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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF EU REGULATION 596/2014

THE STANLEY GIBBONS GROUP PLC

Proposed subscription for new Ordinary Shares by Phoenix UK Fund Ltd, waiver of obligations under Rule 9 of the Takeover Code and Debt Restructuring

The Stanley Gibbons Group Plc is pleased to announce that it has entered into various agreements to give effect to an investment of up to £19.45 million by Phoenix UK Fund which will result in the Company's total external bank debt finance being reduced to £10.0 million and cash resources increasing by approximately £5.4 million (net of the expenses of the Proposed Transaction). As part of the investment, Phoenix UK Fund will subscribe for new Ordinary Shares in the Company equating to approximately 58.09 per cent. of the Enlarged Issued Share Capital.

Summary

- Proposed total investment of up to £19.45 million by Phoenix UK Fund. The Proposed Transaction (comprising the Subscription and the Debt Restructuring) will result in:

    - a reduction in the Group's external debt finance from approximately £17.0 million to £10.0 million (which sum shall not be repayable (as to principal and interest, absent any default under the Debt Facility Restatement Agreement) until the fifth anniversary of completion of the Proposed Transaction);

    - Phoenix UK Fund and SGF (a wholly owned subsidiary of the Company) together acquiring the right, title and interest of the Group's existing lender, RBS, in the RBS Debt as follows:

        - £7.0 million in principal sum of the RBS Debt will be acquired by SGF; and

        - the balance of the RBS Debt, in the principal sum of up to £10.5 million, will be acquired by Phoenix UK Fund.

    To the extent that on completion of the Proposed Transaction the RBS Debt exceeds £17.0 million, Phoenix UK Fund has agreed to pay RBS up to £500,000 to purchase at par the amount of such excess.

Phoenix UK Fund will also acquire and hold the benefit of all existing security granted in favour of RBS;

- Phoenix UK Fund will acquire all the right, title and interest of the Group in the SG Guernsey Intercompany Indebtedness in consideration of a payment of £2.75 million;

- a cash injection of £6.2 million by way of the Subscription for 248,000,000 new Ordinary Shares (or such greater number of Ordinary Shares as shall result in Phoenix UK Fund holding a minimum of 58 per cent. of the Enlarged Issued Share Capital) at a price of £0.025 per Ordinary Share (or such lower price per Ordinary Share as results from dividing an aggregate subscription price of £6.2 million by the number of Ordinary Shares actually issued to Phoenix UK Fund), of which it is intended £1.2 million will be ear-marked for the acquisition of trading inventory and the balance will be utilised to discharge transaction expenses, existing creditors and provide working capital. On completion of the Subscription, Phoenix UK Fund will own approximately 58.09 per cent. of the Enlarged Issued Share Capital; and

- Phoenix UK Fund being entitled to receive such proceeds from the administration, liquidation or other insolvency process of SG Guernsey as would otherwise be payable to either RBS (as a creditor in respect of the RBS Debt) or the Group by virtue of the SG Guernsey Intercompany Indebtedness;

- Under the terms agreed with Phoenix UK Fund for the Subscription, Phoenix UK Fund will have a right, for so long as it (and/or its associates) continues to hold not less than 20 per cent. of the issued voting share capital of the Company, to nominate a director to the Board. Phoenix UK Fund's first such nominated director will be Mr Graham Elliott Shircore, who will be appointed to the Board on completion of the Proposed Transaction;

- Phoenix UK Fund has separately reached agreement with the Administrators of SG Guernsey for the acquisition of certain trading inventory of SG Guernsey (primarily comprising stamps and other collectibles). The Acquisition is conditional on completion of the Proposed Transaction.

- The Proposed Transaction is subject, *inter alia*, to the approval at an Extraordinary General Meeting of the Company of the Resolutions necessary to give the Board the authority to issue the Subscription Shares and also subject to the Independent Shareholders passing the

Rule 9 Waiver Resolution for the purposes of approving the waiver of any obligation on Phoenix UK Fund to make a Rule 9 Offer as a result of the proposed Subscription;

- A circular setting out details of the Proposed Transaction, the Rule 9 Waiver and the Acquisition and giving notice of the Extraordinary General Meeting to approve these proposals will be sent to Shareholders as soon as reasonably practicable following its approval by the Panel and will be made available on the Company's website;

- Each of the Subscription, the Debt Restructuring and the Acquisition are inter-conditional, such that they will only become effective if all are completed simultaneously. Completion of the Proposed Transaction and the Acquisition are expected to take place on Admission; and

- The Company has received irrevocable undertakings to vote in favour of the Resolutions required to approve the Proposed Transaction from Shareholders and Directors holding in aggregate 56,473,988 Ordinary Shares, equating to approximately 31.56 per cent. of the Ordinary Shares currently in issue. These irrevocable undertakings include undertakings from all of the Directors who hold Ordinary Shares and Lombard Odier Investment Managers group ("LOIM") for accounts managed or sub-advised by LOIM entities.

