

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. Part 2 (*Explanatory Statement*) of this document comprises an explanatory statement in compliance with section 897 of the Companies Act. This document relates to the Acquisition which, if implemented, will result in the cancellation of the listing of Vectura Shares on the Official List and of admission to trading of Vectura Shares on the London Stock Exchange's main market for listed securities. If you are in any doubt about the Acquisition or the contents of this document or what action you should take, you are recommended to seek your own personal financial, tax and legal advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.

If you have sold or otherwise transferred all of your Vectura Shares, please send this document, together with any accompanying documents (but not any accompanying personalised documents), and any reply-paid envelope at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, such documents should not be forwarded, distributed or transmitted (in whole or in part) in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws of that jurisdiction.

If you have sold or otherwise transferred only part of your holding of Vectura Shares, you should retain these documents and contact the bank, stockbroker or other agent through whom the sale was effected. If you have recently purchased or otherwise acquired Vectura Shares, notwithstanding receipt of this document and any accompanying documents from the transferor, you should contact Vectura's registrar, Computershare, on the telephone number set out below to obtain personalised Forms of Proxy.

The release, publication or distribution of this document and the accompanying documents in, into or from jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession these documents come should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by law, Vectura and Bidco disclaim any responsibility or liability for the violation of such restrictions by such persons. This document is not a prospectus or a prospectus exempted document.

Recommended Cash Acquisition
of
Vectura Group plc ("Vectura")
by
Murano Bidco Limited ("Bidco")
a newly formed company indirectly controlled by
funds managed by Carlyle Europe Partners V
to be implemented by means of a
Scheme of Arrangement under Part 26 of
the Companies Act 2006

Vectura Shareholders should read carefully the whole of this document, any information incorporated by reference into this document and the accompanying Forms of Proxy. Your attention is drawn to the letter from the Chairman of Vectura in Part 1 (*Letter from the Chairman of Vectura Group plc*) of this document, which contains the unanimous recommendation of the Vectura Directors that you vote in favour of the Scheme at the Court Meeting and in favour of the resolutions to be proposed at the Vectura General Meeting. A letter from J.P. Morgan Cazenove and Rothschild & Co explaining the Acquisition in greater detail is set out in Part 2 (*Explanatory Statement*) of this document.

Capitalised words and phrases used in this document shall have the meanings given to them in Part 8 (*Definitions*) of this document.

Notices of the Court Meeting and the Vectura General Meeting, both of which are to be held at the London office of Vectura at Manning House, 22 Carlisle Place, Westminster, London SW1P 1JA on 12 July 2021, are set out at the end of this document. The Court Meeting will start at 12.00 noon on that date and the Vectura General Meeting will start at 12.15 p.m. (or as soon thereafter as the Court Meeting has been concluded or adjourned).

The action to be taken by Vectura Shareholders in respect of the Court Meeting and Vectura General Meeting is set out on pages 8 to 11. Whether or not you intend to be present at the Court Meeting and/or the Vectura General Meeting, please complete and sign both Forms of Proxy accompanying this document, blue for the Court Meeting and white for the Vectura General Meeting, in accordance with the instructions set out in Part 10 (*Notice of Court Meeting*) and Part 11 (*Notice of General Meeting*) of this document and return them to Vectura's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible, and in any event so as to be received not later than 48 hours (excluding any part of a day that is not a working day) before the relevant meeting. Alternatively, Forms of Proxy for the Court Meeting (but not the Vectura General Meeting) may be emailed to externalproxyqueries@computershare.co.uk at any time on (but not before) the day of the Court Meeting, up to thirty

minutes before the start of the Court Meeting. You can also submit your proxy electronically at www.investorcentre.co.uk/eproxy so as to be received by not later than 48 hours (excluding any part of a day that is not a working day) before the relevant meeting. You will need to accept relevant terms and conditions and enter the Control Number, Shareholder Reference Number (SRN) and PIN provided on the Forms of Proxy or email communication. Vectura Shareholders who hold Vectura Shares in CREST may also appoint a proxy through the CREST electronic proxy appointment service by following the instructions set out on page 10 of this document. The return of a completed Form of Proxy, the electronic appointment of a proxy or the submission of a proxy via CREST will not prevent you from attending the Court Meeting and/or the Vectura General Meeting and voting in person if you so wish and if you are entitled to do so (subject to any COVID-19 restrictions in force at the time).

Instructions for accessing the Virtual Meeting Platform

Scheme Shareholders will be given the opportunity to remotely attend, submit questions and vote at the Court Meeting via a virtual meeting platform provided by Lumi (the “**Virtual Meeting Platform**”). Vectura Shareholders may watch and submit questions at the Vectura General Meeting via the Virtual Meeting Platform **but please note that this will not constitute attendance at the Vectura General Meeting and Vectura Shareholders will not be able to vote at the Vectura General Meeting via the Virtual Meeting Platform.** Vectura Shareholders and Scheme Shareholders may also submit questions to be considered at the relevant Vectura Shareholder Meeting at any time up to 48 hours (excluding any part of the day which is not a working day) before the relevant Vectura Shareholder Meeting by [emailing ir@vectura.com](mailto:emailing_ir@vectura.com).

A hard copy of the Lumi Online User Guidance is being sent to Scheme Shareholders and Vectura Shareholders alongside the proxy forms. The Lumi Online User Guidance is also available on www.vectura.com.

Scheme Shareholders and Vectura Shareholders can access the Virtual Meeting Platform via a mobile web client, which is compatible with the latest browser versions of Chrome, Firefox, Edge and Safari and can be accessed using any web browser, on a PC or smartphone device. To attend remotely, submit questions and/or vote (to the extent applicable) using this method, please go to <https://web.lumiagm.com>. Once you have accessed <https://web.lumiagm.com> from your web browser, you will be asked to enter the Lumi Meeting ID which is 107-762-261. You will then be prompted to enter your Shareholder Reference Number (“**SRN**”) and PIN. Your SRN, including any zeros, and your PIN can be found printed on your Form of Proxy. Access to the Vectura Shareholder Meetings via the website will be available from 11.00 a.m. on 12 July 2021, as further detailed below. If you are unable to access your SRN and PIN, please call Computershare between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (excluding public holidays in England and Wales) on 0370 707 1387 (or +44 (0)370 707 1387 if calling from outside of the UK). Calls to this number are charged at national rates or, in the case of calls from outside the UK, at the applicable international rate. Calls from a mobile device may incur network extras. Calls may be recorded and randomly monitored for security and training purposes. Please note that Computershare cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice.

Although access to the Court Meeting will be available from 11.00 a.m. on 12 July 2021, voting functionality will not be enabled until the Chair of the Court Meeting declares the poll open. Scheme Shareholders and Vectura Shareholders will be permitted to submit questions (via the Virtual Meeting Platform) during the course of the Vectura Shareholder Meetings. Scheme Shareholders can use the same function to submit any objections they may have to the Scheme at the Court Meeting. Vectura Shareholders and Scheme Shareholders may also submit questions to be considered at the relevant Vectura Shareholder Meeting at any time up to 48 hours (excluding any part of the day which is not a working day) before the relevant Vectura Shareholder Meeting by emailing ir@vectura.com. The Chair of the relevant Vectura Shareholder Meeting will ensure that all such questions and/or any objections (in the case of the Court Meeting) relating to the formal business of the Vectura Shareholder Meeting are addressed during the relevant meeting, unless no response is required to be provided under the Companies Act or the provision of a response would, at the Chair’s discretion, otherwise be undesirable in the interests of the Company or the good order of the relevant meeting.

During the relevant Vectura Shareholder Meeting, you must ensure you are connected to the internet at all times in order to submit questions and (in the case of the Court Meeting only) submit any objections and vote when the Chair commences polling. Therefore, it is your responsibility to ensure connectivity for the duration of the relevant Vectura Shareholder Meeting via your wireless or other internet connection.

If your shares are held within a nominee and you wish to access the electronic meeting, you will need to contact your nominee immediately. Your nominee will need to have completed a letter of representation and presented this to Computershare, Vectura’s registrar, no later than 48 hours (excluding any part of the day which is not a working day) before the start of the relevant Vectura Shareholder Meeting in order to obtain a unique Login Code and PIN on your behalf, which you can then use to access the electronic meeting. If you are in any doubt about your shareholding, please contact Computershare between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (excluding public holidays in England and Wales) on 0370 707 1387 (or +44 (0)370 707 1387 if calling from outside of the UK). Calls to this number are charged at national rates or, in the case of calls from outside the UK, at the applicable international rate. Calls from a mobile device may incur network extras. Calls may be recorded and randomly monitored for security and training purposes. Please note that Computershare cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice.

This document (and any information incorporated into it by reference to another source) is available, subject to any restrictions relating to persons resident in Restricted Jurisdictions, on Vectura’s website at <http://www.Vectura.com>. Save as expressly referred to in this document, the contents of the websites referred to in this document are not incorporated into and do not form part of this document.

You may request a hard copy of this document (and any information incorporated into it by reference to another source) by contacting the Registrar at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or between 8.30 a.m. and 5.30 p.m. Monday to Friday (excluding UK public holidays) on (0) 370 707 1387 from within the UK (or on +44 (0) 370 707 1387 if calling from outside the UK) with an address to which the hard copy may be sent. Calls may be recorded and randomly monitored for security and training purposes. You may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form.

If you have previously notified Computershare that you wish to receive all documents in electronic format, a hard copy of this document (and any information incorporated into it by reference to another source) will not be sent to you unless a hard copy is requested in accordance with the procedure set out above.

If you have any questions about this document, the Court Meeting or the Vectura General Meeting or are in any doubt as to how to complete the Forms of Proxy, please call the Shareholder Helpline between 8.30 a.m. and 5.30 p.m. Monday to Friday (except English and Welsh public holidays) on +44 (0)370 707 1387. The helpline cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.

J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove (“**J.P. Morgan Cazenove**”), is authorised in the United Kingdom by the PRA and regulated in the United Kingdom by the Prudential Regulation Authority (“**PRA**”) and the Financial Conduct Authority (“**FCA**”). J.P. Morgan Cazenove is acting as financial adviser and corporate broker exclusively for Vectura and no one else in connection with the matters set out in this document and will not regard any other person as its client in relation to the matters in this document and will not be responsible to anyone other than Vectura for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, nor for providing advice in relation to any matter referred to herein.

N.M. Rothschild & Sons Limited (“**Rothschild & Co**”), which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for Vectura and for no one else in connection with the subject matter of this document and will not be responsible to anyone other than Vectura for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this document.

Numis Securities Limited (“**Numis**”), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Vectura and no one else in connection with the matters set out in this document and will not regard any other person as its client in relation to the matters in this document and will not be responsible to anyone other than Vectura for providing the protections afforded to clients of Numis, nor for providing advice in relation to any matter referred to herein.

Morgan Stanley & Co. International plc (“**Morgan Stanley**”) which is authorised by the PRA and regulated by the FCA and the PRA in the UK is acting exclusively as financial adviser to Bidco and no one else in connection with the matters set out in this document. In connection with such matters, Morgan Stanley, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing the protections afforded to their clients or for providing advice in relation to the contents of this document or any other matter referred to herein.

RBC Capital Markets is the trading name for RBC Europe Limited, which is authorised by the PRA and regulated in the UK by the FCA and the PRA and is a subsidiary of Royal Bank of Canada. RBC Capital Markets is acting exclusively for Bidco and for no one else in connection with the Acquisition and will not be responsible to anyone other than Bidco for providing the protections afforded to its clients nor for providing advice in relation to the Acquisition or any other matters referred to in this document.

IMPORTANT NOTICE

The statements contained in this document are not to be construed as legal, business, financial or tax advice. If you are in any doubt about the contents of this document, you should consult your own legal adviser, financial adviser or tax adviser for legal, business, financial or tax advice.

No person has been authorised to make any representations on behalf of Vectura or Bidco concerning the Acquisition or the Scheme which are inconsistent with the statements contained in this document and any such representations, if made, may not be relied upon as having been so authorised.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set out in this document since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of Vectura or Bidco except where otherwise expressly stated. Neither Vectura nor Bidco intends, or undertakes any obligation, to update information contained in this document, except as required by applicable law, the Takeover Code or other regulation.

Overseas shareholders

The release, publication or distribution of this document in or into certain jurisdictions other than the United Kingdom may be restricted by law. Persons who are not resident in the United Kingdom or who are subject to other jurisdictions should inform themselves of, and observe, any applicable requirements.

Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition shall not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Acquisition by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this document and all documents relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this document and all documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction.

The availability of the Acquisition to Vectura Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.

The Acquisition is subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the Financial Conduct Authority.

Additional information for US investors

The Acquisition relates to shares of a UK company and is proposed to be effected by means of a scheme of arrangement under the laws of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act.

Accordingly, the Acquisition is subject to the disclosure and procedural requirements applicable in the United Kingdom to schemes of arrangement which differ from the disclosure requirements of United States tender offer and proxy solicitation rules.

However, if Bidco were to elect to implement the Acquisition by means of a takeover offer, such takeover offer shall be made in compliance with all applicable United States laws and regulations, including any applicable exemptions under the US Exchange Act. Such a takeover would be made in the United States by Bidco and no one else.

In accordance with normal United Kingdom practice, Bidco or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, shares or other securities of Vectura outside of the US, other than pursuant to the Acquisition, until the date on which the Acquisition and/or Scheme becomes Effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases or arrangements to purchase shall be disclosed as required in the UK, shall be reported to a Regulatory Information Service and shall be available on the London Stock Exchange website at www.londonstockexchange.com.

The receipt of consideration by a US holder for the transfer of its Vectura Shares pursuant to the Scheme shall be a taxable transaction for United States federal income tax purposes. Each Vectura Shareholder is urged to consult their independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to them, including under applicable United States state and local, as well as overseas and other, tax laws.

Financial information relating to Vectura included in this document has been or shall have been prepared in accordance with accounting standards applicable in the United Kingdom and may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

Bidco and Vectura are both organised under the laws of England and Wales. Some or all of the officers and directors of Bidco and Vectura, respectively, are residents of countries other than the United States. In addition, most of the assets of Bidco and Vectura are located outside the United States. As a result, it may be difficult for US shareholders of Vectura to effect service of process within the United States upon Bidco or Vectura or their respective officers or directors or to enforce against them a judgment of a US court predicated upon the federal or state securities laws of the United Kingdom.

Forward looking statements

This document (including information incorporated by reference in this document), oral statements made regarding the Acquisition, and other information published by Vectura, Bidco or any member of the Bidco Group contain statements which are, or may be deemed to be, "forward looking statements". Such forward looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and on numerous assumptions regarding the business strategies and the environment in which Bidco or any member of the Bidco Group shall operate in the future and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

The forward-looking statements contained in this document relate to Bidco or any member of the Bidco Group's future prospects, developments and business strategies, the expected timing and scope of the Acquisition and other statements other than historical facts. In some cases, these forward looking statements can be identified by the use of forward looking terminology, including the terms "believes", "estimates", "will look to", "would look to", "plans", "prepares", "anticipates", "expects", "is expected to", "is subject to", "budget", "scheduled", "forecasts", "synergy", "strategy", "goal", "cost-saving", "projects" "intends", "may", "will", "shall" or "should" or their negatives or other variations or comparable terminology. Forward-looking statements may include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future

prospects; (ii) business and management strategies and the expansion and growth of Bidco's, any member of the Bidco Group or Vectura's operations and potential synergies resulting from the Acquisition; and (iii) the effects of global economic conditions and governmental regulation on Bidco's, any member of the Bidco Group or Vectura's business.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that shall occur in the future. These events and circumstances includes changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates, future business combinations or disposals, and any epidemic, pandemic or disease outbreak. If any one or more of these risks or uncertainties materialises or if any one or more of the assumptions prove incorrect, actual results may differ materially from those expected, estimated or projected. Such forward looking statements should therefore be construed in the light of such factors.

Neither Vectura or any of Bidco or any member of the Bidco Group, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document shall actually occur. Given these risks and uncertainties, potential investors should not place any reliance on forward looking statements.

Specifically, statements of estimated cost savings and synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Due to the scale of the Vectura Group, there may be additional changes to the Vectura Group's operations. As a result, and given the fact that the changes relate to the future, the resulting cost synergies may be materially greater or less than those estimated.

The forward-looking statements speak only at the date of this document. All subsequent oral or written forward-looking statements attributable to any member of the Bidco Group or Vectura Group, or any of their respective associates, directors, officers, employees or advisers, are expressly qualified in their entirety by the cautionary statement above.

Vectura, the Bidco Group and Bidco expressly disclaim any obligation to update such statements other than as required by law or by the rules of any competent regulatory authority, whether as a result of new information, future events or otherwise.

Profit forecasts, estimates or quantified benefits statements

Other than the Vectura 2021 flutiform® Gross Profit Forecast, no statement in this document is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings or earnings per share for Bidco or Vectura, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Bidco or Vectura, as appropriate.

The Vectura 2021 flutiform® Gross Profit Forecast is a profit forecast for the purposes of Rule 28 of the Takeover Code. As required by Rule 28.1 of the Takeover Code, the assumptions on which the Vectura 2021 flutiform® Gross Profit Forecast is stated are set out in Part 5 of this document.

Disclosure requirements of the Takeover Code

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Rounding

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Electronic communications

Please be aware that addresses, electronic addresses and certain information provided by Vectura Shareholders, persons with information rights and other relevant persons for the receipt of communications from Vectura may be provided to Bidco during the Offer Period as requested under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.

Date

This document is published on 18 June 2021.

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ACTION TO BE TAKEN

The Court Meeting and the Vectura General Meeting will be held at the London office of Vectura at Manning House, 22 Carlisle Place, Westminster, London SW1P 1JA on 12 July 2021 at 12.00 noon and 12.15 p.m., respectively (or, in the case of the Vectura General Meeting, as soon thereafter as the Court Meeting has been concluded or adjourned). Due to the ongoing COVID-19 situation, it is expected that Scheme Shareholders and Vectura Shareholders will not be permitted to attend the Court Meeting and Vectura General Meeting (respectively) in person as a result of government restrictions on public gatherings which, at the date of this document, are expected to be in place at the time of the Vectura Shareholder Meetings. They are encouraged instead to appoint the Chair of the relevant meeting as proxy. Given the evolving nature of the situation, it may become possible for Scheme Shareholders and Vectura Shareholders to attend the Court Meeting and Vectura General Meeting (respectively) in person and in such circumstances, Vectura will announce this change via a Regulatory Information Service.

The Scheme requires approval of the Scheme at the Court Meeting and approval of the Scheme Resolution at the Vectura General Meeting.

For the reasons set out in this document, the Vectura Directors unanimously recommend that Vectura Shareholders vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the Vectura General Meeting, as the Vectura Directors who hold Vectura Shares have each irrevocably undertaken to do in respect of their own beneficial shareholdings in Vectura.

Please check you have received the following with this document:

- a blue Form of Proxy for use in respect of the Court Meeting at 12.00 noon on 12 July 2021; and
- a white Form of Proxy for use in respect of the Vectura General Meeting at 12.15 p.m. on 12 July 2021.

If you have not received these documents, please contact Vectura's registrars, Computershare, on the Shareholder Helpline referred to below.

To access the Court Meeting remotely and the Vectura General Meeting remotely:

Scheme Shareholders will be given the opportunity to remotely attend, submit questions and vote at the Court Meeting via a virtual meeting platform provided by Lumi (the "Virtual Meeting Platform"). Vectura Shareholders will be given the opportunity to submit questions at the Vectura General Meeting remotely via the Virtual Meeting Platform. **Please note that this will not constitute attendance at the Vectura General Meeting. Vectura Shareholders will not be able to vote at the Vectura General Meeting via the Virtual Meeting Platform and are encouraged to appoint the Chair as proxy.** Vectura Shareholders and Scheme Shareholders may also submit questions to be considered at the relevant Vectura Shareholder Meeting at any time up to 48 hours (excluding any part of the day which is not a working day) before the relevant Vectura Shareholder Meeting by emailing ir@vectura.com.

For instructions on how to attend the Court Meeting remotely and watch the Vectura General Meeting remotely via the Virtual Meeting Platform, please refer to pages 84 to 85 and 90 to 91 of this document. A hard copy of the Lumi Online User Guidance is being sent to Scheme Shareholders and Vectura Shareholders alongside the proxy forms. The Lumi Online User Guidance is also available on www.vectura.com.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of the opinion of Scheme Shareholders. You are therefore strongly urged to complete, sign and return your Forms of Proxy (or appoint a proxy online or through the CREST electronic proxy appointment service) as soon as possible.

Therefore, whether or not you plan to attend the Vectura Shareholder Meetings, please complete and sign both the enclosed blue and white Forms of Proxy and return them in accordance with the instructions provided thereon as soon as possible, but in any event so as to be received by:

- **no later than 12.00 noon on 8 July 2021 in the case of the Court Meeting (blue form); and**

- **by no later than 12.15 p.m. on 8 July 2021 in the case of the Vectura General Meeting (white form),**

or, in the case of any adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the holding of the adjourned meeting.

This will enable your votes to be counted at the Vectura Shareholder Meetings in the event of your absence. Forms of Proxy returned by fax will not be accepted. If the blue Form of Proxy for use at the Court Meeting is not lodged by 12.00 noon on 8 July 2021, it may be emailed to externalproxyqueries@computershare.co.uk at any time on (but not before) the day of the Court Meeting, up to thirty minutes before the start of the Court Meeting. However, in the case of the Vectura General Meeting, unless the white Form of Proxy is lodged so as to be received by the time mentioned above, it will be invalid.

(a) Sending Forms of Proxy by post or by hand

Please complete and sign the Forms of Proxy in accordance with the instructions printed on them and return them, either (i) by post or, (ii) during normal business hours only, by hand, to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, so as to be received as soon as possible and in any event not later than the relevant time set out below:

Blue Forms of Proxy for the Court Meeting 12.00 noon on 8 July 2021

White Forms of Proxy for the Vectura General Meeting 12.15 p.m. on 8 July 2021

or, if either of the Vectura Shareholder Meetings is adjourned, the relevant Form of Proxy should be received not later than 48 hours (excluding non-working days) before the time fixed for such adjourned Vectura Shareholder Meeting.

If the blue Form of Proxy for the Court Meeting is not returned by such time, it may be emailed to externalproxyqueries@computershare.co.uk at any time on (but not before) the day of the Court Meeting, up to thirty minutes before the start of the Court Meeting. However, in the case of the Vectura General Meeting, the white Form of Proxy must be received by Computershare by the time mentioned above, or it will be invalid.

Vectura Shareholders are entitled to appoint a proxy in respect of some or all of their Vectura Shares and may also appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. Vectura Shareholders who wish to appoint more than one proxy in respect of their holding of Vectura Shares should contact Computershare for further Forms of Proxy or photocopy the Forms of Proxy as required.

Completion and return of a Form of Proxy, or the appointment of a proxy electronically using CREST (or any other procedure described below), will not prevent you from attending, speaking and voting in person at either the Court Meeting or the Vectura General Meeting, or any adjournment thereof, if you wish and are entitled to do so (subject to any COVID-19 restrictions in force at the time).

(b) Online appointment of proxies

As an alternative to completing and returning the printed Forms of Proxy, proxies may be appointed electronically by logging on to the following website www.investorcentre.co.uk/eproxy, you will need to accept relevant terms and conditions and enter the Control Number, Shareholder Reference Number (SRN) and PIN provided on the Forms of Proxy or email communication and following the instructions there. For an electronic proxy appointment to be valid, the appointment must be received by Computershare not later than the relevant time set out below:

Blue Forms of Proxy for the Court Meeting 12.00 noon on 8 July 2021

White Forms of Proxy for the Vectura General Meeting 12.15 p.m. on 8 July 2021

or, if either of the Vectura Shareholder Meetings is adjourned, the relevant Form of Proxy should be received not later than 48 hours (excluding non-working days) before the time fixed for such adjourned Vectura Shareholder Meeting.

In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time, you may complete the blue Form of Proxy and email the blue Form of Proxy to externalproxyqueries@computershare.co.uk at any time on (but not before) the day of the Court Meeting, up to thirty minutes before the start of the Court Meeting.

(c) **Electronic appointment of proxies through CREST**

If you hold Vectura Shares in uncertificated form through CREST and wish to appoint a proxy or proxies for the Vectura Shareholder Meetings (or any adjourned Vectura Shareholder Meeting) by using the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual (please also refer to the accompanying notes to the notices of the Vectura Shareholder Meetings set out in Part 10 (*Notice of Court Meeting*) and Part 11 (*Notice of General Meeting*) of this document). CREST personal members or other CREST sponsored members, and those CREST members who have appointed any 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.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with the specifications of Euroclear 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 instructions given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Computershare (CREST participant ID 3RA50) not less than 48 hours (excluding non-working days) before the time fixed for the Court Meeting or Vectura General Meeting (or such adjourned Vectura Shareholder Meeting), as applicable. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST application host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear 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 any voting service provider(s), to procure that his/her 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 a particular time. CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning the practical limitations of the CREST system and timings.

Vectura may treat as invalid a CREST Proxy Instruction in the circumstances set out in the Regulations.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders, including any Scheme Shareholders who did not vote or who voted against the Scheme at the Court Meeting.

Vectura Shareholder Helpline

If you have any queries, please call the Shareholder Helpline between 8.30 a.m. and 5.30 p.m. Monday to Friday (except English and Welsh public holidays) on +44 (0370) 707 1387. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from

mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that Computershare cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All references in this document to times are to times in London (unless otherwise stated).

All times and dates are indicative only and will depend, among other things, on the date upon which the Court sanctions the Scheme and the date on which the Conditions are satisfied or, if capable of waiver, waived. The timetable is also dependent on the date on which the Court Order sanctioning the Scheme is delivered to the Registrar of Companies. **Vectura will give notice of the change(s) by issuing an announcement through a Regulatory Information Service and, if required by the Panel, post notice of the change(s) to Vectura Shareholders and persons with information rights.**

<i>Event</i>	<i>Time/date</i>
Publication of this document	18 June 2021
Latest time for lodging Forms of Proxy for the:	
Court Meeting (blue Form of Proxy)	12.00 noon on 8 July 2021 ⁽¹⁾
Vectura General Meeting (white Form of Proxy)	12.15 p.m. on 8 July 2021 ⁽²⁾
Voting Record Time:	6.30 p.m. on 8 July 2021⁽³⁾
Court Meeting	12.00 noon on 12 July 2021
Vectura General Meeting	12.15 p.m. on 12 July 2021⁽⁴⁾
<i>Certain of the following dates are subject to change (please see the note above):</i>	
Court Hearing to sanction the Scheme	A date expected to fall in the third quarter of 2021 and within 14 days of the satisfaction of the Regulatory Conditions (“D”)
Last day of dealings in, and for registration of transfers of, and disablement in CREST of, Vectura Shares	D
Scheme Record Time	6.30 p.m. on D
Suspension of trading in Vectura Shares	around 7.30 a.m. on D+1
Effective Date of the Scheme	D+1
De-listing of Vectura Shares	By 8.00 a.m. on D+2
Latest date for despatch of cheques in respect of, and for CREST settlement of Cash Consideration through CREST	Within 14 days of the Effective Date
Long Stop Date	11.59 p.m. London time on 26 November 2021 ⁽⁵⁾

The Court Meeting and the Vectura General Meeting will each be held at the London office of Vectura at Manning House, 22 Carlisle Place, Westminster, London SW1P 1JA.

