owner of the CF Property of certain office premises and car parking facilities in Zele and the rental

by Low & Bonar N.V. of the majority of those offices and the car park for the continued conduct of the CF Business. The completion of such transactions is subject to a number of conditions (including the agreement of satisfactory documentation for the sale and rental arrangements between the parties), which must be met by 30 September 2019 or the memorandum of understanding will terminate. If this sale proceeds, the price payable for the property transferred will be €1 million. When the sale completes, under the arrangements referred to in paragraph (e) below, an amount of €300,000 from the purchase price will be paid to Low & Bonar by Low & Bonar N.V. (being the amount by which the purchase price received exceeds €700,000).

Low & Bonar N.V. ceased to be a member of the Low & Bonar Group on 2 September, 2019, and LCM Construction Products Limited remains a member of the Low & Bonar Group.

(e) *NPNW Sale and Purchase Agreement*

On 25 July 2019, Low & Bonar, Low & Bonar Technical Textiles Holding B.V. (the “**Belgian Sellers**”), Bonar International Holdings Limited (the “**Hungarian Seller**” and, together with the Belgian Sellers, the “**NPNW Sellers**”) and Nimbus Investments CXXXII B.V. (subsequently novated to Nimtex Holding NV)(the “**NPNW Buyer**”) entered into a sale and purchase agreement (the “**NPNW SPA**”) in respect of the sale and purchase of (i) the entire issued share capital of Low & Bonar N.V. (the “**Belgian Target**”); and (ii) the entire issued share capital of Low & Bonar Hungary Kft (the “**Hungarian Target**” and, together with the Belgian Target, the “**NPNW Targets**”). The sale completed on 2 September 2019 after satisfaction of the conditions precedent and pre-completion and completion obligations.

The consideration payable in terms of the NPNW SPA was an amount of €17,293,000. The entire consideration has been paid.

The NPNW Sellers gave certain customary representations and warranties with regard to the sale of the shares in the NPNW Targets. The NPNW Sellers also entered into certain ancillary agreements, including (i) a transitional services agreement under which Low & Bonar Technical Textiles Holding B.V. agreed to provide certain services to the NPNW Targets in the fields of HR and information technology; (ii) a manufacturing agreement in terms of which the NPNW Targets would continue to manufacture and sell to the Low & Bonar Group certain needle-punched non-woven fleeces, and (iii) a licence for the continued use of certain intellectual property used by the NPNW Targets for purposes of the needle-punched non-woven business.

The NPNW Sellers agreed to be bound by certain restrictive covenants for a period of two years after the sale, including (i) not engaging in competitive behaviour in relation to the needle-punched non-woven business in certain jurisdictions, (ii) the non-solicitation of senior staff members and (iii) not causing or attempting to persuade persons doing business with the NPNW Targets to terminate their relationships with them or continuing on less favourable terms.

The NPNW Sellers agreed to indemnify each of the NPNW Buyer and the Belgian Target from any claims, losses and liabilities (and all costs incurred in connection therewith) arising from a breach of the warranties and indemnities given by the Belgian Target in the Construction Fibres SPA and for the liability of the Belgian Target pursuant to Construction Fibres SPA that would actually relate or belong to the other seller, LCM Construction Products Limited, to the Construction Fibres SPA. The NPNW Sellers also agreed to indemnify each of the NPNW Buyer and the NPNW Targets from any claims and losses and liabilities (and costs incurred in connection therewith) arising from any obligation of the NPNW Targets to creditors of and in so far as the claims relate to the business sold pursuant to the Construction Fibres SPA in excess of €2.6 million after completion of the Construction Fibres SPA, provided that such indemnified amount in relation to creditors shall not exceed €750,000. The NPNW Sellers also agreed to indemnify each of the NPNW Buyer and the Belgian Target in respect of any remedial costs required by law or otherwise determined by a relevant authority arising from certain mineral oil contamination at the production facility in Zele, Belgium.

The NPNW SPA also contained certain provisions providing that the benefit of certain deferred payments to be made to Low & Bonar N.V. under the Construction Fibres SPA would be passed to the Sellers subject to a maximum aggregate amount of €1.95 million (all of which benefit has been received by Low & Bonar), save for the amount of €300,000 (being the amount by which the purchase price received exceeds €700,000) payable to Low & Bonar in respect of the sale of certain property as referred to in paragraph (d) above.

The NPNW Buyer acknowledged the guarantee of the Belgian Target's obligations by Low & Bonar and the Belgian Seller in the Bonar Natpet Licence Agreement referred to in paragraph 8.2(b)(ii) above and, pending the release of such guarantee, the NPNW Buyer agreed to procure that the Belgian Target shall perform its obligations under that licence agreement and shall procure that each member of its group conducts itself so as not to cause a breach of such obligations; and indemnify Low & Bonar and the Belgian Seller against all losses arising from any breach of such licence agreement by any member of the NPNW Buyer's group and/or the Belgian Target and/or Low & Bonar and the Belgian Seller performing their respective obligations under the guarantee provisions in the licence agreement.

(f) *Non-Disclosure Agreement*

See paragraph 8.1(b) above for details of the non-disclosure agreement between Low & Bonar and Freudenberg.

(g) *Cooperation Agreement*

See paragraph 8.1(a) above for details of the Cooperation Agreement between Low & Bonar and FVB.

8.3 *FPM Material Contracts*

(a) *FRICTINS Asset Purchase Agreement*

On 30 September 2019, Freudenberg Performance Materials SE & Co. KG, Weinheim (Germany ("**FPM SE KG**")) entered into an asset purchase agreement with the German start-up FRICTINS GmbH, Wolnzach/Germany ("**FRICTINS**") and its founder Willibald Speth to acquire certain assets, primarily comprising intellectual property, in the field of friction enhanced disks based on a special non-woven material produced by Freudenberg. The consideration for the acquisition comprised nominal amounts for the fixed and intangible assets payable to FRICTINS and Willibald Speth and certain deferred purchase price payments payable to Willibald Speth each year in the period between 2020 and 2029 linked to the financial performance of the product sales based on the transferred intellectual property. FRICTINS and Willibald Speth gave certain customary warranties and representations with regard to the sale of the assets which were the subject of the transfer.

