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If you have sold or otherwise transferred all of your ordinary shares of 2 pence each (“**Ordinary Shares**”) in Ubisense Group plc (the “**Company**”) please send this document, together with the accompanying Form of Proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, these documents should not be forwarded or sent in, into or from the United States, Australia, Canada, New Zealand, the Republic of South Africa or Japan or any other state or jurisdiction in which release, publication or distribution would be unlawful, and therefore persons into whose possession this document and any accompanying documents come should inform themselves about and observe any applicable requirements. Any failure to comply with this restriction may constitute a violation of the securities laws of any such jurisdiction. If you have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain these documents and contact the stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

**This document should be read as a whole. Your attention is drawn to the letter from the Acting Chairman which is set out on pages 7 to 14 of this document and which recommends you to vote in favour of the Resolutions to be proposed at the General Meeting referred to below.**

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## Ubisense Group plc



*(Incorporated in England and Wales with company number 5589712)*

### **Proposed Disposal, Change of Name**

**and**

### **Notice of General Meeting**

**Nominated Adviser and Broker: finnCap Ltd**

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This document does not constitute an offer of securities and accordingly is not a prospectus: neither does it constitute an admission document drawn up in accordance with the AIM Rules.

A General Meeting to consider the proposals described in this document will be held at 9.30 a.m. on 13 December 2018 at the registered office of the Company at St. Andrew's House, 90 St. Andrew's Road, Chesterton, Cambridge, Cambridgeshire CB4 1DL. The notice convening the General Meeting is set out at the end of this document and a Form of Proxy for use at the General Meeting is enclosed. The action to be taken in respect of the General Meeting is set out in the letter from the Acting Chairman of the Company contained in this document. **Shareholders are requested to complete, sign and return the Form of Proxy whether or not they intend to be present at the General Meeting. To be valid, Forms of Proxy should be completed, signed and returned, in accordance with the instructions printed thereon, as soon as possible but, in any event, so as to be received by the Registrars (the address for whom can be found in the Form of Proxy) by not later than 9.30 a.m. on 11 December 2018.** Completion and return of a Form of Proxy or the electronic appointment of a proxy will not preclude a Shareholder from attending and voting at the meeting should they so wish.

If you hold your Ordinary Shares in uncertificated form (that is, in CREST) you may appoint a proxy or proxies through the CREST electronic proxy appointment service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of General Meeting set out at the end of this document). Proxies submitted via CREST must be received by the Company's agent

(ID 3RA50) by no later than 9.30 a.m. on 11 December 2018 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Alternatively, you can submit your proxy appointments electronically at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) by following the instructions on the website. Electronic proxy appointments must be received by 9.30 a.m. on 11 December 2018 (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

finnCap Ltd, which is authorised and regulated in the United Kingdom by the FCA and is a member of the London Stock Exchange, is acting as nominated adviser and broker to the Company. finnCap is not acting for any other person in connection with the matters referred to in this document and will not be responsible to anyone other than the Company for providing the protections afforded to clients of finnCap or for giving advice in relation to the matters referred to in this document. finnCap is not making any representation or warranty, express or implied, as to the contents of this document, including the accuracy, verification or completeness of any information contained in this document or for any other statement made or purported to be made by the Company, or on the Company's behalf, or by them or on their behalf, and nothing in this document shall be relied upon as a promise or representation in this respect, whether as to the past or future. The responsibilities of finnCap as the Company's nominated adviser and broker under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director, Shareholder or any other person, in respect of his decision to acquire shares in the capital of the Company in reliance on any part of this document, or otherwise.

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KPMG LLP, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and for no-one else in connection with the matters referred to in this document and will not be responsible to any person other than the Company for providing the protections afforded to clients of KPMG LLP, nor for providing advice in relation to the matters referred to herein. Neither KPMG LLP nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of KPMG LLP in connection with the matters referred to in this document, or otherwise.

In accordance with the AIM Rules, this document is available to Shareholders on the Company's website: [www.ubisense.net](http://www.ubisense.net)

## **IMPORTANT NOTICE**

### **Notice in relation to Overseas Persons**

The distribution of this document and the accompanying Form of Proxy in or into jurisdictions other than the UK may be restricted by law and therefore any person into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

Subject to certain exceptions, this document is not for release, publication or distribution, directly or indirectly, in or into the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa or any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

