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If you have sold or otherwise transferred all of your Ordinary Shares, please forward this document together with the accompanying Form of Proxy immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was affected for onward delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such an act would constitute a violation of the relevant laws of such jurisdiction. If you have sold or otherwise transferred some of your Ordinary Shares, you should consult with the stockbroker, bank or other agent through whom the sale or transfer was affected.

The Directors (whose names and functions appear on page 9 of this document) and the Company (whose registered office appears on page 9 of this document) accept responsibility, both collectively and individually, for the information contained in this document and for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Existing Ordinary Shares are admitted to trading on AIM. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on 14 November 2017. The New Ordinary Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, and will rank in full for dividends and other distributions declared, made or paid on the Ordinary Shares after Admission.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with his or her own independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the UK Listing Authority nor the London Stock Exchange has itself examined or approved the contents of this document.

This document contains no offer of transferable securities to the public within the meaning of section 102B of FSMA, the Act or otherwise. Accordingly, this document does not constitute a prospectus within the meaning of section 85 FSMA, and has not been drawn up in accordance with the Prospectus Rules or approved by or filed with the FCA or any other competent authority. It is emphasised that no application is being made for admission of the Existing Ordinary Shares or the New Ordinary Shares to the Official List.



media group plc

ZINC MEDIA GROUP PLC

(incorporated in Scotland with registered number SC075133)

Proposed Acquisition of Tern Television Productions Limited and proposed Placing of 389,603,280 new Ordinary Shares at 0.9p per new Ordinary Share Admission of New Ordinary Shares and Notice of General Meeting

Nominated Adviser and Joint Broker

N+1 SINGER

Joint Broker

**PETERHOUSE
CORPORATE FINANCE**

This document does not constitute an offer to sell or issue, or the solicitation of an offer to buy or subscribe for, New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. This document should not be copied or distributed by recipients and, in particular should not be distributed, published, reproduced or otherwise made available by any means, including electronic transmission, in, into or from the United States of America, Canada, the Republic of South Africa or Japan or any other jurisdiction where to do so would be in breach of any other law and/or regulation. The New Ordinary Shares have not been, and will not be, registered in the United States of America under the United States Securities Act of 1933 (as amended) (the "Securities Act") or under the securities laws of any state of the United States of America or under the securities laws of any of Canada, the Republic of South Africa, or Japan and, subject to certain exemptions, may not be offered or sold, directly or indirectly, within or into the United States of America, Canada, the Republic of South Africa or Japan or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, the Republic of South Africa, or Japan. Neither this document nor any copy of it may be distributed in or sent to or taken into the United States, Canada, the Republic of South Africa or Japan, nor may it be distributed to any US person (within the meaning of Regulation S under the Securities Act). In addition, the securities to which this document relates must not be marketed into any jurisdiction where to do so would be unlawful. Persons into whose possession this document comes should inform themselves about, and observe any such restrictions.

This document is not a disclosure document under the Australian Corporations Act 2001 (Cth) ("Australian Corporations Act") and does not purport to include the information required of a disclosure document or product disclosure document under the Australian Corporations Act. Neither this document, any other disclosure document nor product disclosure statement in relation to the offer of the New Ordinary Shares has been lodged with the Australian Securities and Investments Commission ("ASIC"). This document does not constitute an offer, invitation, or recommendation in Australia to Australian retail investors to subscribe for or purchase any New Ordinary Shares and neither this document nor anything contained in it shall form the basis of any such contract or commitment.

Nplus1 Singer Advisory LLP ("N+1 Singer"), which is authorised and regulated by the FCA, is acting as nominated adviser and broker to the Company for the purposes of the AIM Rules for Companies in connection with the Placing and Admission and as such, its responsibilities are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person or entity. N+1 Singer will not be responsible to any person other than the Company for providing the protections afforded to clients of N+1 Singer, or for providing advice to any other person in connection with the Placing and Admission or any acquisition of shares in the Company or warrants over or options to subscribe for shares in the Company. N+1 Singer is not making any representation or warranty, express or implied, as to the contents of this document. N+1 Singer has not authorised the contents of, or any part of, this document, and no liability whatsoever is accepted by N+1 Singer for the accuracy of any information or opinions contained in this document or for the omission of any material information.

Peterhouse Corporate Finance Limited ("Peterhouse"), which is authorised and regulated by the FCA, is acting as broker to the Company in connection with the Placing and Admission. Peterhouse will not be responsible to any person other than the Company for providing the protections afforded to clients of Peterhouse, or for providing advice to any other person in connection with the Placing and Admission or any acquisition of shares in the Company or warrants over or options to subscribe for shares in the Company. Peterhouse is not making any representation or warranty, express or implied, as to the contents of this document. Peterhouse has not authorised the contents of, or any part of, this document, and no liability whatsoever is accepted by Peterhouse for the accuracy of any information or opinions contained in this document or for the omission of any material information.