(b) *Mizuho Facility Credit Agreement*

On 21 January 2019, Freudenberg Far Eastern Spunweb Co. Ltd. ("**Freudenberg Far Eastern**") entered into a general credit facility agreement with Mizuho Bank, Taipei Branch (the "**Mizuho Facility Agreement**").

The funds under the Mizuho Facility Agreement are being used to finance a new spunlaid non-woven production line at Freudenberg Far Eastern's factory in Tayuan Tao-Yuan, Taiwan. The total size of the Mizuho Facility Agreement is 680 million Taiwanese dollars and is structured in multiple tranches which align with the construction stages of the underlying investment. Each of the tranches contain a fixed interest element and a floating interest rate based on the Taiwanese interbank loan market rate and include a lender's margin.

Each tranche of the Mizuho Facility Agreement terminates three years from the date that it is drawn down, and each tranche shall be repaid in full at its relevant maturity date.

The Mizuho Facility Agreement contains certain customary events of default including, for example, non-payment or compulsory execution, provisional attachment, provisional measures or other precautionary measures which have a material adverse effect on Freudenberg Far Eastern to fulfil its payment obligations hereunder. The occurrence of an event of default which is continuing would allow the lender under the Mizuho Facility Agreement to, amongst other things, upon written notice to Freudenberg Far Eastern, accelerate all or part of the outstanding loans, cancel the commitments and declare all or part of the loans payable on demand.

A number of standard representations and warranties have been given in the Mizuho Facility Agreement, most of which are repeated on the date of each utilisation request and on each proposed utilisation date. The Mizuho Facility Agreement requires the borrower to comply with a number of customary undertakings and a *pari passu* clause in relation to other claims of banks with a similar risk profile.

(c) *Cooperation Agreement*

See paragraph 8.1(a) above for details of the Cooperation Agreement between Low & Bonar and FVB.

(d) *Non-Disclosure Agreement, Clean Team Agreement and Regulatory Clean Team Protocols*

See paragraphs 8.1(b) to 8.1(d) above for details of the NDA, Clean Team Agreement and Clean Team Protocols.

9. Cash confirmation

The cash consideration payable by FVB to Low & Bonar Shareholders pursuant to the Acquisition will be funded from Freudenberg's existing cash resources.

Barclays, financial adviser to Freudenberg, confirms that it is satisfied that sufficient resources are available to FVB to satisfy in full the cash consideration payable pursuant to the Acquisition.

10. Significant change

Save as disclosed in the current trading and prospects section in paragraph 8 of Part 1 (*Letter From The Executive Chairman of Low & Bonar PLC*) or as otherwise disclosed in this document, there has been no significant change in the financial or trading position of the Low & Bonar Group since 31 May 2019, being the date to which Low & Bonar's last published interim accounts were prepared.

11. Sources and bases of selected financial information

11.1 The aggregate value of the Consideration of £107 million is calculated by multiplying the offered amount of 15.5 pence in cash per Low & Bonar Share by Low & Bonar's fully diluted share capital (as referred to in paragraph 11.2 below).

11.2 The fully diluted share capital of Low & Bonar of 690,534,213 Low & Bonar Shares is calculated on the basis of:

(a) Low & Bonar's issued share capital as at the close of business on the Latest Practicable Date, of 689,756,295 Low & Bonar Shares; and

(b) 777,918 Low & Bonar Shares which may be issued on or after the date of this document on the exercise of options or vesting of awards under the Low & Bonar Share Plans, based on current estimated performance and vesting criteria as at the close of business on the Latest Practicable Date.

11.3 Unless otherwise stated, all prices quoted for Low & Bonar Shares have been derived from the Daily Official List of the London Stock Exchange and represent closing middle market prices on the relevant date.

11.4 Unless otherwise stated:

(a) historic financial information relating to Freudenberg has been extracted or derived (without material adjustment) from the audited financial statements of Freudenberg contained in Freudenberg's Annual Report and Accounts for the financial year ended 31 December 2018 or from Freudenberg's management sources; and

(b) historic financial information relating to Low & Bonar has been extracted or derived (without material adjustment) from the audited financial statements of Low & Bonar contained in Low & Bonar's Annual Report and Accounts for the financial year ended 30 November 2018 and from the announcement of Low & Bonar's half year results for the six months ended 31 May 2019.

11.5 Certain figures included in this document have been subject to rounding adjustments.

12. Incorporation by reference

- 12.1 Parts of other documents are incorporated by reference in, and form part of, this document.
- 12.2 Part V (*Financial and Ratings Information*) of this document sets out which sections of such documents are incorporated into this document.
- 12.3 A person who has received this document may request a copy of such documents incorporated by reference. A copy of any such documents or information incorporated by reference will not be sent to such persons unless requested from Equiniti at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, or by calling the Shareholder Helpline between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except English and Welsh public holidays) on 0333-207-6385, or +44 (0)121-415-0954 (from outside the UK, international rates apply). Calls are charged at the standard geographic rate and will vary by provider. Please note that calls may be randomly monitored or recorded for security and training purposes and Equiniti cannot provide financial, legal, investment or tax advice or advice on the merits of the Acquisition. If requested, copies will be provided, free of charge, within two business days of the request.

13. Other information

- 13.1 Each of Barclays and Rothschild & Co, has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.
- 13.2 Save as disclosed in this document, there is no agreement, arrangement or understanding (including any compensation arrangement) between FVB or any person acting in concert with it and any of the directors, recent directors, shareholders or recent shareholders of Low & Bonar, or any person interested or recently interested in Low & Bonar Shares, having any connection with or dependence on or which is conditional upon the outcome of FVB's offer.
- 13.3 There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the Low & Bonar Shares to be acquired by FVB will be transferred to any other person, save that FVB reserves the right to transfer any such shares to any other member of the Freudenberg Group.
- 13.4 Save with the consent of the Panel, settlement of the consideration to which each Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien or right of set-off, counterclaim or other analogous right to which FVB may otherwise be, or claim to be, entitled against any such Scheme Shareholder.
- 13.5 The aggregate fees and expenses which are expected to be incurred by Low & Bonar Group in connection with the Acquisition are estimated to amount to between approximately £3.4 million and £3.7 million plus applicable VAT and other taxes. This aggregate number consists of the following categories:

Category	Amount – £m
Financial and corporate broking advice	£1.6
Legal advice ⁽¹⁾	between £1.2 and £1.5
Accounting advice	£0.0
Public relations advice	£0.0
Other professional services	£0.3
Other costs and expenses	£0.3
Total	<u>between £3.4 and £3.7</u>

Notes

- (1) These fees are charged by reference to hourly or daily rates. Amounts included here reflect the time incurred up to the Latest Practicable Date and an estimate of the further time required.