- (1) It is requested that blue Forms of Proxy for the Court Meeting be lodged before 12.00 noon on 8 July 2021 or, if the Court Meeting is adjourned, not later than 48 hours (excluding any part of a day that is not a working day) before the time appointed for the holding of the adjourned meeting. However, blue Forms of Proxy not so lodged may be emailed to externalproxyqueries@computershare.co.uk at any time on (but not before) the day of the Court Meeting, up to thirty minutes before the start of the Court Meeting.
- (2) White Forms of Proxy for the Vectura General Meeting must be lodged before 12.15 p.m. on 8 July 2021 in order to be valid or, if the Vectura General Meeting is adjourned, not later than 48 hours (excluding any part of a day that is not a working day) before the time appointed for the holding of the adjourned meeting.

- (3) If either of the Vectura Shareholder Meetings is adjourned, the Voting Record Time for the relevant adjourned meeting will be 6.30 p.m. on the date two Business Days before the date which is set for the adjourned meeting.
- (4) Or as soon thereafter as the Court Meeting has been concluded or adjourned.
- (5) This date may be extended to such date as Vectura and Bidco may agree in writing (if applicable, with the Panel's consent and/or the Court's approval).

PART 1

LETTER FROM THE CHAIRMAN OF VECTURA GROUP PLC



Directors:

Bruno Angelici (*Non-Executive Chairman*)
Will Downie (*Chief Executive Officer*)
Paul Fry (*Chief Financial Officer*)
Per-Olof Andersson (*Non-Executive Director*)
Kevin Matthews (*Non-Executive Director*)
Jeanne Taylor Hecht (*Non-Executive Director*)
Jeanne Thoma (*Non-Executive Director*)
Juliet Thompson (*Non-Executive Director*)

Registered office:

One, Prospect West,
Chippenham, Wiltshire
SN14 6FH

Incorporated in England
and Wales with registered
number 03418970

18 June 2021

To all Vectura Shareholders and, for information only, to participants in the Vectura Share Plans, and persons with information rights

Dear Shareholder,

**RECOMMENDED CASH ACQUISITION OF VECTURA
BY MURANO BIDCO LIMITED,
A NEWLY FORMED COMPANY INDIRECTLY CONTROLLED BY FUNDS
MANAGED BY CARLYLE EUROPE PARTNERS V**

1. Introduction

On 26 May 2021, the boards of Vectura and Bidco announced that they had agreed the terms of a recommended acquisition of the entire issued and to be issued ordinary share capital of Vectura by Bidco to be implemented by way of a Court-sanctioned scheme of arrangement of Vectura under Part 26 of the Companies Act, which requires the approval of Vectura Shareholders and the sanction of the Court.

Bidco is a newly incorporated company indirectly controlled by Carlyle Europe Partners V Fund, a €6.4bn fund raised in 2018 to invest in European opportunities across a range of sectors and industries, which, together with their affiliates, conduct business as “The Carlyle Group” (“**Carlyle**”).

I am writing to you on behalf of the Vectura Board to explain the background to, and reasons for, the Acquisition and to describe the action you should now take. For the reasons set out below, the Vectura Board supports the Acquisition and unanimously recommends that you vote in favour of the Scheme at the Court Meeting and the resolutions at the Vectura General Meeting.

Further information in relation to the Court Meeting and the Vectura General Meeting is contained in paragraph 9 below and in paragraph 12 of Part 2 (*Explanatory Statement*) of this document.

The Scheme is subject to a number of Conditions which are set out in Part 3 (*Conditions to and Further Terms of the Acquisition*). It is expected that the Scheme will become Effective during the third quarter of 2021 subject to the satisfaction or (where applicable) waiver of all the relevant Conditions.

2. Summary of the terms of the Acquisition

Under the terms of the Acquisition, which is subject to the Conditions and the further terms set out in Part 3 (*Conditions to and Further Terms of the Acquisition*) of this document, Scheme Shareholders who were entitled to the Interim Dividend of 19 pence for each Vectura Share announced on 26 May 2021 and who are on the register of members of Vectura at the Scheme Record Time will be entitled to receive in aggregate, **155 pence per Vectura Share (the “Acquisition Value”)**, comprising:

for each Vectura Share held **136 pence in cash from Bidco**
(the “Cash Consideration”)

and

the Interim Dividend of 19 pence
for each Vectura Share (paid on
11 June 2021)

Scheme Shareholders who were not entitled to receive the Interim Dividend but who are on the register of members of Vectura at the Scheme Record Time shall receive the Cash Consideration under the Acquisition in respect of their Scheme Shares.

The Cash Consideration represents a premium of approximately:

- 41 per cent. to the volume weighted average Ex-Dividend Closing Price of 97 pence per Vectura Share for the three months ended 25 May 2021 (being the last Business Day prior to the commencement of the Offer Period);
- 39 per cent. to the volume weighted average Ex-Dividend Closing Price of 98 pence per Vectura Share for the one month ended 25 May 2021 (being the last Business Day prior to the commencement of the Offer Period); and
- 32 per cent. to the Ex-Dividend Closing Price per Vectura Share of 103 pence on 25 May 2021 (being the last Business Day prior to the commencement of the Offer Period).

The Acquisition Value values the entire issued and to be issued ordinary share capital of Vectura at approximately £958 million, representing a premium of approximately 27 per cent. to the Closing Price of 122 pence per Vectura Share on 25 May 2021 (being the last Business Day prior to the commencement of the Offer Period).

3. Background to, and reasons for, the Acquisition

Carlyle is a global investment firm with over 30 years’ experience as an investor in healthcare, including in the pharmaceutical and pharmaceutical services sectors. Over that time Carlyle has developed a track record of successful partnerships with many businesses, including a number of CROs and CDMOs. Carlyle has followed Vectura closely in recent years and considers Vectura to fit well with its investment focus. Vectura has a strong technology heritage and comprehensive research and development capabilities in the inhalation segment, delivering highly specialist products and services to attractive end-markets.

Bidco believes that the Vectura Directors and new management team have made strong progress in recent years, in particular since embarking on the new strategy in 2019 to become a leading inhalation focused CDMO. Notwithstanding this progress, Bidco believes that Vectura can better reach its full potential in a private setting, enabled by the acceleration of investment in growth, as Vectura continues to reshape its business. Carlyle, as a partner to Vectura, can leverage its extensive global network, resources and experience to help achieve this potential.

4. **Background to, and reasons for, the recommendation**

In 2019, the Vectura Board made the strategic decision of transitioning away from developing its own assets to operating under a new CDMO business model with a reduced level of risk and a smoother, diversified earnings profile.

During 2020, under new leadership, including CEO Will Downie, Vectura demonstrated strong progress towards its strategic goals, hiring experienced leaders with a deep understanding of the CDMO market, signed 18 new CDMO contracts and continued the business transformation and investment required to succeed as a CDMO. In addition, the Group announced financial results that exceeded Board expectations, the approval of Enerzair® Breezhaler (QVM149) and generic Advair® (VR315 (US)), and a positive outcome to the US GSK litigation, all achieved despite navigating the unprecedented challenges of a global pandemic.

While the Vectura Directors believe the Vectura Group is well positioned for future continued success and that the long-term prospects of the Group are strong as an independent listed entity, it also recognises that uncertainties exist, many of which are beyond Vectura's control. As well as economic, regulatory and competitive risks, these uncertainties include the continued execution of its transformation strategy into a major CDMO, reliance on partners for the performance of its royalty and product supply revenues and risk around its future co-development revenues.

The Vectura Directors believe that the Acquisition reflects the strength of the Vectura business today and its future prospects, and provides an opportunity for Vectura Shareholders to realise their investment in Vectura in cash in the near term.

Against this backdrop, the Vectura Directors have carefully considered the terms of the Acquisition and noted that:

- the Cash Consideration represents a premium of approximately 32 per cent. to the Ex-Dividend Closing Price of 103 pence per Vectura Share on 25 May 2021 (being the last Business Day prior to the commencement of the Offer Period);
- the Acquisition Value of 155 pence per Vectura Share represents:
 - a premium of approximately 27 per cent. to the Closing Price of 122 pence per Vectura Share on 25 May 2021, being the last Business Day prior to the commencement of the Offer Period;
 - a premium of approximately 34 per cent. to the volume weighted average Closing Price of 116 pence per Vectura Share over the 90-day period ending 25 May 2021, (being the last Business Day prior to the commencement of the Offer Period); and
 - an implied adjusted enterprise value multiple of approximately 12.4x Vectura's adjusted EBITDA of £61 million for the 12 month period ended 31 December 2020.
- the adjusted enterprise value implied by the Acquisition Value represents a premium of approximately 36 per cent. to the adjusted enterprise value of £561 million as of 25 May 2021, being the last Business Day prior to the commencement of the Offer Period.

The Vectura Directors are pleased that the terms of the Acquisition recognise the value of the CDMO strategy announced on 17 July 2019 and is at a 75 per cent. premium to the Vectura Closing Price of 89 pence on the date of that announcement.

Furthermore, the Vectura Directors have also taken account of Bidco's intentions for the business, management and employees of Vectura. The Vectura Directors note the great importance attached by Bidco to the skills, knowledge and expertise of Vectura's management and employees. The Vectura Directors believe the Acquisition brings a number of strategic benefits to Vectura's business through private ownership under Carlyle.

Accordingly, following careful consideration of the above factors, the Vectura Board of Directors unanimously recommends the Acquisition to Vectura Shareholders.

5. **Vectura's Board's views on Bidco's strategic plans and intentions with regard to Vectura Directors, management, employees, research and development and locations**

Your attention is drawn to Bidco's strategic plans and intention statements for Vectura following Completion, as set out in paragraph 8 of Part 2 (*Explanatory Statement*) of this document.

The Vectura Board welcomes Bidco's statement that it supports Vectura's strategy to become one of the market leading CDMOs in the inhalation segment and that Bidco appreciates the complexity involved in managing such a transition. The Vectura Board recognises the potential benefit of a private setting in executing this strategy and understands that Bidco has not yet had access to sufficiently detailed information to formulate specific plans regarding the impact of the Acquisition on the Vectura Group.

The Vectura Board notes that Bidco attaches great importance and skill to Vectura's management and employees and understands that they are key to its future success. The Vectura Board is pleased that Bidco does not have any intention of making any material changes to conditions of employment or to the balance of skills and functions, but recognises that there may be some restructuring once Vectura ceases to be listed.

The Vectura Board also welcome Bidco's statement that it does not intend to make any changes to Vectura's pension schemes or material changes in the locations of Vectura's headquarters and headquarter functions (other than the announced transition from Chippenham to South West of England), and intends to maintain a level of expenditure on R&D consistent with its past practice (other than in respect of R&D operations in Switzerland, which will be significantly reduced by 2022 as previously announced by Vectura).

6. **Irrevocable undertakings**

Bidco has received irrevocable undertakings from the Vectura Directors who hold Vectura Shares and from Dr Thomas Werner, who was a director of Vectura at the time of the Press Announcement, to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the Vectura General Meeting in respect of 587,662 Vectura Shares they beneficially hold representing, in aggregate, approximately 0.1 per cent. of Vectura's issued ordinary share capital at close of business on the Latest Practicable Date.

These irrevocable undertakings remain binding in the event of a competing offer, until such competing offer is declared wholly unconditional or, if implemented by way of a scheme of arrangement, becomes effective.

Further details of these irrevocable undertakings, including the circumstances in which they may lapse, are set out in paragraph 7 of Part 6 (*Additional Information*) of this document.

7. **Dividends**

Save for the Interim Dividend, if any dividend, distribution or other return of value is declared, paid or made or becomes payable by Vectura in respect of Vectura Shares on or after the date of the Press Announcement and on or prior to the Effective Date, Bidco reserves the right to reduce the Cash Consideration by an amount up to the amount of such dividend, distribution or other return of value or excess. In such circumstances Vectura Shareholders would be entitled to retain any such dividend, distribution or other return of value declared, made or paid.

If any such dividend, distribution or other return of capital is declared, paid or made or becomes payable by Vectura after the date of the Press Announcement and Bidco exercises its rights described above, any reference to the Cash Consideration payable under the Scheme shall be deemed to be a reference to the consideration as so reduced. Any exercise by Bidco of its rights referred to in this

paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Scheme.

8. **Vectura Share Plans**

Information relating to the effect of the Acquisition on participants in the Vectura Share Plans is set out in paragraph 10 of Part 2 (*Explanatory Statement*) of this document. Vectura Share Plan participants will be contacted separately regarding the effect of the Acquisition on their rights under the Vectura Share Plans and, where applicable, details of Bidco's appropriate proposals in accordance with Rule 15 of the Takeover Code.

9. **Scheme and the Vectura Shareholder Meetings**

It is intended that the Acquisition will be implemented by means of a scheme of arrangement between Vectura and its shareholders under Part 26 of the Companies Act (although Bidco reserves the right to implement the Acquisition by way of a Takeover Offer, subject to the Panel's consent). The Scheme is an arrangement between Vectura and Scheme Shareholders and is subject to the sanction of the Court.

The purpose of the Scheme is to provide for Bidco to become the holder of the entire issued and to be issued ordinary share capital of Vectura. This is to be achieved by the transfer of the Scheme Shares to Bidco, in consideration for which the Scheme Shareholders will receive the Cash Consideration from Bidco on the basis set out in paragraph 2 of this letter.

The Scheme requires the approval of a majority in number of those Scheme Shareholders who are present and voting, either in person or by proxy, and who represent not less than 75 per cent. in value of the Scheme Shares voted by such Scheme Shareholders at the Court Meeting.

Implementation of the Scheme will also require the passing of the Scheme Resolution which requires the approval of Vectura Shareholders representing at least 75 per cent. of the votes cast, either in person or by proxy, at the Vectura General Meeting, which will be held immediately after the Court Meeting.

It is expected that the Scheme will become Effective during the third quarter of 2021 subject to the satisfaction or (where applicable) waiver of all the relevant Conditions.

You are strongly encouraged to submit your votes by proxy for both Vectura Shareholder Meetings.

Further details of the Scheme and the Vectura Shareholder Meetings are set out in paragraph 12 of Part 2 (*Explanatory Statement*).

10. **De-listing and re-registration**

Prior to the Scheme becoming Effective, it is intended that an application will be made for the cancellation of trading of the Vectura Shares on the London Stock Exchange's main market for listed securities and for the cancellation of the listing of Vectura Shares on the Official List, in each case to take effect following the Effective Date. The last day of dealings in Vectura Shares on the Main Market of the London Stock Exchange is expected to be the Business Day immediately prior to the Effective Date and no transfers shall be registered after 6.00 p.m. on that date.

On the Effective Date, share certificates in respect of Vectura Shares will cease to be valid and should be destroyed. In addition, entitlements to Vectura Shares held within the CREST system will be disabled.

Bidco intends, as soon as reasonably practicable following the Effective Date, to re-register Vectura as a private company under the relevant provisions of the Companies Act. A special resolution to approve the re-registration of Vectura (conditional upon the Scheme becoming Effective) will be proposed at the Vectura General Meeting (the "**Re-Registration Resolution**"). The Re-Registration Resolution is not a condition to the Acquisition.

11. **United Kingdom taxation**

Your attention is drawn to paragraph 5 of Part 6 (*Additional Information*) of this document which contains a summary of certain UK tax-related information relevant to certain Scheme Shareholders.

12. **Overseas Shareholders**

Overseas Shareholders should refer to paragraph 16 of Part 2 (*Explanatory Statement*) of this document.

13. **Action to be taken**

Notices convening the Court Meeting and the Vectura General Meeting are set out at the end of this document. You will find enclosed with this document a blue Form of Proxy for use at the Court Meeting and a white Form of Proxy for use at the Vectura General Meeting.

Whether or not you intend to be present at either meeting, you are requested to complete and return both the enclosed Forms of Proxy for the Court Meeting (blue form) and for the Vectura General Meeting (white form) in accordance with the instructions printed on the forms, make an electronic appointment of a proxy or submit a proxy via CREST as soon as possible. Due to the ongoing COVID-19 situation, it is expected that Scheme Shareholders and Vectura Shareholders will not be permitted to attend the Court Meeting and Vectura General Meeting (respectively) in person as a result of government restrictions on public gatherings which, at the date of this document, are expected to be in place at the time of the Vectura Shareholder Meetings. They are encouraged instead to appoint the Chair of the relevant meeting as proxy. Given the evolving nature of the situation, it may become possible for Scheme Shareholders and Vectura Shareholders to attend the Court Meeting and Vectura General Meeting (respectively) in person and in such circumstances, Vectura will announce this change via a Regulatory Information Service.

Further details in relation to the action to be taken by Vectura Shareholders is set out in paragraph 18 of Part 2 (*Explanatory Statement*) of this document.

14. **Further information**

Your attention is drawn to: (i) the letter from J.P. Morgan Cazenove and Rothschild & Co set out in Part 2 (*Explanatory Statement*) of this document (being the explanatory statement made in compliance with section 897 of the Companies Act), which gives further details about the Acquisition; (ii) the Conditions to the Acquisition which are set out in full in Part 3 (*Conditions to and Further Terms of the Acquisition*) of this document; (iii) the additional information set out in Part 6 (*Additional Information*); and (iv) the terms of the Scheme that are set out in full in Part 9 (*The Scheme of Arrangement*) of this document.

Please note that reading the information in this letter is not a substitute for reading the remainder of this document.

A copy of this document (and all information incorporated into this document by reference to another source) and the Forms of Proxy will be available, subject to certain restrictions relating to Overseas Shareholders in Restricted Jurisdictions, for inspection on (as applicable) Vectura's website at <http://www.Vectura.com>.

15. **Recommendation**

The Vectura Directors, who have been so advised by J.P. Morgan Cazenove and Rothschild & Co as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing their financial advice to the Vectura Directors, J.P. Morgan Cazenove and Rothschild & Co have taken into account the commercial assessments of the Vectura Directors. Rothschild & Co is providing independent financial advice to the Vectura Directors for the purposes of Rule 3 of the Takeover Code.

In addition, the Vectura Directors believe that the terms of the Acquisition are in the best interests of Vectura Shareholders as a whole and accordingly unanimously recommend that Vectura Shareholders vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the Vectura General Meeting as the Vectura Directors who hold Vectura Shares have each irrevocably undertaken to do in respect of their own beneficial shareholdings in Vectura (as set out in paragraph 6 above).

Yours faithfully,

Bruno Angelici

Chairman

PART 2

EXPLANATORY STATEMENT

J.P. Morgan Securities plc
25 Bank Street, Canary Wharf,
London E14 5JP

N.M. Rothschild & Sons Limited
New Court, St Swithin's Lane,
London EC4N 8AL

18 June 2021

To all Vectura Shareholders and, for information only, to participants in the Vectura Share Plans and persons with information rights

Dear Shareholder,

**RECOMMENDED CASH ACQUISITION OF VECTURA
BY MURANO BIDCO LIMITED,
A NEWLY FORMED COMPANY INDIRECTLY CONTROLLED BY FUNDS
MANAGED BY CARLYLE EUROPE PARTNERS V**

1. Introduction

On 26 May 2021, the boards of Vectura and Bidco announced that they had agreed the terms of a recommended acquisition of the entire issued and to be issued ordinary share capital of Vectura by Bidco to be implemented by way of a Court-sanctioned scheme of arrangement of Vectura under Part 26 of the Companies Act, which requires the approval of Vectura Shareholders and the sanction of the Court.

The Vectura Board has been advised by J.P. Morgan Cazenove and Rothschild & Co in connection with the financial terms of the Acquisition. We have been authorised by the Vectura Board to write to you to explain the terms of the Acquisition and to provide you with other relevant information.

Your attention is drawn to the letter from the Chairman of Vectura, Bruno Angelici, set out in Part 1 (*Letter from the Chairman of Vectura Group plc*) of this document, which forms part of this Explanatory Statement. That letter contains, among other things, information on the background to and reasons for the Acquisition and the unanimous recommendation by the Vectura Board to Scheme Shareholders to vote in favour of the Scheme and the resolutions to approve and implement the Acquisition to be proposed at the Vectura Shareholder Meetings.

Your attention is also drawn to Part 3 (*Conditions to and Further Terms of the Acquisition*), Part 4 (*Financial Information and Ratings*), Part 5 (*Vectura 2021 flutiform® Gross Profit Forecast*) and Part 6 (*Additional Information*). The Scheme is set out in full in Part 9 (*The Scheme of Arrangement*) of this document.

Vectura Shareholders should read the whole of this document before deciding whether or not to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the Vectura General Meeting.

2. Summary of the terms of the Acquisition

The Acquisition is to be effected by way of a scheme of arrangement under Part 26 of the Companies Act, which requires the approval of relevant Vectura Shareholders and the sanction of the Court.

Under the terms of the Acquisition, which is subject to the Conditions and the further terms set out in Part 3 (*Conditions to and Further Terms of the Acquisition*) of this document, Scheme Shareholders who were entitled to the Interim Dividend of 19 pence for each Vectura Share announced on 26 May 2021 and who are on the register of members of Vectura at the Scheme Record Time will be entitled to receive in aggregate, **155 pence per Vectura Share (the "Acquisition Value")** comprising:

**for each Vectura Share held 136 pence in cash from Bidco
(the “Cash Consideration”)**

and

**the Interim Dividend of 19 pence
for each Vectura Share (paid on
11 June 2021)**

Scheme Shareholders who were not entitled to receive the Interim Dividend but who are on the register of members at the Scheme Record Time shall receive the Cash Consideration under the Acquisition in respect of their Scheme Shares.

The Cash Consideration represents a premium of approximately:

- 41 per cent. to the volume weighted average Ex-Dividend Closing Price of 97 pence per Vectura Share for the three months ended 25 May 2021 (being the last Business Day prior to prior to the commencement of the Offer Period);
- 39 per cent. to the volume weighted average Ex-Dividend Closing Price of 98 pence per Vectura Share for the one month ended 25 May 2021 (being the last Business Day prior to prior to the commencement of the Offer Period); and
- 32 per cent. to the Ex-Dividend Closing Price per Vectura Share of 103 pence on 25 May 2021 (being the last Business Day prior to the commencement of the Offer Period).

The Acquisition Value values the entire issued and to be issued ordinary share capital of Vectura at approximately £958 million, representing a premium of approximately 27 per cent. to the Closing Price of 122 pence per Vectura Share on 25 May 2021 (being the last Business Day prior to the commencement of the Offer Period).

3. **Information on Vectura**

Vectura is a public limited company registered in England and Wales. The Vectura Shares are listed on the Official List of the London Stock Exchange.

Vectura is a provider of innovative inhaled drug delivery solutions that enable partners to bring their medicines to patients. With differentiated proprietary technology and pharmaceutical development expertise, Vectura is one of the few companies globally with the device, formulation and development capabilities to deliver a broad range of complex inhaled therapies.

Vectura has thirteen key inhaled and eleven non-inhaled products marketed by partners with global royalty streams, and a diverse partnered portfolio of drugs in clinical development. Its partners include Hikma, Novartis, Sandoz (a division of Novartis AG), Mundipharma, Kyorin, GSK, Bayer, Chiesi, Almirall, and Tianjin KingYork.

4. **Vectura current trading and prospects**

On 26 May 2021, Vectura released a trading update (the “**Vectura Trading Update**”) ahead of its annual general meeting, which is available on www.vectura.com. On 9 June 2021, Vectura completed the sale of its oral manufacturing facility in Lyon which was referenced in the Vectura Trading Update.

In the Vectura Trading Update, Vectura stated that it expected the ICS/LABA market to normalise in 2022 and over the medium term, with flutiform[®] volumes following a similar trend. Current partner demand forecasts for 2021 and 2022 suggest continued weakness in market volumes, which is likely to delay the normalisation of flutiform[®] volumes until the second half of 2022.

Vectura 2021 flutiform® Gross Profit Forecast

The Vectura Trading Update stated that the gross profit forecast of *flutiform®* remains in line with the previous guidance (the “**Vectura 2021 flutiform® Gross Profit Forecast**”), which was given by Vectura during its analyst call in respect of its 2020 preliminary results on 18 March 2021. The Vectura 2021 *flutiform®* Gross Profit Forecast is treated as a profit forecast for the purposes of Rule 28 of the Takeover Code.

The Vectura Directors confirm that the Vectura 2021 *flutiform®* Gross Profit Forecast remains valid, that it has been properly compiled on the basis of the assumptions stated and that the basis of accounting used is consistent with Vectura’s accounting policies.

Further details of the Vectura 2021 *flutiform®* Gross Profit Forecast is included in Part 5 (*Vectura 2021 flutiform® Gross Profit Forecast*) of this document, which also sets the basis of preparation and the assumptions used.

5. Information on Carlyle and Bidco

The Carlyle Group is a global investment firm with deep industry expertise that deploys private capital across three business segments: Global Private Equity, Global Credit and Investment Solutions. With \$260 billion of assets under management as of 31 March 2021, Carlyle’s purpose is to invest wisely and create value on behalf of its investors, portfolio companies and the communities in which we live and invest. The Carlyle Group employs more than 1,800 people in 29 offices across five continents.

Bidco

Bidco is a newly incorporated company registered in England and Wales which was formed for the purposes of the Acquisition. Bidco is indirectly controlled by Carlyle Europe Partners V Fund, a €6.4bn fund raised in 2018 to invest in European opportunities across a range of sectors and industries, which, together with their affiliates, conduct business as “The Carlyle Group”. It is possible that Carlyle Europe Partners V may seek to syndicate a minority part of its interest in Bidco during the Offer Period or once the Acquisition becomes Effective.

6. Financial effects of the Acquisition on Bidco

Bidco has no material assets or liabilities other than those described in this document in connection with the Acquisition and the financing of the Acquisition. With effect from the Effective Date, the earnings, assets and liabilities of Bidco will therefore comprise the consolidated earnings, assets and liabilities of Vectura on the Effective Date, together with the financing obligations incurred by Bidco as described in paragraph 7 below.

7. Financing arrangements

Bidco is providing the cash consideration payable under the Acquisition from a combination of equity to be invested indirectly by Carlyle Europe Partners V and debt to be provided pursuant to the Interim Facilities Agreement that has been arranged by Royal Bank of Canada.

Morgan Stanley, lead financial adviser to Bidco, is satisfied that sufficient resources are available to satisfy in full the Cash Consideration payable to Vectura Shareholders under the terms of the Acquisition.

Further information on the financing arrangements is set out in paragraph 8 of Part 6 (*Additional Information*) of this document.