### **Cautionary note regarding forward-looking statements**

This document contains a number of forward-looking statements relating to the Ubisense Group, including with respect to the trading prospects of the Ubisense Group. The Company considers any statements that are not historical facts as "forward-looking statements". They relate to events and trends that are subject to risks, uncertainties and assumptions that could cause the actual results and financial position of the Ubisense Group to differ materially from the information presented in the relevant forward-looking statement. When used in this document the words "estimate", "project", "intend", "aim", "anticipate", "believe", "expect", "should", and similar expressions, as they relate to the Ubisense Group or management of it, are intended to identify such forward-looking statements. Shareholders are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this document. Neither the Company nor any member of the Ubisense Group nor finnCap nor any of their respective officers, directors and employees undertakes any obligation to update publicly or revise any of the forward-looking statements whether as a result of new information, future events or otherwise, save in respect of any requirement under applicable laws, the AIM Rules and other regulations.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Posting of this Circular	21 November 2018
Latest time and date for receipt of Forms of Proxy	9.30 a.m. 11 December 2018
Time and date for determining entitlement to attend and vote at the General Meeting	close of business on 11 December 2018
General Meeting	9.30 a.m. 13 December 2018
Anticipated date of completion of Transaction	31 December 2018

*Notes:*

- (1) All times referred to in this document are, unless otherwise stated, references to London time.
- (2) Each of the times and dates above are indicative only and are subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified by the Company to Shareholders by announcement through a Regulatory Information Service.

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Peter George Harverson ( <i>Chairman</i> ) Riccardo (Richard) Ettore Petti ( <i>Chief Executive Officer</i> ) Ian Edward Kershaw Robert Daniell Sansom Paul Ronald Taylor ( <i>Acting Chairman</i> ) Oliver Rupert Andrew Scott Timothy Gingell
<b>Company Secretary</b>	Timothy Gingell
<b>Registered Office, Principal Place of Business and Business Address of each of the Directors</b>	St. Andrew's House 90 St. Andrew's Road Chesterton Cambridge Cambridgeshire CB4 1DL
<b>Website</b>	<a href="http://www.ubisense.net">www.ubisense.net</a>
<b>Nominated Adviser and Broker</b>	finnCap Ltd (registered number 06198898) 60 New Broad Street London EC2M 1JJ
<b>Financial Adviser</b>	KPMG LLP (registered number OC301540) 15 Canada Square London E14 5GL United Kingdom
<b>Legal advisers to the Company</b>	Mills & Reeve LLP (registered number OC326165) 4th Floor Monument Place London EC3R 8AJ
<b>Registrars</b>	Computershare Investor Services PLC (registered number 03498808) The Pavilions Bridgwater Road Bristol BS13 8AE

## DEFINITIONS

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

<b>“Abyssinian Topco Limited”</b>	Abyssinian Topco Limited, a company incorporated in England and Wales registered number 11649721 and which has its registered office at Investcorp House 48 Grosvenor Street, Mayfair, London, United Kingdom, W1K 3HW
<b>“AIM”</b>	AIM, a market operated by the London Stock Exchange
<b>“AIM Rules”</b>	the AIM Rules for Companies published by the London Stock Exchange (as amended from time to time) governing admission to and the operation of AIM
<b>“Business Day”</b>	any day (excluding Saturdays and Sundays) on which banks are open in the City of London for the conduct of normal banking business
<b>“Circular”</b>	this circular to Shareholders dated 21 November 2018
<b>“Companies Act”</b> or the <b>“Act”</b>	the Companies Act 2006
the <b>“Company”</b> or <b>“Ubisense”</b>	Ubisense Group plc of St. Andrew’s House, 90 St. Andrew’s Road, Chesterton, Cambridge, Cambridgeshire CB4 1DL
<b>“Completion”</b>	completion of the Transaction
<b>“Consideration Shares”</b>	shares in the capital of the indirect parent of the Purchaser, Abyssinian Topco Limited, having an aggregate value of £2 million which are to be issued to the Company as part of the consideration payable on Completion
<b>“CREST”</b>	the relevant system (as defined in the Regulations) in respect of which Euroclear UK & Ireland is the operator (as defined in the Regulations)
<b>“Directors”</b> or <b>“Board”</b>	the directors of the Company whose names are set out on page 4 of this document
<b>“Disposed Assets”</b>	the assets to be disposed of by the Company under the Sale Agreement, as more fully set out in paragraph 7 of Part 1 of this document
<b>“Earn-out Consideration”</b>	up to an additional £3 million cash consideration to be paid dependent on the RTLS SmartSpace business unit, that is being sold to the Purchaser, meeting certain 2018 and 2019 revenue performance targets
<b>“FCA”</b>	the Financial Conduct Authority
<b>“Form of Proxy”</b>	the form of proxy for use by shareholders at the General Meeting, enclosed with this document
<b>“General Meeting”</b> or <b>“GM”</b>	the general meeting of the Company to be held at the registered office of the Company at St. Andrew’s House, 90 St. Andrew’s Road, Chesterton, Cambridge, Cambridgeshire CB4 1DL at 9.30 a.m. on 13 December 2018, notice of which is set out at the end of this document

