

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the Offer or the contents of this document or what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.

This document should be read in conjunction with the accompanying Form of Acceptance (if you hold Arsenal Shares in certificated form).

If you have sold or otherwise transferred all of your Arsenal Shares (other than pursuant to the Offer), please send this document, together with the accompanying reply-paid envelope (for use in the UK only), but not the personalised Form of Acceptance, at once to the stockbroker, bank or other agent through whom the sale or transfer was effected (but not into a Restricted Jurisdiction), for delivery to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of Arsenal Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected. If you have recently purchased or otherwise acquired Arsenal Shares in certificated form, notwithstanding receipt of this document and any accompanying documents from the transferor, you should contact the Receiving Agent to obtain a Form of Acceptance.

The Offer referred to in this document and the accompanying Form of Acceptance is not being made, and will not be made, directly or indirectly, in, into or from any Restricted Jurisdiction and will not be capable of acceptance from within any Restricted Jurisdiction. Accordingly, such documents should not be forwarded, distributed or transmitted in whole or in part in, into or from any Restricted Jurisdiction and doing so may invalidate any purported acceptance of the Offer.

The release, publication or distribution of this document in, into or from jurisdictions other than the United Kingdom, the Channel Islands or the Isle of Man, and the availability of the Offer to Arsenal Shareholders who are not resident in the United Kingdom, the Channel Islands or the Isle of Man, may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes 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, KSE disclaims any responsibility or liability for the violation of such restrictions by such persons.

ALL-CASH OFFER BY

KSE, UK, INC.

(a company wholly-owned by Mr E. Stanley Kroenke)

FOR

ARSENAL HOLDINGS PLC

Arsenal Shareholders should read carefully the whole of this document and (in the case of Arsenal Shareholders holding Arsenal Shares in certificated form) the accompanying Form of Acceptance.

The procedure for acceptance of the Offer is set out on pages 5-8 of this document and, in respect of Arsenal Shares in certificated form, in the Form of Acceptance. To accept the Offer in respect of Arsenal Shares in certificated form, you must complete and return the Form of Acceptance as soon as possible and, in any event, so as to be received by the Receiving Agent by no later than 1.00 p.m. on 28 August 2018. Acceptances in respect of Arsenal Shares in uncertificated form should be made electronically through CREST so that the TTE instruction settles no later than 1.00 p.m. on 28 August 2018. If you are a CREST sponsored member, you should refer to your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE instruction to Euroclear.

This document is available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on KSE's website at <https://kse.formstack.com/forms/phfd> and on Arsenal's website at www.arsenal.com until the end of the Offer. The content of the website referred to in this document is not incorporated into and does 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 Receiving Agent at Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH or between 9.00 a.m. and 5.00 p.m. Monday to Friday (except UK public holidays) on 0370 707 4040 from within the UK (or on +44 370 707 4040 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 offer should be in hard copy form.

A hard copy of this document (and any information incorporated into it by reference to another source) will not be sent to you unless requested in accordance with the procedure set out above.

Capitalised words and phrases used in this document shall have the meanings given to them in Appendix V.

Deutsche Bank AG is subject to supervision by the European Central Bank and by BaFin, Germany's Federal Financial Supervisory Authority, and is subject to limited regulation in the United Kingdom by the Prudential Regulation Authority and Financial Conduct Authority. Details about the extent of Deutsche Bank AG's authorisation and regulation by the Prudential Regulation Authority, and the Financial Conduct Authority are available on request. Deutsche Bank AG, acting through its London branch, is acting as financial adviser to KSE and no-one else in connection with the subject matter of this document and will not be responsible to anyone other than KSE for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this document.

Rothschild, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Arsenal and no one else in connection with the Offer and the contents of this document and will not be responsible to anyone other than Arsenal for providing the protections afforded to clients of Rothschild or for providing advice in relation to the Offer or any matter or arrangement referred to in this document.