8. Strategy, directors, management, employees, research and development and locations

Bidco is fully supportive of Vectura’s strategy to become one of the market leading CDMOs in the inhalation segment and appreciates the complexity involved in managing such a transition. Bidco

believes that a private market setting would be significantly more conducive to the execution of such a significant strategy shift. In particular, it would allow Bidco to support Vectura and its management much more effectively by providing them with access to both significant institutional knowledge and experience in relevant areas and greater financial flexibility and capacity than would otherwise be available to Vectura.

Prior to the Press Announcement, consistent with market practice, Bidco has been granted access to Vectura's senior management for the purposes of confirmatory due diligence. However, Bidco has not yet had access to sufficiently detailed information to formulate specific plans regarding the impact of the Acquisition on the Vectura Group.

Employees and management

Bidco attaches great importance to the skill and experience of Vectura's management and employees and recognises that the employees and management of the Vectura Group will be key to its future success. Bidco does not have any intention of making any material changes to the conditions of employment or to the balance of the skills and functions of the Vectura Group's employees or management.

There may be some limited restructuring required following completion of the Acquisition. In particular, once Vectura ceases to be a listed company, certain corporate and support functions relating to Vectura's status as a listed company may potentially require limited reductions in headcount.

It is intended that, upon completion of the Acquisition, each of the non-executive members of the Vectura Board shall resign from his or her office as a director of Vectura.

Existing rights and pensions

Bidco confirms that, following the Scheme becoming Effective, the existing contractual and statutory employment rights, including in relation to the Vectura Group's pension schemes, of all Vectura management and employees will be fully safeguarded in accordance with applicable law.

Bidco does not intend to make any changes to the current employer pension contribution arrangements, the accrual of benefits for existing members or the rights of admission of new members.

Management incentivisation arrangements

Bidco has not entered into, and has not discussed any form of incentivisation arrangements with, members of Vectura's management. Bidco expects to put in place certain incentive arrangements for the management of Vectura following completion of the Acquisition.

Research and development

Bidco does not intend to make any material changes to the R&D functions. Bidco intends for Vectura to maintain a level of expenditure on research and development consistent with its past practice and completion of existing co-development projects.

Headquarters, locations and fixed assets

As disclosed in its Annual Report and Accounts 2020, Vectura intends to move part of its functions from its headquarters in Chippenham to a new Inhalation Centre of Excellence in the South West of England. Bidco intends to continue with this transition. Bidco does not intend to make any other material changes in the locations of Vectura's headquarters and headquarter functions.

Lyon Site

In March 2021 Vectura signed a put option for the sale of the Lyon manufacturing facility. The sale was completed on 9 June 2021.

Muttenz Site

As announced in November 2020, Vectura intends to significantly reduce the R&D operations in Muttenz, Switzerland by 2022. Activities previously performed in Switzerland will be transitioned to the UK, and new CDMO contracts will be delivered from the UK. Bidco intends to continue with this footprint optimisation.

Save as set out above, Bidco has no intention to change the locations of Vectura's places of business or to redeploy the fixed assets of Vectura.

Trading Facilities

Vectura Shares are currently listed on the Official List and admitted to trading on the London Stock Exchange. As set out in paragraph 14, applications will be made for the cancellation of the listing of Vectura Shares on the Official List and the cancellation of trading of the Vectura Shares on the Main Market of the London Stock Exchange.

9. Dividends

Save for the Interim Dividend, if any dividend, distribution or other return of value is declared, paid or made or becomes payable by Vectura in respect of Vectura Shares on or after the date of the Press Announcement and on or prior to the Effective Date, Bidco reserves the right to reduce the Cash Consideration by an amount up to the amount of such dividend, distribution or other return of value or excess. In such circumstances Vectura Shareholders would be entitled to retain any such dividend, distribution or other return of value declared, made or paid.

If any such dividend, distribution or other return of capital is declared, paid or made or becomes payable by Vectura after the date of the Press Announcement and Bidco exercises its rights described above, any reference to the Cash Consideration payable under the Scheme shall be deemed to be a reference to the consideration as so reduced. Any exercise by Bidco of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Scheme.

10. Vectura Share Plans

The Scheme will extend to any Vectura Shares issued pursuant to the exercise of options or vesting of awards granted under the Vectura Share Plans at or before the Scheme Record Time.

The Scheme will not extend to Vectura Shares issued after the Scheme Record Time. However, it is proposed to amend the Vectura Articles at the Vectura General Meeting to provide that, if the Acquisition becomes Effective, any Vectura Shares issued to any person other than Bidco or its nominees after the Scheme Record Time (including in satisfaction of the exercise or vesting of Awards under one of the Vectura Share Plans) will be automatically transferred to Bidco in consideration for the payment by Bidco to such persons of an amount equal to the Cash Consideration for each Vectura Share so transferred.

Further information in respect of the proposed amendments to the Vectura Articles is contained in the Notice of General Meeting at Part 11 (*Notice of General Meeting*) of this document.

Awards granted under the Vectura Share Plans which are unvested immediately before the Court sanctions the Scheme ("**Court Sanction Date**") will vest and become exercisable on the Court Sanction Date. Awards granted under the:

- Vectura Deferred Share Bonus Plan will vest in full;
- Vectura 2015 Long Term Incentive Plan will vest on the basis determined by the Vectura Remuneration Committee in accordance with the Vectura 2015 Long Term Incentive Plan rules; and

- Vectura 2014 Sharesave Scheme will vest in accordance with the Vectura 2014 Sharesave Scheme rules.

Awards under the Vectura Share Plans which are vested prior to, or which vest on, the Court Sanction Date shall remain exercisable as follows:

- for the Vectura Approved Share Option Plan, Vectura Unapproved Share Option Plan and the Vectura 2014 Sharesave Scheme, for a period of six months; and
- for the Vectura 2012 Long Term Incentive Plan, Vectura 2015 Long Term Incentive Plan and Vectura Deferred Share Bonus Plan, for a period of one month,

from the Court Sanction Date. Awards under the Vectura Share Plans will lapse on the expiry of such period (unless, they lapse earlier in accordance with the rules of the relevant plan).

Participants who exercise their awards under the Vectura 2014 Sharesave Scheme on the Court Sanction Date or during the exercise period permitted under the Vectura 2014 Sharesave Scheme rules shall receive an ex gratia payment which shall be equal to the difference between the exercise price per Vectura Share and the Cash Consideration multiplied by the additional number of Vectura Shares the participant would have acquired if they had continued their savings contract linked to their award for the remainder of the savings contract.

Vectura Shares held in the Vectura Share Incentive Plan, SkyePharma Share Incentive Plan 2014, Vectura Global Share Incentive Plan and SkyePharma International Share Plan trusts will participate in the Scheme on the same terms as for other Vectura Shareholders. Awards granted under the Vectura Global Share Incentive Plan which are unvested immediately before the Court Sanction Date will vest on the Court Sanction Date.

In order to provide participants in the Vectura Share Plans with the benefit of the Interim Dividend:

- a dividend equivalent shall be payable in cash to participants in the Vectura 2012 Long Term Incentive Plan, the Vectura 2015 Long-Term Incentive Plan, the Vectura Deferred Share Bonus Plan and the Vectura Global Share Incentive Plan on the vesting or exercise of their awards equal to the value of the Interim Dividend;
- Vectura shall pay to each participant in the Vectura Approved Share Option Plan, the Vectura Unapproved Share Option Plan and the Vectura 2014 Sharesave Scheme, an ex gratia cash payment on exercise of their awards equal to the amount of the Interim Dividend multiplied by the number of Vectura Shares received on exercise; and
- each participant in the Vectura Share Incentive Plan, the Vectura Global Share Incentive Plan, the SkyePharma Share Incentive Plan 2014 and the SkyePharma International Share Plan, shall be eligible to receive the Interim Dividend in respect of each Vectura Share they hold.

11. **Vectura Directors and the effect of the Scheme on their interests**

Details of the interests of the Vectura's Directors in Vectura Shares and awards under the Vectura Share Plans are set out in paragraph 4 of Part 6 (*Additional Information*) of this document.

Details of the irrevocable undertakings that Bidco has received from the Vectura Directors who hold Vectura Shares (and from Dr Thomas Werner, who was a director of Vectura at the time of the Press Announcement) are set out in paragraph 13 of this Part 2 and paragraph 7 of Part 6 (*Additional Information*) of this document.

Particulars of the service contracts (including termination provisions and arrangements) and letters of appointment of the Vectura Directors are set out in paragraph 11 of Part 6 (*Additional Information*) of this document.

Bidco has not entered into, and has not had any discussions on any form of incentivisation or other arrangements with members of Vectura's management. It is Bidco's intention to put in place

appropriate arrangements for the management of Vectura following Completion of the Acquisition. The non-executive Directors of Vectura are expected to resign as Vectura Directors upon the Scheme becoming Effective.

Save as set out above, the effect of the Scheme on the interests of the Vectura Directors does not differ from its effect on like interests of any other Vectura Shareholder.

12. Description of the Scheme and the Vectura Shareholder Meetings

(a) The Scheme

It is intended that the Acquisition will be effected by way of the Scheme. The Scheme is an arrangement between Vectura and the Scheme Shareholders under Part 26 of the Companies Act. This involves an application by Vectura to the Court to sanction the Scheme pursuant to which the Scheme Shares will be transferred to Bidco, in consideration for which Scheme Shareholders on the register of members of Vectura at the Scheme Record Time will receive the Cash Consideration from Bidco on the basis set out in paragraph 2 of this Part 2. The transfer of the Scheme Shares to Bidco, provided for in the Scheme, will result in all of the Vectura Shares being held by Bidco.

Prior to the Scheme Record Time, Vectura may allot and issue Vectura Shares pursuant to the exercise or vesting of awards under the Vectura Share Plans. Vectura will not issue any shares after the Scheme Record Time until the Scheme has become Effective.

It is expected that the Scheme will become Effective during the third quarter of 2021 subject to the satisfaction or (where applicable) waiver of all the relevant Conditions.

(b) Vectura Shareholder approvals

The Acquisition is subject to the approval of Scheme Shareholders by the passing of a resolution at the Court Meeting. At the Court Meeting, voting will be by poll and not a show of hands and each Scheme Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held. This resolution must be approved by a majority in number of the holders of Scheme Shares present and voting, either in person or by proxy, representing not less than 75 per cent. in value of the Scheme Shares held by such holders.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of the opinion of Scheme Shareholders. You are therefore strongly urged to complete and return your Forms of Proxy, make an electronic appointment of a proxy or submit a proxy via CREST as soon as possible. The completion and return of the Forms of Proxy will not prevent you from attending, voting and speaking at the Court Meeting or any adjournment thereof, in person if you are entitled to do so (subject to any COVID-19 restrictions in force at the time).

In addition, the Scheme will require the approval of Vectura Shareholders at the Vectura General Meeting. The Vectura General Meeting has been convened to consider and, if thought fit, to pass the Scheme Resolution (which requires a vote in favour of not less than 75 per cent. of the votes cast, whether in person or by proxy) to approve the Acquisition and the adoption of certain amendments to the Vectura Articles in the manner described in subparagraph (d) below.

In addition, a special resolution to approve the re-registration of Vectura (conditional upon the Scheme becoming Effective) will also be proposed at the Vectura General Meeting (the “**Re-Registration Resolution**”). The Re-Registration Resolution is not a condition to the Acquisition.

Voting on the Scheme Resolution and the Re-Registration Resolution will be by poll. Each Vectura Shareholder present in person or by proxy will be entitled to one vote for every Vectura Share held.

Entitlement to attend, speak and vote at these meetings and the number of votes which may be cast at the meetings will be determined by reference to the register of members of Vectura at the Voting Record Time. All Vectura Shareholders whose names appear on the register of members of Vectura at 6.30 p.m. on 8 July 2021 or, if either the Court Meeting or the Vectura General Meeting is adjourned, on the register of members at 6.30 p.m. on the date two Business Days before the date set for the adjourned meeting, shall be entitled to attend and speak and vote at the relevant meeting in respect of the number of Vectura Shares registered in their name at the relevant time.

You will find the notices of the Court Meeting and the Vectura General Meeting set out in Parts 10 (*Notice of Court Meeting*) and 11 (*Notice of General Meeting*) of this document.

If you are in any doubt as to whether or not you are permitted to vote at either the Court Meeting or the Vectura General Meeting or have any questions in relation to this document, the Vectura Shareholder Meetings or the completion and return of the Forms of Proxy, please contact Vectura's registrar, Computershare, using the contact information set out in the section entitled "Action to be taken" on pages 8 to 11 of this document.

Vectura will announce the details of the votes at the Vectura Shareholder Meetings as required under the Takeover Code through an RIS as soon as practicable after the conclusion of the Vectura Shareholder Meetings and, in any event, by no later than 8.00 a.m. (London time) on the Business Day following the Vectura Shareholder Meetings.

(c) **Court Hearing**

The Court Hearing to sanction the Scheme is currently expected to take place during the third quarter of 2021, subject to obtaining relevant competition and regulatory clearances. Vectura will give notice of the date and time of the Court Hearing, once known, by issuing an announcement through an RIS. All Vectura Shareholders are entitled to attend the Court Hearing in person (subject to any COVID-19 restrictions in force at the time) or through counsel to support or oppose the sanctioning of the Scheme.

The Scheme will become Effective as soon as a copy of the Court Order has been delivered to the Registrar of Companies. This is currently expected to occur during the third quarter of 2021. It is intended that Vectura will become a private limited company as soon as possible following this time.

Vectura and/or Bidco will make an announcement through an RIS as soon as practicable following the Scheme becoming Effective.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders, including any Scheme Shareholders who did not vote to approve the Scheme or who voted against the Scheme at the Court Meeting.

Unless the Scheme becomes Effective by the Long Stop Date, the Scheme will not become Effective and the Acquisition will not proceed.

(d) **Amendments to the Vectura Articles**

The Scheme Resolution contains a resolution to amend the Vectura Articles to ensure that any Vectura Shares issued (other than to Bidco, its nominees or subsidiaries) (i) between the Vectura General Meeting and the Scheme Record Time will be subject to the Scheme; and (ii) after the Scheme Record Time will automatically be acquired by Bidco on the same terms

as under the Scheme. These provisions will avoid any person (other than Bidco) holding Vectura Shares after dealings in such shares have ceased on the London Stock Exchange.

As part of the re-registration of Vectura as a private limited company, and pursuant to the Re-Registration Resolution, it is proposed that the Vectura Articles be further amended to reflect such change. The amended Vectura Articles will reflect the change in name of Vectura (per the Re-Registration Resolution contained in Part 11 (*Notice of General Meeting*) of this document) and will only contain other limited amendments in relation to Vectura becoming a private limited company. The full text of the articles of association proposed to be approved under the Re-Registration Resolution will be made available on Vectura's website at <http://www.Vectura.com> and will also, subject to COVID-19 restrictions in place at the time, be available for inspection at Vectura's London office during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays), until the opening of business on the day on which the General Meeting is held, and will also be available for inspection at the place of the General Meeting for at least 15 minutes prior to and during the General Meeting.

The Scheme Resolution and the Re-Registration Resolution are set out in the notice of General Meeting contained in Part 11 (*Notice of General Meeting*) of this document and seek the approval of Vectura Shareholders for such amendments.

(e) **Modifications to the Scheme**

The Scheme contains a provision for Vectura and Bidco to consent on behalf of all persons concerned to any modification of, or addition to, the Scheme or to any condition approved or imposed by the Court. The Court would be unlikely to approve any modification of, or additions to, or impose a condition to the Scheme which might be material to the interests of the Scheme Shareholders unless Scheme Shareholders were informed of such modification, addition or condition. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held in these circumstances.

(f) **Conditions**

The Scheme is subject to the Conditions, including, among other things:

- (i) the approval of the Scheme by a majority in number of the Scheme Shareholders who are present and vote at the Court Meeting, either in person or by proxy, and who represent 75 per cent. or more in value of the Vectura Shares voted by those Scheme Shareholders;
- (ii) the approval by Vectura Shareholders of the Scheme Resolution representing at least 75 per cent. of the votes cast at the Vectura General Meeting;
- (iii) the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to Vectura and Bidco);
- (iv) the delivery of a copy of the Court Order to the Registrar of Companies;
- (v) none of the Dividend Related Resolutions being approved by Vectura Shareholders;
- (vi) the satisfaction or waiver of each of the UK National Security and Investment Condition and the German Foreign Investment Condition; and
- (vii) the approval under the respective merger control rules by each of the Competition and Consumer Protection Commission of the Republic of Ireland and the Japanese Fair Trade Commission being obtained.

The French Foreign Investment Condition as set out in the Press Announcement was waived on 9 June 2021 by virtue of the disposal of the Lyon site as set out in paragraph 8 of this Part 2.

The Acquisition can only become Effective if all Conditions, including those described above, have been satisfied or, if capable of waiver, waived. If any Condition is not capable of being satisfied by the date specified therein, Bidco shall make an announcement through a Regulatory Information Service as soon as practicable and, in any event, by no later than 8.00 a.m. on the Business Day following the date so specified, stating whether Bidco has invoked that Condition, waived that Condition or, with the agreement of Vectura, specified a new date by which that Condition must be satisfied.

(g) **Alternative means of implementing the Acquisition**

Bidco has reserved the right, subject to the prior consent of the Panel and the terms of the Co-operation Agreement, to elect to implement the Acquisition by way of a Takeover Offer for the Vectura Shares as an alternative to the Scheme, in which case additional documents will be required to be sent to Vectura Shareholders. In such event, the Takeover Offer shall be implemented on the same terms, so far as applicable, as those which would apply to the Scheme, subject to appropriate amendments, including (without limitation) an acceptance condition set at 90 per cent. of the shares to which such Takeover Offer relates (subject to the terms of the Co-operation Agreement) or such lesser percentage (being more than 50 per cent.) of the issued and to be issued ordinary share capital of Vectura as Bidco may decide or as required by the Panel.

(h) **Offer-related arrangements**

Summaries of the offer-related arrangements entered into in connection with the Acquisition are set out in paragraph 9 of Part 6 (*Additional Information*) of this document. These agreements have been made available on Vectura's website, <http://www.Vectura.com>

13. **Irrevocable undertakings**

Bidco has received irrevocable undertakings from the Vectura Directors who hold Vectura Shares and from Dr Thomas Werner, who was a director of Vectura at the time of the Press Announcement, to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the Vectura General Meeting in respect of 587,662 Vectura Shares they beneficially hold representing, in aggregate, approximately 0.1 per cent. of Vectura's issued ordinary share capital at close of business on the Latest Practicable Date.

These irrevocable undertakings remain binding in the event of a competing offer, until such competing offer is declared wholly unconditional or, if implemented by way of a scheme of arrangement, becomes effective.

Further details of these irrevocable undertakings, including the circumstances in which they may lapse, are set out in paragraph 7 of Part 6 (*Additional Information*) of this document.

14. **Dealing, de-listing and re-registration**

Dealings in Vectura Shares on the London Stock Exchange are currently expected to cease at the close of business on the Court Sanction Date and no transfers of Vectura Shares will be registered after this time. Prior to the Effective Date, it is intended that an application will be made to the FCA for the listing of the Vectura Shares to be cancelled and for the Vectura Shares to cease to be admitted to trading on the London Stock Exchange's Main Market for listed securities. Such cancellation is expected to take effect on or shortly after the Effective Date. On the Effective Date, share certificates in respect of Vectura Shares will cease to be valid and entitlements to Vectura Shares held within the CREST system will be cancelled.

Bidco intends, as soon as reasonably practicable following the Effective Date, to re-register Vectura as a private company under the relevant provisions of the Companies Act. The Re-Registration Resolution to approve the re-registration of Vectura (conditional upon the Scheme becoming

Effective) will be proposed at the Vectura General Meeting. The Re-Registration Resolution is not a condition to the Acquisition.

15. **Settlement**

Subject to the Scheme becoming Effective, settlement of the Cash Consideration to which any Scheme Shareholder is entitled under the Scheme will be effected in the manner described below.

(a) **Scheme Shares in uncertificated form**

The Cash Consideration due under the Scheme to Scheme Shareholders who hold their Scheme Shares in uncertificated form at the Scheme Record Time will be paid by Bidco within 14 calendar days or within such other time period as may be approved by the Panel by procuring that Euroclear is instructed to create an assured payment obligation in favour of the relevant Scheme Shareholder's payment bank through CREST, provided that Bidco reserves the right to make such payment of said sums by cheque as set out in paragraph (b) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this paragraph (a) or to do so would incur material additional costs.

As from the Scheme Record Time, each holding of Scheme Shares credited to any stock account in CREST will be disabled and all Scheme Shares will be removed from CREST in due course.

(b) **Scheme Shares in certificated form**

Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, except with the consent of the Panel, settlement of Cash Consideration to which the Vectura Scheme Shareholder is entitled will be paid in Sterling by a cheque drawn on a branch of a clearing bank in the United Kingdom, provided that if the amount payable to any such Scheme Shareholder exceeds £100,000 Bidco reserves the right to make arrangements with such Scheme Shareholder to facilitate electronic payment of such amount in lieu of a cheque.

Cheques in respect of Cash Consideration will be despatched by first-class post (or by such other method as may be approved by the Panel) at the risk of the person entitled thereto as soon as practicable (and in any event within 14 calendar days or within such other time period as may be approved by the Panel) after the Effective Date. All cheques will be made payable to the persons respectively entitled to the monies represented thereby (except that, in the case of joint holders, Bidco reserves the right to make such cheques payable to that one of the joint holders whose name stands first in the register of members of Vectura in respect of such joint holding as at the Scheme Record Time).

On the Effective Date, each certificate representing a holding of Vectura Shares subject to the Scheme will cease to be valid. Following settlement of the consideration to which an Vectura Scheme Shareholder is entitled under the Scheme, Vectura Scheme Shareholders will be bound on the request of Vectura either (i) to destroy such Vectura Share certificates; or (ii) to return such Vectura Share certificates to Vectura, or to any person appointed by Vectura, for cancellation.

(c) **General**

All documents and remittances sent to Scheme Shareholders in accordance with this paragraph 15 will be sent at the risk of the person entitled thereto.

Save with the consent of the Panel, settlement of the consideration to which any Scheme Shareholder is due under the Scheme will be implemented in full in accordance with the terms set out in this Part 2 without regard to any lien, right of set off, counterclaim or analogous right to which Bidco may otherwise be, or claim to be, entitled against any Scheme Shareholder.

16. **Overseas Shareholders**

The release, publication or distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by law and, therefore, persons into whose possession this document comes who are not resident in the United Kingdom should inform themselves about, and observe, any applicable restrictions. Vectura Shareholders who are in any doubt regarding such matters should consult an appropriate independent adviser in the relevant jurisdiction without delay. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the offer to acquire Vectura Shares pursuant to the Acquisition will not be made available, directly or indirectly, in, into or from a jurisdiction where to do so would violate the laws in that jurisdiction. Accordingly, copies of this document and any related documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction, and persons receiving this document and all documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from any Restricted Jurisdiction. If the Acquisition is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), such Takeover Offer may not be made available directly or indirectly, into or from a Restricted Jurisdiction.

The availability of the offer to acquire Vectura Shares pursuant to the Acquisition to Vectura Shareholders who are not resident in and citizens of the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions as failure to comply with such restrictions may constitute a violation of security laws of any such jurisdiction. To the fullest extent permitted by applicable law, the persons and companies involved in the Acquisition disclaim any responsibility for liability for the violation of such restrictions by any person.

Further information for US investors is set out on page 4.

This document and the accompanying documents have been prepared in connection with a proposal in relation to a scheme of arrangement pursuant to, and for the purpose of complying with English law, the Takeover Code and the Listing Rules, and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom. Nothing in this document or the accompanying documents should be relied upon for any other purpose.

17. **United Kingdom taxation**

Your attention is drawn to paragraph 5 of Part 6 (*Additional Information*) of this document which contains a summary of certain UK tax-related information relevant to certain Scheme Shareholders.

18. **Action to be taken**

Vectura Shareholders will find enclosed with this document a blue Form of Proxy to be used in connection with the Court Meeting and a white Form of Proxy to be used in connection with the Vectura General Meeting. If you hold Vectura Shares in CREST, you may instead appoint a proxy by completing and transmitting a CREST Proxy Instruction to Vectura's registrar, Computershare.

Whether or not you intend to attend the Court Meeting and/or the Vectura General Meeting, please complete and sign both Forms of Proxy and return them to Vectura's registrar, Computershare, at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or if you hold Vectura Shares in CREST, complete and transmit a CREST Proxy Instruction so as to arrive by the time specified below on 8 July 2021. Due to the ongoing COVID-19 situation, it is expected that Scheme Shareholders and Vectura Shareholders will not be permitted to attend the Court Meeting and Vectura General Meeting (respectively) in person

as a result of government restrictions on public gatherings which, at the date of this document, are expected to be in place at the time of the Vectura Shareholder Meetings. They are encouraged instead to appoint the Chair of the relevant meeting as proxy. Given the evolving nature of the situation, it may become possible for Scheme Shareholders and Vectura Shareholders to attend the Court Meeting and Vectura General Meeting (respectively) in person and in such circumstances, Vectura will announce this change via a Regulatory Information Service.

(i) Sending Forms of Proxy by post or by hand

If the blue Form of Proxy for the Court Meeting is not lodged so as to be received by 12.00 noon on 8 July 2021, it may be emailed to externalproxyqueries@computershare.co.uk at any time on (but not before) the day of the Court Meeting, up to thirty minutes before the start of the Court Meeting. However, in the case of the Vectura General Meeting, unless the white Form of Proxy is lodged so as to be received by 12.00 noon on 8 July 2021, it will be invalid.

(ii) Online appointment of proxies

As an alternative to completing and returning the printed Forms of Proxy, proxies may be appointed electronically by logging on to the following website www.investorcentre.co.uk/eproxy. You will need to accept relevant terms and conditions and enter the Control Number, Shareholder Reference Number (SRN) and PIN provided on the Forms of Proxy or email communication and following the instructions there. For an electronic proxy appointment to be valid, the appointment must be received by Computershare no later than by 12.00 noon on 8 July 2021 in the case of the Court Meeting and by 12.15 p.m. on 8 July 2021 in the case of the Vectura General Meeting (or, in the case of an adjourned meeting, not less than 48 hours (excluding any part of a day that is not a working day) prior to the time and date set for the adjourned meeting.

(iii) Electronic appointment of proxies through CREST

If you hold Vectura Shares in uncertificated form through CREST and wish to appoint a proxy or proxies for the Vectura Shareholder Meetings (or any adjourned Vectura Shareholder Meeting) by using the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual (please also refer to the accompanying notes to the notices of the Vectura Shareholder Meetings set out in Part 10 (*Notice of Court Meeting*) and Part 11 (*Notice of General Meeting*) of this document). CREST personal members or other CREST sponsored members, and those CREST members who have appointed any 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.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with the specifications of Euroclear 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 instructions given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Computershare (CREST participant ID 3RA50) not less than 48 hours (excluding any part of a day that is not a working day) before the time fixed for the Court Meeting or Vectura General Meeting (or such adjourned Vectura Shareholder Meeting), as applicable. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST application host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear 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 any voting service provider(s), to procure that his/her 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 a particular time. CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning the practical limitations of the CREST system and timings. Vectura may treat as invalid a CREST Proxy Instruction in the circumstances set out in the Regulations.