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Forward-looking statements

This announcement includes certain "forward-looking" statements with respect to the financial condition, results of operations and business of the Group and certain plans and objectives of the board of directors of the Company with respect thereto. The forward-looking statements contained herein may include statements about the expected effects on the Group of the proposals, the expected timing and scope of the proposals, anticipated earnings enhancements and other strategic options, as well as other statements in this announcement other than historical facts. Forward-looking statements include, without limitation, statements typically containing words such as "intends", "expects", "anticipates", "targets", "estimates" and words of similar import. These statements are based on assumptions and assessments made by the board of directors of the Company in the light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe appropriate. They have not been reviewed by the auditors of the Company. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.

All subsequent oral or written forward-looking statements attributable to the Company 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. All forward-looking statements included in this announcement are based on information available to the Company on the date of this announcement and are made only as of the date of this announcement. Undue reliance should not be placed on such forward-looking statements.

Subject to compliance with the Takeover Code and the AIM Rules, the Company does not intend, or undertake any obligation, to update any information contained in this announcement.

Background to and reasons for the Proposed Transaction

Over the last two years, the Group has undergone a programme of intense rationalisation as the Board has sought to streamline the Group to a business which is capable of trading profitably, reducing its debt burden and seeking to enhance value for Shareholders. During that time, a number of businesses and assets have been sold or closed, overhead costs have been reduced significantly and the Group's focus has been re-aligned to its heritage of serving the philatelic and numismatic collectibles market.

As announced on 21 November 2017, this decline and certain legacy issues in the investments division led to the administration of the Company's wholly owned subsidiary, SG Guernsey, through which the Group's investments division activities were conducted, although the rest of the Group was not affected and has continued to trade normally throughout.

Accordingly, the Group has reached a turning point where, following completion of the Proposed Transaction, the Board believes that the Company will finally be in a position to rebuild for the future.

Restructuring update

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The strategic review, initiated in January 2016, led to a wholesale change of the Board and the majority of senior executives. Since then, the new management team has comprehensively reviewed every facet of the Group's business and implemented the following changes:

- we have integrated the coin and stamp acquisitions made in 2013 and 2014, to belatedly harness some of the benefits which should have been derived following completion of those transactions;

- there has been a complete change in the Company's advisors serving at the outset of the restructuring plan, including the former auditors who resigned in February 2016;

- the closure of "The Marketplace" division in September 2016, which brought to an end an ill-conceived project, which had severely over-run budgeted expenditure, consuming some £10.0 million in cash over the previous three years and having failed to deliver the E-Commerce platform hoped for at the outset;

- we cooperated with the U.S. Securities & Exchange Commission and the Department of Justice (the "**DOJ**") investigations into transactions involving a former client and a director of a New York-based subsidiary of Mallett Plc, where the DOJ concluded its criminal prosecution in April 2017. The Board is now pursuing civil action against the former director and/or others in respect of losses it has incurred as a result of these matters;

- in June 2017, we initiated a formal sale process (under note 2 on Rule 2.6 of the Code) to explore the full bandwidth of commercial options available to the Board. This led to discussions with a number of interested parties. However, given the complicated restructuring which the business has gone through and certain legacy liabilities which remained, it became clear to the Board that an asset sale or strategic investment would be likely to provide a more favourable outcome for shareholders than an offer for the Company as a whole. Accordingly, the Company announced the end of the formal sale process on 2 October 2017;

- on 21 November 2017, an administration order was granted in respect of the Group's wholly owned subsidiary, SG Guernsey, through which our investments division activities were conducted. SG Guernsey`s assets comprised £12.6 million of philatelic inventory whereas its potential liabilities primarily consisted of around £54.0 million contingent liabilities, relating to buy-back guarantees, and a further approximately £11.0 million of other balance sheet liabilities;

- the Directors believe that the administration of SG Guernsey has fundamentally limited the exposure of the Group to the buyback liabilities and removed the cashflow burden associated therewith. The outstanding indebtedness currently owed to the Group by SG Guernsey amounts to approximately £6.5 million and the Group ranks as an unsecured creditor in respect of that amount alongside other unsecured creditors of SG Guernsey. Under the terms of the Debt Restructuring, this indebtedness will be assigned to Phoenix UK Fund; and

- over the same period, cost saving measures have been identified and implemented that will reduce annualised total operating costs, excluding professional fees associated with the restructuring, by over £12.0 million (65 per cent.) and we have generated cash of some £6.0 million from the sale of parts of the Interiors Division and the disposal of non-core businesses and assets. Although the full benefit will not become apparent until the financial year ending 31 March 2019, total monthly employment costs, as at the end of January 2018, have fallen by over 75 per cent. since January 2016.