IMPORTANT NOTICE

This document has been prepared in accordance with English law and the Code and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England. 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 KSE concerning the Offer 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 release, publication or distribution of this document and the Form of Acceptance, and the availability of the Offer to Arsenal Shareholders who are resident, in jurisdictions other than the United Kingdom, the Channel Islands or the Isle of Man may be restricted by the laws of the relevant jurisdiction and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom, the Channel Islands or the Isle of Man should inform themselves about, and observe any applicable requirements. In particular, the ability of persons who are not resident in the United Kingdom, the Channel Islands or the Isle of Man to accept the Offer or to execute and deliver the Form of Acceptance may be affected by the laws of the relevant jurisdictions in which they are located.

Unless otherwise determined by KSE or required by the Code and permitted by applicable law and regulation, the Offer is not made, and will not be communicated, directly or indirectly, in or into, or by use of mails of or any means or instrumentality (including, but not limited to, by mail, telephonically or electronically by way of internet or otherwise) of interstate or foreign commerce of, or by any facilities of a national, state or securities exchange of, any Restricted Jurisdiction and will not be capable of acceptance by any such use, means, instrumentality or facility or from within such Restricted Jurisdiction. Accordingly, unless otherwise determined by KSE or required by the Code and permitted by applicable law and regulation, copies of this document and the Form of Acceptance are not being, and must not be, directly or indirectly mailed, transmitted or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction. Accordingly, any person (including,

without limitation, any custodian, nominee or trustee) who would, or otherwise intends to, or who may have a contractual or legal obligation to, forward this document and/or the Form of Acceptance to any jurisdiction outside the United Kingdom, the Channel Islands or the Isle of Man, should inform themselves of, and observe, these restrictions and must not, directly or indirectly, mail, send or otherwise forward or distribute them in, into or from any Restricted Jurisdiction. Doing so may render any purported acceptance of the Offer invalid.

Further information for overseas shareholders is set out in paragraph 7 of Part B of Appendix I to this document. Any person (including, without limitation, any custodian, nominee or trustee) who would, or otherwise intends to, or who may have a contractual or legal obligation to forward this document, together with the Form of Acceptance, to any jurisdiction outside the United Kingdom, the Channel Islands or the Isle of Man should read that paragraph.

Notice to US holders of Arsenal Shares

The Offer will qualify for “Tier I” exemptions from the tender offer rules included in Regulation 14E under the US Exchange Act of 1934 and otherwise will be made in accordance with the requirements of the Code. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that may be different from those applicable under US domestic tender offer procedures and law.

The Offer will be made for the securities of a UK company and is subject to UK disclosure requirements, which are different from those of the United States. The financial information relating to Arsenal included in this document has been prepared in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and thus 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 (“US GAAP”). US GAAP differs in certain significant respects from accounting standards applicable in the United Kingdom. None of the financial information in this document has been audited in accordance with auditing standards generally accepted in the United States or the auditing standards of the Public Company Accounting Oversight Board (United States).

It may be difficult for US holders of shares to enforce their rights and any claims they may have arising under the US federal securities laws in connection with the Offer since Arsenal is located outside the United States, and some or all of their officers and directors may be residents of countries other than the United States. US holders of shares in Arsenal may not be able to sue Arsenal or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel Arsenal and its affiliates to subject themselves to the jurisdiction or judgment of a US court.

To the extent permitted by applicable law, in accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act of 1934, KSE and its members or their respective nominees, or brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, Arsenal Shares other than pursuant to the Offer such as in open market or privately negotiated purchases outside the United States during the period in which the Offer remains open for acceptance. In accordance with the requirements of Rule 14e-5(b) such purchases, or arrangements to purchase, must comply with English law and the Code. Any information about such purchases will be, to the extent required, disclosed in the United Kingdom via a Regulatory Information Service provider.

Neither the Offer nor this document has been approved or disapproved by the US securities exchange commission, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of the information contained in this document or the merits of the Offer. Any representation to the contrary is a criminal offence in the United States.

The receipt of cash pursuant to the Offer by a US holder of Arsenal Shares may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Arsenal Shares is urged to consult his independent professional adviser immediately regarding the tax consequences of acceptance of the Offer.