The completion and return of a Form of Proxy or transmittal of a CREST Proxy Instruction will not prevent you from attending the Court Meeting or the Vectura General Meeting (subject to any COVID-19 restrictions in force at the time).

It is important that as many votes as possible are cast at the Court Meeting so that the Court may be satisfied that there is a fair representation of Scheme Shareholder opinion. You are therefore strongly encouraged to sign and return the blue Form of Proxy for the Court Meeting as soon as possible. You are also encouraged to sign and return the white Form of Proxy for the Vectura General Meeting at the same time as the blue Form of Proxy for the Court Meeting or if you hold Vectura Shares in CREST, via a CREST Proxy Instruction.

(iv) Shareholder Helpline

If you have any questions relating to this document or the completion and return of your Forms of Proxy, please call the Shareholder Helpline between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays) on +44 (0)370 707 1387. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that Computershare cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice.

19. Further information

The terms of the Scheme are set out in full in Part 9 (*The Scheme of Arrangement*) of this document. Your attention is also drawn to the further information contained in, or incorporated by reference into, this document which forms part of this Explanatory Statement.

Yours faithfully,

James Mitford
Managing Director
for and on behalf of
J.P. Morgan Securities plc

Julian Hudson
Managing Director
for and on behalf of
N.M. Rothschild & Sons Limited

PART 3

CONDITIONS TO AND FURTHER TERMS OF THE ACQUISITION

PART A: CONDITIONS TO THE ACQUISITION AND THE SCHEME

The Acquisition is subject to the following Conditions:

1. The Acquisition is conditional upon the Scheme becoming unconditional and becoming Effective, subject to the Takeover Code, by no later than the Long Stop Date.

Scheme approval

2. The Scheme is conditional on:
 - (a)
 - (i) its approval by a majority in number of the Scheme Shareholders who are present and vote, whether in person or by proxy, at the Court Meeting and who represent 75 per cent. or more in value of the Scheme Shares voted by such Scheme Shareholders;
 - (ii) such Court Meeting being held on or before 3 August 2021 (or such later date as Bidco and Vectura may, with the consent of the Panel, agree and, if required, the Court may allow);
 - (b)
 - (i) the Scheme Resolution being duly passed by Vectura Shareholders representing 75 per cent. or more of votes cast at the Vectura General Meeting; and
 - (ii) such Vectura General Meeting being held on or before 3 August 2021 (or such later date as Bidco and Vectura may, with the consent of the Panel, agree and, if required, the Court may allow);
 - (c)
 - (i) the sanction of the Scheme by the Court (with or without modifications but subject to any modifications being on terms acceptable to Vectura and Bidco) and the delivery of a copy of the Court Order to the Registrar of Companies; and
 - (ii) the Court Hearing being held on or before the 22nd day after the expected date of the Court Hearing (or such later date as Bidco and Vectura may, with the consent of the Panel, agree and, if required, the Court may allow).

Additional Conditions to the Scheme

3. Subject to Part B below and the requirements of the Panel, the Acquisition is also conditional on the following Conditions and, accordingly, the Court Order shall not be delivered to the Registrar of Companies unless such Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

Republic of Ireland

- (a) the occurrence of one of the following events:
 - (i) the Irish Competition and Consumer Protection Commission (the “**Irish Authority**”) having informed Bidco and Vectura in writing under s.21(2)(a) of the Irish Competition Act 2002 (the “**Irish Competition Act**”) that the Acquisition may be put into effect without any proposals from any of the parties under s.20(3) of the Irish Competition Act being taken into account;

- (ii) the period specified in s.21(2) of the Irish Competition Act having lapsed without the Irish Authority having informed the parties of the determination (if any) it has made under the said section; or
- (iii) the period of 120 working days after the relevant appropriate date having elapsed without the Irish Authority having made a determination under s.22(3) of the Irish Competition Act in relation to the Acquisition (the “**Irish Antitrust Condition**”);

Japan

- (b) following the filing of a notification of the Acquisition under the Law relating to Prohibition of Private Monopolisation and Maintenance of Fair Trade (Law No. 54 of 14 April 1947, as amended (the “**Law**”)):
 - (i) the waiting period (i.e., thirty calendar days, or any shorter period if designated by the Japan Fair Trade Commission (the “**JFTC**”) in its notification of shortening the waiting period, following the date of the notification (the “**Waiting Period**”) has expired; and
 - (ii) the JFTC has issued to Bidco, within the Waiting Period or, if the JFTC has requested Bidco to submit necessary reports, information or materials (the “**Reports**”) under Paragraph 9, Article 10 of the Law (including *mutatis mutandis* application under the Law) during the Waiting Period, within one hundred and twenty calendar days following the date of the notification or ninety calendar days following the date of the JFTC’s acceptance of all the Reports, whichever is later, a written notice confirming the JFTC’s decision not to issue a cease and desist order without attaching to its decision any conditions or obligations (the “**Japanese Antitrust Condition**”);

UK National Security and Investment

- (c) if the National Security and Investment Act 2021 (the “**NSI Act**”) comes into force before the Effective Date and either the Secretary of State for Business, Energy and Industrial Strategy (the “**UK Secretary of State**”) has informed Bidco and/or Vectura that a mandatory notification is required under the NSI Act or the parties, acting reasonably, agree that a mandatory notification is required under the NSI Act, the approval for the Acquisition by the UK Secretary of State under the NSI Act (“**UK National Security and Investment Condition**”);

French Foreign Investment

- (d) should the activities of the French entity(ies) fall within the scope of article R. 151-3 of the French Code Monétaire et Financier, pursuant to articles L.151-2 and seq. and R.153-1 and seq. of the French Code Monétaire et Financier, receipt from the French Ministry for the Economy of (i) the approval of the Acquisition or (ii) the written confirmation that no such approval is required for the Acquisition (“**French Foreign Investment Condition**”);¹

German Foreign Investment

- (e) the German Ministry for Economic Affairs and Energy (*Bundesministerium für Wirtschaft und Energie*):
 - (i) having either issued a certificate of non-objection (Unbedenklichkeitsbescheinigung) pursuant to Sec. 58(1) sentence 1 of the Foreign Trade and Payments Ordinance (Außenwirtschaftsverordnung, the “**AWV**”) or a clearance decision pursuant to Sec. 58a(1) sentence 1 AWV (Freigabe) in relation to the Acquisition (hereinafter, each a “**Formal Decision**”), or
 - (ii) having neither issued a Formal Decision nor initiated a formal investigation pursuant to Sec. 55(1), (3) AWV within the statutory review period pursuant to Sec. 14a(1) no. 1, (3), (5) of the

¹ The French Foreign Investment Condition set out under paragraph 1(d) has been waived, as described in paragraph 12(f) of Part 2 of this document.

Foreign Trade and Payments Act (*Außenwirtschaftsgesetz*, the “**AWG**”), in relation to the Acquisition after receipt of a due application for a Formal Decision, or

- (iii) having, in the event of a formal investigation pursuant to Sec. 55(1), (3) AWV,
 - approved the Acquisition by issuing a Formal Decision, or
 - failed to prohibit the Acquisition within the period specified in Sec. 59(1) AWV in conjunction with Sec. 14a(1) no. 2, (4), (5), (6) and (7) AWG, or
- (iv) having declared in writing that the Acquisition can be closed without having obtained prior approval by the German Ministry for Economic Affairs and Energy (“**German Foreign Investment Condition**”),

provided that the German Foreign Investment Condition shall be deemed to be satisfied at the time upon which each of the Irish Antitrust Condition, the Japanese Antitrust Condition, the UK National Security and Investment Condition and the French Foreign Investment Condition have been satisfied or waived or confirmed or are inapplicable, save that where (i) before such time, the German Ministry for Economic Affairs and Energy has informed Bidco and/or Vectura that the Acquisition cannot be closed without having obtained prior approval by the German Ministry for Economic Affairs and Energy, or (ii) Bidco and Vectura, acting reasonably, agree that it can reasonably be assumed that the German Ministry for Economic Affairs and Energy believes this to be the case;

Dividend Related Resolutions

- (f) none of the Dividend Related Resolutions being approved by Vectura Shareholders either at the Dividend General Meeting or at any subsequent or adjourned meeting of the Vectura Shareholders;

Notifications, waiting periods and Authorisations

- (g) excluding the Conditions set out under paragraphs 3(a) to (e) above, all notifications, filings or applications which are necessary or reasonably considered necessary by Bidco having been made in connection with the Acquisition and all necessary waiting periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with in each case in respect of the Acquisition and all Authorisations deemed reasonably necessary or appropriate by Bidco in any jurisdiction for or in respect of the Acquisition and, except pursuant to Chapter 3 of Part 28 of the Companies Act, the acquisition or the proposed acquisition of any shares or other securities in, or control or management of, Vectura or any other member of the Wider Vectura Group by any member of the Wider Bidco Group having been obtained in terms and in a form reasonably satisfactory to Bidco from all appropriate Relevant Authorities or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider Vectura Group or the Wider Bidco Group has entered into contractual arrangements and all such Authorisations necessary, appropriate or desirable to carry on the business of any member of the Wider Vectura Group in any jurisdiction having been obtained and all such Authorisations remaining in full force and effect at the time at which the Acquisition becomes otherwise wholly unconditional and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations;

General antitrust and regulatory

- (h) excluding the Conditions set out under paragraphs 3(a) to (e) above, no Relevant Authority having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and in each case, not having withdrawn the same), or having required any action to be taken or otherwise having done anything, or having enacted, made or proposed any statute, regulation, decision, order or change to published practice (and in each case, not having withdrawn the same) and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to:

- (i) require prevent or materially delay the divestiture or materially alter the terms envisaged for such divestiture by any member of the Wider Bidco Group or by any member of the Wider Vectura Group of all or any material part of its businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof) to an extent which is material in the context of the Wider Bidco Group or the Wider Vectura Group, in either case taken as a whole;
- (ii) other than pursuant to Chapter 3 of part 28 of the Companies Act, require any member of the Wider Bidco Group or the Wider Vectura Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider Vectura Group or any asset owned by any Relevant Authority (other than in the implementation of the Acquisition), which is material in the context of the Wider Bidco Group or the Wider Vectura Group, in either case taken as a whole;
- (iii) impose any material limitation on, or result in a material delay in, the ability of any member of the Wider Bidco Group directly or indirectly to acquire, hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in Vectura or on the ability of any member of the Wider Vectura Group or any member of the Wider Bidco Group directly or indirectly to hold or exercise effectively all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any member of the Wider Vectura Group to an extent which is material in the context of the Wider Vectura Group or the Wider Bidco Group, in either case taken as a whole;
- (iv) otherwise materially adversely affect any or all of the business, assets, profits or prospects of any member of the Wider Vectura Group or any member of the Wider Bidco Group;
- (v) result in any member of the Wider Vectura Group or the Wider Bidco Group ceasing to be able to carry on business under any name under which it presently carries on business;
- (vi) make the Acquisition, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Vectura by any member of the Wider Bidco Group void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise, directly or indirectly, materially prevent or prohibit, restrict, restrain, or delay or otherwise to a material extent or otherwise materially interfere with the implementation of, or impose material additional conditions or obligations with respect to, or otherwise materially challenge, impede, interfere or require material amendment of the Acquisition or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Vectura by any member of the Wider Bidco Group;
- (vii) require, prevent or materially delay a divestiture by any member of the Wider Bidco Group of any shares or other securities (or the equivalent) in any member of the Wider Vectura Group or any member of the Wider Bidco Group; or
- (viii) impose any limitation on the ability of any member of the Wider Bidco Group of any member of the Wider Vectura Group to conduct, integrate or co-ordinate all or any part of its business with all or any part of the business of any other member of the Wider Bidco Group and/or the Wider Vectura Group which is material in the context of the Wider Vectura Group or the Wider Bidco Group, in either case taken as a whole,

and all applicable waiting and other time periods (including any extensions thereof) during which any such Relevant Authority could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Acquisition or the acquisition or proposed acquisition of any Vectura Shares or otherwise intervene having expired, lapsed or been terminated;

Certain matters arising as a result of any arrangement, agreement, etc.

- (i) except as Disclosed, there being no provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Wider Vectura Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, as a consequence of the Acquisition or the acquisition or the proposed acquisition by any member of the Wider Bidco Group of any shares or other securities (or the equivalent) in Vectura or because of a change in the control or management of any member of the Wider Vectura Group or otherwise, would reasonably be expected to result in, and in each case to an extent which is material in the context of the Wider Bidco Group or the Wider Vectura Group as a whole:
- (i) any monies borrowed by, or any other indebtedness, actual or contingent, of, or any grant available to, any member of the Wider Vectura Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
 - (ii) the enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Vectura Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen) becoming enforceable;
 - (iii) any liability of any member of the Wider Vectura Group to make any severance, termination, bonus or other payment to any of its directors, or other officers;
 - (iv) the rights, liabilities, obligations, interests or business of any member of the Wider Vectura Group or any member of the Wider Bidco Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider Vectura Group or any member of the Wider Bidco Group in or with any other person or body or firm or company (or any arrangement or arrangement relating to any such interests or business) being or becoming capable of being terminated, or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken thereunder;
 - (v) any member of the Wider Vectura Group ceasing to be able to carry on business under any name under which it presently carries on business;
 - (vi) the value of, or the financial or trading position or prospects of, any member of the Wider Vectura Group being prejudiced or adversely affected; or
 - (vii) the creation or acceleration of any liability (actual or contingent) by any member of the Wider Vectura Group other than trade creditors or other liabilities incurred in the ordinary course of business,

and no event having occurred which, under any provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider Vectura Group is a party or by or to which any such member or any of its assets are bound, entitled or subject, would, or would reasonably be expected to, result in any of the events or circumstances as are referred to in Conditions 3(i) (i) to (vii) above;

Certain events occurring since 31 December 2020

- (j) except as Disclosed, no member of the Wider Vectura Group having since 31 December 2020:
- (i) save as between Vectura and its wholly-owned subsidiaries or between such wholly-owned subsidiaries and save for the issue or transfer out of treasury of Vectura Shares on the exercise of options or vesting of awards granted in the ordinary course under the Vectura Share Plans issued or agreed to issue or authorised or proposed or announced its intention to authorise or propose the issue, of additional shares of any class, or securities or securities convertible into,

or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Vectura Shares out of treasury (except, where relevant, as between Vectura and wholly owned subsidiaries of Vectura or between the wholly owned subsidiaries of Vectura and except for the issue or transfer out of treasury of Vectura Shares on the exercise of employee share options or vesting of employee share awards in the ordinary course under the Vectura Share Plans);

- (ii) except for the Interim Dividend (and except for the recommendation only of the special dividend proposed on 21 April 2021), recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than dividends (or other distributions whether payable in cash or otherwise) lawfully paid or made by any wholly owned subsidiary of Vectura to Vectura or any of its wholly owned subsidiaries;
- (iii) other than pursuant to the Acquisition (and except for transactions between Vectura and its wholly owned subsidiaries or between the wholly owned subsidiaries of Vectura) implemented, effected, authorised or proposed or announced its intention to implement, effect, authorise or propose any merger, demerger, reconstruction, amalgamation, scheme, commitment or acquisition or disposal of assets or shares or loan capital (or the equivalent thereof), in any undertaking or undertakings and in each case to an extent which is material in the context of the Wider Vectura Group taken as a whole;
- (iv) except for transactions between Vectura and its wholly owned subsidiaries or between the wholly owned subsidiaries of Vectura disposed of, or transferred, mortgaged or created any security interest over any material asset or any right, title or interest in any material asset or authorised, proposed or announced any intention to do so, to an extent which, in each case, is material in the context of the Wider Vectura Group taken as a whole;
- (v) except for transactions between Vectura and its wholly owned subsidiaries or between the wholly owned subsidiaries of Vectura, issued, authorised or proposed or announced an intention to authorise or propose, the issue of or made any change in or to the terms of any debentures or become subject to any contingent liability or incurred or increased any indebtedness to an extent which, in each case, is material in the context of the Wider Vectura Group taken as a whole;
- (vi) entered into or varied or authorised, proposed or announced its intention to enter into or vary any material contract, arrangement, agreement, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, unusual or onerous nature or magnitude or which is or which involves or could involve an obligation of a nature or magnitude which is reasonably likely to be materially restrictive on the business of any member of the Wider Vectura Group to an extent which, in each case, is material in the context of the Wider Vectura Group taken as a whole;
- (vii) entered into or varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary to a material extent the terms of any contract, service agreement, commitment or arrangement with any director or, senior executive of any member of the Wider Vectura Group save for salary increases or bonuses in the ordinary course;
- (viii) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any employee of the Wider Vectura Group, which is material in the context of the Wider Vectura Group taken as a whole;
- (ix) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, except in respect of the matters mentioned in

- sub-paragraph (i) above, made any other change to any part of its share capital to an extent which is material in the context of the Wider Vectura Group as a whole;
- (x) waived, compromised or settled any claim which is material in the context of the Wider Vectura Group taken as a whole;
 - (xi) terminated or varied the terms of any agreement or arrangement between any member of the Wider Vectura Group and any other person in a manner which would, or would reasonably be expected to, have a material adverse effect on the financial position of the Wider Vectura Group taken as a whole;
 - (xii) made any material alteration to its memorandum or articles of association or other incorporation documents (in each case, other than in connection with the Scheme);
 - (xiii) except in relation to changes made or agreed as a result of, or arising from, changes to legislation, made or agreed or consented to any significant change to:
 - (A) the terms of the trust deeds and rules constituting the pension scheme(s) established by any member of the Wider Vectura Group for its directors, employees or their dependants;
 - (B) the contributions payable to any such scheme(s) or to the benefits which accrue, or to the pensions which are payable, thereunder;
 - (C) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
 - (D) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued, made, agreed or consented to;
 - (xiv) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business which is material in the context of the Wider Vectura Group taken as a whole;
 - (xv) (other than in respect of a member of the Wider Vectura Group which is dormant and was solvent at the relevant time) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of a receiver, administrator, manager, administrative receiver, trustee or similar officer of all or any material part of its assets or revenues or any analogous or equivalent steps or proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed;
 - (xvi) (except for transactions between Vectura and its wholly owned subsidiaries or between the wholly owned subsidiaries), made, authorised, proposed or announced an intention to propose any change in its loan capital;
 - (xvii) entered into or implemented, any joint venture, asset or profit sharing arrangement, partnership or merger of business or corporate entities which, in each case, is material in the context of the Wider Vectura Group taken as a whole;
 - (xviii) having taken (or agreed to take) any action which requires or would require, the consent of the Panel or the approval of Vectura Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code; or
 - (xix) entered into any agreement, arrangement, commitment or contract or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention

to, or to propose to, effect any of the transactions, matters or events referred to in this Condition 3(j);

No adverse change, litigation, regulatory enquiry or similar

(k) except as Disclosed, since 31 December 2020 there having been:

- (i) no adverse change and no circumstance having arisen which would be or be reasonably likely to be expected to result in any material adverse change in, the business, assets, financial or trading position or profits or prospects or operational performance of any member of the Wider Vectura Group to an extent which is material in the context of the Wider Vectura Group taken as a whole;
- (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced or instituted by or against or remaining outstanding against or in respect of, any member of the Wider Vectura Group or to which any member of the Wider Vectura Group is or is reasonably likely to be a party (whether as claimant, defendant or otherwise) having been threatened, announced, instituted or remaining outstanding by, against or in respect of, any member of the Wider Vectura Group, which, in any such case, would reasonably be expected to have a material adverse effect on the Wider Vectura Group as a whole;
- (iii) no enquiry, review or investigation by, or complaint or reference to, any Relevant Authority against or in respect of any member of the Wider Vectura Group having been threatened, announced or instituted or remaining outstanding by, against or in respect of any member of the Wider Vectura Group, which, in any such case, would reasonably be expected to have a material adverse effect on the Wider Vectura Group as a whole;
- (iv) no contingent or other liability having arisen or become apparent to Bidco or increased other than in the ordinary course of business which is reasonably likely to affect materially and adversely the business, assets, financial or trading position or profits or prospects of any member of the Wider Vectura Group to an extent which is material in the context of the Wider Vectura Group taken as a whole;
- (v) no member of the Wider Vectura Group having conducted its business in breach of applicable laws and regulations in a manner which is material in the context of the Wider Vectura Group as a whole; and
- (vi) no steps having been taken and no omissions having been made which are reasonably likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Vectura Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which is material and likely to have an adverse effect on the Wider Vectura Group taken as a whole;

No discovery of certain matters regarding information, liabilities and environmental issues

(l) except as Disclosed, Bidco not having discovered since 31 December 2020:

- (i) that any financial, business or other information concerning the Wider Vectura Group publicly announced prior to the date of the Press Announcement or disclosed to any member of the Wider Bidco Group by or on behalf of any member of the Wider Vectura Group prior to the date of the Press Announcement is misleading, contains a material misrepresentation of any fact, or omits to state a fact necessary to make that information not misleading, and which is, in any case, material in the context of the Wider Vectura Group taken as a whole;
- (ii) that any member of the Wider Vectura Group or any partnership, company or other entity in which any member of the Wider Vectura Group has a significant economic interest and which is not a subsidiary undertaking of Vectura is subject to any liability, contingent or otherwise and which is material in the context of the Wider Vectura Group taken as a whole;

- (iii) any information which affects the impact of any information disclosed at any time by or on behalf of the Wider Vectura Group and which is material in the context of the Wider Vectura Group taken as a whole;
- (iv) that any past or present member of the Wider Vectura Group has not complied in any material respect with all applicable legislation, regulations or other requirements of any jurisdiction or any Authorisations relating to the use, treatment, storage, carriage, disposal, discharge, spillage, release, leak or emission of any waste or hazardous substance or any substance likely to impair the environment (including property) or harm human or animal health or otherwise relating to environmental matters or the health and safety of humans, which non-compliance would be likely to give rise to any liability including any penalty for non-compliance (whether actual or contingent) on the part of any member of the Wider Vectura Group which is material in the context of the Wider Vectura Group taken as a whole;
- (v) that there has been a material disposal, discharge, spillage, accumulation, release, leak, emission or the migration, production, supply, treatment, storage, transport or use of any waste or hazardous substance or any substance likely to impair the environment (including any property) or harm human or animal health which (whether or not giving rise to non-compliance with any law or regulation), would be likely to give rise to any material liability (whether actual or contingent) on the part of any member of the Wider Vectura Group;
- (vi) that there is or is reasonably likely to be any material obligation or liability (whether actual or contingent) or requirement to make good, remediate, repair, reinstate or clean up any property, asset or any controlled waters currently or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider Vectura Group (or on its behalf), or in which any such member may have or previously have had or be deemed to have had an interest, under any environmental legislation, common law, regulation, notice, circular, Authorisation or order of any Relevant Authority in any jurisdiction or to contribute to the cost thereof or associated therewith or indemnify any person in relation thereto in any such case which is material in the context of the Wider Vectura Group taken as a whole; or
- (vii) that circumstances exist (whether as a result of making the Acquisition or otherwise) which would be reasonably likely to lead to any Relevant Authority instituting (or whereby any member of the Wider Vectura Group would be likely to be required to institute), an environment audit or take any steps which would in any such case be reasonably likely to result in any actual or contingent liability to improve or install new plant or equipment or to make good, repair, reinstate or clean up any property of any description or any asset now or previously owned, occupied or made use of by any past or present member of the Wider Vectura Group (or on its behalf) or by any person for which a member of the Wider Vectura Group is or has been responsible, or in which any such member may have or previously have had or be deemed to have had an interest, which is material in the context of the Wider Vectura Group taken as a whole;

Anti-corruption, sanctions and criminal property

- (m) except as Disclosed, Bidco not having discovered that:
 - (i) any past or present member of the Wider Vectura Group or any person that performs or was performing services for or on behalf of any such company (including any past or present director, officer, employee or agent) is or has, in each case only whilst a member of or performing services for or on behalf of the Wider Vectura Group, engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010 or any other applicable anti-corruption legislation;
 - (ii) any past or present member of the Wider Vectura Group has engaged in any transaction which would cause any member of the Wider Bidco Group to be in breach of applicable law or regulation upon completion of the Acquisition, including the economic sanctions of the United

States Office of Foreign Assets Control or HM Treasury & Customs, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, United States or the European Union or any of its member states;

- (iii) any member of the Wider Vectura Group, or any of their respective directors, officers or employees, is ineligible to be (or any past member of the Wider Vectura Group was, or any past director, officer or employee who was at any time during the course of their engagement with any past or present member of the Wider Vectura Group, ineligible to be) awarded any contract or business under section 23 of the Public Contracts Regulations 2006 or section 26 of the Utilities Contracts Regulations (2006) (each as amended); or
- (iv) any asset of any member of the Wider Vectura Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

PART B: CERTAIN FURTHER TERMS OF THE ACQUISITION

1. Each of the Conditions is regarded as a separate Condition and is not limited by reference to any other Condition.
2. The Conditions contained in paragraphs 2(a), 2(b) and 3(a) to (e) (inclusive) of Part A of this Part 3 (*Conditions to and Further Terms of the Acquisition*), must be fulfilled, be determined by Bidco to be or remain satisfied or (if capable of waiver) be waived by Bidco by 11.59 p.m. on the date immediately preceding the Court Hearing, failing which the Scheme shall lapse, or if the Acquisition is implemented by way of a Takeover Offer, no later than as permitted by the Panel.
3. To the extent permitted by law and subject to the requirements of the Panel, Bidco reserves the right in its sole discretion to waive:
 - (a) the deadline set out in Condition 1 and any of the deadlines set out in the Condition 2 of Part A of this Part 3 (*Conditions to and Further Terms of the Acquisition*) for the timing of the Court Meeting, the Vectura General Meeting and/or the Court Hearing. If any such deadline is not met, Bidco shall make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with Vectura to extend the deadline in relation to the relevant Condition; and
 - (b) in whole or in part, all or any of the Conditions 3(a) to (m) (inclusive) of Part A of this Part 3 (*Conditions to and Further Terms of the Acquisition*).
4. Bidco is under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of Conditions 3(a) to (m) (inclusive) contained in Part A of this Part 3 (*Conditions to and Further Terms of the Acquisition*) by a date earlier than the latest date for the fulfilment of that Condition notwithstanding that the other Conditions of the Acquisition may at such earlier date have been waived (if capable of waiver) or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
5. The Acquisition will lapse if:
 - (a) in so far as the Acquisition or any matter arising from or relating to the Scheme of Acquisition constitutes a concentration with a Community dimension within the scope of the EU Merger Regulations, the European Commission initiates proceedings under Article 6(1)(c) of the EU Merger Regulations;
 - (b) or the Acquisition or an matter arising from or relating to the Scheme or Acquisition becomes subject to a CMA Phase 2 Reference,in each case, before the date of the Court Meeting.
6. If Bidco is required by the Panel to make an offer or offers for any Vectura Shares under the provisions of Rule 9 of the Takeover Code, Bidco may make such alterations to any of the above Conditions and the terms of the Acquisition as are necessary to comply with the provisions of that Rule.
7. The Acquisition is governed by the law of England and Wales and is subject to the jurisdiction of the English courts and to the Conditions and further terms set out in this Part 3 (*Conditions to and Further Terms of the Acquisition*). The Acquisition is subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the FCA.
8. The Vectura Shares will be acquired under the Acquisition fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third-party rights or interests of any nature and together with all rights now or hereafter attaching or accruing thereto, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of value (whether by reduction of share capital or share premium account or otherwise) made with a record date falling on or after the Effective Date.