<b>“HSBC Loan”</b>	a circa. £1.75 million loan made by HSBC Bank Plc to Ubisense Limited
<b>“KPMG”</b>	KPMG LLP, a limited liability partnership registered in England and Wales with registered number OC301540 and which has its registered office at 15 Canada Square, London, E14 5GL, United Kingdom
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Notice of General Meeting”</b>	the notice convening the General Meeting set out at the end of this document
<b>“finnCap”</b>	finnCap Ltd of 60 New Broad Street, London, EC2M 1JJ
<b>“Ordinary Shares”</b>	the ordinary shares of 2 pence each in the capital of the Company
<b>“Purchaser”</b>	Abyssinian Bidco Limited, a company incorporated in England and Wales registered number 11650137 and which has its registered office at Investcorp House 48 Grosvenor Street, Mayfair, London, United Kingdom, W1K 3HW
<b>“Reorganisation”</b>	a restructure of the Ubisense Group to be completed prior to Completion so as to separate (i) the RTLS SmartSpace activities under Ubisense Limited; and (ii) the Geospatial activities under the Company
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting as set out in Part 2 of this document
<b>“Retained Assets”</b>	the Group’s Geospatial business unit
<b>“Sale Agreement”</b>	the Sale Agreement among the Company and the Purchaser dated 20 November 2018 relating to the Transaction
<b>“Shareholders”</b>	holders of Ordinary Shares
<b>“Transaction”</b>	the proposed disposal of the Group’s RTLS SmartSpace business unit (as carried on by Ubisense Limited and its subsidiaries), including the Ubisense brand, to the Purchaser pursuant to the Sale Agreement
<b>“Ubisense Group” or “Group”</b>	the Company and its subsidiaries
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

The use in this document of the words and phrases “other”, “including” and “in particular” shall not limit the generality of any preceding words, and any words which follow them shall not be construed as being limited in scope to the same class as the preceding words where a wider construction is possible.

Words in this document which import the singular include the plural and vice versa. Words importing a gender include every gender and the neutral gender. References to a person include any individual, corporation, firm, partnership, joint venture, association, body of persons, organisation or trust (in each case, whether or not having separate legal personality).

Unless otherwise stated, words and phrases which are generally defined in, and for the purposes of, the Companies Act 2006 (as amended) shall, when used in this document, bear the meanings respectively attributed to them by that Act.

## PART 1

### LETTER FROM THE ACTING CHAIRMAN

# Ubisense Group plc

*(Incorporated in England and Wales with company number 5589712)*

*Directors:*

Peter George Harverson  
Riccardo (Richard) Ettore Petti  
Ian Edward Kershaw  
Robert Daniell Sansom  
Paul Ronald Taylor  
Timothy Gingell  
Oliver Rupert Andrew Scott

*Registered Office:*

St. Andrew's House  
90 St. Andrew's Road  
Chesterton  
Cambridge  
Cambridgeshire  
CB4 1DL

21 November 2018

Dear Shareholders and, for information only, to holders of options over Ordinary Shares

### **Proposed disposal (the “Transaction”), Change of Name and Notice of General Meeting**

#### **1. Introduction**

The Company announced on 21 November 2018 that it has signed a conditional agreement to sell its RTLS SmartSpace business unit, including the Ubisense brand, to a company that is owned and controlled by funds managed or advised by Investcorp Technology Partners, an affiliate of Investcorp Bank B.S.C., for up to £35 million. Of this maximum consideration, £30 million will be paid in cash on Completion (subject to certain agreed adjustments to take into account the RTLS SmartSpace business unit's debt, cash and working capital position at Completion), £2 million will be satisfied by the issuance of shares in the parent company of the Purchaser and up to £3 million will be paid as an earn-out dependent on the 2018 and 2019 revenue performance of the sold business.

The Transaction, if completed, will be deemed to constitute a fundamental change of business under Rule 15 of the AIM Rules and is accordingly conditional on the approval of the Company's Shareholders. Subject to this approval being granted and on the conditions to the Transaction being satisfied, the Transaction is expected to complete on 31 December 2018.

This document:

- (i) explains the background to the Transaction;
- (ii) explains the effects of the Transaction on the Group and how the Group intends to use the proceeds from the Transaction;
- (iii) sets out the reasons why your Board believes that the Transaction is in the best interests of the Group and Shareholders as a whole;
- (iv) asks Shareholders to pass Resolution 1 at the General Meeting to approve the Transaction as an ordinary resolution; and
- (v) asks Shareholders to pass Resolution 2 at the General Meeting to approve the proposed change of name of the Company as a special resolution.