Forward-looking statements

This document, including information included or incorporated by reference in this document, may contain “forward-looking statements” concerning Mr Kroenke, KSE and the Arsenal Group. Generally, the words “will”, “may”, “should”, “continue”, “believes”, “expects”, “intends”, “anticipates” or similar expressions identify forward-looking statements. The forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those suggested by them. Many of these risks and uncertainties relate to factors that are beyond the companies’ abilities to control or estimate precisely, such as future market conditions and the behaviours of other market participants, and therefore undue reliance should not be placed on such statements which speak only as at the date of this document. Neither Mr Kroenke nor KSE assumes any obligation to, and do not intend to, update these forward-looking statements, except as required pursuant to applicable law or regulation.

Nothing in this document is intended, or is to be construed, as a profit forecast or estimate for KSE or Arsenal or to be interpreted to mean that earnings per Arsenal Share for the current or future financial years will necessarily match or exceed the historical published earnings per Arsenal Share.

Rounding

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

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% 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 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (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 Code, any person who is, or becomes, interested in 1% 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 pm (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.

Subject to paragraph 7 of Part B of Appendix I to this document, the Offer is made at 10.00 a.m. on 7 August 2018 and is capable of acceptance from and after that time. Forms of Acceptance and copies of this document may be collected in person from the Receiving Agent at any of the RA Bristol Office (Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE), the RA London Office (Computershare Investor Services PLC, Moor House, 120 London Wall, London, EC2Y 5ET) or the RA Jersey Office (Computershare Investor Services (Jersey) Limited, 2nd Floor, Queensway House, Hilgrove Street, St. Helier, JE1 1ES).

ACTION TO BE TAKEN IF YOU WISH TO ACCEPT THE OFFER:

- (A) IF YOU HOLD ARSENAL SHARES IN CERTIFICATED FORM (THAT IS, NOT IN CREST), YOU SHOULD COMPLETE THE ACCOMPANYING FORM OF ACCEPTANCE IN ACCORDANCE WITH THE INSTRUCTIONS PRINTED THEREON. YOU MAY ALSO COLLECT A FORM OF ACCEPTANCE IN PERSON (DURING NORMAL BUSINESS HOURS ONLY) FROM THE RECEIVING AGENT AT THE RA BRISTOL OFFICE, THE RA LONDON OFFICE OR THE RA JERSEY OFFICE. THE COMPLETED FORM OF ACCEPTANCE, TOGETHER WITH YOUR SHARE CERTIFICATE(S) AND/OR OTHER DOCUMENT(S) OF TITLE SHOULD BE RETURNED TO THE RECEIVING AGENT BY POST TO COMPUTERSHARE INVESTOR SERVICES PLC, CORPORATE ACTIONS PROJECTS, BRISTOL, BS99 6AH, OR BY HAND (DURING NORMAL BUSINESS HOURS ONLY) TO THE RECEIVING AGENT AT THE RA BRISTOL OFFICE, THE RA LONDON OFFICE OR THE RA JERSEY OFFICE AS SOON AS POSSIBLE AND IN ANY EVENT SO AS TO BE RECEIVED BY THE RECEIVING AGENT NO LATER THAN 1.00 P.M. ON 28 AUGUST 2018. A REPLY-PAID ENVELOPE IS ENCLOSED FOR USE IN THE UNITED KINGDOM.**
- (B) IF YOU HOLD YOUR ARSENAL SHARES IN UNCERTIFICATED FORM (THAT IS, IN CREST), YOU SHOULD READ PARAGRAPH 14.2 OF THE LETTER FROM KSE TO ARSENAL SHAREHOLDERS IN PART 1 OF THIS DOCUMENT AND ENSURE THAT AN ELECTRONIC ACCEPTANCE IS MADE BY YOU OR ON YOUR BEHALF AND THAT SETTLEMENT IS MADE NO LATER THAN 1.00 P.M. ON 28 AUGUST 2018.**