9. If on or after the date of the Press Announcement and prior to or on the Effective Date, any dividend, distribution or other return of value is declared, paid or made or becomes payable by Vectura (other than, or in excess of, the Interim Dividend) and with a record date on or prior to the Effective Date, Bidco reserves the right (without prejudice to any right of Bidco, with the consent of the Panel, to invoke Conditions 3(f) or 3(j)(ii)) to reduce the Cash Consideration by an amount up to the amount of such dividend, distribution or other return of value or excess. In such circumstances, Vectura Shareholders would be entitled to retain any such dividend, distribution or other return of value declared, made or paid.

If and to the extent that any such dividend, distribution or other return of value is declared, paid or made or becomes payable by Vectura on or prior to the Effective Date and Bidco exercises its rights under this paragraph 9 to reduce the Cash Consideration, any reference in this document to the Cash Consideration shall be deemed to be a reference to the consideration as so reduced.

If and to the extent that any such dividend, distribution or other return of value has been declared or announced but not paid or made or is not payable by reference to a record date on or prior to the Effective Date or shall be (i) transferred pursuant to the Acquisition on a basis which entitles Bidco to receive the dividend, distribution or other return of value and to retain it; or (ii) cancelled, the Cash Consideration shall not be subject to change in accordance with this paragraph 9.

Bidco also reserves the right to reduce the Cash Consideration in such circumstances as are, and by such amount as is, permitted by the Panel.

Any exercise by Bidco of its rights referred to in this paragraph 9 shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Acquisition.

10. Bidco reserves the right to elect (with the consent of the Panel and subject to the terms of the Co-operation Agreement) to implement the Acquisition by way of a Takeover Offer for the Vectura Shares as an alternative to the Scheme. In such event, the Takeover Offer shall be implemented on the same terms, so far as applicable, as those which would apply to the Scheme, subject to appropriate amendments, including (without limitation) an acceptance condition set at 90 per cent. of the shares to which such Takeover Offer relates (subject to the terms of the Co-operation Agreement) or such lesser percentage (being more than 50 per cent.) of the issued and to be issued ordinary share capital of Vectura as Bidco may decide or as required by the Panel.
11. Under Rule 13.5 of the Takeover Code, Bidco may not invoke a Condition to the Acquisition so as to cause the Acquisition not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to Bidco in the context of the Acquisition. Whether or not such Condition can be invoked would be determined by the Panel. The Conditions contained in paragraphs 1 and 2 of Part A of this Part 3 (*Conditions to and Further Terms of the Acquisition*) are not subject to this provision of the Takeover Code.
12. The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of relevant jurisdictions. Therefore, any persons who are not resident in the United Kingdom will need to inform themselves about and observe any applicable requirements.
13. The Acquisition is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any other means of instrumentality (including, but not limited to, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any jurisdiction where to do so would violate the laws of that jurisdiction.

PART 4

FINANCIAL INFORMATION AND RATINGS

Part A: Financial information incorporated by reference relating to Vectura

The following sets out the financial information in respect of Vectura as required by Rule 24.3(a)(iii) and Rule 24.3(e) of the Takeover Code. The documents referred to below, the contents of which have previously been published, are incorporated into this document by reference pursuant to Rule 24.15 of the Takeover Code.

All documents referred to below are available in “read-only” format for reviewing or downloading free of charge on Vectura’s website at <http://www.Vectura.com>. Save as expressly referred to in this document, the contents of the websites referred to in this document are not incorporated into and do not form part of this document.

Information incorporated by reference

Website address where reference material published

Audited consolidated accounts for the year ended 31 December 2020

<https://www.Vectura.com/wp-content/uploads/2021/04/Vectura-Group-plc-Annual-Report-and-Accounts-2020.pdf>

The audited accounts of Vectura for the financial year ended 31 December 2020 are set out on pages 100-152.

Audited consolidated accounts for the year ended 31 December 2019

<https://www.Vectura.com/wp-content/uploads/2020/04/Vectura-Group-plc-Annual-Report-and-Accounts-2019.pdf>

The audited accounts of Vectura for the financial year ended 31 December 2019 are set out on pages 91-140.

Part B: Vectura ratings information

There are no current public ratings or outlooks accorded to Vectura by any rating agencies.

Part C: Financial information relating to Bidco

As Bidco was incorporated on 21 May 2021 for the purposes of making the Acquisition, no financial information is available or has been published in respect of Bidco. Bidco has not traded since its date of incorporation, and Bidco has not entered into any obligations, other than in connection with the Acquisition.

Part D: Bidco ratings and outlooks

There are no current public ratings or outlooks accorded to Bidco by any rating agencies.

PART 5

VECTURA 2021 FLUTIFORM® GROSS PROFIT FORECAST

1 Vectura 2021 *flutiform*® Gross Profit Forecast

- 1.1 On 18 March 2021, Vectura held a call with analysts titled Vectura’s preliminary results 2020 conference call and webcast (the “Q4 Call”). During the Q4 Call Vectura made the following statements:

*“And just looking ahead to 2021, both partners are expecting their in-market sales of flutiform® to grow, albeit the ongoing impact of the pandemic on market volumes is not easy to predict. For us, clearly, the non-repeat of the stock builds we’ve seen over the last couple of years, exaggerated by the weaker in-market sales in the second half of 2020, will mean our shipments in 2021 will be down versus last year. And we guided **in the range of £75 million to £80 million** in January, and that remains our best estimate right now. But, clearly, we’ll continue to monitor this as the year unfolds.*

...

*For 2021, we’ll see some continuing erosion in underlying margin, as well as some negative impacts from the expected reduction in shipped volumes versus last year. So, we’re maintaining the **medium-term guidance of 30% to 32% margin for 2021**”*

- 1.2 The above guidance in bold provided during the Q4 Call on *flutiform*® product supply revenue and *flutiform*® product supply margin taken together constitutes guidance on *flutiform*®’s product supply gross profit for the financial year ending 31 December 2021 (the “**Vectura 2021 flutiform® Gross Profit Forecast**”), which for the purposes of Rule 28 of the Takeover Code constitutes an ordinary course profit forecast.
- 1.3 The Trading Update also referred to the Vectura 2021 *flutiform*® Gross Profit Forecast:
- “Gross profit remains in line with our previous guidance”.*
- 1.4 The Vectura Directors confirm that, as at the date of this Document, the Vectura 2021 *flutiform*® Gross Profit Forecast remains valid and confirm that the Vectura 2021 *flutiform*® Gross Profit Forecast has been properly compiled on the basis of the assumptions stated below and that the basis of accounting used is consistent with Vectura’s accounting policies which are in accordance with IFRS and are those that Vectura applied in preparing its financial statements for the financial year ended 31 December 2020.
- 1.5 Further information on the basis of preparation of the Vectura 2021 *flutiform*® Gross Profit Forecast, including the principal assumptions on which it is based, is set out below.

2 Basis of preparation and principal assumptions

- 2.1 The Vectura 2021 *flutiform*® Gross Profit Forecast is based upon internal Vectura forecasts.
- 2.2 In confirming the Vectura 2021 *flutiform*® Gross Profit Forecast, the Vectura Directors have made the following assumptions in respect of the financial year ending 31 December 2021:
- 2.2.1 *factors outside the influence or control of the Vectura Directors:*
- (i) a continued gradual economic recovery across the sectors, and within the geographies, served by Vectura as COVID-19 related restrictions are slowly lifted and, specifically, that there will be no material adverse impact on the business resulting from further increased COVID-19 related restrictions;
 - (ii) current binding order volumes up to the end of October 2021 are delivered in full;

- (iii) estimated order volumes for November and December 2021 are delivered in full;
- (iv) no material change in the ICS/LABA market in the end markets, as well as to *flutiform*[®]'s performance within that market;
- (v) no material change in the stocking policies of Vectura's partners;
- (vi) no material adverse events which will have a significant impact on the operating results or financial position of Vectura;
- (vii) no sustained strengthening of the Sterling above the average foreign exchange rates that have applied during the period 1 January 2021 to 16 June 2021 (being the Latest Practicable Date (inclusive) in respect of the currencies of the major territories in which the Vectura Group operates, in particular the US dollar (at \$1.39 : £1), Euro (at €1.15 : £1) and swiss franc (at CHF1.26 : £1);
- (viii) no material adverse outcome from any ongoing or future disputes with any customer, competitor, regulator or tax authority; and
- (ix) no material change in legislation, taxation, regulatory requirements or the position of any regulatory bodies impacting the Vectura Group's operations or accounting policies.

2.2.2 factors within the influence or control of the Vectura Directors:

- (i) no material change in Vectura's contractual relationships with its partners who are responsible for end market sales of *flutiform*[®];
- (ii) no material changes to the senior leadership team of Vectura;
- (iii) no material change to Vectura's existing operational strategy for *flutiform*[®] product supply;

Vectura's accounting policies will be consistently applied over the forecast period to 31 December 2021.

PART 6

ADDITIONAL INFORMATION

1. Responsibility

- (a) The Vectura Directors, whose names are set out in paragraph 2(a) below, accept responsibility for the information contained in this document (including any expression of opinion) other than the information for which responsibility is taken by others pursuant to sub-paragraph (b) below. To the best of the knowledge and belief of the Vectura Directors (who have taken all reasonable care to ensure that such is the case), the information (including any expression of opinion) contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (b) The Bidco Directors, whose names are set out in paragraph 2(b) below, and the Carlyle Responsible Persons, whose names are set out in paragraph 2(c) below, accept responsibility for the information contained in this document (including any expression of opinion) relating to Carlyle, the Bidco Group and themselves, their close relatives, related trusts and other connected persons and other persons acting in concert with Bidco (as that term is used in the Takeover Code). To the best of the knowledge and belief of the Bidco Directors and the Carlyle Responsible Persons (who have taken all reasonable care to ensure that such is the case), the information (including any expression of opinion) contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

- (a) The Vectura Directors and their positions in Vectura are as follows:

<i>Name</i>	<i>Position</i>
Bruno Angelici	Chairman
Will Downie	Chief Executive Officer
Paul Fry	Chief Financial Officer
Per-Olof Andersson	Non-Executive Director
Kevin Matthews	Non-Executive Director
Jeanne Taylor Hecht	Non-Executive Director
Jeanne Thoma	Non-Executive Director
Juliet Thompson	Non-Executive Director

The registered office of Vectura and the business address of each of the Vectura Directors is One, Prospect West, Chippenham, Wiltshire, SN14 6FH, United Kingdom.

- (b) The Bidco Directors and their positions in Bidco are as follows:

<i>Name</i>	<i>Position</i>
Oliver Butler	Director
Andrew Howlett-Bolton	Director

The registered office of Bidco and the business address of each of the Bidco Directors is 1 St James's Market, London United Kingdom.

- (c) The Carlyle Responsible Persons and their positions in Carlyle are as follows:

<i>Name</i>	<i>Position</i>
Kewsong Lee	Chief Executive Officer
Peter J. Clare	Managing Director and Chief Investment Officer
Norma R. Kuntz	Global Chief Operating Officer and Chief Financial Officer

The registered office of Carlyle and the business address of each of the Carlyle Responsible Persons is 1001 Pennsylvania Avenue, NW Washington, DC 20004-2505, United States.

3. Market quotations

Set out below are the Closing Prices of Vectura Shares taken from Bloomberg on:

- (a) the first dealing day in each of the six months immediately before the date of this document;
- (b) 25 May 2021 (the last dealing day before the commencement of the Offer Period); and
- (c) 16 June 2021 (the Latest Practicable Date).

<i>Date</i>	<i>Closing Price of Vectura Shares (£)</i>
4 January 2021	1.28
1 February 2021	1.16
1 March 2021	1.12
1 April 2021	1.18
4 May 2021	1.17
25 May 2021	1.22
1 June 2021	1.40
16 June 2021	1.37

4. Interests and dealings

For the purposes of this paragraph 4:

“**acting in concert**” has the meaning given to it in the Takeover Code;

“**close relative**” has the meaning given to it in the Takeover Code;

“**connected person**” in relation to a director of Bidco or Vectura includes: (a) such director’s spouse or civil partner and children or step-children under the age of 18; (b) the trustee(s) of any trust for the benefit of such director and/or any person mentioned in (a); (c) any company in which such director and/or any person mentioned in (a) or (b) is entitled to exercise or control the exercise of one-third or more of the voting power, or which is accustomed to act in accordance with the directions of such director or any such person; and (d) any other person whose interests in shares are taken to be interests of such director pursuant to Part 22 of the Companies Act;

“**control**” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights (as defined in the Takeover Code) of a company, irrespective of whether such interest or interests give *de facto* control;

“**dealing**” has the meaning given to it in the Takeover Code and “**dealt**” has the corresponding meaning;

“**derivative**” includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;

“**disclosure period**” means the period commencing on 26 May 2020 (the date 12 months prior to the commencement of the Offer Period) and ending on 15 June 2021 (being the latest practicable date for the purposes of this paragraph);

“**Note 11 arrangement**” includes any indemnity or option arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing (other than irrevocable commitments and letters of intent to vote in favour of the Scheme and/or related resolutions, details of which are set out in paragraph 7 of this Part 6;

“**relevant securities**” means (i) Vectura Shares and any other securities of Vectura conferring voting rights; (ii) equity share capital of Vectura; (iii) equity share capital of Bidco; and (iv) securities of Vectura or Bidco carrying conversion or subscription rights into any of the foregoing;

“**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

(a) ***Persons acting in concert with Vectura***

In addition to the Vectura Directors (together with their close relatives and related trusts) and members of the Vectura Group, the persons who, for the purposes of the Takeover Code, are acting in concert with Vectura for the purposes of the Acquisition and which are required to be disclosed are:

<i>Name</i>	<i>Registered Office</i>	<i>Relationship with Vectura</i>
J.P. Morgan Securities plc	25 Bank Street Canary Wharf London E14 5JP	Joint Financial Adviser and Joint Corporate Broker
N.M. Rothschild & Sons Limited	New Court, St Swithin’s Lane, London EC4N 8AL	Joint Financial Adviser
Numis Securities Limited	10 Paternoster Square, London, EC4M 7LT	Joint Corporate Broker

(b) ***Persons acting in concert with Bidco***

In addition to the Bidco Directors (together with their close relatives and related trusts) and members of the Wider Bidco Group, the persons who, for the purposes of the Takeover Code, are acting in concert with Bidco for the purposes of the Acquisition and which are required to be disclosed are:

<i>Name</i>	<i>Registered Office</i>	<i>Relationship with Bidco</i>
Morgan Stanley	25 Cabot Square, Canary Wharf, London, United Kingdom, E14 4QA	Lead Financial Adviser
RBC Capital Markets	100 Bishopsgate, London, United Kingdom, EC2N 4AA	Financial Adviser

(c) ***Interests and dealings in relevant securities of Vectura***

(i) As at 15 June 2021 (being the latest practicable date for the purposes of this paragraph), the interests of the Vectura Directors (and their close relatives, related trusts and connected persons) in relevant securities of Vectura (apart from the awards which are described in (ii) below) were as follows:

<i>Name</i>	<i>Number of Vectura Shares</i>	<i>Percentage of Vectura issued ordinary share capital</i>
Bruno Angelici	236,385	0.04
Will Downie	4,510*	0.00
Paul Fry	128,578*	0.02
Per-Olof Andersson	46,153	0.01
Kevin Matthews	12,000	0.00
Juliet Thompson	45,261	0.01

*Includes shares held under the Vectura Share Incentive Plan

- (ii) As at 15 June 2021 (being the latest practicable date for the purposes of this paragraph), the Vectura Directors held the following outstanding Awards over Vectura Shares under the Vectura Share Plans:

<i>Director</i>	<i>Description of option/award</i>	<i>Number</i>	<i>Date of incentive award (BSA)/ award (PSA)</i>	<i>Exercise price</i>	<i>Vesting date</i>	<i>Lapse date</i>
Will Downie	Option under the Vectura 2015 Long Term Incentive Plan ("LTIP"))	933,421 Vectura Shares	1 June 2020	£0.000271	1 June 2023	31 May 2030
Will Downie	Option under the LTIP	755,949 Vectura Shares	24 March 2021	£0.000271	24 March 2024	23 March 2031
Will Downie	Option under the Vectura Group plc Deferred Share Bonus Plan 2017 ("DSBP")	4,263 Vectura Shares	24 April 2020	Nil	24 April 2022	24 April 2030
Will Downie	Option under the DSBP	108,025 Vectura Shares	24 March 2021	Nil	24 March 2023	24 March 2031
Paul Fry	Option under the Vectura 2015 Long Term Incentive Plan ("LTIP"))	864,966 Vectura Shares	24 April 2019	£0.000271	25 April 2019	24 April 2029
Paul Fry	Option under the LTIP	756,724 Vectura Shares	1 June 2020	£0.000271	1 June 2023	31 May 2030
Paul Fry	Option under the LTIP	612,848 Vectura Shares	24 March 2021	£0.000271	24 March 2024	23 March 2031
Paul Fry	Option under the LTIP	159,896 Vectura Shares	22 October 2018	£0.000271	22 October 2021	21 October 2028
Paul Fry	Option under the Vectura Group plc Deferred Share Bonus Plan 2017	81,089 Vectura Shares	24 March 2021	Nil	24 March 2023	24 March 2031
Paul Fry	Option under the Vectura Group plc 2014 Sharesave Scheme	28,607 Vectura Shares	26 March 2019	£0.6292	1 May 2022	1 November 2022

- (iii) As at 15 June 2021 (being the latest practicable date for the purposes of this paragraph), the interests, rights to subscribe and short positions in respect of relevant securities of Vectura held by persons acting in concert with Vectura (excluding the Vectura Directors and their close relatives, related trusts and connected persons) were as follows:

<i>Name</i>	<i>Number of Vectura Shares</i>	<i>Percentage of Vectura issued ordinary share capital</i>
JP Morgan Chase Bank (Custody)	22	0.00

- (iv) During the Offer Period, the following dealings in relevant securities of Vectura by Vectura Directors (and their close relatives, related trusts and connected persons) have taken place:

<i>Name</i>	<i>Date of Dealing</i>	<i>Number of relevant securities</i>	<i>Nature of Dealing</i>	<i>Price per unit</i>
Will Downie	4 June 2021	2,535	Grant of a SIP over Vectura Shares	Nil
Paul Fry	4 June 2021	2,535	Grant of a SIP over Vectura Shares	Nil

- (v) During the disclosure period, the following dealings in relevant securities of Vectura by persons acting in concert with Bidco have taken place:

<i>Name</i>	<i>Date of Dealing</i>	<i>Nature of Dealing</i>	<i>Price (£)</i>	<i>Nature of Interest or Rights Concerned</i>	<i>Number of relevant securities</i>
RBC Investment Solutions (CI) Limited	18 June 2020	Sale	1.00	Vectura Shares	97,100

(d) **General**

Save as disclosed in this document, as at 15 June 2021 (being the latest practicable date for the purposes of this paragraph):

- (i) none of Vectura, any Vectura Directors, any close relatives, related trusts or connected persons of such directors, nor any other person acting in concert with Vectura, nor any person with whom Vectura or any person acting in concert with Vectura has an arrangement, was interested, had any rights to subscribe or had any short positions in respect of any relevant securities of Vectura or Bidco, nor has any such person dealt in any relevant securities during the Offer Period;
- (ii) none of Bidco, any Bidco Directors, any close relatives, related trusts or connected persons of such directors, nor any other person acting in concert with Bidco, nor any person with whom Bidco or any person acting in concert with Bidco has an arrangement, was interested, had any rights to subscribe or had any short positions in respect of any relevant securities of Vectura nor has any such person dealt in any relevant securities during the disclosure period;
- (iii) neither Vectura nor any person acting in concert with Vectura has borrowed or lent any relevant securities of Vectura during the Offer Period, save for any borrowed shares which have either been onlent or sold;
- (iv) neither Bidco nor any person acting in concert with Bidco has borrowed or lent any relevant securities of Vectura during the disclosure period, save for any borrowed shares which have either been onlent or sold;
- (v) neither Vectura nor any person acting in concert with Vectura has entered into or taken any action to unwind any financial collateral arrangements in respect of any relevant securities of Vectura during the Offer Period;
- (vi) neither Bidco nor any person acting in concert with Bidco has entered into or taken any action to unwind any financial collateral arrangements in respect of any relevant securities of Vectura during the disclosure period;
- (vii) save for the irrevocable undertakings disclosed in paragraph 7 below, none of Vectura, or any person acting in concert with Vectura has any Note 11 arrangement with any person in respect of the relevant securities; and

- (viii) save for the irrevocable undertakings disclosed in paragraph 7 below, none of Bidco, or any or any person acting in concert with Bidco has any Note 11 arrangement with any person in respect of the relevant securities.

(e) ***Interests in Bidco***

Bidco is wholly owned indirectly by funds managed by Carlyle Europe Partners V as at the date of this document. It is possible that Carlyle Europe Partners V may seek to syndicate a minority part of its interest in Bidco during the Offer Period or once the Acquisition becomes Effective.

5. United Kingdom taxation

The comments set out below are based on current UK tax law as applied in England and Wales and HM Revenue & Customs published practice (which may not be binding on HM Revenue & Customs) as at the date of this document, both of which are subject to change, possibly with retrospective effect. They are intended as a general guide to certain limited aspects of the UK tax treatment of the Scheme and, in particular, paragraph 5.1 of this paragraph 5 applies only to Scheme Shareholders resident and, in the case of an individual, domiciled for tax purposes in (and only in) the UK and to whom “split year” treatment does not apply, who hold their Scheme Shares as an investment (other than under a pension arrangement or an ISA or a Lifetime ISA) and who are the absolute beneficial owners thereof (“**UK Holders**”). The discussion does not address all possible tax consequences relating to the Scheme. Certain categories of Scheme Shareholders, including those carrying on certain financial activities, those subject to specific tax regimes or benefitting from certain reliefs and exemptions, those connected with Vectura, and those for whom the shares are employment-related securities, may be subject to special rules and this summary does not apply to such shareholders.

Current or prospective Vectura Shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers immediately.

5.1 *UK taxation of chargeable gains*

A UK Holder’s liability to UK tax on chargeable gains will depend on the individual circumstances of that UK Holder.

The transfer of Scheme Shares under the Scheme in return for the Cash Consideration (but not, for the avoidance of doubt, the Interim Dividend which is subject to UK tax as dividend income) should be treated as a disposal of the UK Holder’s Scheme Shares for the purposes of UK tax on chargeable gains. That disposal may, depending on the UK Holder’s individual circumstances (including the availability of exemptions, reliefs or allowable losses), give rise to a liability to UK tax on chargeable gains or, alternatively, an allowable capital loss.

Individual Scheme Shareholders

Subject to available reliefs or allowances, chargeable gains arising on a disposal of Scheme Shares by an individual UK Holder will be subject to UK capital gains tax at the rate of (for the 2021 / 2022 tax year) 10 per cent., except to the extent that the chargeable gain, when it is added to the individual UK Holder’s other taxable income and chargeable gains in the relevant tax year, exceeds the upper limit of the income tax basic rate band, in which case it will be taxed at the rate of (for the 2021 / 2022 tax year) 20 per cent.

The annual tax-free allowance for UK capital gains tax (£12,300 for the 2021 / 2022 tax year) may be available to individual UK Holders to offset against chargeable gains realised on the disposal of their Scheme Shares.

Scheme Shareholders within the charge to UK corporation tax

Subject to available exemptions, reliefs or allowances, chargeable gains arising on a disposal of Scheme Shares by a UK Holder within the charge to UK corporation tax will be subject to UK corporation tax at the rate of (for the 2021 / 2022 tax year) 19 per cent.

5.2 ***UK stamp duty and Stamp Duty Reserve Tax (“SDRT”)***

No UK stamp duty or SDRT will be payable by Scheme Shareholders on the transfer of their Scheme Shares under the Scheme.

6. **Bases of calculation and sources of information**

In this document, unless otherwise stated or the context otherwise requires, the bases and sources used are as set out in Part 7 (*Sources of Information and Bases of Calculation*) of this document.

7. **Irrevocable undertakings**

As at the Latest Practicable Date, the following Vectura Directors and Dr Thomas Werner, who was a director of Vectura at the time of the Press Announcement, had given irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the resolutions to be proposed at the Vectura General Meeting (or to procure the voting in favour of such resolutions) and, if Bidco exercises its right to implement the Acquisition by way of a Takeover Offer, to accept (or procure acceptance of) such offer:

<i>Name</i>	<i>Number of Vectura Shares</i>	<i>Percentage of Vectura issued ordinary share capital</i>
Bruno Angelici	236,385	0.04
Paul Fry	128,578*	0.02
Per-Olof Andersson	46,153	0.01
Juliet Thompson	45,261	0.01
Kevin Matthews	12,000	0.00
Will Downie	4,510*	0.00
Thomas Werner	114,775	0.02
Total	587,662*	0.10

*Includes shares held under the Vectura Share Incentive Plan

The obligations of the Vectura Directors and Dr Thomas Werner under the irrevocable undertakings shall lapse and cease to have effect on and from if the Acquisition lapses or is withdrawn in accordance with its terms, provided that this shall not apply: (i) where the Scheme is withdrawn as a result of Bidco exercising its right to implement the Scheme by way of a Takeover Offer (or vice versa); or (ii) if a new, revised or replacement scheme of arrangement or Takeover Offer is or has been announced within five Business Days after any such lapse or withdrawal.

These irrevocable undertakings remain binding in the event of a competing offer, until such competing offer is declared wholly unconditional or, if implemented by way of a scheme of arrangement, becomes effective.

8. **Financing and cash confirmation**

Bidco is providing the cash consideration payable under the Acquisition from a combination of equity to be invested indirectly by The Carlyle Group and debt to be provided pursuant to an interim facilities agreement that has been arranged by Royal Bank of Canada. Further details in respect of the Interim Facilities Agreement are set out in paragraph 10 below.

Morgan Stanley, lead financial adviser to Bidco, is satisfied that sufficient resources are available to satisfy in full the Cash Consideration payable to Vectura Shareholders under the terms of the Acquisition.

9. Offer-related arrangements

Confidentiality Agreement

CECP Advisors LLP (an adviser to Carlyle Europe Partners V) and Vectura entered into a confidentiality and standstill agreement dated 29 April 2021 (the “**Confidentiality Agreement**”) pursuant to which CECP Advisors LLP has undertaken to (i) keep confidential information relating to, inter alia, the Acquisition and Vectura and not to disclose it to third parties (other than to certain permitted parties) unless required by law or regulation; and (ii) use the confidential information only for the purpose of the Acquisition.