Notice of a General Meeting of the Company to be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF at 9.00 a.m. on 13 November 2017, is set out at the end of this document. The enclosed Form of Proxy for use in connection with the meeting should be completed and returned as soon as possible and, in any event, so as to reach the Company's Registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF not later than 9.00 a.m. on 9 November 2017. Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish. Alternatively, eligible Shareholders may use the CREST Proxy Voting Service, details in respect of which are contained in the notes to the notice of General Meeting.

A copy of this document will be made available on the Company's website, www.zincmedia.com. Neither the content of the Company's website nor any website accessible by hyperlinks from or to the Company's website is incorporated in, or forms part of, this document.

FORWARD-LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "envisages", "estimates", "anticipates", "projects", "expects", "intends", "may", "will", "could", "seeks", or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Company's and Directors' current intentions, beliefs or expectations concerning, amongst other things, investment strategy, financing strategy, performance, results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Group operates.

By their nature, forward-looking statements involve risks (including unknown risks) and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not an assurance of future performance. The Company's actual performance, results of operations, financial condition, liquidity and dividend policy and the development of the business sector in which the Group operates, may differ materially from those suggested by the forward-looking statements contained in this document. In addition, even if the Company's performance, results of operations, financial condition, liquidity and dividend policy and the development of the industry in which the Group operates, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may or may not occur.

Any forward-looking statement in this document reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the matters referred to above. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision. Other than in accordance with the Company's obligations under the AIM Rules for Companies, neither the Company nor N+1 Singer nor Peterhouse undertakes any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Neither the forward-looking statements nor the underlying assumptions have been verified or audited by any third party.

SOURCES

Various market data and forecasts used in this document have been obtained from independent industry sources. Where such information has been used, the source of such information has been identified. Neither the Company nor N+1 Singer nor Peterhouse has verified the data, statistics or information obtained from these sources and cannot give any guarantee of the accuracy or completeness of the data. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications risks and uncertainties as above.

BASIS ON WHICH INFORMATION IS PRESENTED

Various figures and percentages in the tables in this document, including financial information, have been rounded and accordingly may not total. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

In this document, references to "pounds sterling", "£", "pence" and "p" are to the lawful currency of the United Kingdom.

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DEFINITIONS

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

“Act”	the Companies Act 2006
“Acquisition”	the proposed acquisition of Tern
“Acquisition Agreements”	means the Principal SPA and the Option SPAs
“Admission”	admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	AIM, a market of the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies and the AIM Rules for Nominated Advisers, as applicable
“AIM Rules for Companies”	the rules for AIM companies published by the London Stock Exchange, as amended or re-issued from time to time
“AIM Rules for Nominated Advisers”	the rules for nominated advisers to AIM companies published by the London Stock Exchange, as amended or re-issued from time to time
“Articles”	the articles of association of the Company
“Board” or “Directors”	the directors of the Company
“Business Day”	a day (other than Saturday or Sunday) on which banks are generally open for business in London
“Certificated” or “in certificated form”	the description of a share or other security which is not in uncertificated form (that is, not in CREST)
“Closing Price”	the closing middle market quotation of an Ordinary Share as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange
“Company” or “Zinc Media”	Zinc Media Group PLC, a company incorporated in Scotland with registration number SC075133 with its registered office at 7 Exchange Crescent, Conference Square, Edinburgh EH3 8AN
“Concert Party”	Herald and the John Booth Parties, all of whom are regarded for the purposes of the Takeover Code as acting in concert (as defined by the Takeover Code)
“Consideration Shares”	the new Ordinary Shares to be issued under the terms of the Principle SPA as part of the initial consideration of £750,000 due in respect of the Acquisition
“Conversion Shares”	the new Ordinary Shares to be issued pursuant to the Preference Share Conversion
“CREST”	the computerised settlement system, facilitating the paperless settlement of trades and the holding of uncertificated shares administered by Euroclear UK & Ireland Limited, the operator of CREST

“CREST Regulations”	the Uncertificated Securities Regulations 2001 of the UK (SI 2001/3755)
“Enlarged Share Capital”	the enlarged share capital of the Company following Admission, comprising the Existing Ordinary Shares and the New Ordinary Shares
“Existing Ordinary Shares”	the Ordinary Shares in issue as at the date of this document
“FCA”	the United Kingdom Financial Conduct Authority
“Form of Proxy”	the form of proxy accompanying this document for use by Shareholders in connection with the General Meeting
“FSMA”	the UK Financial Services and Markets Act 2000 (as amended) including any regulations made pursuant thereto
“General Meeting” or “GM”	the general meeting of the Company which has been convened for 9.00 a.m. on 13 November 2017, notice of which is set out at the end of this document
“Group”	the Company and its Subsidiaries
“Herald”	Herald Investment Trust plc and its associated parties
“John Booth Parties”	John Booth Charitable Foundation and John David Sebastian Booth, a substantial shareholder of the Company and a director of Herald Investment Management Limited
“Joint Brokers”	N+1 Singer and Peterhouse
“London Stock Exchange”	the London Stock Exchange plc
“N+1 Singer”	Nplus1 Singer Advisory LLP, acting as nominated adviser and broker to the Company for the purposes of the AIM Rules, and where the context allows, its affiliates
“New Ordinary Shares”	together, the Placing Shares, the Consideration Shares and the Conversion Shares
“Official List”	the official list of the UK Listing Authority
“Option SPAs”	has the meaning in paragraph 7 of Part I of this document
“Ordinary Shares”	ordinary shares in the share capital of the Company each with a par value of 0.00025p
“Panel”	the Panel on Takeovers and Mergers
“Peterhouse”	Peterhouse Corporate Finance Limited, acting as joint broker to the Company for the purposes of the AIM Rules, and where the context allows, its affiliates
“Placing”	the conditional placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 24 October 2017 between N+1 Singer, Peterhouse and the Company relating to the Placing