The future business of the Group

Although we have been successful in streamlining the business activities of the Group, the ability to grow its core businesses has been hampered by a lack of working capital in the Group. This has arisen both from the need to reduce the Group's debt, which had previously reached unsustainable levels, and due to the one-off costs of the restructuring programme. These included the final redundancy costs and the professional fees that we incurred as we dealt with the long-running litigation, the administration and the inevitable demands for close scrutiny by our bankers in order that they felt able to continue providing their much needed support throughout this period.

Throughout, the Board's central objective has been to restore value by building long-term relationships with our clients, across a wide range of international markets, where we can provide differentiated offerings and build brand recognition. The Board also continues to believe that there is an opportunity to grow online revenues and we plan to refocus our E-commerce strategy on selling the Group`s own proprietary assets of high quality collectibles and world renowned publications.

The core activities of the Group are conducted through the Stanley Gibbons and Baldwins divisions, which share similar characteristics and benefit from commercial advantages associated with being market leaders in the philatelic and numismatic markets respectively, including:

- large global markets;

- brand integrity and leadership;

- loyal collector customer base; and

- invaluable industry expertise which is revered worldwide.

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Hence, we now have a clear focus and understanding of our heritage brands and expertise, competitive advantages and achievable corporate goals and the Directors remain convinced that the Group has undeveloped strategic value, not only in its existing markets but also across the broader global collectibles market.

Bank debt finance

As reported on 29 December 2017, total bank debt finance stood at £16.8 million as at 27 December 2017 and the Group was in default under its bank facilities. In consequence, the Group has continued to be reliant upon the ongoing support of RBS, with whom we have worked closely over the last two years. This has allowed the management team the latitude to accommodate the decline in trading performance, at the same time as progressing the restructuring of the business. However, following completion of the Proposed Transaction, RBS will cease to be the Group's principal source of funding. External debt finance will, instead, be provided by Phoenix UK Fund which will also be a longer term strategic investor in the Group via the Subscription. The Group's debt finance will be reduced to £10.0 million, repayable (as to principal and interest) at the end of five years following completion of the Proposed Transaction (absent any default under the Debt Facility Restatement Agreement).

Under the terms agreed with Phoenix UK Fund for the Debt Restructuring, Phoenix UK Fund will have the right to take such action as it considers necessary under the Debt Facility Restatement Agreement and/or in respect of the security interests assigned to it pursuant to the RBS Debt Assignment (as the case may be), for the purposes of preserving its position as a creditor in the administration, subsequent liquidation or other insolvency process relating to SG Guernsey, until such time as that process comes to a close.

Management and Board changes

The initial restructuring review undertaken by the Board identified the need for major management changes across the Group and these have been made over the last two years.

There has been a wholesale change in the Board composition, which has been reinforced by the introduction of directors with specialist change management, financial and collectibles experience, which have now been in place for over eighteen months. Furthermore, all of the operational executives of the Group are now London-based, allowing for the introduction of the robust measures implemented by the Board as part of its restructuring plans.

We are aware that the delivery of a premium service to our customers is dependent upon maintaining a strong specialist capability within our staff as experts in their field. Therefore, as part of our plan to reinforce our executive team, as we rebuild for the future, Guy Croton joined the Company as Managing Director of Philately in November 2017. Guy, who has worked in the industry for 22 years, is highly respected in his field. For the last 15 years Guy has worked at Spink, latterly as Head of The Philatelic Division and his recruitment has had an immediate impact on our stamps business.

Following completion of the Proposed Transaction, the Board will no longer require such a strong emphasis on change management. Hence, it is proposed that the following board changes will take place:

- Harry Wilson, who was appointed in May 2016, and temporarily assumed the role of Executive Chairman upon the departure of the former Chief Executive Officer in July 2016, will return to his role as Non-executive Chairman.

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- Under the terms agreed with Phoenix UK Fund for the Subscription, Phoenix UK Fund will have a right, for so long as it (and/or its associates) continues to hold not less than 20 per cent. of the issued voting share capital of the Company, to nominate a director to the Board. Phoenix UK Fund's first such nominated director will be Mr Graham Elliott Shircore, who will be appointed to the Board on completion of the Proposed Transaction.

- Henry Turcan (who has represented the interest of funds or accounts managed or sub-advised by LOIM entities) will stand down from the Board on completion of the Proposed Transaction.

