

17 July 2014

Broca plc

("Broca" or the "Company")

Conditional Placing, Proposed Acquisition, Reverse Takeover and Temporary Suspension of Shares

The board of directors of Broca (the "Board") announces the following:

- A conditional placing of new ordinary shares to raise £8.5 million (the 'Placing')
- The proposed acquisition of MXC Capital Advisory LLP (the 'Acquisition'), constituting a Reverse Takeover under the AIM Rules
- The temporary suspension of trading in the Company's ordinary shares

Should the Placing and Acquisition be approved by shareholders the Company will become an Investment and Advisory business seeking to generate shareholder returns by making significant minority investments in growth technology businesses while supporting them with advisory services. The key attributes of the Company will be:

- a merchant banking ethos of shared risk and reward with investee companies
- a focus on the technology, media and telecommunications ("TMT") sector
- a corporate finance advisory practice that will augment the investment strategy by providing specialist corporate finance advice to Broca investee companies
- MXC Capital will act as consultant to the Company, with the specific remit of introducing suitable investment opportunities

The founders of MXC Capital have more than 50 years' collective experience in TMT sector, having concluded more than £400m of transactions in the last ten years. Recent examples of MXC Capital's investment and advisory activity include Redstone Plc, Redcentric plc and Accumuli plc

Conditional Placing

On 16 April 2014, Broca announced that it had disposed of its operating business and was now an Investing Company under Rule 15 of the AIM Rules for Companies (the "AIM Rules"), focused on making acquisitions and/or investments within the TMT sector.

Consistent with this policy, the Board has identified a strong pipeline of potential TMT investments and believes that (taking advantage of the access to further capital that having a listing on AIM affords the Company) undertaking a placing of new ordinary shares, together with the cash the Company already has at its disposal, will leave it well positioned to take advantage of the opportunities currently under evaluation.

The Company has therefore conditionally raised £8.5 million before expenses (the "Placing") through the placing of 850,000,000 ordinary shares (the "Placing Shares") at a price of 1p per share (the "Placing Price").

The Placing Price represents a discount of approximately 32.20 per cent. to the closing mid-market price of 1.475p on 16 July 2014, being the last practicable dealing day prior to the publication of this announcement and is equal to the price at which ordinary shares were last placed by the Company in July

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2013. The Placing Shares will represent approximately 68.16 per cent. of the Company's share capital, as enlarged by the Placing Shares.

The Placing Shares, which will rank *pari passu* in all respects with the Company's outstanding ordinary shares, have been conditionally allotted subject to, among other things, the approval of shareholders at a General Meeting of the Company (the "EGM") and admission of the Placing Shares to trading on AIM.

Ian Smith, Chairman of the Company, is subscribing for 13,000,000 new ordinary shares in the Placing. Following his subscription, Ian Smith's beneficial holding in the Company will be 13,000,000 ordinary shares representing 1.04% of the enlarged issued share capital of the Company following completion of the Placing.

Simon Duckworth, Non-Executive Director of the Company, and Caroline Duckworth, his wife, are subscribing for a total of 5,000,000 new ordinary shares in the Placing. Following their subscription, Simon and Caroline Duckworth's beneficial holding in the Company will be 5,000,000 ordinary shares representing 0.40% of the enlarged issued share capital of the Company following completion of the Placing.

Related Party Transactions

MXC Capital's participation in the Placing

MXC Capital Limited ("MXC Capital") is proposing to subscribe for 300,000,000 Placing Shares in the Placing. MXC Capital's participation in the Placing is classified as a related party transaction for the purposes of Rule 13 of the AIM Rules as MXC Capital is a Substantial Shareholder in Broca (as defined in the AIM Rules) and because Ian Smith is a director of both Broca and MXC Capital.

Jill Collighan, who is not involved in the transaction and is therefore independent, considers, having consulted with the Company's nominated adviser, Zeus Capital, that the terms of MXC Capital's participation in the Placing are fair and reasonable insofar as the Company's shareholders are concerned.

Ian Smith's participation in the Placing

Ian Smith is proposing to subscribe for 13,000,000 Placing Shares in the Placing. Ian Smith's participation in the Placing is classified as a related party transaction for the purposes of Rule 13 of the AIM Rules. This is due to the fact that Ian Smith is a director of Broca.

