

Proposed Restructuring of Applerigg Limited Shares: Supplemental Communication

Dear Shareholder,

We recently wrote to you on the proposed restructuring of Applerigg Limited (the “Original Letter”). We are writing to you with details of a change that was made to the proposals following the dispatch of the Original Letter and to explain the valuation impact of the transfer.

Process

The change does not affect the economic substance of the proposals in the Original Letter and is made for technical reasons, as described below.

At Stage 1 of the process (described in the Original Letter) each Stramongate shareholder will receive 1,000 Applerigg 2022 shares for each Stramongate share that it holds and is cancelled (instead of the one Applerigg 2022 share previously proposed). If a fraction of a Stramongate share is cancelled, a Stramongate shareholder will receive their pro rata share of 1,000 Applerigg 2022 shares. The reason for this conversion ratio is to ensure that all fractional entitlements within Stramongate can be dealt with and that there are no fractional shares in Applerigg 2022 (to reflect that UK companies do not issue fractional shares).

At Stage 2 of the process (again, described in the Original Letter) the offer to other Applerigg shareholders to “exchange” their Applerigg shares for Applerigg 2022 shares will be made to maintain each shareholder’s economic interest in Applerigg. Shareholders will receive 12.5 Applerigg 2022 shares for each Applerigg share instead of the one-for-one exchange previously proposed. This change is made in consequence of the change made at Stage 1 of the process.

The proposals otherwise remain unchanged.

Valuation impact of the transfer

At present Stramongate values the Applerigg shares it holds at the valuation prepared by an independent valuer. There is no discount applied to the current price of 9.1 pence per share to reflect Stramongate’s significant shareholding of just under 50% of the total Applerigg shares and its right to appoint a director to the Applerigg Board. This right has not been exercised.

To calculate the value of a smaller holding, often referred to as a minority holding, the valuer applies a discount to the 9.1 pence to reflect both the reduced size and limited marketability of the holding. The current discount is 40%, which reduces the price to 5.5 pence per Applerigg share. The discounting of a minority shareholding in an unlisted company to reflect these factors is usual. Although the Applerigg shares will be transferred to Applerigg 2022 at a value of 9.1 pence per share, the value of the Applerigg 2022 shares, then held directly by shareholders, will be calculated with the 40% discount applied, i.e. at 5.5 pence per share.

The transfer of the Applerigg shares will result in the cancellation of 2,471,202.8 Stramongate shares or 6.9% of the total Stramongate shares in issue and the issue of 2,471,202,800 shares in Applerigg 2022.

The impact of the transfer on a holding of 1,000 Stramongate shares can be illustrated as follows:

	No	Value
Current value of Stramongate shares (@ £7.28 per share)	1,000	£7,280
Value of Stramongate shares cancelled (@ £7.28 per share)	(68.7)	(£500)
Value of remaining Stramongate shares (@ £7.28 per share)	931.3	£6,780
Value of Applerigg 2022 Shares (1,000 per Stramongate share cancelled)	68,700	£302
Total value of remaining Stramongate and new Applerigg 2022 shares		£7,082
Reduction in total value		(£198) (2.7%)

The table shows that reduction in the total value of a current holding of 1,000 Stramongate shares, as a result of the transfer of the Applerigg shares, is £198 or 2.7% of the current value of £7,280.

As the other Applerigg shares are already valued at the discounted price, there will be no valuation change when these are transferred but it is expected that 125 Applerigg 2022 shares will be issued for every 10 Applerigg shares.

In preparing these proposals the boards considered the above impact on the overall valuation of the Applerigg shares transferred from Stramongate but determined this was in the best long term interests of all shareholders.

As the respective chairs of Applerigg and Stramongate we continue to believe that the proposals described in the Original Letter, as modified by this letter, are in the best interests of all shareholders and therefore would encourage you to approve the Stramongate reorganisation and accept the Applerigg 2022 offer when each are sent to you.

If you have any questions please email or call the numbers below.

Applerigg shareholders

Email: oliver.sargent@applerigg.com

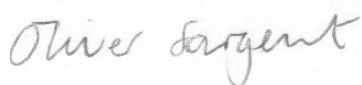
Telephone: 07779 265 974

Stramongate shareholders

Email: stephen.harris@schroders.com

Telephone: 0207 658 1473

Yours faithfully



Oliver Sargent

Chair

Applerigg Limited



Simona Heidempergher

Chair

Stramongate S.A.

21 October 2022