In addition, on completion of the Proposed Transaction, ESCL, which was appointed in December 2015 to oversee the restructuring of the business, will conclude the provision of its consultancy services to the Group. Notwithstanding this, Clive Whiley, who is managing director of ESCL, and who has been an executive director of the Company since March 2016, has agreed to remain as a Non-executive Director thereafter for a period of at least one year following completion of the Proposed Transaction.

The Directors believe that the injection of liquidity contemplated by the Subscription and also the Debt Restructuring will give the Group the opportunity to become a market-leading, capital-light, stamp and coin dealing platform. The Group will be better placed to maximise the opportunities available to it alongside a strategic partner, whose interests are wholly aligned with all other stakeholders. We look forward to working with Phoenix UK Fund to achieve this.

Accordingly, the Board is unanimous in recommending that Shareholders approve the Resolutions which are necessary to allow the Proposed Transaction to proceed.

Current trading and prospects

As announced on 29 December 2017, Group trading continues to be subdued in large part due to legacy issues, including, in particular, a reduction in investment sales of high end collectibles and a shortage of working capital.

However, on completion of the Proposed Transaction, the realignment of available resources will be complete and with the distractions of so many non-core activities removed, we will be able to look to the future. Completion of the Proposed Transaction will provide the Group with a breathing space, alongside reducing total debt to a level more commensurate with the lower level of business activity. Furthermore, the proposed equity subscription by Phoenix UK Fund will provide the working capital necessary to invest in new inventory, potentially allowing trading volumes to be increased and to facilitate a controlled investment in digitisation of the intellectual property surrounding the Group's publications and brands. In summary, it will provide some headroom from the day to day financial pressures under which the Group has been operating and allow us the confidence to invest for the future.

The Board believes that in addition to the financial benefits from the Proposed Transaction, the introduction of a long term strategic partner in the shape of Phoenix UK Fund, with experience of supporting similar businesses through transition, will add value beyond just the financial investment to the Group.

Use of Subscription proceeds and cash position

The gross proceeds of the Subscription are expected to be utilised as follows:

£5.0 million:	Working capital requirements, discharging existing creditors and transaction expenses
£1.2 million:	Ear-marked for the acquisition of trading inventory (both stamps and coins)

Following completion of the Proposed Transaction:

- the Group's cash resources will be increased by approximately £5.4 million after the expenses of the Proposed Transaction (being approximately £0.3 million of share issue costs and £0.5 million of other related professional fees); and

- the Group's total obligations to external debt finance (comprising the Phoenix Debt) will be reduced to £10.0 million (which sum will, absent any default under the Debt Facility Restatement Agreement, not be repayable as to principal and interest until the fifth anniversary of completion of the Proposed Transaction).

The Circular will include the pro forma balance sheet of the Group included in the Company's unaudited interims report and accounts for the six months ended 30 September 2017, but further extended to show the estimated impact of the Proposed Transaction on the Group balance sheet, had it occurred on 30 September 2017.

Summary of principal agreements required to give effect to the Proposed Transaction

Escrow and Framework Agreement

Each of the Subscription, the Debt Restructuring and the Acquisition are inter-conditional, such that they will each only become effective if all are completed simultaneously. The Escrow and Framework Agreement governs how the completion of the Subscription, the Debt Restructuring and the Acquisition will be effected.

Under the terms of the Escrow and Framework Agreement, the parties have agreed that on Admission (which must take place by 29 March 2018) and subject to the satisfaction of the steps and conditions described in the Escrow and Framework Agreement, the agreements relating to the Subscription, the Debt Restructuring and the Acquisition, as further described below, will simultaneously and irrevocably complete.

Further information on the terms of the Escrow and Framework Agreement will be set out in the Circular.

Subscription Letter

Under the terms of the Subscription Letter, the Company has conditionally agreed to issue the Subscription Shares to Phoenix UK Fund at the Subscription Price, raising approximately £6.2 million for the Company. On completion of the Subscription, Phoenix will own approximately 58.09 per cent. of the Enlarged Issued Share Capital.

Completion of the Subscription is subject to the satisfaction of certain conditions, including the passing of the Resolutions and Admission. Completion is also subject to the Independent Shareholders passing the Rule 9 Waiver Resolution for the purposes of approving the waiver of any obligation on Phoenix UK Fund to make a Rule 9 Offer as a result of its acquisition of the Subscription Shares.

In addition, the Subscription Letter will only proceed to completion if the Debt Restructuring and the Acquisition complete simultaneously, in accordance with the terms of the Escrow and Framework Agreement.

Under the terms of the Subscription Letter, Phoenix UK Fund will have the right, for so long as it (and/or its associates) continues to hold not less than 20 per cent. of the issued voting share capital of the Company, to nominate a director to the Board.