“Placing Price”	0.9 pence per Placing Share
“Placing Shares”	the 389,603,280 new Ordinary Shares to be issued by the Company pursuant to the Placing
“Preference Shares”	preference shares of 0.01 pence each in the capital of the Company as at the date of this document
“Preference Share Conversion”	the conversion by Herald and the John Booth Parties of Preference Shares and accrued dividends on the Preference Shares at the Placing Price
“Principal SPA”	has the meaning in paragraph 7 of Part I of this document
“Prospectus Rules”	the prospectus rules made by the FCA pursuant to the section 73A of the FSMA
“Registrar”	Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
“Resolutions”	the resolutions set out in the notice of General Meeting
“Securities Act”	the United States Securities Acts of 1933, as amended, and the rules and regulations promulgated thereunder
“Shareholders”	holders of the Ordinary Shares from time to time
“£” or “Sterling”	pounds sterling, the lawful currency from time to time of the United Kingdom
“Tern”	Tern Television Productions Limited, a private company limited by shares incorporated in Scotland with registered number SC109131 with its registered office at 73 Crown Street, Aberdeen AB11 6EX
“UK Listing Authority”	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“uncertificated” or “uncertificated form”	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which may be transferred by of CREST
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland

EXPECTED TIMETABLE

Last date and time for receipt of Proxy Forms for the General Meeting	9.00 a.m. on 9 November 2017
General Meeting	9.00 a.m. on 13 November 2017
Admission of New Ordinary Shares to trading on AIM	8.00 a.m. on 14 November 2017

PLACING STATISTICS

Placing Price	0.9 pence
Ordinary Shares currently in issue	619,775,478
New Ordinary Shares to be issued pursuant to the Acquisition (approximate) ⁽¹⁾	65,217,392
New Ordinary Shares to be issued pursuant to the Placing	389,603,280
New Ordinary Shares to be issued pursuant to the Preference Share Conversion (approximate) ⁽²⁾	254,912,269
Enlarged Share Capital (approximate)	1,329,508,419
Percentage of Enlarged Share Capital represented by the New Ordinary Shares (approximate)	53.38
Gross proceeds of the Placing at the Placing Price	£3.5 million
Net Proceeds of the Placing (approximate)	£3.15 million

⁽¹⁾ The new Ordinary Shares to be issued pursuant to the Acquisition will be issued at the average of the Closing Price over the five dealing days prior to the date of the General Meeting (and any adjournment thereof). Based on the Closing Price as at the last practicable date prior to publication of this announcement the number of new Ordinary Shares to be issued pursuant to the Acquisition would be 65,217,392.

⁽²⁾ The new Ordinary Shares to be issued pursuant to the Preference Share Conversion will only be known once the issue price for the Consideration Shares is known (calculated in accordance with the terms of the Principal SPA and noted above in paragraph 1). The number of Preference Shares converted will be determined to ensure that the combined current holding of Ordinary Shares of Herald and John Booth Parties is maintained at approximately 40 per cent. of the Enlarged Share Capital.

An announcement confirming the number of new Ordinary Shares to be issued pursuant to the Acquisition and the Preference Share Conversion, and the resultant Enlarged Share Capital, will be released following conclusion of the General Meeting and prior to Admission.

DIRECTORS, COMPANY SECRETARY AND ADVISERS

Directors	Peter Bertram (<i>Chairman</i>) David Galan (<i>Chief Operating and Financial Officer</i>) Jonathan Goodwin (<i>Non-Executive Director</i>) Nicholas Taylor (<i>Non-Executive Director</i>)
Company Secretary	David Galan
Registered Office	7 Exchange Crescent Conference Square Edinburgh EH3 8AN
Head Office	13th Floor Portland House Bressenden Place London SW1E 5BH
Nominated Adviser and Broker	Nplus1 Singer Advisory LLP One Bartholomew Lane London EC2N 2AX
Joint Broker	Peterhouse Corporate Finance Limited 3rd Floor New Liverpool House 15 Eldon Street London EC2M 7LD
Solicitors to the Company	CMS Cameron McKenna Nabarro Olswang LLP Cannon Place 78 Cannon Street London EC4N 6AF
Auditors	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB
Solicitors to the Nominated Adviser and Joint Brokers	Clyde & Co The St Botolph Building 138 Houndsditch London EC3A 7AR
Registrars	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