These confidentiality obligations shall remain in force for a period of 24 months from the date of the Confidentiality Agreement. This agreement also includes customary non-solicitation obligations on CECP Advisors LLP. CECP Advisors LLP also agreed to certain standstill undertakings, all of which ceased to apply upon the release of the Press Announcement.

Clean Team and Joint Defence Agreement

CECP Advisors LLP, Vectura and their respective counsel entered into a clean team and joint defence agreement dated 14 May 2021 (the “**Clean Team and Joint Defence Agreement**”), the purpose of which is to ensure that the exchange and/or disclosure of certain materials relating to the parties and in relation to, in particular, the regulatory workstreams (including foreign investment and antitrust) only takes place between their respective legal counsel and external experts, and does not diminish in any way the confidentiality of such materials and does not result in a waiver of any privilege, right or immunity that might otherwise be available.

Co-operation Agreement

Bidco and Vectura entered into a co-operation agreement on 26 May 2021, pursuant to which:

- (a) Bidco has agreed to incur certain obligations with a view to securing the regulatory clearances and authorisations necessary to satisfy the Regulatory Conditions as soon as reasonably practicable; and
- (b) Bidco and Vectura have agreed to certain undertakings to co-operate in relation to obtaining such regulatory clearances and authorisations.

Bidco has agreed to waive the French Foreign Investment Condition if the proposed sale of Vectura’s Lyon manufacturing facility completes prior to the Effective Date. The French Foreign Investment Condition was waived on 9 June 2021 by virtue of the disposal of the Lyon site as set out in paragraph 8 of Part 2 (*Explanatory Statement*) of this document.

The Co-operation Agreement also records Bidco’s and Vectura’s intentions to implement the Acquisition by way of the Scheme, subject to Bidco having the right to implement the Acquisition by way of a Takeover Offer in certain circumstances.

The Co-operation Agreement also contains provisions that shall apply in respect of the Vectura Share Plans and certain other employee-related matters.

The Co-operation Agreement shall be terminated with immediate effect if: (i) Bidco and Vectura so agree in writing; (ii) the Acquisition is withdrawn, terminated or lapses in accordance with its terms prior to the Long Stop Date and, where required, with the consent of the Panel (other than in certain limited circumstances); or (iii) unless otherwise agreed by the parties in writing or required by the Panel, the Effective Date has not occurred by the Long Stop Date.

Each of Bidco and Vectura has the right to terminate the Co-operation Agreement if, prior to the Long Stop Date, any Condition is invoked by Bidco (where such invocation has been permitted by the Panel).

Bidco has the right to terminate the Co-operation Agreement if: (i) the Vectura Board announces that it shall not convene the Court Meeting or the Vectura General Meeting; (ii) the Vectura Board otherwise withdraws, adversely modifies or adversely qualifies its recommendation of the Acquisition; (iii) a third party announces a firm intention under the Takeover Code to make an offer for Vectura which is recommended by the Vectura Board, or (iv) a competing proposal becomes effective or is declared or becomes wholly unconditional.

10. Material contracts

(a) *Vectura*

Other than the Co-operation Agreement, the Confidentiality Agreement and the Clean Team and Joint Defence Agreement summarised in paragraph 9 above, Vectura and its subsidiaries have not, during the period beginning on 26 May 2019 and ending on the Latest Practicable Date, entered into any material contract otherwise than in the ordinary course of business.

(b) *Bidco*

Other than the Co-operation Agreement, the Confidentiality Agreement and the Clean Team and Joint Defence Agreement summarised in paragraph 9 above and as disclosed below, Bidco and the Bidco Group have not, during the period beginning on 25 May 2019 and ending on the Latest Practicable Date, entered into any material contract otherwise than in the ordinary course of business. The following contracts, not being contracts entered into in the ordinary course of business, which are or may be material to Bidco Group have been entered into by Bidco and/or the Bidco Group in the period beginning on 25 May 2019 and ending on the Latest Practicable Date.

Interim Facilities Agreement

Under the terms of an interim facilities agreement entered into on 26 May 2021 between (among others) Bidco as borrower and Royal Bank of Canada as lender (the “**Interim Facilities Agreement**”), the Royal Bank of Canada as interim lender agrees to make available to Bidco: (i) an interim senior secured term loan facility in an aggregate principal amount equal to £300,000,000 (the “**Interim Term Facility**”), and (ii) a senior secured multicurrency revolving facility in a principal amount of up to £60,000,000 (the “**Interim Revolving Facility**” and, together with the Interim Term Facility, the “**Interim Facilities**”).

Purpose

The proceeds of the Interim Facilities are to be applied, as follows:

- (a) in respect of the Interim Term Facility, (i) to finance the consideration payable for the Acquisition (including in respect of any Rule 15 proposals made or to be made in connection with the Acquisition), (ii) payment of costs, fees, expenses and taxes (including stamp duty) incurred in connection with the Acquisition and the transaction documents, (iii) the refinancing, discharge and/or acquisition of existing indebtedness of the Vectura Group and to pay breakage costs, any redemption premium and any other fees, costs and expenses payable in connection with such refinancing, discharge and/or acquisition, and/or (iv) general corporate purposes of the Vectura Group;
- (b) in respect of the Revolving Facility, (i) to finance the consideration payable for the Acquisition (including in respect of any Rule 15 proposals made or to be made in connection with the Acquisition), and/or (ii) the general corporate and working capital purposes of the Bidco Group (including the Vectura Group upon Completion) including, without limitation, funding of capital expenditure, restructuring costs, acquisitions, any working capital related and foreign exchange purchase price adjustments for the Acquisition, original issue discount and fees, costs, expenses and taxes (including stamp duty) and the items set out in (a)(i) and (a)(ii) above.

The Interim Facilities are available to be drawn in the following currencies: (i) in respect of the Interim Term Facility, GBP and (ii) in respect of the Interim Revolving Facility, GBP, EUR, USD and such other currencies as may be agreed with the lenders under the Interim Revolving Facility.

Availability and Repayment

The Interim Term Facility is available to be drawn, subject to satisfaction of the conditions precedent set forth in the Interim Facilities Agreement, from the date of the Interim Facilities Agreement to 11.59 p.m. (London time) on the last day of the Certain Funds Period (as defined below).

The Interim Revolving Facility is available to be drawn, subject to satisfaction of the conditions precedent set forth in the Interim Facilities Agreement, from the date of the Interim Facilities Agreement to the earliest to occur of: (i) 11.59 p.m. (London time) on the Final Repayment Date (as defined below) and (ii) 11.59 p.m. (London time) on the last day of the Certain Funds Period (as defined below) if the Interim Term Facility has not been drawn by then.

Under the Interim Facilities Agreement, the “**Certain Funds Period**” is defined as the period from (and including) the date of the Interim Facilities Agreement to (and including) the earliest of:

- (a) where the Acquisition proceeds by way of a Scheme of Arrangement, the date on which the Scheme of Arrangement lapses (including, subject to exhausting any rights of appeal, if a relevant court refuses to sanction the Scheme of Arrangement) or it is withdrawn in writing in each case, in accordance with its terms in the Press Announcement or this document (other than (i) where such lapse or withdrawal is as a result of the exercise of Bidco’s right to effect a switch from a Scheme of Arrangement to a Takeover Offer and (ii) it is otherwise to be followed within twenty (20) Business Days by a Rule 2.7 announcement by Bidco to implement the Acquisition by a different offer or scheme (as applicable) in accordance with the terms of the Interim Facilities Agreement);
- (b) where the Acquisition is to be consummated pursuant to a Takeover Offer, the date on which the Takeover Offer lapses, terminates or is withdrawn in writing in accordance with the terms of the applicable acquisition document (other than (i) where such lapse, termination or withdrawal is as a result of the exercise of Bidco’s right to effect a switch from a Takeover Offer to a Scheme of Arrangement and (ii) it is otherwise to be followed within twenty (20) Business Days by a Rule 2.7 announcement by Bidco to implement the Acquisition by a different offer or scheme (as applicable) in accordance with the Interim Facilities Agreement); and
- (c) the later of (i) the first Business Day falling immediately after the 9 month anniversary of the initial Rule 2.7 announcement and (ii) if on or prior to the first Business Day falling immediately after the 9 month anniversary of the initial Rule 2.7 announcement, the Acquisition has become Effective, the date falling 14 calendar days after the Effective Date,

provided that (x) for the avoidance of doubt, a switch from a Scheme of Arrangement to a Takeover Offer or from a Takeover Offer to a Scheme of Arrangement (or, for the avoidance of doubt, any amendments to the terms or conditions of a Scheme of Arrangement or a Takeover Offer) shall not constitute a lapse, termination or withdrawal for the purposes of this definition and (y) so long as the Initial Closing Date has occurred and any Interim Facility is drawn, the Certain Funds Period shall expire on the Final Repayment Date.

Under the Interim Facilities Agreement, the “**Initial Closing Date**” is defined as the date on which first payment is made to the Vectura Shareholders as required by the takeover offer or scheme of arrangement (as applicable) in accordance with the Takeover Code, provided that the Initial Closing Date shall, for the purposes of the Interim Facilities Agreement, be deemed not to have occurred unless first drawdown under the Interim Term Facility has occurred on or prior to such date.

The final repayment date of the Interim Facilities is the date which falls 75 days after the date on which the first drawdown of the Interim Facilities occurs (the “**Final Repayment Date**”).

Interest rates and fees

The rate of interest payable on each loan drawn under the Interim Facilities is the aggregate of the applicable margin plus LIBOR, EURIBOR or the compounded reference rate (as applicable). The margin in respect of the Interim Term Facility is 3.75 per cent. per annum. The margin in respect of the Interim Revolving Facility is 3.50 per cent. per annum.

Underwriting fees and upfront fees, among other fees, are also payable under the terms of the Interim Facilities Agreement and ancillary documentation.

Guarantees and security

The secured parties under the Interim Facilities Agreement receive the benefit of an English law fixed and floating charge debenture.

Representations, warranties, undertakings and events of default

The Interim Facilities Agreement contains customary representations and warranties, affirmative and negative covenants (including covenants in respect of financial indebtedness, disposals, security, dividends and share redemption, acquisitions and mergers and conduct of the takeover offer and/or scheme of arrangement), indemnities and events of default, each with appropriate carve-outs and materiality thresholds and applicable to Bidco and its parent company.

Other

Bidco has agreed not to waive, amend or treat as satisfied any material term or condition relating to the Acquisition from that set out in the Press Announcement where such amendment, waiver or treatment would be materially adverse to the interests of the interim lender(s) (taken as a whole) under the Interim Facilities Agreement, except in certain limited circumstances.

Bidco has agreed with Royal Bank of Canada that in the event of a switch to a Takeover Offer, it will not reduce the acceptance condition to below 75 per cent. without their prior approval.

Equity Commitment Letter

Bidco is a party to an equity commitment letter dated 26 May 2021 (the “**Equity Commitment Letter**”), which sets out the basis on which Carlyle Europe Partners V funds will invest, directly or indirectly, an aggregate amount of up to £548,429,357.92 in Bidco in order that Bidco can use the funds to finance the cash consideration payable under the Acquisition.

11. Vectura Directors’ service contracts and letters of appointment

Save as disclosed below, there are no service contracts in force between any director or proposed director of Vectura and Vectura or any of its subsidiaries and no such contract has been entered into or amended during the six months preceding the date of this document:

Service contracts and remuneration

Save as disclosed below, there are no service contracts or letters of appointment in force between any Vectura Director or proposed director of Vectura and any member of the Vectura Group and, save as disclosed below, no such contract or letter of appointment has been entered into or amended during the six months preceding the date of this document:

(a) Vectura Executive Directors

The Vectura Executive Directors have entered into terms of engagement with the Vectura Group as summarised below:

Will Downie (“**WD**”) and Paul Fry (“**PF**”) (both the “**Executive**”) have entered into service agreements with Vectura appointing them as Executive Directors of Vectura. WD is Chief Executive Officer and a director, and PF is Chief Financial Officer and a director.

WD's employment with Vectura commenced on 7 November 2019 and his current service agreement is dated 29 October 2019. PF's employment with Vectura commenced on 22 October 2018 and his current service agreement is dated 16 July 2018. Both Executives are employed for an indefinite term. Each service agreement is terminable by Vectura or the Executive by giving not less than 12 months' written notice. Vectura is also entitled to terminate the Executive's service agreement with immediate effect by payment in lieu of notice ("**PILON**") equal to salary and the cost of the insured benefits and pension contributions (described below) which would have been payable during the remainder of the notice period in respect of which PILON is being paid. The PILON may be payable by monthly instalments at the discretion of Vectura. If this discretion is exercised, the Executive is required to mitigate his loss during the period of PILON payments, and the amount payable will be reduced by any income/fees obtained by the Executive in connection with this requirement. The Executive can also be placed on garden leave for any period of notice.

WD receives a salary of £468,280 per annum, and PF receives a salary of £379,635.

Both are entitled to the following additional benefits:

- A discretionary performance related bonus based on Vectura and individual performance (WD: up to 135% of salary, PF: up to 125% of salary). 25% of the annual bonus is deferred into Vectura Shares for a minimum holding period of 2 years and the remaining 75% is paid in cash. Clawback provisions apply;
- Participation in the LTIP (both are entitled to an award over Vectura Shares with a market value of up to 185% of their salary) subject to performance conditions, currently based on Total Shareholder Return (TSR) and cumulative adjusted EBITDA. Clawback provisions apply. PF also holds additional awards under the LTIP granted as buyout arrangements set out in his service agreement;
- Participation in share plans operated for the benefit of all employees of the Vectura Group;
- Participation in a private medical care scheme (covering the Executive, their spouse and their unmarried dependent children under the age of 18);
- Participation in a private dental scheme (covering the Executive, their spouse and their unmarried dependent children under the to the age of 18);
- Participation in a permanent health insurance scheme;
- Participation in a life assurance scheme (providing cover of not less than 4x annual salary);
- Cover under the Vectura directors' and officers' liability insurance policy;
- Participation in a Vectura Group pension plan (WD: entitled to monthly employer contributions of 6% monthly salary or an equivalent salary supplement if not participating, PF: entitled to monthly employer contributions of 10% monthly salary);
- 30 days' annual leave per year (excluding public holidays);
- Enhanced company sick pay of full remuneration for up to a maximum aggregate period of 26 weeks in any period of 12 months; and
- Relocation allowance payable in case of relocation at the request of Vectura outside a 50 mile radius (WD)/ 30 mile radius (PF) at the request.

Upon termination of the agreement, the Executive's entitlement to any bonus, and the treatment of any awards under the Vectura Share Plans shall be determined in accordance with the Company's remuneration policy and the rules of the applicable plan. (subject to the discretion of the Vectura remuneration committee).

(b) *Vectura Non-Executive Directors*

The Vectura Non-Executive Directors (the “NEDs”) have entered into terms of engagement with the Vectura Group as summarised below:

<i>Name</i>	<i>Date of contract</i>	<i>Unexpired term of directorship</i>	<i>Notice periods</i>	<i>Remuneration (salary and other benefits)</i>	<i>Compensation upon early termination</i>
Per-Olof Andersson M.D, PhD	01.04.15	3 year initial term from 01.04.15.	Three months’ notice (NED and Company)	Fee increase to £57,000 per annum (gross) plus £2,000 for each UK based board meeting that the NED is required to travel to directly from the US. Directors’ and officers’ liability insurance and indemnity.	Not specified.
Bruno Angelici	13.11.13	3 year initial term from 01.12.13.	Six months’ notice (NED and Company)	£158,000 per annum (gross) Directors’ and officers’ liability insurance and discretionary indemnity.	Not specified. Vectura right to pay in lieu of notice.
Jeanne Hecht	31.12.20	3 year initial term from 31.12.20	Three months’ notice (NED and Company)	\$52,000 per annum (gross) plus £2,000 for each EU/UK based board meeting that the NED is required to travel to directly from the US. Directors’ and officers’ liability insurance.	Not specified. Vectura right to pay in lieu of notice.
Kevin Matthews	29.03.19	3 year initial term from 29.03.19.	Three months’ notice (NED and Company)	£58,000 per annum (gross) Directors’ and officers’ liability insurance.	Not specified. Vectura right to pay in lieu of notice.
Jeanne Thoma	31.12.20	3 year term from 31.12.20.	Three months’ notice (NED and Company)	\$52,000 per annum (gross) plus £2,000 for each EU/UK based board meeting that the NED is required to travel to directly from the US. Directors’ and officers’ liability insurance and discretionary indemnity.	Not specified. Vectura right to pay in lieu of notice.
Juliet Thompson	28.11.17	3 year initial term from 01.12.17.	Three months’ notice (NED and Company)	£61,000 per annum (gross). Directors’ and officers’ indemnity insurance.	Not specified. Vectura right to pay in lieu of notice.

Vectura Directors' appointments are subject to election at the first annual general meeting following the appointment, and to re-election at each subsequent annual general meeting.

The fees payable to the Vectura Directors are subject to annual review by the Vectura Board or the Remuneration Committee of the Vectura Board, as applicable.

Save as disclosed above:

- (i) no Vectura Director is entitled to commission or profit-sharing arrangements; and
- (ii) other than statutory compensation and payment in lieu of notice, no compensation is payable by Vectura to any Vectura Director upon early termination of their appointment.

12. No significant change

Except as disclosed in this document (in particular at paragraph 4 of Part 2), there has been no significant change in the financial or trading position of Vectura since 31 December 2020 (the date to which the latest audited accounts of Vectura were prepared).

13. Other information

- (a) Except as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between Bidco or any person acting in concert with Bidco and any of its directors, recent directors, shareholders or recent shareholders, or any person interested or recently interested in shares of Vectura having any connection with or dependence on the Acquisition.
- (b) Except as disclosed in this document, there is no agreement, arrangement or understanding by which any securities acquired in pursuance of the Acquisition will be transferred to any other person, but Bidco reserves the right to transfer any such shares to any member of the Bidco Group.
- (c) Except as disclosed in this document, there is no agreement or arrangement to which the Bidco Group is a party which relates to the circumstances in which it may or may not invoke a condition to the Scheme.
- (d) Except with the consent of the Panel, settlement of the consideration to which each Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien or right of set-off, counterclaim or other analogous right to which Bidco may otherwise be, or claim to be, entitled against any such Scheme Shareholder.

14. Consent

J.P. Morgan Cazenove has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which it appears.

Rothschild & Co has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which it appears.

Morgan Stanley has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which it appears.

RBC Capital Markets has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which it appears.

15. Fees and expenses

- (a) Vectura estimates that the aggregate fees and expenses expected to be incurred by Vectura in connection with the Acquisition will be £14.4 million (excluding applicable VAT and disbursements). Set out below are the estimates of fees and expenses (excluding applicable VAT and disbursements) expected to be incurred in relation to:

	£(000)
(i) financial and corporate broking advice	12,000
(ii) legal advice ⁽¹⁾	2,135
(iii) public relations advice ⁽¹⁾	20
(iv) other costs and expenses	288

(1) Certain of these services are provided by reference to hourly rates. Amounts included in the table above reflect the time incurred up to the Latest Practicable Date and an estimate of the further time required

- (b) Bidco estimates that the aggregate fees and expenses expected to be incurred by Bidco in connection with the Acquisition will be £29,000,000 (including UK stamp duty but excluding applicable VAT and disbursements). Set out below are the estimates of fees and expenses (excluding applicable VAT and disbursements) expected to be incurred in relation to:

	£(000)
(i) financing arrangements ⁽¹⁾	8,700
(ii) financial and corporate broking advice	7,000
(iii) legal advice ⁽²⁾	4,400
(iv) accounting and tax advice	1,400
(v) public relations advice	200
(vi) other professional services	2,400
(vii) other costs and expenses	4,900

(1) Refer to paragraph 10 of this Part 6 (*Additional Information*) for further details of the Interim Facilities Agreement.

(2) Certain of these services are provided by reference to hourly rates. Amounts included in the table above reflect the time incurred up to the Latest Practicable Date and an estimate of the further time required

16. Documents on display

Copies of the following documents are available, subject to any restrictions relating to persons resident in certain jurisdictions, at <http://www.Vectura.com> until the Effective Date:

- (a) this document;
- (b) the Forms of Proxy;
- (c) the Lumi Online User Guidance;
- (d) the Vectura Articles;
- (e) the memorandum and articles of association of Bidco;
- (f) a draft of the Vectura Articles as proposed to be amended at the General Meeting pursuant to the Scheme Resolution (as further described in paragraph 12 (d) of Part 2 (*Explanatory Statement*) of this document);

- (g) a draft of the Vectura Articles as proposed to be approved at the General Meeting pursuant to the Re-Registration Resolution (as further described in paragraph 12 (d) of Part 2 (*Explanatory Statement*) of this document);
- (h) the Confidentiality Agreement, the Clean Team and Joint Defence Agreement, and the Co-operation Agreement;
- (i) the irrevocable undertakings referred to in paragraph 7 above;
- (j) the documents in respect of the financing arrangements referred to in paragraph 10 above;
- (k) the written consents referred to in paragraph 14 above;
- (l) the Press Announcement;
- (m) the Vectura annual report for the financial year ended 31 December 2019; and
- (n) the Annual Report and Accounts 2020.

Save as expressly referred to in this document, the contents of the websites referred to in this document are not incorporated into and do not form part of this document.

Dated: 18 June 2021

PART 7

SOURCES OF INFORMATION AND BASES OF CALCULATION

Unless otherwise stated in this document:

1. As at the Latest Practicable Date, there were 598,589,947 Vectura Shares in issue.
2. Any references to the issued and to be issued ordinary share capital of Vectura are based on:
 - the 598,589,947 Vectura Shares in issue referred to in paragraph 1 above (which includes 375,982 Vectura Shares held in the Vectura Group Employee Benefit Trust and 3,925,936 Vectura Shares in the Vectura Group Employee Share Trust to be used to satisfy options and awards under the Vectura Share Plans); and
 - up to 19,595,163 Vectura Shares which may be issued on or after the date of this document to satisfy the exercise of options or vesting of awards pursuant to the Vectura Share Plans.
3. The value of the Acquisition based on the Acquisition Value of 155 pence per Vectura Share is calculated on the basis of the issued and to be issued ordinary share capital of Vectura (as set out in paragraph 2 above).
4. Closing Prices and volume-weighted average prices are taken from Bloomberg and have been rounded to the nearest pence.
5. Where quoted, foreign exchange spot rates are taken from Bloomberg.
6. Unless otherwise stated, all prices quoted for Vectura Shares are Closing Prices.
7. The adjusted enterprise value of Vectura as at 25 May 2021 (being the last Business Day prior to the commencement of the Offer Period) is calculated on the basis of:
 - the issued and to be issued ordinary share capital of Vectura (as set out in paragraph 2 above) multiplied by the Closing Price of 122 pence per Vectura Share on 25 May 2021 (being the last Business Day prior to the commencement of the Offer Period); *minus*
 - total enterprise value-to-equity bridge of £65.4 million, comprised of £78.6 million of cash, net of £4.2 million of long/short-term borrowings, £2.1 million of retirement benefit obligations and £6.9 million of long/short-term provisions, each as at 31 December 2020; and *minus*
 - £127.6 million of cash received relating to the GSK litigation case, as announced on 21 April 2021.
8. The adjusted enterprise value of Vectura implied by the Acquisition Value is calculated on the basis of:
 - the issued and to be issued ordinary share capital of Vectura (as set out in paragraph 2 above) multiplied by the Acquisition Value of 155 pence per Vectura Share; *minus*
 - total enterprise value-to-equity bridge of £65.4 million, comprised of £78.6 million of cash, net of £4.2 million of long/short-term borrowings, £2.1 million of retirement benefit obligations and £6.9 million of long/short-term provisions, each as at 31 December 2020; and *minus*
 - £127.6 million of cash received relating to the GSK litigation case, as announced on 21 April 2021.
9. Vectura's adjusted EBITDA for the 12 months ended 31 December 2020 is calculated by adjusting the operating profit for the non-cash items of depreciation, amortisation and share-based compensation, and for items that are reported as exceptional items, in each case, for the same period.

10. Unless otherwise stated, the financial information relating to Vectura is extracted from the audited consolidated financial statements of Vectura for the financial year to 31 December 2020, prepared in accordance with International Financial Reporting Standards.