Phoenix UK Fund has also made a commitment that, for so long as the Ordinary Shares continue to be traded on AIM, it will procure that a majority of directors on the Board from time to time are independent of Phoenix UK Fund.

Further information on the terms of the Subscription Letter will be set out in the Circular.

Debt Restructuring

The Debt Restructuring will be effected in accordance with the terms of the Escrow and Framework Agreement and is conditional on completion of the Subscription and the Acquisition. The primary agreements relating to the Debt Restructuring comprise the RBS Debt Assignment Agreements, the Supplemental Debenture, the SG Guernsey Intercompany Indebtedness Assignment and the Debt Facility Restatement Agreement, the principal terms of which will be as follows:-.

(i) RBS Debt Assignment Agreements

Under the terms of the RBS Debt Assignment Agreements, on completion of the Proposed Transaction, RBS will sell and assign all of its right, title and interest in the RBS Debt to Phoenix UK Fund and SGF as follows:

- SGF Debt: £7.0 million in principal sum of the RBS Debt will be acquired by SGF; and

- Phoenix Debt: the balance of the RBS Debt, (up to £10.5 million in principal sum), will be acquired by Phoenix UK Fund.

To the extent that the RBS Debt at completion of the Proposed Transaction exceeds £17.0 million, Phoenix UK Fund has agreed to pay an additional sum to RBS of up to £500,000 for the acquisition at par of the amount of any such excess. In the event that Phoenix UK Fund makes such an additional payment, the Company will reimburse Phoenix UK Fund by making a mandatory prepayment of an amount equal to such additional payment and the Phoenix Debt will be reduced by such amount accordingly.

Phoenix UK Fund (in its capacity as security agent on behalf of Phoenix UK Fund and SGF as lenders) will also acquire all of the existing security granted in favour of NatWest under the RBS Debt Facility Agreement. Such security (as assigned to Phoenix UK Fund pursuant to the RBS Debt Assignment) will continue to constitute first ranking security over the business and assets of the Company and certain operating companies within the Group.

Phoenix UK Fund will have the right to take such action as it considers necessary under the Debt Facility Restatement Agreement and/or in respect of the security interests assigned to it pursuant to the RBS Debt Assignment (as the case may be) for the purposes of preserving its position as a creditor in respect of the RBS Debt in the administration, subsequent liquidation or other insolvency process relating to SG Guernsey following completion of the RBS Debt Assignment until such time as that process comes to a close.

(ii) Supplemental Debenture

Phoenix UK Fund will also have the benefit of the Supplemental Debenture which will create additional security over the business and assets of the Company and certain companies within the Group and, in particular, certain intellectual property rights within the Group.

(iii) SG Guernsey Intercompany Indebtedness Assignment

Under the terms of the SG Guernsey Intercompany Indebtedness Assignment, the SG Guernsey Intercompany Indebtedness will be assigned to SGL by those other members of the Group to which such indebtedness is owed.

Phoenix UK Fund will then pay £2.75 million to SGL as consideration for the absolute assignment by SGL to Phoenix UK Fund of all SGL's right title and interest in the SG Guernsey Intercompany Indebtedness. Accordingly, Phoenix UK Fund will receive such proceeds from the administration, liquidation or other insolvency process of SG Guernsey as would otherwise be payable to the Group by virtue of the assignment of the SG Guernsey Intercompany Indebtedness.

SGL will then capitalise SGF for £2.75 million by way of a subscription for shares, so as to provide SGF with the necessary funds to acquire the SGF Debt from RBS.

(iv) Debt Facility Restatement Agreement

Under the terms of the Debt Facility Restatement Agreement, Phoenix UK Fund, the Administrators, SGF, the Company and all other obligors under the RBS Debt Facility Agreement will agree that on and with effect from completion of the Proposed Transaction, the terms of the RBS Debt Facility Agreement will be amended and restated, such that:

- absent any default under the Debt Facility Restatement Agreement, the residual amount of the Phoenix Debt will be repayable as to principal and all accrued interest on the fifth anniversary of the Completion Date, or on such earlier date or dates as the Company and Phoenix UK Fund may agree from time to time;

- interest on the Phoenix Debt will accrue at a rate of 5.0 per cent. per annum but will not be payable until the expiry of the term or earlier repayment or termination (interest will be capitalised annually);

- no interest will be payable on the SGF Debt;

- Phoenix as lender may (in its absolute discretion) make available a new uncommitted facility to SGL and The Fine Art Auction Group Limited as borrowers, up to a maximum amount of £5.0 million; and

- the only financial covenants will be (i) a cash flow test and (ii) an EBITDA test which will, in each case, be tested at the end of each financial year, starting March 2019 with test hurdles of up to a maximum amount of £2.5 million in year 5.