PART I

LETTER FROM THE CHAIRMAN OF ZINC MEDIA GROUP PLC

(registered in Scotland number SC075133)

Directors:

Peter Bertram (*Chairman*)
David Galan (*Chief Operating and Financial Officer*)
Jonathan Goodwin (*Non-Executive Director*)
Nicholas Taylor (*Non-Executive Director*)

Head office:

13th Floor
Portland House
Bressenden Place
London SW1E 5BH

25 October 2017

Dear Shareholder

Proposed acquisition of Tern Television Productions Limited, proposed placing of 389,603,280 Placing Shares at 0.9 pence per new Ordinary Share and proposed conversion of Preference Shares

Admission of the New Ordinary Shares to trading on AIM and Notice of General Meeting

1. Introduction

The Company has today announced that it has agreed to acquire Tern, a leading regional television production company with production bases in Scotland and Northern Ireland, for total consideration of up to £5.45 million and has placed 389,603,280 new Ordinary Shares at 0.9 pence per share with certain of the Company's shareholders and new investors. The Placing will raise gross proceeds for the Company of £3.5 million.

The consideration for the Acquisition comprises an initial consideration of £2.35 million in cash (which comprises £1.25 million plus £1.1 million for the surplus cash remaining in Tern) and £0.75 million satisfied by the issue of the Consideration Shares and earnout consideration of up to £2.35 million. The proceeds of the Placing are proposed to be used principally to finance the initial cash consideration due in respect of the Acquisition and provide additional growth capital for the enlarged business.

The issue of the New Ordinary Shares is conditional, *inter alia*, upon the approval by Shareholders of the Resolutions to be proposed at the General Meeting of the Company convened for 13 November 2017. Subject to Shareholders approving the Resolutions to be proposed at the General Meeting, it is expected that Admission of the New Ordinary Shares will take place on or about 14 November 2017.

The Placing Shares are not being offered on a *pro rata* basis to existing Shareholders and accordingly the Placing is conditional, *inter alia*, upon Shareholders resolving to disapply statutory pre-emption rights. Shareholders will find set out at the end of this document a Notice of General Meeting which has been convened for 9.00 a.m. on 13 November 2017 at which resolutions will be proposed to approve the allotment and issue of the Placing Shares and to dis-apply statutory pre-emption rights in respect of such allotment.

In conjunction with the Placing, Herald and John Booth Parties will convert such number of Preference Shares and accrued dividends on the Preference Shares into Ordinary Shares such that the combined current holding of Ordinary Shares of approximately 40 per cent. of the issued ordinary share capital in the Company is maintained.

The purpose of this document is to provide further details on the Acquisition and explain the background to and reasons for the Placing and why the Directors consider the Placing to be in the best interests of the Company and its Shareholders as a whole and why the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document.

The contents of this letter are important and I would urge you to read it carefully and to complete, sign and return the enclosed Form of Proxy in accordance with the instructions given on it and in the paragraph below headed "Action to be Taken", as soon as possible and in any event by no later than 9.00 a.m. on 9 November 2017.

2. Background to and reasons for the Acquisition and Placing

Major media and platform owners are experiencing significant growth in demand for high quality on-demand TV content to satisfy consumer demand and 'binge viewing', driven by the rapid growth in connected devices and new TV platforms such as Netflix and Amazon. To satisfy the high demand for content, the Board believes that the independent TV industry is likely to consolidate, with many small independent TV production companies being acquired as larger entities seek to expand their breadth of original content. The Board believes that there is a window of opportunity for the Group to grow a TV production business of scale by being a consolidator within the industry, and it has begun this buy-and-build strategy in the past through the acquisition of Reef Television Limited in 2015. In the *Indie Survey 2017 – Broadcast sponsored by Barclays* Zinc was ranked sixth in the Top UK Owners/ Consolidators league table.

Background to the Group

The Company is a TV and multimedia content producer and is one of the UK's leading independent TV production companies, specialising in non-scripted factual programming. The Group is known and recognised for being a leader in the production of factual television content, spanning heavily formatted daytime TV series to single high production value landmark documentaries, supplying its content to the majority of broadcasters in the UK and now also a supplier to certain key international broadcasters.

On 26 September 2017, the Group reported a return to profitability for the first time in several years in respect of the year to 30 June 2017, following a period of restructuring, leaving the Group with a new strategy, a rejuvenated business model and a significantly simplified product offering. The Group is now targeting further revenue growth through both organic means and carefully selected acquisitions.