This document includes, in Part 2, a notice of General Meeting which is being convened for 9.30 a.m. on 13 December 2018 at which the Resolutions to approve the Transaction and change the Company's name will be put to Shareholders. **It is important that you complete, sign and return the Form of Proxy for use at the General Meeting enclosed with this document or, if you are a CREST member, you**

**appoint a proxy using the CREST electronic appointment service, whether or not you intend to attend the meeting.**

**The Directors consider that the Transaction is in the best interests of the Group and Shareholders as a whole and unanimously recommend that Shareholders vote in favour of the Resolutions at the General Meeting.**

## **2. Information on the Group**

Ubisense, a market leader in Enterprise Location Intelligence solutions, advises some of the biggest automotive, aerospace, communications and utility companies in the world. The Group's solutions are based on powerful enterprise platforms, supported by a range of customer-led applications, that use location to deliver a real-time digital twin of its customer's physical operations, proven to drive quality, increase productivity, manage complexity and reduce costs.

As noted in the half year results, the Company has and continues to develop the Group's activities as two separate business units:

- the Geospatial business unit (consisting of "myWorld" software and services, and additionally services attached to third party products) is concentrated on the communications and utilities industries;
- the RTLS SmartSpace business unit focuses on automotive, commercial vehicles, aerospace, defence and transport.

To date, this structure has enabled each unit to develop and execute distinct sales and marketing strategies designed to increase operational productivity across targeted industries through its digital twin technology.

## **3. Overview of the Transaction**

On Completion, the Group's existing RTLS SmartSpace business unit, including the Ubisense name and brand, will be transferred to the Purchaser. The Group will continue to operate its Geospatial business unit under the name and brand "IQGeo", and the Company will be renamed "IQGeo Group plc".

The Directors believe that the terms of the Transaction are highly attractive and appropriately value the future growth of the RTLS SmartSpace business against the uncertain nature and timing of that growth.

Assuming a successful completion of the Transaction, the Board intends IQGeo Group plc to focus on the compelling market opportunities in the Company's myWorld product offering, which are further explained below.

Subject to the satisfaction or waiver of various conditions (explained below), Completion is expected to take place on 31 December 2018.

Highlights:

- £30 million to be paid in cash on Completion (subject to adjustments for net debt and net working capital on completion) plus £2 million in a rollover investment into the sold business and up to an additional £3 million earn-out tied to 2018 and 2019 revenue performance;
- assuming Completion takes place, IQGeo Group plc will be a focused and well-funded geospatial software company working with telecoms and utilities companies worldwide;
- the RTLS SmartSpace business unit liabilities arising as a result of the Reorganisation and Completion are expected to comprise a £0.8 million tax liability and £2.3 million lease liabilities (IFRS 16). The HSBC Loan is also classified as an RTLS SmartSpace business unit liability. These amounts will be deducted from the £30 million payable in cash on Completion;
- in the audited results for the year ended 31 December 2017, the Geospatial business unit generated revenue of £16.5 million and a contribution of £4.4 million, and in the unaudited first half results for the period ending 30 June 2018, the Geospatial business generated revenue of £5.7 million and a contribution of £1.3 million;
- part of the consideration from the disposal of the RTLS SmartSpace business unit will be used to continue the globalization of the Geospatial business unit, in particular in markets where fiber

broadband and 5G investments are expected to increase significantly over the next five years;

- cash balances (which will be retained in full by the Group) have increased to £6.8 million as at 16 November 2018 from £5.8 million as at 30 June 2018;
- following Completion, the Board intends to return excess funds to Shareholders (subject to complying with all relevant law and regulation in effecting such return). Further details of the amount and timing of the return to shareholders will be made in due course.

Professional fees associated with the Transaction and Reorganisation are expected to be in the region of £2.1 million (including VAT).

The Transaction constitutes a disposal resulting in a fundamental change of business, and pursuant to Rule 15 of the AIM Rules, Completion is conditional upon (amongst other things) the approval of Shareholders.

The Directors (excluding Peter Harverson, who remains on temporary leave of absence for medical treatment) intend to unanimously recommend that Shareholders vote in favour of the Resolutions as they have irrevocably undertaken to do in respect of their beneficial holdings amounting, in aggregate, to 6,594,358 Ordinary Shares, representing approximately 9.0 per cent. of the existing ordinary share capital of the Company. In addition, Kestrel Partners LLP have irrevocably undertaken to vote in favour of the Resolutions in respect of the 19,045,493 Ordinary Shares under their discretionary management, representing approximately 26.1 per cent. of the existing ordinary share capital of the Company. Combined, these irrevocable undertakings represent approximately 35.1 per cent. of the existing ordinary share capital of the Company.

#### **4. Background to the Transaction and use of proceeds**

While the Company's Geospatial myWorld and RTLS SmartSpace business units share common high-level objectives, the technology and target markets have remained different. Significant opportunity exists for both businesses in markets that are demonstrating exciting change and accelerating growth. By separating them into two independent groups with separate ownership, the Directors believe that each business will be able to pursue its own growth trajectory, investing as required to enhance the solution offerings to their separate customer bases.