13.6 The aggregate fees and expenses which are expected to be incurred by FVB in connection with the Acquisition are estimated to amount to between approximately £5.9 million and £6.2 million plus applicable VAT. This aggregate number consists of the following categories:

Category	Amount – £m
Financial and corporate broking advice	£3.5
Legal advice	Between £1.0 and £1.3
Accounting advice	£0.4
Public relations advice	£0.0
Other professional services	£0.2
Other costs and expenses	£0.8
Total	<u>Between £5.9 and £6.2</u>

Notes

(1) These fees are charged by reference to hourly or daily rates. Amounts included here reflect the time incurred up to the Latest Practicable Date and an estimate of the further time required.

13.7 Save as disclosed in this document, the emoluments of the Low & Bonar Directors and the FVB Directors and the members of the Supervisory Board or Board of Management of Freudenberg will not be affected by the Acquisition or any other associated transaction.

13.8 Save as disclosed in this document, there is no agreement or arrangement to which FVB is a party which relates to the circumstances in which it may or may not invoke a condition to the Scheme.

14. Documents available for inspection

Until and including the Effective Date (or the date on which the Scheme lapses or is withdrawn, if earlier) copies of the following documents will be available at Low & Bonar's Head Office, One Connaught Place, London, W2 2ET, and via the link on Low & Bonar's website at: www.lowandbonar.com; and at Freudenberg's website at: <http://www.freudenberg.com>:

14.1 the Low & Bonar Articles;

14.2 the articles of association of FVB and the articles of association of Freudenberg;

14.3 the audited consolidated financial statements of the Low & Bonar Group for the two years ended 30 November 2018;

14.4 the audited consolidated financial statements of Freudenberg for the two years ended 31 December 2018;

14.5 the audited financial statements of FVB for the two years ended 31 December 2018;

14.6 the unaudited consolidated financial statements of the Low & Bonar Group for the six month period ended 31 May 2019;

14.7 a copy of the written consent from each of Barclays and Rothschild & Co referred to at paragraph 13.1 of this Part VII (*Additional Information*);

14.8 copies of the letters of irrevocable undertaking referred to at paragraph 6 of this Part VII (*Additional Information*) of this document;

14.9 copies of the material contracts referred to at paragraph 8.1 of this Part VII (*Additional Information*);

14.10 this document and a sample of each of the Forms of Proxy.

Part VIII DEFINITIONS

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

Accounts Date	30 November 2018;
Acquisition	the proposed acquisition of the entire issued, and to be issued, ordinary share capital of Low & Bonar by FVB to be implemented by means of the Scheme (or, if FVB so elects, subject to the terms of the Cooperation Agreement, a Takeover Offer);
acting in concert	with a person means any person acting or deemed to be acting in concert with the first mentioned person, as the case may be, for the purposes of the City Code;
Announcement Date	20 September 2019, being the date of the Rule 2.7 Announcement;
associated undertaking	has the meaning given in section 344(3) of the Companies Act 2006;
Authorisations	for the purposes of the Conditions, means regulatory authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions or approvals;
Barclays	Barclays Bank PLC, acting through its Investment Bank;
Belgian Sellers	has the meaning given in clause 8.2(e) of Part VII;
Belgian Target	has the meaning given in clause 8.2(e) of Part VII;
Bonar Natpet	Bonar Natpet LLC;
Bonar Natpet Amendment Deeds	has the meaning given in clause 8.2(b)(i) of Part VII;
Bonar Natpet Deed of Termination	has the meaning given in clause 8.2(b)(iii) of Part VII;
Bonar Natpet IP Licence Agreement	has the meaning given in clause 8.2(b)(ii) of Part VII;
Bonar Natpet SPA	has the meaning given in clause 8.2(b)(i) of Part VII;
Business Day	a day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for normal business in London;
Canaccord	Canaccord Genuity Limited;
certificated or in certificated form	not in uncertificated form (that is, not in CREST);
CF Business	has the meaning given in clause 8.2(d) of Part VII;
CF Property	has the meaning given in clause 8.2(d) of Part VII;
CF Sellers	has the meaning given in clause 8.2(d) of Part VII;
City Code or Code	the City Code on Takeovers and Mergers, as amended from time to time;
Clean Team Agreement	the due diligence clean team agreement entered into by Freudenberg and Low & Bonar dated 5 August 2019;

Clean Team Protocols	regulatory clean team protocols entered into by Freudenberg and its external legal advisors dated 8 August 2019;
Closing Price	the closing middle market quotation of a share derived from the Daily Official List of the London Stock Exchange;
CMA	UK Competition and Markets Authority;
CMA Phase 2 Reference	a reference of the Acquisition to the chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013;
Combined Group	the enlarged Freudenberg Group following completion of the Acquisition;
Companies Act	the Companies Act 2006 (as amended, modified, consolidated, re-enacted or replaced from time to time);
Conditions	the conditions to the implementation of the Acquisition (including the Scheme) set out in Part A of Part III (<i>Conditions to and further terms of the Acquisition and the Scheme</i>) of this document and a “ Condition ” shall mean any one of them;
Consideration	the consideration payable to Low & Bonar Shareholders in connection with the Acquisition comprising 15.5 pence per Low & Bonar Share;
Construction Fibres SPA	has the meaning given in clause 8.2(d) of Part VII;
Cooperation Agreement	the cooperation agreement dated 20 September 2019 between FVB and Low & Bonar and relating, among other things, to the implementation of the Acquisition;
Court	the Court of Session at Edinburgh;
Court Hearing	the hearing by the Court of the application to sanction the Scheme under Part 26 of the Companies Act;
Court Meeting	the meeting of the Scheme Shareholders to be convened with the permission of the Court pursuant to Part 26 of the Companies Act to consider and, if thought fit, approve the Scheme (with or without modification), notice of which is set out in Part IX (<i>Notice of Court Meeting</i>) of this document (including any adjournment thereof);
Court Order	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act;
CREST	the relevant system to facilitate the transfer of title to shares in uncertified form (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the Regulations);
CREST Manual	the CREST Manual published by Euroclear, as amended from time to time;
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) as amended from time to time;
CTT	Coated Technical Textiles;
Daily Official List	the daily official list of the London Stock Exchange;