Acquisitions Strategy

Acquisitions provide a clear opportunity for the Group to expand its position as a major independent TV production company. The Directors believe that being a larger TV group will provide the opportunity to capitalise on the more lucrative international marketplace as the Group will have more creative breadth, produce content in a wider range of factual TV genres, and have more production resource and increased relationships with international commissioners and broadcasters. The independent television production market is consolidating as there is a drive towards scale, in what is an industry which is dependent upon a relatively small but growing number of customers/ broadcasters. The Directors believe it is in the best interests of the Group to act as a driver of consolidation at this time, in order to maximise shareholder value in the medium term.

Organic Growth Strategy

The organic growth strategy is to grow by producing higher revenue programmes: this means focussing on securing larger budgets for higher quality productions and longer running series, which have the capacity to deliver strong royalties through international distribution. The Group aims to grow organically, through focussing more on the Group's relationships with international broadcasters who are able to commission or co-produce higher value series and through recruiting more executive talent to push new ideas and expand our traditional content boundaries into new factual genres and formats. This organic growth strategy was evident in the last financial year, which saw key senior management hires in the TV division, notably Roy Ackerman as Director of International and Managing Director of Films of Record and Emma Hindley as Creative Director of Brook Lapping.

Information on Tern

Tern, established in 1988, is a successful independent TV production company, specialising in factual production, currently employing 20 staff, based Scotland and Northern Ireland.

Telesvisual Media's 2017 annual TV industry survey showed Tern at No 29 in the *Top True Independents* league table and at No 7 in the *Genre Ratings: Specialist Factual* list whilst *Broadcast's* 2017 survey showed Tern at No 14 in the *Regional Indies*. The company is building a strong reputation for programming in two distinct genres; Documentary & Specialist Factual and Popular Factual & Formats.

Typically, Tern will produce over 60 hours of TV annually for broadcasters including BBC One, BBC Two, BBC Four, BBC Scotland, BBC Northern Ireland, Channel 4, Sky 1, Discovery, PBS and National Geographic Channels. Awards include BAFTA's, Prix Italia, Royal Television Society and a Cine Golden Eagle.

For the financial year to 31 March 2017 Tern generated audited sales of £5.34 million and £0.30 million of profit before tax. Total assets (audited) of Tern amounted to £3.01 million as at 31 March 2017. Based upon both Zinc's management and Tern's management expectations, the Board expect the Acquisition to be earnings enhancing in the current financial year.

Rationale for the Acquisition

The Board believes that the Acquisition will broaden and enhance the Group's creative capabilities. Tern has experience and produces content in factual niches that the Group is not currently active in, in genres such as adventure, gardening and religious programming.

The Board has noted the growing trend by the major UK broadcasters to require production to be based outside London. The Board believes that by having a leading Nations TV producer (being the term often used to describe producers based in Scotland, Northern Ireland or Wales) such as Tern within the Group, Zinc will benefit by being able to produce major productions specifically in the regions, where there are strong indications of future growth. In February 2017, the BBC announced that it had reviewed its programming and services in the nations and, as a result of this, it will be making significant changes and major investments in the regions including the biggest single investment in broadcast content in Scotland in over twenty years. The BBC intends to invest £20 million in a new TV channel to be broadcast from Autumn 2018 – BBC Scotland – and intends to invest a further £20 million in increased network production from Scotland. In September 2017, the Culture Secretary also confirmed plans for significant moves out of London for Channel 4, whilst Ofcom has announced a review of the definitions of regional production.

The Board believes that Tern has a high quality and reputable management team, all of whom intend to stay with the Group following completion of the Acquisition, that will enhance the overall operations and management of the Group.

3. Current Trading and Prospects

The Company released its preliminary results for the period ended 30 June 2017 on 26 September 2017, in which it reported that the level of activity in the TV division was higher than in previous years at this stage in the financial year, with the current TV commissioned order book at £8.00m, circa. 35 per cent. of budgeted TV revenues for the year.

The level of commissioned programmes, the strong development slate and multiple programme ideas at an advanced stage with commissioners gives management confidence in the outlook for the full year, with significantly increased profits expected in FY18. The Group's focus over the coming months will be to ensure that there is a spread of production work across the different TV divisions. The Board's overriding aim is to secure bigger budget, long-running series and formats, but at the same time, if are mindful of ensuring that there is also a mix of fast turnaround 'one-off's' that can drive smaller short term revenues and help to smooth out the peaks and troughs of the sales process in winning the bigger budget commissions.

The Digital and Publishing divisions continue to trade in line with management expectations.

4. The Placing

The Company is proposing to raise approximately £3.5 million before expenses by the issue of the Placing Shares at 0.9p per new Ordinary Share with certain of existing Shareholders and new investors. The Placing Shares represent 62.86 per cent. of the existing issued share capital of the Company and will when issued rank *pari passu* with the existing Ordinary Shares in the Company.