Following Completion, IQGeo will be a focused software company working exclusively with leading telecoms and utilities companies worldwide and the Board will be able to focus on the significant opportunities apparent in the communications and utility sectors for productivity enhancing open platform support for geospatial systems.

These opportunities are being driven by significant growth in global data consumption, which is encouraging the global deployment of broadband fiber to homes and businesses, 5G mobile infrastructure densification as well as the on-going need that utilities companies have to upgrade ageing infrastructure while maintaining margins and improving safety.

Further product development would enable the Group to expand the capabilities of the myWorld Capture, Fiber Planning and Salesforce app products including subscription and cloud based offerings. The ability to invest in sales would increase the speed and depth of approach to the market and, in particular, the largest prospects in America, Europe and Asia where the Group would be looking to establish further sales offices.

The net cash proceeds of the Transaction receivable by the Company on Completion (ie, excluding the Earn-Out Consideration and the Share Consideration but after (i) debt free/cash free adjustment in respect of the Disposed Assets, (ii) the repayment of the HSBC Loan, (iii) payment of taxes associated with the Reorganisation and Transaction and (iv) other Transaction related fees, costs and expenses), are expected to be in the region of £23.0 million and would significantly bolster the Group's cash balances (which were £5.8 million as at 30 June 2018 and £6.8 million as at 16 November 2018).

Following Completion, the Group intends to maintain a strong balance sheet and to drive the expansion of IQGeo business in the following areas:

- further product development to expand the capabilities of the myWorld Capture, Fiber Planning, network asset and Salesforce app products including subscription and cloud based offerings;
- investment in sales to increase the speed and depth of approach to the market and, in particular, the largest prospects in Europe and Asia where fiber broadband and 5G investments are expected to increase significantly over the next five years; and
- launch a cloud-based version of myWorld which will offer end-to-end solution for a much broader utilities and telecoms market that is normally outside the scope of traditional geospatial vendors.

Subject to the need to adequately fund the above plans and maintain strong cash balances, the Board expects to return excess funds to Shareholders (subject to complying with all relevant law and regulation in effecting such return). The exact amount and timing of the return to shareholders cannot be guaranteed and accordingly further announcements will be made in due course.

#### *Re-organisation of the Group*

The Group is in the process of an internal reorganisation in order to separate the business, assets and liabilities of the RTLS SmartSpace business unit from the rest of the Group. It is the RTLS SmartSpace business unit that the Company has conditionally agreed to sell to the Purchaser. This restructuring is not conditional upon shareholder approval or any of the other conditions explained below.

The consideration payable by the Purchaser is set out in further detail at paragraph 9 below.

Completion is conditional upon the following matters:

- (i) the completion of the restructuring referred to above;
- (ii) the Shareholders passing the Resolution at the General Meeting to approve the Transaction in accordance with the AIM Rules; and
- (iii) the approval of the German Federal Cartel Office (Bundeskartellamt) to the Transaction.

If any of the conditions above are not satisfied or, if capable of waiver by the Purchaser, not waived by the Purchaser, the Transaction will not take place.

Subject to the approval of Shareholders and the other conditions noted above, the Transaction is expected to complete in December.

On Completion and following a transition period, the Company intends to move to a new head office in Cambridge and grow its subsidiaries in Germany, the US, Canada and Japan.

## **5. The Group's operations following the Transaction**

Following Completion, the Group will change its name to IQGeo Group plc, retaining its stock market listing on AIM trading under the ticker "IQG" and will focus on the compelling market opportunities through the Company's 'myWorld' product offering.

As a focused and single business, IQGeo would be capable of accelerating its ability to address global opportunities and of broadening its addressable markets. Whilst parts of this strategy could be addressed under the existing structure, doing so would be more challenging due to the constraints created by a business with two growth divisions. By disposing of RTLS SmartSpace and rebranding as IQGeo, the Directors believe the Group could implement a more coherent growth strategy based on the myWorld software suite.

myWorld enables the Group's telecoms and utilities customers to dynamically integrate the different elements of their technology ecosystem in a fast and non-intrusive way, creating an operations hub that helps visualize and manage the status of people, data and things across the entire enterprise. The Company's customers enable a connected enterprise using data and location intelligence that increases the speed, accuracy and productivity of both new build and maintenance operations by up to 25 per cent.

Growth in IQGeo's target markets are being driven by significant increases in global data consumption which is encouraging the global deployment of broadband fiber to homes and businesses, 5G mobile infrastructure densification as well as the on-going need that utility companies have to upgrade ageing infrastructure while maintaining margins and improving safety.