PART 8

DEFINITIONS

The following definitions apply throughout this document, other than in the Scheme and in the notices of the Vectura Shareholder Meetings set out at the end of this document, unless the context requires otherwise:

“Acquisition”	the recommended cash acquisition being made by Bidco to acquire the entire issued and to be issued ordinary share capital of Vectura not already directly or indirectly owned by Bidco to be effected by means of the Scheme (or by way of Takeover Offer under certain circumstances described in this document) and, where the context admits, any subsequent revision, variation, extension or renewal thereof
“Acquisition Value”	155 pence per Vectura Share
“Annual Report and Accounts 2020”	the Vectura annual report for the financial year ended 31 December 2020
“associated undertaking”	has the meaning given by paragraph 19 of Schedule 6 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 other than paragraph 19(1)(b) of Schedule 6 to those Regulations
“Authorisations”	regulatory authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions or approvals
“Bidco”	Murano Bidco Limited, a company incorporated in England and Wales with company number 13412569
“Bidco Directors”	the directors of Bidco from time to time
“Bidco Group”	CEP V Investment 15 S.à r.l. and its direct and indirect subsidiaries including, following the Acquisition becoming Effective, the Vectura Group
“Business Day”	a day (other than Saturdays, Sundays and public holidays in the UK) on which banks are open for business in London
“Carlyle”	has the meaning given to it on page 14 of this document
“Carlyle Responsible Persons”	the persons from Carlyle whose names are listed in paragraph 2(c) of Part 6 (<i>Additional Information</i>) of this document
“Cash Consideration”	136 pence in cash for each Vectura Share
“CDMO”	contract development & manufacturing organisation
“certificated” or “in certificated form”	a share or other security which is not in uncertificated form (that is, not in CREST)
“Chair”	the chair of the Court Meeting or the Vectura General Meeting, as the context may require
“Clean Team and Joint Defence Agreement”	the clean team and joint defence agreement between CECP Advisors LLP, Vectura and their respective legal advisers dated 13 May 2021, as further described in paragraph 9 of Part 6 (<i>Additional Information</i>) of this document

“Closing Price”	the closing middle market price of a Vectura Share on a particular trading day as derived from Bloomberg
“CMA Phase 2 Reference”	a reference of the Acquisition under section 33 of the Enterprise Act 2002 to the chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013
“Companies Act”	the Companies Act 2006, as amended from time to time
“Competition and Markets Authority”	a reference of the Acquisition under section 33 of the Enterprise Act 2002 to the chair of the Competition and Markets Authority for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013
“Completion”	the Acquisition becoming Effective
“Computershare”	Computershare Investor Services PLC, Vectura’s registrar
“Conditions”	the conditions to the implementation of the Acquisition, as set out in Part A of Part 3 (<i>Conditions to and further Terms of the Acquisition</i>) of this document
“Confidentiality Agreement”	the confidentiality agreement between CECP Advisors LLP and Vectura dated 24 April 2021, as further described in paragraph 9 of Part 6 (<i>Additional Information</i>) of this document
“Co-operation Agreement”	the co-operation agreement dated 26 May 2021 between Bidco and Vectura and relating, amongst other things, to the implementation of the Acquisition, as further described in paragraph 9 of Part 6 (<i>Additional Information</i>) of this document
“Court”	the High Court of Justice in England and Wales
“Court Hearing”	the hearing of the Court to sanction the Scheme
“Court Meeting”	the meeting of Vectura Shareholders convened by order of the Court under section 899 of the Companies Act for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) and any adjournment or postponement thereof
“Court Order”	the order of the Court sanctioning the Scheme under section 899 of the Companies Act
“Court Sanction Date”	the date on which the Court Order is made
“CREST”	the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in such Regulations) and in accordance with which securities may be held and transferred in uncertificated form
“CREST Manual”	means the CREST Manual published by Euroclear as amended from time to time
“CRO”	contract research organisation
“Dealing Disclosure”	has the same meaning as in Rule 8 of the Takeover Code
“Disclosed”	any information disclosed by or on behalf of Vectura (i) in the Annual Report and Accounts 2020; (ii) in this document; (iii) in any announcement to a Regulatory Information Service by or on behalf

	of Vectura prior to the publication of this document; (iv) in the virtual data room operated on behalf of Vectura for the purposes of the Acquisition (which Bidco and/or its advisers were able to access prior to the date of this document); or (v) as otherwise fairly disclosed to Bidco (or its officers, employees, agents or advisers in their capacity as such) in writing or at any management presentation prior to the release of the Press Announcement by or on behalf of Vectura
“Dividend General Meeting”	the general meeting of the Company opened and immediately adjourned on 27 May 2021
“Dividend Related Resolutions”	the resolutions set out in the notice dated 23 April 2021 convening the Dividend General Meeting
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“Effective”	in the context of the Acquisition: <ul style="list-style-type: none"> (a) if the Acquisition is implemented by way of a Scheme, the Scheme having become effective pursuant to its terms; or (b) if the Acquisition is implemented by way of a Takeover Offer, such Takeover Offer having become or been declared unconditional in all respects in accordance with the Takeover Code
“Effective Date”	the date on which the Acquisition becomes Effective
“Equity Commitment Letter”	has the meaning given to it in paragraph 10 of Part 6 (<i>Additional Information</i>) of this document
“EU Merger Regulations”	Council Regulation (EC) No 139/2004 of 20 January 2004
“Euroclear”	Euroclear UK & Ireland Limited
“Excluded Shares”	any Vectura Shares: <ul style="list-style-type: none"> (a) registered in the name of, or beneficially owned by, Bidco or any member of the Bidco Group (if any); or (b) which are Treasury Shares
“Ex-Dividend Closing Price”	the Closing Price of a Vectura Share on a particular trading day as derived from Bloomberg, less 19 pence, being the value of the Interim Dividend;
“Explanatory Statement”	the explanatory statement (in compliance with section 897 of the Companies Act) relating to the Scheme, as set out in Part 2 (<i>Explanatory Statement</i>) of this document
“FCA”	the UK Financial Conduct Authority or its successor from time to time
“Forms of Proxy”	the forms of proxy for use at the Court Meeting and the Vectura General Meeting which shall accompany this Scheme Document
“French Foreign Investment Condition”	has the meaning given to it in paragraph 3(d) of Part A of Part 3 (<i>Conditions to and further Terms of the Acquisition</i>) to this document

“FSMA”	the Financial Services and Markets Act 2000, as it may have been, or may from time to time be, amended, re-enacted or replaced
“German Foreign Investment Condition”	has the meaning given to it in paragraph (e) of Part A of Part 3 (<i>Conditions to and further Terms of the Acquisition</i>) to this document
“ICS/LABA”	inhaled corticosteroid and long-acting beta-agonist
“Interim Dividend”	the interim dividend of 19 pence for each Vectura Share as announced by Vectura in the Press Announcement and paid out on 11 June 2021 to Vectura Shareholders who were on the register as at 6.00 p.m. on 28 May 2021
“Interim Facilities Agreement”	has the meaning given to it in paragraph 10 of Part 6 (<i>Additional Information</i>) of this document
“J.P. Morgan Cazenove”	J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove
“Latest Practicable Date”	close of business on 16 June 2021 (being the latest practicable date prior to the publication of this document)
“Listing Rules”	the listing rules issued by the FCA pursuant to Part 6 of FSMA
“London Stock Exchange”	London Stock Exchange plc
“Long Stop Date”	11.59 p.m. on 26 November 2021 or such later date as may be agreed in writing by Bidco and Vectura (with the Panel’s consent and as the Court may approve (if such consent or approval is required))
“Lumi”	Lumi AGM UK Limited;
“Main Market”	the Main Market of the London Stock Exchange
“Market Abuse Regulation”	Regulation (EU) No. 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse
“Morgan Stanley”	Morgan Stanley & Co. International plc
“Offer Document”	should the Acquisition be implemented by means of a Takeover Offer, the document to be sent to Vectura Shareholders which will contain, inter alia, the terms and conditions of the Takeover Offer
“Offer Period”	the offer period (as defined by the Takeover Code) relating to Vectura, which commenced on 26 May 2021
“Official List”	the official list maintained by the FCA pursuant to Part 6 of the FSMA
“Opening Position Disclosure”	has the same meaning as in Rule 8 of the Takeover Code
“Overseas Shareholders”	Vectura Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom
“Panel” or “Takeover Panel”	the Panel on Takeovers and Mergers
“PRA”	the Prudential Regulation Authority

“Press Announcement”	the announcement of a firm intention to make an offer for the entire issued and to be issued ordinary share capital of Vectura pursuant to Rule 2.7 of the Takeover Code made by Bidco on 26 May 2021
“RBC Capital Markets”	RBC Europe Limited
“Registrar of Companies”	the Registrar of Companies in England and Wales
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time
“Regulatory Conditions”	the Conditions set out in paragraphs 3(a) to (e) and 3(g) of Part A of Part 3 (<i>Conditions to and further Terms of the Acquisition</i>) to this document
“Regulatory Information Service” or “RIS”	a primary information provider which has been approved by the FCA to disseminate regulated information
“Relevant Authority”	any central bank, ministry, governmental, quasi-governmental, supranational (including the European Union), statutory, regulatory, environmental, administrative, fiscal or investigative body, authority or tribunal (including any national or supranational antitrust, competition or merger control authority, any sectoral ministry or regulator, any court and any foreign investment review body), national, state, municipal or local government (including any subdivision, court, tribunal, administrative agency or commission or other authority thereof), any entity owned or controlled by them, any private body exercising any regulatory, taxing, importing or other authority, trade agency, association, institution or professional or employee representative body in any jurisdiction, including, for the avoidance of doubt, the Panel
“Re-Registration Resolution”	the special resolution to approve the matters necessary to re-register Vectura as a private limited company to be proposed at the Vectura General Meeting, such resolution being conditional upon the Scheme becoming Effective
“Restricted Jurisdiction”	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available to Vectura Shareholders in that jurisdiction
“Rothschild & Co”	N.M. Rothschild & Sons Limited
“Scheme” or “Scheme of Arrangement”	the proposed scheme of arrangement under Part 26 of the Companies Act between Vectura and the Scheme Shareholders in connection with the Acquisition, as set out in Part 9 of this document, with or subject to any modification, addition or condition approved or imposed by the Court and agreed by Vectura and Bidco
“Scheme Document”	this document
“Scheme Record Time”	6.30 p.m. on the day on which the Court makes the Court Order
“Scheme Resolution”	all resolutions in connection with or required to approve and implement the Scheme as set out in the notice of the Vectura General Meeting but excluding the Re-Registration Resolution

“Scheme Shareholders”	holders of Scheme Shares and a “Scheme Shareholder” shall mean any one of those Scheme Shareholders
“Scheme Shares”	<p>the Vectura Shares:</p> <p>(a) in issue at the date of this document and which remain in issue at the Scheme Record Time;</p> <p>(b) (if any) issued after the date of this document but before the Voting Record Time and which remain in issue at the Scheme Record Time; and</p> <p>(c) (if any) issued at or after the Voting Record Time but at or before the Scheme Record Time on terms that the holder thereof shall be bound by the Scheme or in respect of which the original or any subsequent holders thereof are, or have agreed in writing to be, bound by the Scheme and, in each case, which remain in issue at the Scheme Record Time,</p> <p>excluding, in any case, any Excluded Shares</p>
“SDRT”	UK stamp duty reserve tax
“Shareholder Helpline”	the helpline operated by Computershare, details of which are set out on pages 10 to 11 of this document
“Significant Interest”	in relation to an undertaking, a direct or indirect interest of 20 per cent. or more of (i) the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking or (ii) the relevant partnership interest
“subsidiary”, “subsidiary undertaking” and “undertaking”	shall have the meaning given to such terms in the Companies Act
“Takeover Code”	the City Code on Takeovers and Mergers
“Takeover Offer”	should the Acquisition be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act, the offer made by or on behalf of Bidco to acquire the entire issued and to be issued ordinary share capital of Vectura and, where the context admits, any subsequent revision, variation, extension or renewal of such offer
“Treasury Shares”	Vectura Shares held as treasury shares as defined in section 724(5) of the Companies Act
“uncertificated” or “in uncertificated form”	a share or other security which is recorded on the relevant register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“UK National Security and Investment Condition”	has the meaning given to it in paragraph 3(c) of Part A of Part 3 (<i>Conditions to and further Terms of the Acquisition</i>) to this document
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia, and all other areas subject to its jurisdiction
“US Exchange Act”	the United States Securities Exchange Act 1934, as amended

“Vectura” or the “Company”	Vectura Group plc, incorporated in England with registered number 03418970
“Vectura Articles”	the memorandum and articles of association of Vectura as adopted on 22 September 2010
“Vectura Directors” or “Vectura Board”	the board of directors of Vectura and “Vectura Director” means any of them
“Vectura General Meeting”	the general meeting of Vectura Shareholders to be convened in connection with the Scheme, to consider, and if thought fit, approve various matters in connection with the Acquisition, including any adjournment or postponement thereof
“Vectura Group”	Vectura and its direct and indirect subsidiary undertakings
“Vectura 2021 flutiform® Gross Profit Forecast”	has the meaning given in Part 5 (<i>Vectura 2021 flutiform® Gross Profit Forecast</i>) of this document
“Vectura Preference Shares”	the existing unconditionally allotted or issued and fully paid redeemable preference shares of Vectura with a nominal value of £1.00 each
“Vectura Remuneration Committee”	the remuneration committee of the Vectura Board as constituted prior to the Effective Date
“Vectura Shareholders”	holders of Vectura Shares
“Vectura Shareholder Meetings”	the Court Meeting and the Vectura General Meeting
“Vectura Share Plans”	the Vectura Approved Share Option Plan, the Vectura Unapproved Share Option Plan, the Vectura 2012 Long Term Incentive Plan, the Vectura 2015 Long Term Incentive Plan, the Vectura Deferred Share Bonus Plan 2017, the Vectura 2014 Sharesave Scheme, the Vectura Share Incentive Plan, the Vectura Global Share Incentive Plan, the SkyePharma Share Incentive Plan 2014 and the SkyePharma International Share Plan
“Vectura Shares”	the existing unconditionally allotted or issued and fully paid ordinary shares of 0.0271 pence each in the capital of Vectura and any further such ordinary shares which are unconditionally allotted or issued before the Scheme becomes effective
“Virtual Meeting Platform”	the Lumi virtual meeting platform
“Voting Record Time”	6.30 p.m. on 8 July 2021 or, if the Court Meeting or the Vectura General Meeting is adjourned, 6.30 p.m. on the day which is two Business Days before such adjourned meeting
“Wider Bidco Group”	Bidco and those funds managed or advised by Carlyle and each of Bidco’s and such funds’ respective parent undertakings, subsidiary undertakings and associated undertakings and any other body corporate, partnership, joint venture or person in which Bidco and all such funds and undertakings (aggregating their interests) have a Significant Interest
“Wider Vectura Group”	Vectura and associated undertakings and any other body corporate, partnership, joint venture or person in which Vectura and such undertakings (aggregating their interests) have a Significant Interest.

“£” or “Sterling”	pounds sterling, the lawful currency for the time being of the UK and references to “pence” and “p” shall be construed accordingly
“\$” or “US dollars”	US dollars, the lawful currency of the United States and references to “cents” and “c” shall be construed accordingly
“€” or “EUR” or “Euro”	Euro, the lawful currency of the European Union and reference to “cents” and “c” shall be construed accordingly

All times referred to are London time unless otherwise stated. References to the singular include the plural and vice versa. References to gender shall include all genders.

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

PART 9

THE SCHEME OF ARRANGEMENT

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES
COMPANIES COURT (ChD)

CR-2021-000956

IN THE MATTER OF VECTURA GROUP PLC
and
IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT

(under Part 26 of the Companies Act 2006)

between
Vectura Group plc
and
the Scheme Shareholders
(as defined below)

PRELIMINARY

In this Scheme, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

“ Acquisition ”	the recommended cash acquisition being made by Bidco to acquire the entire issued and to be issued ordinary share capital of Vectura not already directly or indirectly owned by Bidco to be effected by means of the Scheme and, where the context admits, any subsequent revision, variation, extension or renewal thereof;
“ Bidco ”	Murano Bidco Limited, a company incorporated in England and Wales with company number 13412569;
“ Bidco Group ”	CEP V Investment 15 S.à r.l. and its direct and indirect subsidiaries including, following the Acquisition becoming Effective, the Vectura Group
“ Business Day ”	a day (other than a Saturday or Sunday and public holidays in the UK) on which banks are open for general business in London;
“ Cash Consideration ”	136 pence in cash for each Vectura Share;
“ Chair ”	the chair of the Court Meeting or the Vectura General Meeting, as the context may require
“ Companies Act ”	the Companies Act 2006, as amended from time to time;
“ Completion ”	the Scheme becoming Effective;
“ Court ”	the High Court of Justice in England and Wales;
“ Court Hearing ”	the hearing by the Court to sanction the Scheme;

“Court Meeting”	the meeting of Scheme Shareholders to be convened with the permission of the Court under the Companies Act to consider, and if thought fit, approve the Scheme (with or without amendment) including any adjournment or postponement thereof;
“Court Order”	the order of the Court sanctioning the Scheme under section 899 of the Companies Act;
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) in respect of which Euroclear is the Operator (as defined in such regulations) in accordance with which securities may be held and transferred in uncertificated form;
“Effective”	the Scheme having become effective in accordance with its terms;
“Effective Date”	the date on which the Scheme becomes Effective;
“Euroclear”	Euroclear UK & Ireland Limited;
“Excluded Shares”	any Vectura Shares: <ul style="list-style-type: none"> (a) registered in the name of, or beneficially owned by, Bidco or any member of the Bidco Group or any of their respective nominees (if any); or (b) which are Treasury Shares;
“holder”	a registered holder and includes a person entitled by transmission;
“Interim Dividend”	the interim dividend of 19 pence for each Vectura Share as announced by Vectura in the Press Announcement and paid out on 11 June 2021 to Vectura Shareholders who were on the register as at 6.00 p.m. on 28 May 2021;
“Latest Practicable Date”	close of business on 16 June 2021 (being the latest practicable date prior to the publication of the Scheme Document);
“Long-Stop Date”	11.59 p.m. on 26 November 2021 or such later date as may be agreed in writing by Bidco and Vectura (with the Panel’s consent and as the Court may approve (if such consent or approval is required));
“Panel” or “Takeover Panel”	the Panel on Takeovers and Mergers;
“Registrar of Companies”	the Registrar of Companies in England and Wales;
“Scheme” or “Scheme of Arrangement”	this scheme of arrangement in its present form or with or subject to any modification, addition or condition which Vectura and Bidco may agree to and which the Court may approve or impose;
“Scheme Document”	the circular dated 18 June 2021 sent by Vectura to Vectura Shareholders and persons with information rights of which this Scheme forms a part;
“Scheme Record Time”	6.30 p.m. on the day on which the Court makes the Court Order;
“Scheme Shareholders”	holders of Scheme Shares and a “Scheme Shareholder” shall mean any one of those Scheme Shareholders;

“Scheme Shares”	<p>the Vectura Shares:</p> <ul style="list-style-type: none"> (a) in issue at the date of the Scheme and (where the context requires) which remain in issue at the Scheme Record Time; (b) (if any) issued after the date of the Scheme but before the Voting Record Time and (where the context requires) which remain in issue at the Scheme Record Time; and (c) (if any) issued at or after the Voting Record Time but at or before the Scheme Record Time on terms that the holder thereof shall be bound by the Scheme or in respect of which the original or any subsequent holders thereof are, or have agreed in writing to be, bound by the Scheme and, in each case, which remain in issue at the Scheme Record Time, <p>excluding, in any case, the Excluded Shares;</p>
“Significant Interest”	in relation to an undertaking, a direct or indirect interest of 20 per cent. or more of (i) the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking or (ii) the relevant partnership interest;
“subsidiary” and “subsidiary undertaking”	shall have the meanings given to them in the Companies Act;
“Treasury Shares”	Vectura Shares held as treasury shares as defined in section 724(5) of the Companies Act;
“uncertificated” or “in uncertificated form”	a share or other security which is recorded on the relevant register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“Vectura” or the “Company”	Vectura Group plc, incorporated in England and Wales with registered number 03418970;
“Vectura General Meeting”	the general meeting of Vectura Shareholders to be convened in connection with the Scheme, to consider, and if thought fit, approve various matters in connection with the Acquisition, including any adjournment or postponement thereof;
“Vectura’s Registrars”	Computershare;
“Vectura Shareholders”	holders of Vectura Shares;
“Vectura Share Plans”	the Vectura Approved Share Option Plan, the Vectura Unapproved Share Option Plan, the Vectura 2012 Long Term Incentive Plan, the Vectura 2015 Long Term Incentive Plan, the Vectura Deferred Share Bonus Plan 2017, the Vectura 2014 Sharesave Scheme, the Vectura Share Incentive Plan, the Vectura Global Share Incentive Plan, the SkyePharma Share Incentive Plan 2014 and the SkyePharma International Share Plan;
“Vectura Shares”	the existing unconditionally allotted or issued and fully paid ordinary shares of 0.0271 pence each in the capital of Vectura and any further such ordinary shares which are unconditionally allotted or issued before the Scheme becomes effective

“Voting Record Time”

the time and date by reference to which the entitlement to vote at the Court Meeting and the Vectura General Meeting will be determined which is 6.30 p.m. on 8 July 2021 or if the Court Meeting or the Vectura General Meeting is adjourned, 6.30 p.m. on the day which is two Business Days before such adjourned meeting;

“£” or “sterling”

pounds sterling, the lawful currency for the time being of the UK and references to “pence” and “p” shall be construed accordingly; and

where the context so admits or requires, the plural includes the singular and vice versa.

- (1) All times referred to are London time unless otherwise stated.
- (2) All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.
- (3) References to clauses are to clauses of the Scheme.
- (4) As at the Latest Practicable Date, the issued share capital of Vectura was GBP 196,217.875637 divided into 598,589,947 fully paid ordinary shares of GBP 0.000271 each and 34,000 fully paid redeemable preference shares of Vectura with a nominal value of £1.00 each, which do not carry any right to distribution or any right to vote, and Vectura did not hold any Vectura Shares in treasury.
- (5) As at the Latest Practicable Date, options and awards to acquire up to 23,897,081 Vectura Shares have been awarded and remain outstanding pursuant to the Vectura Share Plans.
- (6) Bidco was incorporated on 21 May 2021 under the Companies Act as a private company limited by shares.
- (7) As at the Latest Practicable Date, no member of the Bidco Group is the registered holder of, or beneficially owns, any Vectura Shares.
- (8) Bidco has agreed, subject to satisfaction or (where applicable) waiver of the conditions set out in the Scheme Document, (i) to instruct counsel to appear on its behalf at the Court Hearing and (ii) to undertake to the Court to be bound by the terms of the Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to the Scheme.

THE SCHEME

1. Transfer of the Scheme Shares

- 1.1 On the Effective Date, Bidco and/or its nominee(s) shall acquire the Scheme Shares fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third-party rights or interests of any nature and together with all rights attaching or accruing thereto, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid, or any other return of value (whether by reduction of share capital or share premium account or otherwise) made with a record date falling on or after the Effective Date.
- 1.2 For the purposes of such acquisition, the Scheme Shares shall be transferred to Bidco and/or its nominee(s) and to give effect to such transfers any person may be appointed by Bidco as attorney and/or agent and/or otherwise and shall be authorised as such attorney and/or agent and/or otherwise on behalf of the relevant holder of Scheme Shares to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer (including by means of CREST and whether as a deed or otherwise) of such Scheme Shares, and every form, instrument or instruction of transfer so executed shall be as effective as if it had been executed by the holder or holders of the Scheme Shares thereby transferred. Such form, instrument or instruction of transfer shall be deemed to be the principal instrument of transfer and the equitable or beneficial interest in the Scheme Shares shall only be transferred to Bidco and/or its nominee(s) together with the legal interest in such Scheme Shares, pursuant to such form, instrument or instruction of transfer.
- 1.3 With effect from the Scheme becoming Effective and until the register of members of the Company is updated to reflect the transfer of the Scheme Shares to Bidco and/or its nominee pursuant to Clause 1.2, each Scheme Shareholder irrevocably:
 - (a) appoints Bidco and/or its nominee(s) as its attorney and/or agent (each an “**Attorney**”):
 - (i) to sign on behalf of such Scheme Shareholder such documents, and do such things, as may in the opinion of one or more of the Attorneys be necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the relevant Scheme Shares; and
 - (ii) without limitation to the generality of clause 1.3(a)(i):
 - (A) to exercise on its behalf or refrain from exercising (in place of and to the exclusion of the relevant Scheme Shareholder) any voting rights attached to its Scheme Shares and any or all rights and privileges attaching to its Scheme Shares;
 - (B) to sign any consent to short notice of a general or separate class meeting of the Company for and on behalf of such Scheme Shareholder; and
 - (C) to attend, and/or to execute a form of proxy and/or appointment of a corporate representative in respect of its Scheme Shares appointing any person nominated by Bidco to attend, general and separate class meetings of the Company;
 - (b) authorises the Company and/or its agents to send to Bidco at its registered office any notice, circular, warrant or other document or communication which may be required to be sent to such Scheme Shareholder as a member of the Company in respect of their Scheme Shares (including any share certificate(s) or other document(s) of title issued as a result of conversion of their Scheme Shares into certificated form); and
 - (c) undertakes without the consent of Bidco: (i) not to exercise any votes or any other rights attaching to the relevant Scheme Shares; and (ii) not to appoint a proxy or representative for or to attend any general meeting or separate class meeting of the Company.

2. Consideration for transfer of the Scheme Shares

2.1 In consideration for the transfer of the Scheme Shares to Bidco as provided in clause 1, Bidco shall (subject to, and in accordance with, the remaining provisions of the Scheme) pay or procure that there shall be paid to or for the account or benefit of each Scheme Shareholder (as appearing in the register of members of the Company at the Scheme Record Time):

for each Scheme Share

136 pence in cash

2.2 If on or after 26 May 2021 and prior to or on the Effective Date, any dividend, distribution or other return of value is declared, paid or made or becomes payable by Vectura (other than, or in excess of, the Interim Dividend) and with a record date on or prior to the Effective Date, Bidco reserves the right to reduce the Cash Consideration by an amount up to the amount of such dividend, distribution or other return of value or excess.

2.3 If Bidco exercises the right to reduce the Cash Consideration by all or part of the amount of any dividend and/or other distribution and/or other return of capital or excess described in clause 2.2 that has not been paid:

- (a) Scheme Shareholders shall be entitled to receive and retain that dividend and/or other distribution and/or other return of capital in respect of the Scheme Shares they hold;
- (b) any reference in the Scheme to the consideration payable under the Scheme shall be deemed a reference to the consideration as so reduced; and
- (c) the exercise of such rights shall not be regarded as constituting any revision or variation of the terms of the Scheme.

2.4 To the extent that any dividend and/or other distribution and/or other return of capital or excess described in clause 2.2 is: (i) transferred pursuant to the Scheme on a basis which entitles Bidco to receive such dividend and/or other distribution and/or other return of capital or excess and retain it; or (ii) cancelled, the consideration payable under the Scheme shall not be subject to change in accordance with clause 2.2.

3. Settlement of consideration

3.1 Not more than 14 calendar days after the Effective Date (or such other period as may be approved by the Panel), Bidco shall:

- (a) in the case of Scheme Shares which at the Scheme Record Time are held in certificated form, despatch or procure the despatch to the persons entitled thereto or as they may direct, in accordance with the provisions of clause 3.3, cheques for the Cash Consideration payable to them respectively in accordance with clause 2 or if the amount payable to any such Scheme Shareholder exceeds £100,000 Bidco reserves the right to make arrangements with such Scheme Shareholder to facilitate electronic payment of such amount in lieu of a cheque;
- (b) in the case of Scheme Shares which at the Scheme Record Time are held in uncertificated form, procure the making of a CREST assured payment obligation in favour of the persons entitled thereto in accordance with clause 2 in accordance with the CREST payment arrangements in respect of the Cash Consideration due to the relevant holder in accordance with clause 2, provided that Bidco reserves the right to make such payment of said sums by cheque as set out in clause 3.1(a) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this clause 3.1(b) or to do so would incur material additional costs.

3.2 As from the Scheme Record Time, each holding of Scheme Shares credited to any stock account in CREST shall be disabled and all Scheme Shares shall be removed from CREST in due course.

3.3 All deliveries of notices, cheques and certificates required to be made pursuant to this Scheme shall be effected by posting the same by first-class post in prepaid envelopes (or by such other method as may be approved by the Panel) addressed to the Scheme Shareholder concerned at their respective

address as appearing in the register of members of Vectura as at the Scheme Record Time or, in the case of joint holders, at the address of the holder whose name stands first in the said register in respect of such joint holding as at the Scheme Record Time.