Institutional and other investors have conditionally agreed to subscribe for the Placing Shares at the Placing Price. The Placing has not been underwritten. The issue of the Placing Shares is conditional, *inter alia*, upon the approval by Shareholders of the Resolutions to be sought at the General Meeting convened for 13 November 2017 and upon Admission becoming effective on 14 November 2017 (or such later date as the Company and the Joint Brokers may agree but not later than 30 November 2017).

On 24 October 2017, the Company, N+1 Singer and Peterhouse entered into the Placing Agreement pursuant to which the Joint Brokers agreed, subject to certain conditions, to procure subscribers for the Placing Shares at the Placing Price. The Placing Agreement contains provisions entitling the Joint Brokers to terminate the Placing (and the arrangements associated with it), at any time prior to Admission in certain circumstances. If this right is exercised, the Placing will lapse, any monies received in respect of the Placing will be returned to the applicants without interest and Admission will not occur.

The Company has agreed to pay N+1 Singer and Peterhouse upon Admission a placing commission and all other costs and expenses of, or in connection with, the Placing, plus any VAT thereon.

Further details of the Placing Agreement are set out in paragraph 4 of Part II of this document.

The Directors believe that raising new funds by way of the Placing is the most appropriate method of funding the Company at the present time. The Board considers that a general offer to existing Shareholders by way of rights or other pre-emptive issue is not appropriate at this stage of the Company's development due to the significant additional costs that would be incurred and the delay that would be caused by the production and approval of a prospectus.

5. Use of Proceeds

The net proceeds of the Placing will be used by the Company principally to finance the initial cash consideration due in respect of the Acquisition, together with associated transaction costs and to provide additional growth capital for the enlarged business.

6. Preference Shares

In conjunction with the Placing, Herald and John Booth Parties will convert such number of Preference Shares and accrued dividends on the Preference Shares into Ordinary Shares such that their combined current holding of Ordinary Shares of approximately 40 per cent. of the issued Ordinary Share capital is maintained.

The exact number of Preference Shares to be converted will only be known once the issue price for the Consideration Shares is known (to be determined in accordance with the terms of Principal SPA) as that will determine the Enlarged Share Capital. If the Consideration Shares were issued at 1.15 pence (this share price being shown for illustrative purposes only) this would equate to a conversion of approximately £2.0 million of preference share capital.

In addition £303,374 of accrued dividend on the Preference Shares is being converted into new Ordinary Shares at the Placing Price. If the Consideration Shares were issued at 1.15 pence (again, this share price being shown for illustrative purposes only) the conversion of the Preference Shares plus the accrued dividend on the Preference Shares would convert into 254,912,269 new Ordinary Shares.

7. Sale and Purchase Agreement

On 24 October 2017, the Company entered into a principal share purchase agreement ("Principal SPA"), and option share purchase agreements ("Option SPAs"), pursuant to which the Company agreed, conditionally, to purchase the entire issued (and to-be issued) share capital of Tern from its

shareholders. The initial consideration payable is £2,350,000 million in cash, and the allotment of Ordinary Shares having an aggregate value of £750,000, which consideration is to be satisfied on completion of the Acquisition. Additional consideration may be payable also under the Principal SPA to certain of the sellers, pursuant to the terms of an agreed earn-out over the next three financial years, up to a maximum amount of £2,350,000 (of which up to 50 per cent. of that amount may be satisfied by the issue of additional Ordinary Shares). Completion of the Acquisition Agreements is expected to occur, subject to satisfaction of the conditions, on the day immediately following Admission.

The Acquisition is conditional on (i) the approval of Shareholders of the Resolutions and (ii) the Placing Agreement becoming unconditional in accordance with its terms (save for any condition relating to the Acquisition Agreements becoming unconditional).

The Principal SPA contains certain customary warranties and a tax covenant given by all the sellers in relation to Tern and its business, subject to certain customary limitations. The Option SPAs contain certain customary title and capacity warranties given by those selling counterparties.

The Acquisition is capable of termination by (i) either party if completion of the Acquisition has not occurred by 22 December 2017, or (ii) by the Company prior to completion of the Acquisition if it becomes aware of a material breach of warranties and undertakings.

8. Related Party Transaction

The following Shareholders holding, as at the date of this document, directly or indirectly 10 per cent. or more of the Existing Ordinary Shares are participating in the Placing at the Placing Price:

	At the date of this document		Immediately following Admission	
	Number of Ordinary Shares held	Percentage of issued share capital	Number of Ordinary Shares held	Percentage of Enlarged Share Capital
Artemis Alpha Trust plc	80,000,000	12.91	117,211,780	8.82*

* This percentage being an approximation and subject to final confirmation of the Enlarged Share Capital, once the price at which the Consideration Shares are to be issued is confirmed.

The participation in the Placing by Artemis Alpha Trust plc constitutes a related party transaction for the purposes of the AIM Rules. The Directors consider, having consulted with the Company's nominated adviser, N+1 Singer, that the terms of the Placing with Artemis Alpha Trust plc are fair and reasonable insofar as the Shareholders are concerned.