IQGeo's global target market consists of over 2,500 enterprise customers worldwide that we value at £3-4 billion over the next 5 years. The business already benefits from a blue-chip customer base that includes over 30,000 users at some of the largest telecoms and utilities suppliers in the world as well as a management team with strong experience in both telco and geospatial solutions.

IQGeo's myWorld revenues have grown 39 per cent. CAGR from 2015 to 2017, thanks to consistent growth in its principal markets of telco, fiber and utilities infrastructure. During this period, gross margins have consistently improved thanks to the increased focus on software and the shift of the revenue mix away from third party consulting services. As IQGeo evolves its product offerings to include more subscription and SaaS based offerings we expect the revenue mix to include higher proportions of recurring revenue with corresponding improvements in projected cashflows for the business.

## **6. Current trading**

Further to the announcement of its interim results for the six month period ended 30 June 2018 on 27 September 2018, the Company continues to trade in line with the Board's expectations.

## **7. Information on the Disposed Assets**

### The RTLS SmartSpace corporate group

In preparation for the Transaction, the various units and corporate entities comprised within the RTLS SmartSpace business are being consolidated into a single corporate group which sits alongside the Company's Geospatial business. The sale of the RTLS SmartSpace unit will accordingly be completed by means of a sale of the RTLS SmartSpace corporate group by the Company.

### The RTLS SmartSpace products

RTLS SmartSpace solutions are based on a modular software platform that manages real-time location and identification data from multiple sources to support industrial-scale, mission-critical visibility and control applications. RTLS SmartSpace is proven to help global leaders in manufacturing drive productivity, quality and performance. Its technology enables customers to create a digital representation of the physical world and connects it to critical manufacturing and operational systems to create a digital twin that can drive key success factors in their operations.

The division's focus is on companies within the automotive, commercial vehicles, aerospace, defence and transport markets where it has a track record of providing industry leading enterprise location intelligence solutions to some of the largest and most discerning corporates in the world.

These solutions ensure compelling returns on investment through the delivery of improved flexibility, productivity and quality while reducing supply chain complexity and operational costs. This leads to faster production and rework times, revenue growth and decision making.

RTLS SmartSpace has benefitted from significant industry investment in smart factory and digital twin technology as part of a global shift towards the principles of Industry 4.0 which is expected to continue to grow.

### RTLS SmartSpace financials and value

In the audited results for the year ended 31 December 2017, the RTLS SmartSpace business generated revenue of £10.8 million and a contribution of £1.4 million, whilst in the unaudited first half results for the period ending 30 June 2018, the RTLS SmartSpace business generated revenue of £4.6 million and a contribution of £0.1 million. Allocating relevant central costs gives unaudited operating loss of £3.3 million for the year ending 31 December 2017 and £2.2 million for the period ending 30 June 2018.

The value of the RTLS SmartSpace business' net assets at 30 June 2018 was £7.6 million (excluding intercompany balances).

## 8. Information on the Retained Assets

### IQGeo financials and value

In the audited results for the year ended 31 December 2017, the Geospatial myWorld business generated revenue of £16.5 million and a contribution of £4.4 million. In the unaudited first half results for the period ending 30 June 2018, the Geospatial myWorld business generated revenue of £5.7 million and a contribution of £1.3 million. Allocating relevant central costs gives unaudited operating profit of £0.2 million for the year ending 31 December 2017 and an operating loss of £0.5 million for the period ending 30 June 2018.

## 9. Principal terms of the Transaction

The Company has entered into the Sale Agreement with the Purchaser. The Sale Agreement sets out the terms pursuant to which the Purchaser has agreed to acquire the RTLS SmartSpace business unit, the key terms of which are as follows:

- The Transaction is conditional upon the approval of the Transaction by the Shareholders, the Reorganisation being completed and the approval of the Transaction by the German Federal Cartel Office (Bundeskartellamt).

In the event that the conditions are not fulfilled on or before 31 March 2019, the Sale Agreement may be terminated and the Transaction may not be completed.