Disclosed	the information fairly disclosed by, or on behalf of Low & Bonar: (i) in the annual report and accounts of the Low & Bonar Group for the financial year ended 30 November 2018; (ii) in the interim financial results of Low & Bonar for the six months to 31 May 2019; (iii) any other announcement to a Regulatory Information Service by or on behalf of Low & Bonar prior to the publication of the Rule 2.7 Announcement; (iv) in any of the documents, papers or written information made available in the data room maintained by Merrill Corporation entitled Lark VDR before 5.00pm (London time) on 19 September 2019; or (v) any other information fairly disclosed to the Freudenberg Group or its officers, employees, agents or advisers in their capacity as such in writing prior to the Announcement Date including during management presentations and/or site visits conducted in connection with the Acquisition;
Effective	in the context of the Acquisition: <ul style="list-style-type: none"> (i) the Scheme having become effective pursuant to its terms, upon the delivery of a certified copy of the Court Order to the Registrar of Companies; or (ii) if the Acquisition is implemented by way of a Takeover Offer, such Takeover Offer having been declared or become unconditional in all respects in accordance with the requirements of the Code;
Effective Date	the date on which the Scheme becomes effective;
EU Merger Regulation	Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings;
Euroclear	Euroclear UK & Ireland Limited;
Excluded Shares	any Low & Bonar Shares beneficially owned by FVB, any parent or subsidiary undertaking (as defined in the Companies Act) of FVB, or any subsidiary undertaking of any such parent, or any person acting in concert with FVB;
Facility Agreement	has the meaning given to it in clause 8.2(a)(i) of Part VII;
FCA	the Financial Conduct Authority;
Form(s) of Proxy	the BLUE Form of Proxy for use at the Court Meeting and the WHITE Form of Proxy for use at the General Meeting (or either of them as the context may require), which are being sent to Low & Bonar Shareholders with this document;
FPM	Freudenberg Performance Materials;
Freudenberg	FVB's direct parent company, Freudenberg SE;
Freudenberg Group	Freudenberg & Co. Kommanditgesellschaft and its subsidiaries;
Freudenberg Responsible Persons	those persons whose names are set out in paragraph 2.2 of Part VII (<i>Additional Information</i>)
FVB	FV Beteiligungs-GmbH, a German limited liability company wholly and directly owned by Freudenberg;
FVB Board	the board of directors of FVB;

FVB Directors	the directors of FVB as at the date of this document or, where the context so requires, the directors of FVB from time to time;
General Meeting	the general meeting of Low & Bonar to be convened in connection with the Scheme, expected to be held as soon as the preceding Court Meeting shall have been concluded or adjourned, notice of which is set out in Part X (<i>Notice of General Meeting</i>) of this document including any adjournment, postponement or reconvention thereof;
HMRC	HM Revenue & Customs;
holder	a registered holder (including any person(s) entitled by transmission);
Hungarian Seller	has the meaning given in clause 8.2(e) of Part VII;
Hungarian Target	has the meaning given in clause 8.2(e) of Part VII;
JerseyCo	has the meaning given in clause 8.2(c)(ii) of Part VII;
JerseyCo Subscriber	has the meaning given in clause 8.2(c)(ii) of Part VII;
Latest Practicable Date	8 October 2019, being the latest practicable date before the publication of this document;
Listing Rules	the rules and regulations made by the FCA pursuant to Part 6 of the Financial Services and Markets Act 2000 and contained in the FCA's publication of the same name;
London Stock Exchange	London Stock Exchange plc;
Long Stop Date	5.00 p.m. on 30 June 2020 or such later date as may be agreed in writing by Low & Bonar and FVB (with, if required, the Panel's consent and as the Court may approve);
Low & Bonar	Low & Bonar PLC;
Low & Bonar Articles	the articles of association of Low & Bonar as amended from time to time;
Low & Bonar Board	the board of directors of Low & Bonar;
Low & Bonar Cumulative Preference Stock	the 6 per cent. First Cumulative Preference Stock, the 6 per cent. Second Cumulative Preference Stock and the 5.5 per cent. Third Cumulative Preference Stock in the capital of Low & Bonar;
Low & Bonar Deferred Shares	the non-voting deferred shares of 20 pence each in the capital of Low & Bonar;
Low & Bonar Directors	the directors of Low & Bonar as at the date of this document or, where the context so requires, the directors of Low & Bonar from time to time;
Low & Bonar Executive Directors	Daniel Dayan and Ian Ashton;
Low & Bonar Group	Low & Bonar and its subsidiaries and subsidiary undertakings;
Low & Bonar Non-Executive Directors	Trudy Schoolenberg, Peter Bertram, Kevin Matthews, Michael Powell and Giulia Nobili;
Low & Bonar Shareholders	the registered holders of Low & Bonar Shares from time to time;