The Preference Share Conversion by Herald and the John Booth Parties constitutes a related party transaction for the purposes of the AIM Rules. The Directors consider, having consulted with the Company's nominated adviser, N+1 Singer, that the terms of the Preference Share Conversion are fair and reasonable insofar as the Shareholders are concerned.

9. General Meeting

A notice of a General Meeting to be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF at 9.00 a.m. on 13 November 2017 is set out at the end of this document. At this meeting two resolutions will be proposed:

- (a) the first resolution is an ordinary resolution to grant a new authority and power to the Directors to permit them to allot the Placing Shares pursuant to the Placing as described in this document; and
- (b) the second resolution, which is a special resolution, is to grant the Directors the authority to allot the Placing Shares pursuant to the Placing on a non pre-emptive basis.

10. Further Information

Further copies of this document are available to the public free of charge from the Company's offices at 13th Floor, Portland House, Bressenden Place, London SW1E 5BH at any time up until and including the date of the General Meeting, and can also be downloaded from the Company's website at www.zincmedia.com. Shareholders' attention is drawn to the remainder of this document.

11. Action to be taken

Shareholders will also find enclosed with this document a Form of Proxy for use at the General Meeting.

It is important that Shareholders complete and sign the enclosed Form of Proxy in accordance with the instructions printed thereon and return it to the Company's registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, as soon as possible and in any event so as to arrive no later than 9.00 a.m. on 9 November 2017. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting at the meeting, should they wish to do so. Eligible Shareholders are encouraged to use the CREST Proxy Voting Service, details of which are contained in the notes to the notice of General Meeting.

12. Recommendation

The Directors consider the Placing to be in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting.

Yours faithfully

Peter Bertram
Chairman

PART II

ADDITIONAL INFORMATION

1. Share Capital

1.1 The issued share capital of the Company as at the date of this document, is as follows:

	<u>Number</u>	<u>Nominal value (£)</u>
Issued Ordinary Shares	619,775,478	0.0000025

1.2 The following table sets out the issued share capital of the Company as it will be immediately following the Placing:

	<u>Number</u>	<u>Nominal value (£)</u>
Issued Ordinary Shares	1,329,508,419	0.0000025

Note: the number of Ordinary Shares in issue immediately following the Placing assumes that (a) no existing options are exercised between the date of this document and completion of the Placing; (b) 65,217,392 Ordinary Shares are issued pursuant to the Acquisition; and (c) 254,912,269 Ordinary Shares are issued pursuant to the Preference Share Conversion.

2. Principal Shareholders

Save as disclosed in this paragraph 2 or paragraph 3 of this Part II as at 24 October 2017 (being the latest practicable date prior to the publication of this document), none of the Directors are aware of any interest which represents three per cent. or more of the issued share capital of the Company as at the date of this document.

	<u>Number of Ordinary Shares</u>	<u>Percentage of issued ordinary share capital</u>
Herald Investment Trust plc	208,789,565	33.69
Artemis Alpha Trust plc	80,000,000	12.91
Luke Johnson	54,000,000	8.71
John Booth and The John Booth Charitable Foundation	39,123,760	6.31
Richard Farmbrough	35,727,046	5.76
Broadwalk Asset Management LLP	23,500,000	3.79
Lucy Farmbrough	21,436,227	3.46

3. Directors' shareholdings

The interests of the Directors (including the interests of persons connected with them which would, if the connected person were a Director, be required to be disclosed, and the existence of which is known to, or could with reasonable diligence be ascertained by that Director within the meaning of section 252–256 Companies Act 2006) in the issued share capital of the Company which are required to be notified by each Director to the Company (all of which, save where stated otherwise in the notes below, are beneficial interests) as at the date of this document are:

Name of Director	As at the date of this document		Following Admission	
	Number of Ordinary Shares	Percentage of issued ordinary share capital	Number of Ordinary Shares	Percentage of Enlarged Share Capital*
Peter Bertram	2,781,250	0.45	8,336,810	0.63
David Galan	1,874,767	0.30	4,652,547	0.35
Jonathan Goodwin ⁽¹⁾	16,766,660	2.71	16,766,660	1.26
Nicholas Taylor	—	—	2,777,780	0.21

⁽¹⁾ Jonathan Goodwin's beneficial interest includes 7,766,660 ordinary shares held by Lepe Partners LLP, a limited liability partnership of which he is a member.

* This percentage being an approximation and subject to final confirmation of the Enlarged Share Capital, once the price at which the Consideration Shares are to be issued is confirmed.