Further information on the terms of the RBS Debt Assignment, the Supplemental Debenture, the SG Guernsey Intercompany Indebtedness Assignment and the Debt Facility Restatement Agreement will be set out in the Circular.

Inventory Acquisition Agreement

Phoenix UK Fund has separately reached agreement with the Administrators for the Acquisition of certain trading inventory of SG Guernsey (primarily comprising stamps and other collectibles).

The completion of the Inventory Acquisition Agreement will be governed by the terms of the Escrow and Framework Agreement and the Acquisition is conditional on completion of the Proposed Transaction.

Further information on the terms of the Inventory Acquisition Agreement will be set out in the Circular.

Information on Phoenix UK Fund

Phoenix UK Fund is a Bahamian domiciled mutual fund with approximately 145 underlying investors comprised of a mixture of institutional and high net worth individuals. The investment objective of Phoenix UK Fund is to deliver excellent long term investment returns mainly from UK equities.

Phoenix UK Fund has assets of approximately £215 million under management as at 31 January 2018 (being the latest practicable date prior to the release of this announcement).

PAMP is the investment manager of Phoenix UK Fund.

Further details in relation to Phoenix UK Fund and PAMP (including a statement of its intentions in relation to the Group following completion of the Proposed Transaction, as required under the Takeover Code) will be set out in the Circular.

Extraordinary General Meeting

An Extraordinary General Meeting of the Company will be convened to be held at the Company's head office at 399 Strand, London WC2R 0LX as soon as reasonably practicable following the approval of the Circular by the Panel. The notice of the Extraordinary General Meeting will be set out at the end of the Circular.

At the Extraordinary General Meeting, the Resolutions necessary to give effect to the Proposed Transaction will be proposed.

The Subscription Resolutions, which will be conditional on the passing of the Rule 9 Waiver Resolution, will be proposed as follows:-

- Resolution 1 will be proposed as a special resolution to increase the Company's authorised share capital to allow for the issue of the Subscription Shares.

- Resolution 2 will be proposed as a special resolution (and will be conditional on the passing of Resolutions 1 and 3) to empower the Directors to allot and issue the Subscription Shares pursuant to the authority granted by Resolution 3 free of the pre-emption rights contained in the articles of association of the Company. The power granted by this resolution, if passed, will be in addition to, and will not revoke or supersede, the power to allot Ordinary Shares on a non pre-emptive basis granted to the Directors at the annual general meeting of the Company held on 1 November 2017.

- Resolution 3 will be proposed as an ordinary resolution (and will be conditional on the passing of Resolution 1) to authorise the Directors to allot and issue the Subscription Shares pursuant to the Subscription. The authority granted by this resolution, if passed, will be in addition to, and will not revoke or supersede, the authority to allot Ordinary Shares granted to the Directors at the annual general meeting of the Company held on 1 November 2017.

The Rule 9 Waiver Resolution, which will approve the granting of the Rule 9 Waiver by the Panel, will be proposed as an ordinary resolution and will require a simple majority of the votes cast to be cast in favour, in order for it to be passed. The Rule 9 Waiver Resolution will be decided on a poll. Only the Independent Shareholders will be entitled to vote on the Rule 9 Waiver Resolution.

Positive outcome for the Group and its Shareholders

The Directors believe that the Proposed Transaction, if implemented, will help to create a stronger capital structure and will provide the Company with a strategic partner that will assist in enabling the execution of the Board's strategy to put Stanley Gibbons back at the heart of worldwide philatelic and

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numismatic trading. Accordingly, the Directors believe the Proposed Transaction to be in the best interest of all those with an economic interest in the Group.

The Company is not currently generating sufficient cash to enable it to fund capital repayments due to RBS pursuant to the terms of the RBS Debt Facility Agreement. Additionally, there have been a number of historic breaches of the covenants and, though some have been waived by RBS, the existing facilities are currently in default and therefore repayable on demand.

Based on projected cash flows, and without taking into account the requirement to repay the indebtedness owed to RBS under the RBS Debt Facility Agreement before its maturity date at the end of May 2018, the Board believes the Company requires additional capital in the short term of approximately £5.0 million.

If the Proposed Transaction is not implemented, and absent alterative solutions, the Group would not have the funding it needs to meet its obligations under the RBS Debt Facility Agreement and its trading activities.

Completion of the Proposed Transaction will:

- result in reduction of the Group's overall external debt finance to £10.0 million and a reduced interest and covenant burden for the Group;

- provide working capital headroom to enable the Board to complete the turnaround strategy pursued since January 2016; and

- secure for the Group a strategic partner with a history of investing in brand-led consumer businesses.