Low & Bonar Share Plans	the 1997 Low & Bonar Sharesave Scheme, the Low & Bonar International Sharesave Scheme, the Low & Bonar 2018 Sharesave Scheme and the LTIP, each as amended from time to time;
Low & Bonar Shares	Low & Bonar ordinary shares of five pence each;
Low & Bonar UK Pension Scheme	the Low & Bonar Group Retirement Benefit Scheme currently governed by a trust deed and rules dated 21 February 2011, as amended by deeds of amendment dated 7 May 2014, 21 January 2015, 2 September 2015 and 3 December 2015;
LTIP	Low & Bonar 2013 Long Term Incentive Plan, as amended from time to time;
Meeting(s)	the Court Meeting and/or the General Meeting, as the case may be;
Merger Control Authority	any national, supra-national or regional, government or governmental, quasi-governmental, statutory, regulatory or investigative body or court, in any jurisdiction, responsible for the review or approval of mergers, acquisitions, concentrations, joint ventures, or any other similar matter;
Natpet	National Petrochemical Industrial Company (J.S.C.);
NDA	the non-disclosure agreement entered into by Freudenberg and Low & Bonar dated 2 August 2019;
NPNW Buyer	has the meaning given in clause 8.2(e) of Part VII;
NPNW Sellers	has the meaning given in clause 8.2(e) of Part VII;
NPNW SPA	has the meaning given in clause 8.2(e) of Part VII;
NPNW Targets	has the meaning given in clause 8.2(e) of Part VII;
Offer Period	the period commencing on 20 September 2019 and ending on: (i) the earlier of the Effective Date and the date on which the Scheme lapses or is withdrawn (or such other date as the Panel may decide), other than where such lapsing or withdrawal is a result of FVB exercising its right to implement the Acquisition by way of a Takeover Offer; or (ii) if the Acquisition is implemented by way of a Takeover Offer, the earlier of the date on which the Acquisition has become or has been declared unconditional as to acceptances and the date on which the Acquisition lapses or is withdrawn (or such other date as the Panel may decide), provided that references to the Offer Period in paragraph 5 of Part VII (<i>Additional Information</i>) of this document are to the Offer Period up to the close of business on the Latest Practicable Date;
Official List	the official list maintained by the FCA;
Options	options and/or awards over Low & Bonar Shares granted under the Low & Bonar Share Plans;
Overseas Shareholders	Low & Bonar Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom or who are nominees of, or custodians or trustees for, citizens or nationals of countries other than the United Kingdom;
Panel	the Panel on Takeovers and Mergers;

Placing and Open Offer Agreement	has the meaning given in clause 8.2(c)(i) of Part VII;
PP Loan Note	has the meaning given in clause 8.2(a)(ii) of Part VII;
Registrar of Companies	the Registrar of Companies in Scotland;
Registrar or Equiniti	Equiniti Limited, Low & Bonar's registrars;
Regulation	Council Regulation (EC) 139/2004 (as amended);
Regulatory Information Service	any of the services authorised by the FCA from time to time for the purpose of disseminating regulatory announcements;
Restricted Jurisdiction	any jurisdiction where the relevant action would constitute a violation of the relevant laws and regulations of such jurisdiction or would result in a requirement to comply with any governmental or other consent or any registration, filing or other formality which FVB or Low & Bonar regards as unduly onerous;
Rothschild & Co	N.M. Rothschild & Sons Limited;
Rule 2.7 Announcement	the joint announcement made by Low & Bonar and FVB in relation to the Acquisition on 20 September 2019;
Scheme	the proposed scheme of arrangement made under Part 26 of the Companies Act between Low & Bonar and the Scheme Shareholders (with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by FVB and Low & Bonar) particulars of which are set out in Part IV (<i>The Scheme of Arrangement</i>) of this document, in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Low & Bonar and FVB;
Scheme Circular	this document;
Scheme Record Time	6.00 p.m. (London time) on the Business Day immediately following the date of the Court Hearing;
Scheme Shareholder	a holder of Scheme Shares;
Scheme Shares	the Low & Bonar Shares: <ul style="list-style-type: none"> (i) in issue at the date of this document; (ii) (if any) issued after the date of this document but before the Voting Record Time; and (iii) (if any) issued at or after the Voting Record Time but at or before the Scheme Record Time, either on terms that the original or any subsequent holders thereof shall be bound by the Scheme or in respect of which the holders thereof shall have agreed in writing to be bound by the Scheme, in each case excluding any Excluded Shares;
Securities Act	the US Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;

Significant Interest	in relation to an undertaking, a direct or indirect interest of 10 per cent. or more of the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of that undertaking;
Special Resolution	the special resolution to be proposed at the General Meeting;
subsidiary	has the meaning given in section 1159 of the Companies Act 2006;
subsidiary undertaking	has the meaning given in section 1162 of the Companies Act 2006;
Subscription and Transfer Agreement	has the meaning given in clause 8.2(c)(ii) of Part VII;
Takeover Offer	a takeover offer within the meaning of Part 28 of the Companies Act;
Third Party	any central bank, ministry, government or governmental, quasi-governmental, national, state, municipal or local government (including any subdivision, court, administrative agency or commission or other authority thereof), supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, authority, court, trade agency, association, institution, professional or environmental body, employee representative body or bodies responsible for the review and/or approval of mergers, acquisitions, concentrations, joint ventures or any other similar matter or any other body or person whatsoever (including any national or supranational anti-trust or merger control authority, any sectoral ministry or regulator and any foreign investment review body), in any jurisdiction;
TTH	Low & Bonar Technical Textiles Holding B.V.;
UK	the United Kingdom of Great Britain and Northern Ireland;
uncertificated or in uncertificated form	recorded on the relevant register of members as being held in uncertificated form and title to which may, by virtue of the CREST Regulations, be transferred by means of CREST;
Underwriter	has the meaning given in clause 8.2(c)(i) of Part VII;
United States or US	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
US Exchange Act	the US Securities Exchange Act of 1934, as amended;
US Securities Act	the US Securities Act of 1933, as amended;
Voting Record Time	6.30 p.m. (London time) on the day which is two Business Days prior to the date of the Court Meeting or any adjournment thereof (as the case may be);
Wider Freudenberg Group	Freudenberg & Co. Kommanditgesellschaft and associated undertakings and any other body corporate, partnership, joint venture or person in which Freudenberg & Co. Kommanditgesellschaft and such undertakings (aggregating their interests) have a Significant Interest; and
Wider Low & Bonar Group	Low & Bonar and associated undertakings and any other body corporate, partnership, joint venture or person in which Low & Bonar and all such undertakings (aggregating their interests) have a Significant Interest).

All times referred to are London time unless otherwise stated.

All references to “**pence**”, “**sterling**”, “**£**” or “**p**” are to the lawful currency of the United Kingdom.

All references to “**Euro**” or “**€**” are to the lawful currency of the European Union.

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

Part IX
NOTICE OF COURT MEETING
LOW & BONAR PLC

(Registered in Scotland with registered number SC008349)

NOTICE IS HEREBY GIVEN that, by an Order dated 10 October 2019 made by the Court of Session at Edinburgh (the “**Court**”), the Court has directed that a meeting (the “**Court Meeting**”) be convened of Scheme Shareholders (as defined in the scheme of arrangement referred to below) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the “**Scheme**”) proposed to be made pursuant to Part 26 of the Companies Act 2006 (the “**Act**”) between Low & Bonar PLC (“**Low & Bonar**” or the “**Company**”) and the Scheme Shareholders and that the Court Meeting will be held at Instinctif Partners, 65 Gresham Street, London, EC2V 7NQ on 5 November 2019, at 10.30 a.m., at which place and time all holders of Scheme Shares are requested to attend.