- The maximum consideration payable by the Purchaser is £35 million and comprises:
  - a cash payment on Completion of £30 million which, following (i) a debt free/cash free adjustment in respect of the Disposed Assets, (ii) repayment of the HSBC Loan, (iii) payment of taxes associated with the Reorganisation and Transaction and (iv) other Transaction related fees, costs and expenses, is expected to be net cash proceeds to the Company of approximately £23 million;
  - the issuance to the Company of the Consideration Shares, being shares in the capital of the indirect parent company of the Purchaser, Abyssinian Topco Limited, having an aggregate value of £2 million; and
  - the Earn-out Consideration, comprising:
    - a sum of £1.5 million payable contingent on the RTLS SmartSpace business unit delivering either:
      - an agreed revenue target for the year ended 31 December 2018; or
      - if the RTLS SmartSpace business unit fails to meet the agreed 2018 revenue target in the year ended 31 December 2018, any excess revenue for the year ended 31 December 2019 above the agreed 2019 target (see below) can be added back to the actual 2018 revenue for the purpose of determining whether the 2018 revenue target was met or not; and
    - a further sum of £1.5 million payable contingent on the RTLS SmartSpace business unit delivering an agreed revenue target in the year ended 31 December 2019.
- As is customary, the Company has given warranties relating to the RTLS SmartSpace business and a tax covenant relating to pre-completion tax liabilities, in favour of the Purchaser.
- The Company has also undertaken to indemnify the Purchaser in respect of certain contingent liabilities, including in respect of certain liabilities that may arise as a result of the separation of the IQGeo business from the RTLS SmartSpace business unit.
- As the Transaction will constitute a clean-break of the two business units, the Purchaser and the Company have agreed to transfer to the other any assets received or retained by them that do not relate to the business unit they will own and continue following Completion.
- As is customary, the Sale Agreement contains restrictive covenants preventing the Company competing against the RTLS SmartSpace business unit or soliciting its customers, and preventing either party from in the future or soliciting the other's directors or senior employees, in each case for a period of 24 months from completion.
- The name and brand "Ubisense" will be transferred to the Purchaser.

The Company and the Purchaser have also agreed to provide each other with certain transitional and administration services (such as the use of office space, provision of IT support and accounting and payroll support) for a period up to the end of April 2019.

## 10. Information on the Purchaser and the Consideration Shares

The Purchaser is a wholly owned subsidiary of Abyssinian Topco Limited.

Abyssinian Topco Limited is owned and controlled by funds managed or advised by Investcorp Technology Partners, an affiliate of Investcorp Bank B.S.C.

As detailed above, the consideration payable by the Purchaser includes the issuance to the Company of the Consideration Shares, being £2 million of ordinary shares in the capital of Abyssinian Topco Limited. As at the date of this document, the Board's intention is to retain the Consideration Shares following Completion. This strategy will be reviewed on an ongoing basis.

## 11. General Meeting

As explained above, the Transaction, if completed, will be deemed to constitute a fundamental change of business under Rule 15 of the AIM Rules and is accordingly conditional on the passing of Resolution 1 at the General Meeting by the Shareholders.

You will find set out in Part 2 of this document a Notice convening the General Meeting to be held at the registered office of the Company at St. Andrew's House, 90 St. Andrew's Road, Chesterton, Cambridge, Cambridgeshire CB4 1DL at 9.30 a.m. on 13 December 2018 for the purpose of considering and, if thought fit, passing:

- **Resolution 1:** "THAT the Transaction in accordance with the terms of the Sale Agreement be approved. The Transaction is conditional, *inter alia*, upon the approval of Shareholders and will not proceed without such approval".

Resolution 1 is being proposed as an ordinary resolution and will therefore require more than 50 per cent. of the votes cast, whether in person or by proxy, to be in favour of the resolution.

- **Resolution 2:** "THAT, conditional on completion of the Transaction, the registered name of the Company be changed to IQGeo Group plc."

Resolution 2 is being proposed as a special resolution and will therefore require not less than 75 per cent. of the votes cast, whether in person or by proxy, to be in favour of the resolution.

## 12. Voting Intentions

The Directors (excluding Peter Harverson, who remains on temporary leave of absence for medical treatment) have irrevocably undertaken to vote in favour of the Resolutions in respect of the 6,594,358 Ordinary Shares, representing approximately 9.0 per cent. of the existing ordinary share capital of the Company.

In addition, an irrevocable undertaking to vote in favour of the Resolutions has been obtained from Kestrel Partners LLP in respect of the 19,045,493 Ordinary Shares under their discretionary management, representing approximately 26.1 per cent. of the existing ordinary share capital of the Company.

Combined, these irrevocable undertakings represent 35.1 per cent. of the existing ordinary share capital of the Company.

## 13. Additional information

Your attention is drawn to the notice of the General Meeting as set out in Part 2 of this document.

#### **14. Action to be taken**

A Form of Proxy for use at the General Meeting is enclosed.

**Whether or not you intend to attend the General Meeting, it is important that you complete and sign the enclosed Form of Proxy in accordance with the instructions printed thereon and return it to the Registrars at the address set out in the Form of Proxy as soon as possible and in any event so as to be received by no later than 9.30 a.m. on 11 December 2018.** Alternatively, a proxy may be appointed electronically by following the instructions in Note 5 to the Notice of General Meeting. Completion and return of the Form of Proxy or the electronic appointment of a proxy will not preclude you from attending and voting at the meeting, should you wish to do so.