4. The Placing Agreement

- 4.1 On 24 October 2017, the Company entered into the Placing Agreement with the Joint Brokers, pursuant to which the Joint Brokers agreed to use reasonable endeavours to seek places for the Placing Shares.
- 4.2 The Placing Agreement contains warranties from the Company in favour of the Joint Brokers in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Group and its businesses.
- 4.3 In addition, the Company has agreed to indemnify the Joint Brokers in customary terms in relation to certain liabilities it may incur in respect of the Placing.
- 4.4 The Joint Brokers have the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular in the event of a material breach of the warranties given to the Joint Brokers in the Placing Agreement, the failure of the Company to comply with any of its obligations under the Placing Agreement or the occurrence of an adverse change in (amongst other things) national or international financial or political conditions (which in the opinion of the Joint Brokers will or is likely to be prejudicial to the Group or to the Placing and Admission).

NOTICE OF GENERAL MEETING

ZINC MEDIA GROUP PLC

(Registered in Scotland number SC075133)

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London EC4N 6AF at 9.00 a.m. on 13 November 2017 for the purposes of considering and, if thought fit, passing the following resolutions of which resolution 1 will be proposed as an ordinary resolution and resolution 2 will be proposed as a special resolution.

ORDINARY RESOLUTION

1. That, in accordance with section 551 of the Companies Act 2006 ("**Act**"), the directors of the Company (the "**Directors**"), in addition to all previous authorities granted to the Directors, be generally and unconditionally authorised to exercise all the powers of the Company to allot shares in the Company, and grant rights to subscribe for or convert any securities into shares in the Company, up to an aggregate nominal amount of £1000 (within the meaning of sections 551(3) and (6) of the said Act), in connection with the placing detailed in a circular to shareholders of the Company dated 25 October 2017, provided that, unless previously renewed, varied extended or revoked by the Company in general meeting, this authority shall expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2018 and the date falling 15 months from the passing of this resolution, save that the Company may before such expiry make any offer or agreement which would or might require shares in the Company to be allotted or rights to subscribe for or to convert any securities into shares in the Company to be granted after such expiry and the Directors may allot shares in the Company, or grant rights to subscribe for or to convert any securities into shares in the Company in pursuance of any such offer or agreement as if the authority conferred hereby had not expired; and

SPECIAL RESOLUTION

2. That, subject to and conditional upon the passing of resolution 1 and in addition to all previous authorities granted to the Directors, in accordance with section 570 of the Act, the Directors be generally empowered to allot equity securities (as defined in section 560(1) of the Act) which are the subject of the authority conferred by that resolution as if section 561 of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £1000, in connection with the placing detailed in a circular to shareholders of the Company dated 25 October 2017, and shall, unless previously renewed, extended, varied or revoked by the Company, expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2018 and the date falling 15 months from the passing of this resolution, save that the Company may before such expiry make any offer or agreement that would or might require equity securities to be allotted, after such expiry, and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred by this Resolution had not expired.

By order of the Board

David Galan
Secretary

25 October 2017

Registered Office
7 Exchange Crescent, Conference Square, Edinburgh EH3 8AN

Notes

1. A Shareholder is entitled to appoint another person as his proxy to exercise all of his rights to attend and to speak and vote at the General Meeting. A Shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder.
2. A form of proxy is enclosed. The appointment of a proxy (whether by completing the enclosed form of proxy, or by completing a CREST Proxy Instruction as set out below) will not prevent a Shareholder from subsequently attending and voting at the meeting in person.
3. To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must either be sent:
 - 3.1 to the Company's Registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, so as to arrive no later than 48 hours before the time for holding the meeting or any adjournment of it or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used; or
 - 3.2 lodged using the CREST Proxy Voting Service – see note 6 below.
4. Holders of Ordinary Shares are entitled to attend and vote at general meetings of the Company. The total number of issued Ordinary Shares in the Company on 24 October 2017, which is the latest practicable date before the publication of this document, was 619,775,478 Ordinary Shares. On a vote by show of hands every Shareholder who is present has one vote and every proxy present who has been duly appointed by a Shareholder entitled to vote has one vote. On a poll vote every shareholder who is present in person or by proxy has one vote for every Ordinary Share of which he is the holder.
5. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that entitlement to attend and vote at the General Meeting, and the number of votes which may be cast at the meeting, will be determined by reference to the Company's register of members at the close of business on 11 November 2017 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting (as the case may be). In each case, changes to the register of members after such time will be disregarded.
6. 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 of the meeting) by following the procedures described in the CREST Manual subject to the provisions of the Company's articles of association. 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.
7. In order for a proxy appointment or instruction made by of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications 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, the revocation of a proxy appointment or 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 Capita Registrars (ID CREST RA10) by the latest time(s) for receipt of proxy appointments specified in note 3 above. 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 Applications Host) from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy appointed through CREST should be communicated to him/her by other means.
8. CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear UK & Ireland Limited 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, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by 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.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstance set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
10. 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 they do not do so in relation to the same shares.
11. A copy of the articles of association is available for inspection at the registered office of the Company during normal business hours from the date of this notice until the close of the Annual General Meeting (Saturdays, Sundays and public holidays excepted), will be available for inspection at the place of the meeting for at least 15 minutes prior to and during the meeting, and may be downloaded from the Company's website at www.zincmedia.com.