At the Court Meeting, the following resolution will be proposed:

*“That the scheme of arrangement dated 11 October 2019 (the “**Scheme of Arrangement**”), between the Company and the holders of the Scheme Shares (as defined in the Scheme of Arrangement), a print of which has been produced to this meeting and, for the purposes of identification, signed by the chairman hereof, in its original form or with, or subject to, any modification, addition or condition approved or imposed by the Court and jointly consented to by the Company and FV Beteiligungs-GmbH, be approved and the directors of the Company be authorised to take all such actions as they consider necessary or appropriate for carrying the Scheme of Arrangement into effect.”*

Voting on the resolution to approve the Scheme will be by poll, which shall be conducted as the Chairman of the Court Meeting may determine.

For the Court Meeting (or any adjournment thereof) to be properly convened, a quorum of two persons entitled to vote on the business to be transacted, each being a Scheme Shareholder, the proxy of a Scheme Shareholder or (where the Scheme Shareholder is a corporation) a duly authorised corporate representative, must be present.

Copies of the Scheme and of the explanatory statement required to be furnished pursuant to section 897 of the Act are incorporated in the document of which this notice forms part.

Scheme Shareholders entitled to attend and vote at the Court Meeting may vote in person at such meeting or they may appoint another person or persons, whether a Scheme Shareholder or a member of the Company or not, as their proxy or proxies, to exercise all or any of their rights to attend, speak and vote at the Court Meeting.

A BLUE Form of Proxy for use in connection with the Court Meeting, is enclosed with this notice. Instructions for its use are set out on the form. Scheme Shareholders who hold their shares in uncertificated form through CREST who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual available at www.euroclear.com.

Completion and return of a Form of Proxy, or the appointment of a proxy electronically using CREST (or any other procedure described on pages 8 to 10 of the document of which this notice forms part), will not prevent a Scheme Shareholder from attending, speaking and voting in person at the Court Meeting, or any adjournment thereof, if that Scheme Shareholder wishes and is entitled to do so.

Scheme Shareholders are entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote on their behalf at the Court Meeting, provided that each proxy is appointed to exercise the rights attached to a different Scheme Share or Scheme Shares. A space has been included in the BLUE Form of Proxy to allow Scheme Shareholders to specify the number of shares in respect of which that proxy is appointed. Scheme Shareholders who return the BLUE form of proxy duly executed but leave this space blank shall be deemed to have appointed the proxy in respect of all their Scheme Shares. A proxy need not be a Scheme Shareholder or a member of the Company but they must attend the Court Meeting to represent you.

Scheme Shareholders who wish to appoint more than one proxy in respect of their Scheme Shares should contact the Company's Registrars, Equiniti, on 0333-207-6385 (from within the UK) or on +44 (0)121-415-0954 (from outside the UK) for further BLUE Forms of Proxy or photocopy the BLUE Form of Proxy as required. Such holders of Scheme Shares should also read the information regarding the appointment of multiple proxies set out on pages 8 to 10 of the document of which this notice forms part and on the BLUE Form of Proxy.

It is requested that the BLUE Form of Proxy (together with any power of attorney or other authority, if any, under which it is signed, or a duly certified copy thereof) be returned to the Company's Registrars, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, either (i) by post or (ii) (during normal business hours only) by hand, to be received not later than 10.30 a.m. (London time) on 1 November 2019 or, in the case of an adjournment of the Court Meeting, no later than 48 hours (excluding any day which is not a Business Day) before the time appointed for the adjourned meeting. However, if not so lodged, BLUE Forms of Proxy (together with any such authority, if applicable) may be handed to the Chairman of the Court Meeting or to Equiniti, on behalf of the Chairman of the Court Meeting, before the start of the Court Meeting.

In order for a proxy appointment or instruction made using CREST to be valid, the appropriate CREST message must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is 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 RA19) by 10.30 a.m. (London time) on 1 November 2019 (or if the Court Meeting is adjourned, no later than 48 hours (excluding any day which is not a Business Day) before the time fixed for the adjourned Court Meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp 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.

Forms of Proxy may also be submitted electronically by logging on to the following website www.sharevote.co.uk and following the instructions there. For an electronic proxy appointment to be valid, the appointment must be received by Equiniti no later than 10.30 a.m. (London time) on 1 November 2019 (or if the Court Meeting is adjourned, no later than 48 hours (excluding any day which is not a Business Day) before the time fixed for the adjourned Court Meeting).

Voting Record Time

Entitlement to attend, speak and vote at the Court Meeting or any adjournment thereof and the number of votes which may be cast at the Court Meeting, will be determined by reference to the register of members of the Company at 6.30 p.m. (London time) on 1 November 2019 or, if the Court Meeting is adjourned, 6.30 p.m. (London time) on the date which is two days (excluding any day which is not a Business Day) before the date fixed for the adjourned meeting. Changes to the register of members after the relevant time shall be disregarded in determining the rights of any person to attend, speak and vote at the Court Meeting.

Joint Holders

In the case of joint Scheme Shareholders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s). For this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

Corporate Representatives

As an alternative to appointing a proxy, any Scheme Shareholder which is a corporation may appoint one or more corporate representatives who may exercise on its behalf, all its powers as a Scheme Shareholder, provided that no more than one corporate representative exercises power over the Scheme Share. Only one corporate representative is to be counted in determining whether under section 899(1) of the Companies Act whether a majority in number of the Scheme Shareholders approved the Scheme. The Chairman of the Court Meeting may require a corporate representative to produce to the Company's Registrars his written authority to attend and vote at the Court Meeting at any time before the start of the Court Meeting. The representative shall not be entitled to exercise the powers conferred on them by the Scheme Shareholder until any such demand has been satisfied.

By the Order, the Court has appointed Daniel Dayan or, failing him, Ian Ashton or, failing him, Peter Bertram, to act as Chairman of the Court Meeting and has directed the Chairman to report the result thereof to the Court.

The Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated 11 October 2019

Harper Macleod LLP
Citypoint
65 Haymarket Terrace
Edinburgh EH12 5HD

Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London EC4Y 1HS

Solicitors for the Company

Part X
NOTICE OF GENERAL MEETING
LOW & BONAR PLC

(Registered in Scotland with registered number SC008349)

NOTICE IS HEREBY GIVEN that a General Meeting of Low & Bonar PLC (the “**Company**”) will be held at Instinctif Partners, 65 Gresham Street, London EC2V 7NQ on 5 November 2019 at 10.45 a.m. (London time) (or as soon thereafter as the Court Meeting (as defined in the document of which this notice forms part) shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution which shall be proposed as a special resolution:

SPECIAL RESOLUTION

THAT:

- (a) for the purpose of giving effect to the scheme of arrangement dated 11 October 2019 between the Company and the holders of the Scheme Shares (as defined in the said scheme), a print of which has been produced to this meeting and for the purpose of identification signed by the Chairman hereof, in its original form or subject to any modification, addition or condition agreed between the Company and FV Beteiligungs-GmbH and approved or imposed by the Court (the “**Scheme**”), the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect;
- (b) with effect from the passing of this resolution, the articles of association of the Company be amended by the adoption and inclusion of the following new article 166:

166.1 For the purposes of this Article 166:

- “**Low & Bonar Scheme**” means the scheme of arrangement dated 11 October 2019 under Part 26 of the 2006 Act between the Company and the Scheme Shareholders (as defined in the Low & Bonar Scheme), in its original form or with or subject to any modification, addition or condition agreed between the Company and FV Beteiligungs-GmbH and approved or imposed by the Court of Session in Edinburgh; and
- “**FVB**” means FV Beteiligungs-GmbH, a limited liability company incorporated under the laws of Germany whose registered address is at Hoehnerweg 2-4, 69469 Weinheim, Germany.

Save as defined in this article, expressions defined in the circular dated 11 October 2019 circulated with the Scheme containing the explanatory statement required pursuant to Section 897 of the Companies Act 2006 shall have the same meanings in this article.

166.2 Notwithstanding any other provision of these Articles or the terms of any resolution whether ordinary or special passed by the Company in any general meeting, and subject to the Low & Bonar Scheme becoming effective in accordance with its terms, if the Company issues any shares (other than to FVB, any subsidiary of FVB or any nominee(s) of FVB) after the Voting Record Time (as defined in the Low & Bonar Scheme) and on or prior to the Scheme Record Time, such shares shall be issued subject to the terms of the Low & Bonar Scheme (and shall be Scheme Shares for the purposes thereof) and the original or any subsequent holder or holders of such shares shall be bound by the Low & Bonar Scheme accordingly.

166.3 Notwithstanding any other provision of these Articles, subject to the Low & Bonar Scheme becoming effective, any shares issued, to any person (other than to FVB, any subsidiary of FVB or any nominee(s) of FVB) after the Scheme Record Time (a “**New Member**”) (each a “**Post-Scheme Share**”) shall be issued on terms that they shall (on the Effective Date or, if later, on issue (but subject to the terms of Articles 166.4 and 166.5 below)) be immediately transferred and such New Member (or any subsequent holder or any nominee of any such New Member or of any such subsequent holder) will be obliged to

transfer immediately to FVB (or as it may direct) (the “**Purchaser**”) free of all Encumbrances, who shall be obliged to acquire each Post-Scheme Share in consideration of and conditional upon the payment by or on behalf of FVB to the New Member of an amount in cash for each Post-Scheme Share equal to the consideration to which a New Member would have been entitled had such Post-Scheme Share been a Scheme Share. For these purposes “**Encumbrances**” means all liens, equitable interests, options, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever.

- 166.4 On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation) carried out after the Effective Date, the value of the consideration per Post-Scheme Share to be paid under Article 166.3 shall be adjusted by the Company in such manner as the auditors of the Company may determine to be appropriate to reflect such reorganisation or alteration. References in this Article to such shares shall, following such adjustment, be construed accordingly.
- 166.5 To give effect to any transfer of Post-Scheme Shares required pursuant to this Article 166, the Company may appoint any person as attorney and/or agent for the New Member to transfer the Post-Scheme Shares to the Purchaser and/or its nominees and do all such other things and execute and deliver all such documents or deeds as may in the opinion of such attorney or agent be necessary or desirable to vest the Post-Scheme Shares in the Purchaser and pending such vesting to exercise all such rights attaching to the Post-Scheme Shares as the Purchaser may direct. If an attorney or agent is so appointed, the New Member shall not thereafter (except to the extent that the attorney or agent fails to act in accordance with the directions of the Purchaser) be entitled to exercise any rights attaching to the Post-Scheme Shares unless so agreed in writing by the Purchaser. The attorney or agent shall be empowered to execute and deliver as transferor a form of transfer or instructions of transfer on behalf of the New Member (or any subsequent holder or any nominee of such New Member or of any such subsequent holder) in favour of the Purchaser and the Company may give a good receipt for the consideration for the Post-Scheme Shares and may register the Purchaser as holder thereof and issue to it certificate(s) for the same. The Company shall not be obliged to issue a certificate to the New Member for the Post-Scheme Shares. The Purchaser shall settle the consideration due to the New Member pursuant to Article 166.3 above by sending a cheque, or procuring the despatch of a cheque, drawn on a UK clearing bank in favour of the New Member (or any subsequent holder) for the purchase price of such Post-Scheme Shares as soon as practicable and in any event within 14 days of the date on which the Post-Scheme Shares are issued to the New Member. The payment of such consideration shall constitute a complete discharge to FVB and the Company in respect of their obligations.
- 166.6 If the Low & Bonar Scheme shall not have become effective by the applicable date referred to in (or otherwise set in accordance with) clause 6 of the Low & Bonar Scheme (or such later date (if any) as FVB and the Company may agree and the court and the Panel on Takeovers and Mergers may approve, if such approval is required), this Article 166 shall cease to be of any effect.
- 166.7 Notwithstanding any other provision of these Articles, both the Company and the Board shall refuse to register the transfer of any Scheme Shares effected between the Scheme Record Time and the Effective Date.”