Accordingly, Shareholders should be aware that if the Subscription Resolutions and the Rule 9 Waiver Resolution are not approved by the requisite number of Shareholders or the Proposed Transaction does not proceed for any other reason, the Company will be required to urgently secure financing from alternative sources which may not be forthcoming. The Company remains in default of all of its facilities and it may not be possible to secure alternative finance and, even were it to be possible, will not, in the Directors opinion, result in a more favourable outcome for Shareholders. In that scenario, the Company could have insufficient working capital to continue trading as a going concern, which would be likely to have a significant negative impact on the Company's existing equity share capital.

Definitions

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

"Acquisition"	the acquisition by Phoenix UK Fund of certain trading inventory of SG Guernsey (primarily comprising stamps and other collectibles) on and subject to the terms of the Inventory Acquisition Agreement
"Administrators"	Nick Vermeulen and Zelf Hussain of PricewaterhouseCoopers CI LLP and PricewaterhouseCoopers LLP respectively in their respective capacities as joint administrators of SG Guernsey
"Admission"	admission of the Subscription Shares to trading on AIM becoming effective in accordance with the AIM Rules
"AIM"	the market of that name operated by the London Stock Exchange
"AIM Rules"	the AIM Rules for Companies published by the London Stock Exchange from time to time
"Circular"	the circular, which will be posted to Shareholders as soon as reasonably practicable following the granting of the Rule 9 Waiver by the Panel
"Company" or "Stanley Gibbons"	The Stanley Gibbons Group Plc
"Directors" or **"Board"**	the directors of the Company as at the date of this announcement whose names will be set out in the Circular, or any duly authorised committee thereof
"Debt Facility Restatement Agreement"	the deed of amendment and restatement pursuant to which the RBS Debt Facility Agreement is amended and restated on and with effect from completion of the RBS Debt Assignment, including the amended and restated RBS Debt Facility Agreement attached thereto, the principal terms of which will be set out in the Circular
"Debt Restructuring"	the transactions contemplated by the Debt Facility Restatement Agreement, the RBS Debt Assignment and the SG Guernsey Intercompany Indebtedness Assignment
"Enlarged Issued Share Capital"	the 426,916,643 Ordinary Shares in issue immediately following completion of the Subscription and Admission, (which, for the avoidance of doubt, assumes no further issuances of Ordinary Shares other than as outlined in this Document and excludes the exercise of any outstanding options over Ordinary Shares)
"Escrow and Framework Agreement"	an agreement dated 23 February 2018 and made between (1) the Company and other members of the Group, (2) SG Guernsey, (3) Phoenix UK Fund, (4) the Administrators (5)

	RBS and (6) NatWest, setting out the terms agreed for the completion of the Subscription, the Debt Restructuring and the Acquisition, the principal terms of which will be set out in the Circular
"ESCL"	Evolution Securities China Limited
"Extraordinary General Meeting"	the extraordinary general meeting of the Company, notice of which will be set out at the end of the Circular
"finnCap"	finnCap Ltd, financial adviser, nominated adviser, broker and (for the purposes of rule 3 of the Takeover Code) rule 3 adviser to the Company
"Group"	the Company and its existing subsidiaries and subsidiary undertakings
"Independent Shareholders"	the Shareholders other than Phoenix UK Fund and persons acting in concert with it
"Inventory Acquisition Agreement"	the agreement proposed to be entered into between Phoenix UK Fund and the Administrators relating to the Acquisition, the principal terms of which will be set out in the Circular
"London Stock Exchange"	London Stock Exchange plc
"NatWest"	National Westminster Bank plc, the lender of record in respect of the RBS Debt as at the date of this announcement
"Ordinary Shares"	ordinary shares of 1 pence each in the capital of the Company
"PAMP"	Phoenix Asset Management Partners Limited, the investment manager to Phoenix UK Fund, a company incorporated in England & Wales with registration number 03514660
"Phoenix Debt"	that portion of the RBS Debt to be acquired by Phoenix UK Fund pursuant to the RBS Debt Assignment, being the whole of the RBS Debt less an amount equal to the SGF Debt (and, following completion of the Proposed Transaction, comprising a principal sum of up to £10.5 million)
"Panel"	the Panel on Takeovers and Mergers
"Person"	a person (including an individual, partnership, unincorporated syndicate, limited liability company, unincorporated organisation, trust, trustee, executor, administrator, or other legal representative)