- 3.4 All cheques shall be in sterling and shall be drawn on a UK clearing bank and shall be made payable to the persons respectively entitled to the monies represented thereby (except that, in the case of joint holders, Bidco reserves the right to make such cheques payable to that one of the joint holders whose name stands first in the register of members of Vectura in respect of such joint holding as at the Scheme Record Time) and the encashment of any such cheque or the making of any such assured CREST payment obligation as is referred to in clauses 3.1(a) and 3.1(b) shall be a complete discharge of Vectura's obligation to pay the monies represented thereby.
- 3.5 In the case of Scheme Shareholders who have not encashed cheques sent to them under this clause 3 within six months of the date of such cheques, the Cash Consideration due to such Scheme Shareholders under this Scheme shall be remitted to Vectura or as it may direct as soon as practicable after such six-month period expires to be held by it or such person as it may nominate on behalf of such Scheme Shareholders (subject to the legal requirements of any jurisdiction relevant to such Scheme Shareholders), and Vectura shall procure that a notification is sent to such Scheme Shareholders at their addresses as appearing in the register of members at the Scheme Record Time. Vectura or such person as it may nominate shall (subject to the legal requirements of any jurisdiction relevant to such Scheme Shareholders) hold the consideration due to such Scheme Shareholders for a period of 12 years from the Effective Date, in a separate, interest-bearing UK bank account established solely for that purpose, and such Scheme Shareholders may (subject to the legal requirements of any jurisdiction relevant to such Scheme Shareholders) claim the consideration due to them (plus any interest accrued on such consideration, but net of any expenses or taxes) by written notice to Vectura in a form which Vectura determines evidences their entitlement to such consideration at any time during the period of 12 years from the Effective Date.
- 3.6 None of Vectura, Bidco or their respective agents or Vectura's Registrars shall be responsible for any loss or delay in the transmission of any notice, certificate, cheque or payment sent in accordance with this clause 3 which shall be sent at the risk of the person entitled thereto.

4. Certificates and cancellations

With effect from and including the Effective Date:

- 4.1 all certificates representing Scheme Shares shall cease to be valid as documents of title to the shares represented thereby and every holder thereof shall be bound at the request of the Company to deliver up the same to the Company or as it may direct to destroy the same;
- 4.2 Euroclear shall be instructed to cancel the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form;
- 4.3 following the cancellation of the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form, the Company shall procure (if necessary) that Vectura's Registrar rematerialises entitlements to such Scheme Shares; and
- 4.4 subject to the completion of such transfers, forms, instruments or instructions as may be required and the payment of any UK stamp duty thereon, appropriate entries shall be made in the Company's register of members to reflect their transfer.

5. Mandates

All mandates relating to the payment of dividends on any Scheme Shares and all other mandates and instructions (including communications preferences) given to Vectura by Scheme Shareholders in force at the Scheme Record Time relating to Scheme Shares shall, as from the Effective Date, cease to be valid.

6. The Effective Date

- 6.1 This Scheme shall become Effective as soon as a copy of the Court Order shall have been delivered to the Registrar of Companies.
- 6.2 Unless this Scheme shall become Effective on or before the Long-Stop Date, this Scheme shall never become Effective.

7. Modification

Bidco and the Company may jointly consent on behalf of all concerned to any modification of, or addition to, this Scheme or to any condition which the Court may approve or impose.

8. Governing law

This Scheme is governed by the laws of England and Wales and is subject to the exclusive jurisdiction of the English Courts.

Dated 18 June 2021

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ

Solicitors for Vectura

PART 10

NOTICE OF COURT MEETING

VECTURA GROUP PLC

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES
COMPANIES COURT (ChD)

CR-2021-000956

IN THE MATTER OF VECTURA GROUP PLC

AND

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that, by an order dated 16 June 2021 made in the above matters, the Court has given permission for a meeting (the “**Court Meeting**”) to be convened of the holders of Scheme Shares (as defined in the Scheme of Arrangement referred to below) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement proposed to be made pursuant to Part 26 of the Companies Act 2006 between (i) Vectura Group plc (the “**Company**”) and (ii) the holders of Scheme Shares and that the Court Meeting will be held at the London office of the Company at Manning House, 22 Carlisle Place, Westminster, London SW1P 1JA and through the electronic facilities that are being made available via the Lumi online meeting platform (the “**Virtual Meeting Platform**”) on 12 July 2021 at 12.00 noon.

Due to the ongoing COVID-19 situation, it is expected that Scheme Shareholders will not be permitted to attend the Court Meeting in person as a result of government restrictions on public gatherings which, at the date of this notice, are expected to be in place at the time of the Court Meeting. Accordingly, Scheme Shareholders are encouraged to either appoint the Chair of the meeting as their proxy, which will ensure that their votes are cast in accordance with their wishes, or attend and vote at the Court Meeting remotely via the Virtual Meeting Platform. Given the evolving nature of the situation, it may become possible for Scheme Shareholders to attend the Court Meeting in person and in such circumstances, the Company will announce this change via a Regulatory Information Service.

Instructions for accessing the Virtual Meeting Platform

Scheme Shareholders will be given the opportunity to remotely attend, submit questions and vote at the Court Meeting via the Virtual Meeting Platform.

A hard copy of the Lumi Online User Guidance is being sent to Scheme Shareholders and Vectura Shareholders alongside the proxy forms. The Lumi Online User Guidance is also available on www.vectura.com.

Scheme Shareholders can access the Virtual Meeting Platform via a mobile web client, which is compatible with the latest browser versions of Chrome, Firefox, Edge and Safari and can be accessed using any web browser, on a PC or smartphone device. To attend remotely, submit questions and/or vote using this method, please go to <https://web.lumiagm.com>. Once you have accessed <https://web.lumiagm.com> from your web browser, you will be asked to enter the Lumi Meeting ID which is 107-762-261. You will then be prompted to enter your Shareholder Reference Number (“**SRN**”) and PIN. Your SRN, including any zeros, and your PIN can be found printed on your Form of Proxy. Access to the Court Meeting via the website will be available from 11.00 a.m. on 12 July 2021, as further detailed below. If you are unable to access your SRN and PIN, please call Computershare between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (excluding public holidays in England and Wales) on 0370 707 1387 (or +44 (0)370 707 1387 if calling from outside of the UK). Calls to this number are charged at national rates or, in the case of calls from outside the UK, at the applicable international rate. Calls from a mobile device may incur network extras. Calls may be

recorded and randomly monitored for security and training purposes. Please note that Computershare cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice.

Although access to the Court Meeting will be available from 11.00 a.m. on 12 July 2021, voting functionality will not be enabled until the Chair of the Court Meeting declares the poll open. Scheme Shareholders will be permitted to submit questions (via the Virtual Meeting Platform) during the course of the Court Meeting. Scheme Shareholders can use the same function to submit any objections they may have to the Scheme at the Court Meeting. Scheme Shareholders may also submit questions to be considered at the Court Meeting at any time up to 48 hours before the Court Meeting by emailing ir@vectura.com. The Chair of the Court Meeting will ensure that all such questions and/or any objections relating to the formal business of the Court Meeting are addressed during the relevant meeting, unless no response is required to be provided under the Companies Act or the provision of a response would, at the Chair's discretion, otherwise be undesirable in the interests of the Company or the good order of the relevant meeting.

During the Court Meeting, you must ensure you are connected to the internet at all times in order to submit questions and/or submit any objections and vote when the Chair commences polling. Therefore, it is your responsibility to ensure connectivity for the duration of the relevant Court Meeting via your wireless or other internet connection.

A copy of the said Scheme of Arrangement and a copy of the explanatory statement required to be furnished pursuant to Part 26 of the Companies Act 2006 are incorporated in the document of which this notice forms part.

Voting on the resolution to approve the Scheme will be by way of poll, which shall be conducted as the Chair of the Court Meeting may determine.

The said Scheme Shareholders are entitled to attend, speak and vote at the Court Meeting or are entitled to appoint another person or persons, whether or not a member of the Company, as their proxy or proxies to exercise all or any of their rights to attend, speak and vote at the Court Meeting. However, due to the ongoing COVID-19 situation, it is expected that Scheme Shareholders will not be permitted to attend the Court Meeting in person as a result of government restrictions on public gatherings which, at the date of this notice, are expected to be in place at the time of the Court Meeting. Accordingly, Scheme Shareholders are encouraged to either appoint the Chair of the meeting as their proxy, which will ensure that their votes are cast in accordance with their wishes, or attend and vote at the Court Meeting remotely via the Virtual Meeting Platform. Given the evolving nature of the situation, it may become possible for Scheme Shareholders to attend the Court Meeting in person and in such circumstances, the Company will announce this change via a Regulatory Information Service.

A blue Form of Proxy for use at the Court Meeting is enclosed with this notice. It is requested that the blue Form of Proxy (together with any power of attorney or other authority, if any, under which it is signed, or a duly certified copy thereof) be returned by post or (during normal business hours only) by hand to the Company's registrars, Computershare, at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY to be received not later than 12.00 noon on 8 July 2021 or, in the case of any adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time appointed for the adjourned Court Meeting. A copy of the form of proxy may also be emailed to externalproxyqueries@computershare.co.uk at any time on (but not before) the day of the Court Meeting, up to thirty minutes before the start of the Court Meeting.

Alternatively, Scheme Shareholders may appoint a proxy electronically through the CREST electronic proxy appointment service or by logging on to www.investorcentre.co.uk/eproxy (as applicable), provided that such proxy instructions are received not later than 12.00 noon on 8 July 2021 or, in the case of any adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time appointed for the adjourned Court Meeting.

As a member of the Company, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote on your behalf at the Court Meeting, provided that each proxy is appointed

to exercise the rights attached to a different share or shares. A space has been included in the blue Form of Proxy to allow holders of Scheme Shares to specify the number of shares in respect of which that proxy is to be appointed. A proxy need not be a member of the Company but they must attend the Court Meeting to represent you. If you choose to appoint multiple proxies and require additional proxy forms, please contact the Company's registrars, Computershare, on 0370 707 1387 from within the UK (or on +44 (0)370 707 1387 if calling from outside the UK) or photocopy the blue Form of Proxy as required. Due to the ongoing COVID-19 situation, it is expected that Scheme Shareholders will not be permitted to attend the Court Meeting in person as a result of government restrictions on public gatherings which, at the date of this notice, are expected to be in place at the time of the Court Meeting. Accordingly, Scheme Shareholders are encouraged to either appoint the Chair of the meeting as their proxy, which will ensure that their votes are cast in accordance with their wishes, or alternatively attend and vote at the Court Meeting remotely via the Virtual Meeting Platform.

Members who hold their shares in uncertificated form through CREST who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Court Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual (which can be viewed at www.euroclear.com).

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited ("**Euroclear**") and must contain the information required for such instructions as described in the CREST Manual. The message (regardless of whether it relates to the appointment of a proxy or to 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 Computershare (CREST participant 3RA50) by 12.00 noon on 8 July 2021 or in the case of any adjournment, not later than 48 hours (excluding any part of a day that is not a working day) before the time appointed for the adjourned Court Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which Computershare Investor Services Plc is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. Vectura may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Forms of Proxy may alternatively be submitted electronically by logging on to the following website www.investorcentre.co.uk/eproxy, you will need to accept relevant terms and conditions and enter the Control Number, Shareholder Reference Number (SRN) and PIN provided on the Forms of Proxy or email communication and following the instructions there. For an electronic proxy appointment to be valid, the appointment must be received by Computershare no later than 12.00 noon on 8 July 2021.

Voting Record Time

Only those shareholders registered in the register of members of the Company as at 6.30 p.m. on 8 July 2021 or, in the event that the Court Meeting is adjourned, in the register of members at 6.30 p.m. on the second Business Day before the day of any adjourned meeting shall be entitled to vote in respect of the number of shares registered in their name at the relevant time. Changes to entries in the relevant register of members after 6.30 p.m. on 8 July 2021 or, in the event that the Court Meeting is adjourned, after 6.30 p.m. on the second Business Day before the day of any adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the Court Meeting.

Changes to entries in the register of members after the relevant deadline shall be disregarded in determining the rights of any persons to attend and vote (and the number of votes they may cast) at the Court Hearing.

Joint holders

In the case of joint holders of Scheme Shares, the vote of the senior who tenders a vote will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

Corporate Representatives

As an alternative to appointing a proxy, any Scheme Shareholder which is a corporation may appoint one or more corporate representatives who may exercise on its behalf all its powers as a member, provided that if two or more corporate representatives purport to vote in respect of the same shares, if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way, and in other cases the power is treated as not exercised.

Nominated Persons

Any person to whom this Notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a Nominated Person) does not, in that capacity, have a right to appoint a proxy, such right only being exercisable by shareholders of the Company. However, Nominated Persons may, under agreement with the shareholder who nominated them, have a right to be appointed (or to have someone else appointed) as a proxy for the Court Meeting.

By the said order, the Court has appointed Bruno Angelici, or, failing him, William Downie or, failing him, Paul Fry, or, failing him, any other Vectura Director to act as Chair of the Court Meeting and has directed the Chair to report the result of the Court Meeting to the Court.

The said Scheme of Arrangement will be subject to the subsequent sanction of the Court.

DATED: 18 June 2021

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ

Solicitors for the Company

PART 11

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of Vectura Group plc (the “**Company**”) will be held at the London office of the Company at Manning House, 22 Carlisle Place, Westminster, London SW1P 1JA on 12 July 2021 at 12.15 p.m. (or as soon thereafter as the meeting of Scheme Shareholders (as defined in the Scheme as referred to in the resolution below) convened with the permission of the High Court of Justice (the “**Court**”) for 12.00 noon on the same day and at the same place shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as special resolutions.

SPECIAL RESOLUTIONS

RESOLUTION 1

THAT:

- (a) for the purpose of giving effect to the scheme of arrangement dated 18 June 2021 between the Company and the Scheme Shareholders (as defined in the said scheme of arrangement), a print of which has been produced to this meeting and for the purposes of identification initialled by the Chair of this meeting, in its original form or with or subject to any modification, addition or condition agreed between the Company and Murano Bidco Limited (“**Bidco**”) and approved or imposed by the Court (the “**Scheme**”), the directors of the Company (or a duly authorised committee thereof) be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect; and
- (b) with effect from the passing of this resolution, the articles of association of the Company be and are amended by the adoption and inclusion of the following new article 147 after the existing article 146:

“147 Scheme of Arrangement

- (A) In this article, references to the “**Scheme**” are to the scheme of arrangement dated 18 June 2021 between the Company and the holders of Scheme Shares (as defined in the Scheme) under Part 26 of the Companies Act 2006 in its original form or with or subject to any modification, addition or condition agreed between the Company and Murano Bidco Limited (“**Bidco**”) and approved or imposed by the High Court of Justice, and (save as defined in this article) terms defined in the Scheme shall have the same meanings in this article.
- (B) Notwithstanding any other provision of these articles or the terms of any resolution whether ordinary or special passed by the Company in general meeting, if the Company issues any ordinary shares (other than to Bidco, any subsidiary of Bidco or its nominee(s) (each a “**Bidco Company**”)) on or after the adoption of this article and prior to the Scheme Record Time (as defined in the Scheme), such shares shall be issued subject to the terms of the Scheme (and shall be Scheme Shares for the purposes thereof) and the original or any subsequent holder or holders of such ordinary shares shall be bound by the Scheme accordingly.
- (C) Notwithstanding any other provision of these articles, if any ordinary shares in the Company are issued to any person (a “**New Member**”) at or after the Scheme Record Time (each a “**Post-Scheme Share**”) they will, provided that the Scheme has become effective and that Bidco is a member of the Company, be immediately transferred to Bidco (or such persons as Bidco may direct) (the “**Purchaser**”), who shall be obliged to acquire such Post-Scheme Shares (unless such shares are issued to a Bidco Company) in consideration of and conditional upon payment to the New Member of the same Cash Consideration per Post Scheme Share as would have been payable to a holder of the Scheme Shares under the Scheme.
- (D) Any New Member may, prior to the issue or transfer of any Post-Scheme Shares to him or her under one of the Vectura Share Plans, give not less than five Business Days’ written notice to

the Company in such manner as the board shall prescribe of his or her intention to transfer some or all of such Post-Scheme Shares to his or her spouse or civil partner and may, if such notice has been validly given, on such Post-Scheme Shares being issued to him or her immediately transfer to his or her spouse or civil partner any such Post-Scheme Shares, provided that such Post-Scheme Shares will then be immediately transferred from that spouse or civil partner to the Purchaser pursuant to article 147(C) above as if the spouse or civil partner were the relevant New Member.

- (E) On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation) carried out after the Effective Date, the value of the consideration per Post-Scheme Share to be paid under article 147(B) or 147(C) shall be adjusted by the Company in such manner as the auditors of the Company may determine to be appropriate to reflect such reorganisation or alteration. References in this article to such shares shall, following such adjustment, be construed accordingly.
- (F) To give effect to any transfer required by article 147(A), the Company may appoint any person as attorney and/or agent for the New Member to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer on behalf of the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) in favour of the Purchaser and do all such other things and execute and deliver all such documents as may in the opinion of the attorney and/or agent be necessary or desirable to vest the Post-Scheme Shares in the Purchaser and pending such vesting to exercise all such rights to the Post-Scheme Shares as the Purchaser may direct. If an attorney and/or agent is so appointed, the New Member shall not thereafter (except to the extent that the attorney and/or agent fails to act in accordance with the directions of the Purchaser) be entitled to exercise any rights attaching to the Post-Scheme Shares unless so agreed by the Purchaser. The Company may give good receipt for the purchase price of the Post-Scheme Shares and may register the Purchaser as holder thereof and issue to it certificates for the same. The Company shall not be obliged to issue a certificate to the New Member for any Post-Scheme Shares.
- (G) Notwithstanding any other provision of these articles, both the Company and the directors may refuse to register the transfer of any ordinary shares between the Scheme Record Time and the Effective Date.
- (H) If the Scheme shall not have become effective by the date referred to in clause 6 of the Scheme, this article 147 shall be of no effect.”

RESOLUTION 2

THAT, conditional only upon the Scheme becoming effective:

- (a) pursuant to section 97(1)(a) of the Companies Act 2006 (the “Act”), the Company be re-registered as a private company;
- (b) pursuant to section 97(3)(a) of the Act, the name of the Company be changed to Vectura Group Limited; and
- (c) the articles of association contained in the printed document produced to the meeting (and for the purposes of identification signed by the Chair of the meeting) be approved and adopted as the articles of association of the Company in substitution for and to the exclusion of the articles of association in existence at the time immediately preceding the Scheme becoming effective,

and that the directors of the Company be hereby authorised to take all such steps as may be necessary or expedient to effect the re-registration of the Company as a private limited company.

Registered Office:
One, Prospect West,
Chippenham, Wiltshire
SN14 6FH

By order of the Board
John Murphy
Company Secretary

Dated 18 June 2021

Notes

1. To be entitled to attend and vote at the meeting, ordinary shareholders must be registered in the register of ordinary shareholders of the Company by 6.30 p.m. on 8 July 2021 (or, if the meeting is adjourned, at 6.30 p.m. on the date that is two days prior to the adjourned meeting, excluding any day which is not a working day). Due to the ongoing COVID-19 situation, it is expected that Vectura Shareholders will not be permitted to attend the Vectura General Meeting in person as a result of government restrictions on public gatherings which, at the date of this notice, are expected to be in place at the time of the Vectura General Meeting. Given the evolving nature of the situation, it may become possible for Vectura Shareholders to attend the Vectura General Meeting in person and in such circumstances, the Company will announce this change via a Regulatory Information Service. Changes to entries on the register of shareholders after the relevant deadline shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting or adjourned meeting.
2. A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to exercise all or any of his or her rights to attend, speak and vote on his or her behalf. A proxy need not be a shareholder of the Company but must attend the meeting in person to represent the shareholder. Due to the ongoing COVID-19 situation, it is expected that Vectura Shareholders will not be permitted to attend the Vectura General Meeting in person as a result of government restrictions on public gatherings which, at the date of this notice, are expected to be in place at the time of the Vectura General Meeting. Accordingly, Vectura Shareholders are encouraged to appoint the Chair of the Vectura General Meeting as their proxy, which will ensure that their votes are cast in accordance with their wishes. A white Form of Proxy which may be used to make such appointment and give proxy instructions is enclosed with this notice and you are encouraged to please complete and return the white Form of Proxy. Please indicate how you wish your vote to be cast by inserting an "X" in the appropriate box. In the event that you wish to appoint a person other than the Chair as your proxy, delete the reference to the Chair and insert the name and address of the person you wish to appoint in the space provided, noting that any other proxy may not be permitted to attend the meeting as a result of any government restrictions on public gatherings. Instructions for use are shown on the white Form of Proxy. The completion of a white Form of Proxy, an electronic proxy, or any CREST Proxy Instruction (as described in note 9 below) will not preclude a holder of ordinary shares in the Company from attending and voting in person at the meeting (subject to any COVID-19 restrictions).
3. To be effective, the white Form of Proxy (together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority) must be deposited at the Company's Registrars, Computershare at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible, and in any event so as to be received by not later than 12.15 p.m. on 8 July 2021 or, if the meeting is adjourned, by not later than 48 hours (excluding any part of the day which is not a working day) before the time of the adjourned meeting. Forms of Proxy returned by fax will not be accepted. For your convenience, a prepaid envelope is enclosed with the Form of Proxy (if posted within the United Kingdom) and addressed to Computershare Investor Services Plc. Alternatively, you may appoint a proxy or proxies electronically through www.investorcentre.co.uk/eproxy. You will need to accept relevant terms and conditions and enter the Control Number, Shareholder Reference Number (SRN) and PIN provided on the Forms of Proxy or email communication. Full details of the procedure to be followed to appoint a proxy electronically are given on the website.
4. A shareholder entitled to attend and vote at the meeting may appoint more than one proxy. To do so, you should attach a schedule to the white Form of Proxy specifying the full name of each proxy, the number of shares each proxy appointment relates to and how you wish the proxies' votes to be cast. A failure to specify the number of shares each proxy appointment relates to, or specifying a number of shares in excess of those held by the shareholder on the date referred to in note 1 above, will result in the proxy appointments being invalid.
5. Vectura Shareholders will be given the opportunity to watch and submit questions at the Vectura General Meeting via a virtual meeting platform provided by Lumi (the "**Virtual Meeting Platform**"). **Please note that this will not constitute attendance at the Vectura General Meeting and Vectura Shareholders will not be able to vote at the Vectura General Meeting via the Virtual Meeting Platform.** A hard copy of the Lumi Online User Guidance is being sent to Scheme Shareholders and Vectura Shareholders alongside the proxy forms. The Lumi Online User Guidance is also available on www.vectura.com. Vectura Shareholders can access the Virtual Meeting Platform via a mobile web client, which is compatible with the latest browser versions of Chrome, Firefox, Edge and Safari and can be accessed using any web browser, on a PC or smartphone device. To submit questions using this method, please go to <https://web.lumiagm.com>. Once you have accessed from your web browser, you will be asked to enter the Lumi Meeting ID which is 107-762-261. You will then be prompted to enter your Shareholder Reference Number ("**SRN**") and PIN. Your SRN, including any zeros, and your PIN can be found printed on your Form of Proxy. Access to the Vectura General Meeting via the website will be available immediately following the close of the Court Meeting. If you are unable to access your SRN and PIN, please call Computershare between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (excluding public holidays in England and Wales) on 0370 707 1387 (or +44 (0)370 707 1387 if calling from

outside of the UK). Calls to this number are charged at national rates or, in the case of calls from outside the UK, at the applicable international rate. Calls from a mobile device may incur network extras. Calls may be recorded and randomly monitored for security and training purposes. Please note that Computershare cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice.

6. Any person who is not a member of the Company, but has been nominated under section 146 of the Companies Act 2006 by a member of the Company (the “**relevant member**”) to enjoy information rights, (the “**nominated person**”) does not have the right to appoint any proxies described under note 2 above. A nominated person may have a right under an agreement with the relevant member to be appointed or to have somebody else appointed as a proxy for the meeting. If a nominated person does not have such a right, or has such a right and does not wish to exercise it, he or she may have a right under an agreement with the relevant member to give instructions as to the exercise of voting rights. Your main point of contact in terms of your investment in the Company remains the relevant member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
7. The “Vote Withheld” option is provided to enable you to abstain on the specified resolution. However, it should be noted that a “Vote Withheld” is not a vote in law and will not be counted in the calculation of the proportion of votes “For” and “Against” the specified resolution.
8. As at 16 June 2021 (being the latest practicable date prior to the publication of this notice), the issued ordinary share capital of the Company consisted of 598,589,947 ordinary shares of 0.0271 pence each, carrying one vote each. Therefore, the total voting rights in the Company as at 16 June 2021 were 598,589,947.
9. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the relevant register of members of the Company at 6.30 p.m. on the date 48 hours (excluding any part of a day that is not a working day) before the meeting or, in the event that the meeting is adjourned, in the register of members of the Company at 6.30 p.m. on the date 48 hours (excluding any part of a day that is not a working day) before the adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of members after the relevant time shall be disregarded in determining the rights of any person to attend and vote at the meeting or any adjourned meeting. CREST shareholders who hold their shares in the Company through CREST (“**CREST members**”) and who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the purpose of this meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal shareholders or other CREST sponsored shareholders, and those CREST members who have appointed a 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.
10. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s specifications, and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is 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 Company’s Registrar, Computershare Investor Services Plc (Participant ID 3RA50), not later than 48 hours (excluding any part of a day that is not a working day) before the time appointed for the meeting or any adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company’s Registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
11. CREST shareholders and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST shareholder concerned to take (or, if the CREST shareholder is a CREST personal shareholder, or sponsored shareholder, or has appointed a voting service provider, to procure that his or her 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. 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.
13. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of shareholders of the Company.
14. As an alternative to appointing a proxy, any Vectura Shareholder which is a corporation may appoint one or more corporate representatives who may exercise on its behalf all its powers as a member, provided that if two or more corporate representatives purport to vote in respect of the same shares, if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way, and in other cases the power is treated as not exercised.
15. Due to the ongoing COVID-19 situation, it is expected that Vectura Shareholders will not be permitted to attend the Vectura General Meeting in person as a result of government restrictions on public gatherings which, at the date of this notice, are

expected to be in place at the time of the Vectura General Meeting. Vectura Shareholders are instead encouraged to appoint the Chair of the meeting as proxy. Given the evolving nature of the situation, it may become possible for Vectura Shareholders to attend the Vectura General Meeting in person and in such circumstances, the Company will announce this change via a Regulatory Information Service. If the circumstances do change, pursuant to section 319A of the Act, any Vectura Shareholder attending the meeting has the right to ask questions relating to the business being dealt with at the meeting. In certain circumstances, prescribed by section 319A, the Company need not answer a question. For example, where answering the question would interfere unduly with the operation of the meeting or involve disclosure of confidential information, or where the answer is in the interests of the Company undesirable.

16. A copy of this notice, and other information required by s.311A of the Companies Act 2006, can be found at www.Vectura.com.
17. Copies of the Company's existing articles of association as proposed to be amended by the special resolutions set out in this notice are, subject to COVID-19 restrictions in place at the time, available for inspection at the Company's London office at Manning House, 22 Carlisle Place, Westminster, London SW1P 1JA, during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays), until the opening of business on the day on which the meeting is held, and will also be available for inspection at the place of the meeting for at least 15 minutes prior to and during the meeting.
18. You may not use any electronic address provided either in this notice or any related documents (including the enclosed white Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
19. Voting on all the resolutions at this meeting will be conducted on a poll rather than a show of hands. This is a more transparent method of voting and means that the votes of all Vectura Shareholders, including those of our Vectura Shareholders who cannot attend the meeting but who submit a Form of Proxy, are counted.