Jill Collighan, who is not involved in the transaction and is therefore independent, considers, having consulted with the Company's nominated adviser, Zeus Capital, that the terms of Ian Smith's participation in the Placing are fair and reasonable insofar as the Company's shareholders are concerned.

Simon Duckworth's participation in the Placing

Simon Duckworth and Caroline Duckworth are proposing to subscribe for 5,000,000 Placing Shares between them in the Placing. Simon Duckworth and Caroline Duckworth's participation in the Placing is classified as a related party transaction for the purposes of Rule 13 of the AIM Rules. This is due to the fact that Simon Duckworth is a Non-Executive Director of the Company.

Jill Collighan, who is not involved in the transaction and is therefore independent, considers, having consulted with the Company's nominated adviser, Zeus Capital, that the terms of Simon Duckworth's participation in the Placing are fair and reasonable insofar as the Company's shareholders are concerned.

Helium Special Situations Fund's participation in the Placing

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Helium Special Situations Fund is proposing to subscribe for 20,000,000 Placing Shares in the Placing. Helium Special Situations Fund's participation in the Placing is classified as a related party transaction for the purposes of Rule 13 of the AIM Rules. This is due to the fact that Helium Special Situations Fund is a Substantial Shareholder in Broca for the purposes of the AIM Rules.

Jill Collighan, who is not involved in the transaction and is therefore independent, considers, having consulted with the Company's nominated adviser, Zeus Capital, that the terms of Helium Special Situations Fund's participation in the Placing are fair and reasonable insofar as the Company's shareholders are concerned.

Nigel Wray's participation in the Placing

Nigel Wray is proposing to subscribe for 300,000,000 Placing Shares in the Placing. Nigel Wray's participation in the Placing is classified as a related party transaction for the purposes of Rule 13 of the AIM Rules. This is because Nigel Wray is a Substantial Shareholder in Broca for the purposes of the AIM Rules.

Jill Collighan, who is not involved in the transaction and is therefore independent, considers, having consulted with the Company's nominated adviser, Zeus Capital, that the terms of Nigel Wray's participation in the Placing are fair and reasonable insofar as the Company's shareholders are concerned.

Proposed Acquisition of MXC Capital Advisory LLP

The Company is in advanced discussions relating to the purchase of MXC Capital Advisory LLP (the "Acquisition"), a specialist TMT corporate finance advisory business which is authorised and regulated by the Financial Conduct Authority and currently owned by MXC Capital.

Consistent with the Company's stated Investing Policy, the commercial rationale behind the acquisition is to bring sufficient expertise in-house to allow the Company to take full advantage of a strengthened balance sheet and allow the Board to properly consider the numerous opportunities currently being evaluated as well as enabling the Company to execute potential transactions.

This Acquisition will constitute a reverse takeover under the AIM Rules for Companies and will therefore be subject to, among other things, the approval of shareholders at the EGM. It is anticipated that following the acquisition of MXC Capital Advisory LLP the Company will no longer be classified as an Investing Company pursuant to Rule 15 of the AIM Rules.

Further details of the Acquisition, including the key commercial terms, will be released to the market in due course.

Temporary Suspension of Trading in the Company's Shares

As the Acquisition will be deemed a reverse take-over under the AIM Rules, the Company has requested that trading in its ordinary shares be suspended with effect from 7.30 a.m. on 17 July 2014 pending the publication of the Admission Document.

Further details regarding the proposed Acquisition and Placing will be set out in the Admission Document. However, the proposed Acquisition remains under negotiation and is subject to certain conditions; there is therefore no certainty that it will be completed on the terms currently proposed or at all.

Further announcements will be made in due course, as required.

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Broca plc

Jill Collighan, Finance Director

Simon Duckworth, Non-Executive Director

+44 (0) 20 7965 8149

Zeus Capital Limited (Nominated adviser and broker)

Tim Metcalfe/John Depasquale/John Treacy

+44 (0)20 7533 7727

MXC Capital Advisory LLP

Marc Young

+44(0)20 7965 8149

Newgate Threadneedle

Josh Royston

+44 (0)20 7653 9850