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"Phoenix UK Fund"	Phoenix UK Fund Ltd, a company incorporated in The Commonwealth of the Bahamas with registration number 72,182B
"Proposed Transaction"	together the Subscription, the Debt Restructuring and the Acquisition
"RBS"	The Royal Bank of Scotland plc, the Company's bankers and arranger of and agent for NatWest in respect of the RBS Debt (and save where the context otherwise requires, references to RBS in this announcement are references to both RBS and NatWest)
"RBS Debt"	the outstanding indebtedness owed to NatWest by the Group immediately before completion of the Proposed Transaction (expected to be approximately £17.0 million)
"RBS Debt Assignment"	the proposed sale and assignment of the RBS Debt by NatWest, (i) as to an amount equal to the Phoenix Debt to Phoenix UK Fund and (ii) as to an amount equal to the SGF Debt to SGF
"RBS Debt Assignment Agreements"	the agreements to give effect to the RBS Debt Assignment, the principal terms of which will be set out in the Circular
"RBS Debt Facility Agreement"	the existing term and revolving facilities agreement between, among others, the Company, NatWest and RBS dated 26 September 2014 as amended and restated pursuant to an amendment and restatement agreement dated 31 March 2016 (as subsequently amended and/or restated from time to time)
"Resolutions"	the resolutions to be proposed at the Extraordinary General Meeting
"Rule 9"	Rule 9 of the Code
"Rule 9 Offer"	a general offer to acquire the entire issued share capital of the Company as required by Rule 9
"Rule 9 Waiver"	the waiver to be granted by the Panel of the obligation which might otherwise arise under Rule 9 requiring Phoenix UK Fund or any persons acting in concert with it to make an offer for the issued share capital of the Company as a result of the Subscription, subject to the passing of the Rule 9 Waiver Resolution
"Rule 9 Waiver Resolution"	the ordinary resolution proposed for consideration by the Independent Shareholders to waive the requirement for Phoenix UK Fund or any persons acting in concert

	with it to make a Rule 9 Offer that would otherwise arise following the Subscription, being resolution 4 as set out in the notice of the Extraordinary General Meeting
"SG Guernsey"	Stanley Gibbons (Guernsey) Limited (in administration)
"SG Guernsey Intercompany Indebtedness"	the outstanding inter-company balances (amounting to approximately £6.5 million as at the date of this announcement) owed by SG Guernsey to other members of the Group
"SG Guernsey Intercompany Indebtedness Assignment"	the proposed sale and assignment of the SG Guernsey Intercompany Indebtedness to SGL and the subsequent onward sale and assignment of such indebtedness to Phoenix UK Fund
"SGF"	Stanley Gibbons Finance Limited, a wholly owned subsidiary of the Company incorporated solely for the purposes of giving effect to the Debt Restructuring, incorporated in England and Wales with company number 11180645
"SGF Debt"	that portion of the RBS Debt to be acquired by SGF pursuant to the RBS Debt Assignment, in the principal sum of £7.0 million
"SGL"	Stanley Gibbons Limited, a wholly owned subsidiary of the Company
"Shareholder(s)"	holders of Ordinary Share(s) from time to time
"Subscription"	the conditional subscription for the Subscription Shares by Phoenix UK Fund on and subject to the terms and conditions of the Subscription Letter
"Subscription Letter"	the subscription letter dated 23 February 2018 entered into between the Company and Phoenix UK Fund pursuant to which Phoenix UK Fund has conditionally agreed to subscribe for the Subscription Shares, the principal terms of which will be set out section in the Circular
"Subscription Price"	£0.025 per Subscription Share, (or such lower price per Subscription Share as results from dividing an aggregate subscription price of £6,200,000 by the number of Ordinary Shares which if issued to Phoenix UK Fund would result in it holding a minimum of 58 per cent. of the Enlarged Issued Share Capital at Admission)

"Subscription Resolutions"	the resolutions required to grant the Board the requisite authority to allot the Subscription Shares to Phoenix UK Fund on completion of the Subscription, being resolutions 1, 2 and 3 as set out in the notice of the Extraordinary General Meeting
"Subscription Shares"	248,000,000 new Ordinary Shares to be issued at the Subscription Price (or, as the case may be, such greater number of Ordinary Shares as shall result in Phoenix UK Fund holding a minimum of 58 per cent. of the Enlarged Issued Share Capital at Admission)
"Supplemental Debenture"	the supplemental English law debenture to be made between certain members of the Group as chargors and Phoenix UK Fund as security agent
"Takeover Code" or "Code"	the City Code on Takeovers and Mergers (as amended from time to time)
"United Kingdom" or **"UK"**	the United Kingdom of Great Britain and Northern Ireland, its territories and possession, and all areas subject to its jurisdiction

A reference to "£" is to pounds sterling, being the lawful currency of the UK.