By order of the Board

Matthew Jones
Company Secretary

11 October 2019

Registered Office: Whitehall House, 33 Yeaman Shore, Dundee, DD1 4BJ
Registered in Scotland No. SC008349

Head Office: One Connaught Place, London, W2 2ET

Notes

Right to vote

1. Only those Low & Bonar Shareholders registered on the Company's register of members at 6.30 p.m. (London time) on 1 November 2019 or if the General Meeting is adjourned, 48 hours (excluding any day which is not a Business Day) before the time fixed for the adjourned meeting. Changes to the entries on the register of members after the relevant time shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.

Voting

2. Voting on the resolutions will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting as shareholder votes are counted according to the number of shares held. As soon as practicable after the General Meeting, the results of the polls will be announced via a Regulatory Information Service and also placed on the Company website www.lowandbonar.com.

Appointing a proxy

3. A Low & Bonar Shareholder entitled to attend, speak and vote at the meeting may appoint a proxy or proxies to exercise all or any of their rights to attend and to speak and vote instead of them and a form is enclosed for the use of Low & Bonar Shareholders unable to attend the General Meeting. Low & Bonar Shareholders who have lodged Forms of Proxy are not thereby prevented from attending the General Meeting and voting in person if they so wish.
4. A proxy need not be a member of the Company but must attend the General Meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy. If you wish your proxy to speak on your behalf at the General Meeting, you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
5. Low & Bonar Shareholders who wish to appoint more than one proxy in respect of their Low & Bonar Shares should contact the Company's Registrars, Equiniti, on 0333-207-6385 (from within the UK) or on +44 (0)121-415-0954 (from outside the UK) for further WHITE Forms of Proxy or photocopy the WHITE Form of Proxy as required. Such holders of Low & Bonar Shares should also read the information regarding the appointment of multiple proxies set out on pages 8 to 10 of the document of which this notice forms part and on the WHITE Form of Proxy.
6. In the case of a Low & Bonar Shareholder which is a company, the WHITE Form of Proxy must be executed under its common seal or signed on its behalf by a duly authorised officer or attorney of the company. 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 in the proxy form.
7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the Special Resolution.
8. The notes to the WHITE Form of Proxy explain how to direct your proxy how to vote on the Special Resolution or withhold their vote. To be effective, the completed and signed WHITE Form of Proxy (together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority) must be lodged at the offices of Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, either (i) by post or (ii) (during normal business hours only) by hand, to be received not later than 10.45 a.m. (London time) on 1 November 2019 or, in the case of an adjournment of the General Meeting, no later than 48 hours (excluding any day which is not a Business Day) before the time appointed for the adjourned meeting. As an alternative to completing the hard-copy proxy form, you can appoint a proxy electronically by accessing the Sharevote website online at www.sharevote.co.uk and following the instructions there. For an electronic proxy appointment to be valid, your appointment must be received by Equiniti by no later than 10.45 a.m. (London time) on 1 November 2019 (or if the General Meeting is adjourned, no later than 48 hours (excluding any day which is not a Business Day) before the time fixed for the adjourned General Meeting).
9. 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 (available from <https://www.euroclear.com>). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

10. In order for a proxy appointment or instruction made using CREST to be valid, the appropriate CREST message must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is 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 RA19) by 10.45 a.m. (London time) on 1 November 2019 (or if the General Meeting is adjourned, no later than 48 hours (excluding any day which is not a Business Day) before the time fixed for the adjourned General Meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp 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.
11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear 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(s), to procure that his/her CREST sponsor or voting service provider(s) take(s) 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.
12. 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).
13. 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 note 8) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
14. Where you have appointed a proxy using the hard-copy Form of Proxy and would like to change the instructions using another hard-copy Form of Proxy, please contact the registrar's helpline between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except English and Welsh public holidays) on 0333-207-6385, or +44 (0)121-415-0954 (from outside the UK, international rates apply). Calls are charged at the standard geographic rate and will vary by provider.
15. If you submit more than one valid proxy appointment in respect of the same Low & Bonar Shares, the appointment received last before the latest time for the receipt of proxies will take precedence.
16. 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 Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. 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 a duly authorised officer or attorney of the company. 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. The revocation notice must be received by Equiniti no later than 10.45 a.m. on 1 November 2019 or, in the case of an adjournment of the General Meeting, no later than 48 hours (excluding any day which is not a Business Day) before the time appointed for the adjourned meeting. 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 in respect of shares for which you have appointed a proxy, your proxy appointment in respect of those shares will automatically be terminated.
18. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that if two or more representatives purport to exercise their powers differently in relation to the same shares, the power is treated as not exercised.

Nominated persons

19. If you are a person who has been nominated under section 146 of the Companies Act to enjoy information rights (a "**Nominated Person**"):
 - (a) you may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (a "**Relevant Member**") to be appointed or to have someone else appointed as a proxy for the meeting;
 - (b) if you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights; and
 - (c) your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

The statement of rights in relation to the appointment of proxies above do not apply to Nominated Persons.

Total voting rights

20. As at the Latest Practicable Date, the Company's issued share capital consisted of 689,756,295 ordinary shares carrying one vote each. The Low & Bonar Cumulative Preference Stock and Low & Bonar Deferred Shares will not carry any rights to vote in respect of the Special Resolution. The Company does not hold any ordinary shares in treasury. As at the Latest Practicable Date, the total number of voting rights in the Company is therefore 689,756,295.

Right to ask questions

21. Except as provided above, Low & Bonar Shareholders who wish to communicate with the Company in relation to the General Meeting should do so by writing to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA or by calling the Shareholder Helpline between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except English and Welsh public holidays) on 0333-207-6385, or +44 (0)121-415-0954 (from outside the UK, international rates apply). Calls are charged at the standard geographic rate and will vary by provider. Please note that calls may be randomly monitored or recorded for security and training purposes and Equiniti cannot provide financial, legal, investment or tax advice. No other methods of communication will be accepted. In particular, you may not use any electronic address provided either in this notice of General Meeting or in any related documents to communicate with the Company for any purposes other than those expressly stated.
22. Under section 319A of the Companies Act, the Company must answer any question you ask relating to the business being dealt with at the General Meeting unless:
 - (a) answering the question would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information;
 - (b) the answer has already been given on a website in the form of an answer to a question; or
 - (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