If you are a CREST member, you can appoint proxies by using the CREST electronic proxy appointment service by no later than 9.30 a.m. on 11 December 2018.

The completion and return of a Form of Proxy (or the submission of any CREST proxy appointment) will not prevent Shareholders who are entitled to vote from attending and voting in person at the General Meeting if they so wish. Further details relating to voting by proxy are set out in the notes of the Notice and in the Form of Proxy.

#### **15. Documents Available**

Copies of this document will be available to the public, free of charge, at the Company's registered office during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until the date of the General Meeting.

This document is also available on the Company's website, <https://www.ubisense.net/investors/investor-centre>. Except to the extent expressly stated in this document, information on that website, any website mentioned in this document or any website directly or indirectly linked to those websites has not been verified and does not form part of this document and Shareholders should not rely on it.

#### **16. Recommendation**

The Board considers that the Transaction is in the best interests of the Group and Shareholders as a whole. Accordingly, the Board unanimously (excluding Peter Harverson, who remains on temporary leave of absence for medical treatment) recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

Yours sincerely

**Paul Taylor**  
*Acting Chairman*

## PART 2

### NOTICE OF GENERAL MEETING

# Ubisense Group plc

*(Incorporated in England and Wales with company number 5589712)*

NOTICE IS HEREBY GIVEN that a general meeting of Ubisense Group plc (the “**Company**”) will be held at the Company’s registered office at St. Andrew’s House, 90 St. Andrew’s Road, Chesterton, Cambridge, Cambridgeshire CB4 1DL on 13 December 2018 at 9.30 a.m. for the purpose 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**, for the purposes of Rule 15 AIM Rules for Companies published by the Stock Exchange plc, the Transaction (as defined in the circular to the Company’s members dated 21 November 2018 of which the notice convening this meeting forms part (the “**Circular**”)), on the terms and subject to the conditions of the Sale Agreement (as defined in the Circular), be and is hereby approved and that the board of Directors of the Company (or a duly constituted committee of the board) be and is hereby authorised to take such steps as they in their absolute discretion, consider necessary or desirable to effect the same and agree such variations and amendments to the Sale Agreement as the Directors (or a duly constituted committee of the board) may in their absolute discretion consider necessary or desirable provided that such variations or amendments do not represent a material departure from the terms of the Transaction set out in the Circular and the Directors (or a duly constituted committee of the board) be and they are hereby authorised to do all things which they, in their absolute discretion, consider to be necessary or desirable to implement and give effect to or otherwise in connection with the Transaction and any matter incidental to the Transaction.

#### Special Resolution

2. **THAT**, conditional on the completion of the Transaction, the registered name of the Company be changed to IQGeo Group plc.

BY ORDER OF THE BOARD

Timothy Gingell  
*Company Secretary*

*Registered office:*  
St. Andrew’s House  
90 St. Andrew’s Road  
Chesterton  
Cambridge  
Cambridgeshire  
CB4 1DL

21 November 2018

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the meeting. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by the member.
2. Your proxy could be the Acting Chairman, another Director of the Company or another person who has agreed to attend to represent you. Your proxy will vote as you instruct and must attend the meeting for your vote to be counted. Details of how to appoint the Acting Chairman or another person as your proxy using the proxy form are set out in the notes to the proxy form. Appointing a proxy does not preclude you from attending the meeting and voting in person. If you attend the meeting in person, your proxy appointment will automatically be terminated.
3. An appointment of proxy is provided with this notice and instructions for use are shown on the form. In order to be valid, a completed appointment of proxy must be returned to the Company by one of the following methods:
  - 3.1 in hard copy form by post, by courier or by hand to the Company's Registrars at the address shown on the form of proxy; or
  - 3.2 in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below,and in each case must be received by the Company by 9.30 a.m. on 11 December 2018. Please note that any electronic communication sent to us/our registrars in respect of the appointment of a proxy that is found to contain a computer virus will not be accepted.
4. To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Computershare at Computershare, Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions.
5. You can appoint a proxy electronically by going to [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) and following the online instructions. For an electronic proxy appointment to be valid, your appointment must be logged on the website using the details contained in your proxy form no later than 9.30 a.m. on 11 December 2018.
6. CREST
  - 6.1 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual, which can be viewed at [www.euroclear.com/CREST](http://www.euroclear.com/CREST). 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.
  - 6.2 In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland'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 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 the issuer's agent (ID 3RA50) not later than 48 hours before the time appointed for holding the meeting. 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 the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
  - 6.3 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
  - 6.4 CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
7. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders registered in the Register of Members of the Company at the close of business on 11 December 2018 (or, if the meeting is adjourned, at the close of business on the date which is two business days before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting or adjourned meeting in respect of the number of shares registered in their respective names at that time. Changes to the Register of Members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting or adjourned meeting.
8. 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.