IF YOU REQUIRE ASSISTANCE IN COMPLETING YOUR FORM OF ACCEPTANCE (OR WISH TO OBTAIN AN ADDITIONAL FORM OF ACCEPTANCE) OR HAVE QUESTIONS IN RELATION TO MAKING AN ELECTRONIC ACCEPTANCE, PLEASE CONTACT THE RECEIVING AGENT BETWEEN 9.00 A.M. AND 5.00 P.M. MONDAY TO FRIDAY (EXCEPT UK PUBLIC HOLIDAYS) ON 0370 707 4040 FROM WITHIN THE UK (OR ON +44 370 707 4040 IF CALLING FROM OUTSIDE THE UK). PLEASE NOTE THAT CALLS MAY BE MONITORED OR RECORDED. NO ADVICE ON THE MERITS OF THE OFFER OR ANY FINANCIAL, LEGAL OR TAX ADVICE CAN BE GIVEN.

ALL REFERENCES TO TIME IN THIS DOCUMENT AND IN THE FORM OF ACCEPTANCE ARE TO LONDON TIME.

Settlement

Subject to the Offer becoming or being declared unconditional in all respects, settlement for those Arsenal Shareholders who have validly accepted the Offer will be effected within three Business Days of the Offer becoming or being declared unconditional in all respects or, in relation to valid acceptances received after this date, within three Business Days of receipt of that acceptance.

This page should be read in conjunction with the rest of this document and, in the case of Arsenal Shares held in certificated form, the Form of Acceptance. Arsenal Shareholders are recommended to seek financial advice from their stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) if they are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.

THE FIRST CLOSING DATE OF THE OFFER IS 1.00 P.M. ON 28 AUGUST 2018

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PART 1: LETTER FROM KSE

7 August 2018

To Arsenal Shareholders and, for information only, to persons with information rights

Dear Shareholder

All-cash Offer by KSE for Arsenal

1. INTRODUCTION

On 7 August 2018, KSE (“KSE”) announced the terms of its all-cash offer to acquire the entire issued and to be issued ordinary share capital of Arsenal Holdings PLC (“Arsenal”), other than the Arsenal Shares already held by KSE (the “Offer”).

KSE, a Delaware corporation wholly-owned by Mr E. Stanley Kroenke, currently holds 41,743 Arsenal Shares, representing approximately 67.09 per cent. of the existing issued share capital of Arsenal.

This letter, Appendix I to this document and, in the case of Arsenal Shares held in certificated form, the Form of Acceptance contain the formal terms and condition of the Offer for your Arsenal Shares.

To accept the Offer you must complete, sign and return the Form of Acceptance, or make an Electronic Acceptance, as soon as possible and, in any event, so as to be received or settled by no later than 1.00 p.m. on 28 August 2018.

2. IRREVOCABLE UNDERTAKING

KSE has received an irrevocable undertaking from Red and White Securities to accept the Offer in respect of Red and White Securities’ entire holding of 18,695 Arsenal Shares (representing approximately 30.05 per cent. of the existing issued share capital of Arsenal, and approximately 91.31 per cent. of the Arsenal Shares not currently held by KSE) as soon as possible following the publication of this document and in any event by 3.00 p.m. on the date of this document.

The Offer is conditional only upon KSE receiving valid acceptances representing not less than 90 per cent. of the Arsenal Shares to which the Offer relates (being the Arsenal Shares not held by KSE). Therefore, upon the valid acceptance of the Offer by or on behalf of Red and White Securities, the Offer will become unconditional as to acceptances and unconditional in all respects.

Further details on the irrevocable undertaking are set out in paragraph 5 of Appendix IV to this document.

3. THE OFFER

Under the terms of the Offer, which will be subject to the Acceptance Condition and further terms set out in Appendix I to this document, Arsenal Shareholders will be entitled to receive:

For each Arsenal Share £29,419.64 in cash

The Offer values the entire issued share capital of Arsenal at approximately £1.8 billion.

The Offer extends to all Arsenal Shares unconditionally allotted or issued prior to the date on which the Offer closes (or such earlier date as KSE may, subject to the rules of the Code or with the consent of the Panel, decide).

Arsenal Shares will be acquired pursuant to the Offer fully paid with full title guarantee and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid from Completion.

4. BACKGROUND TO AND REASONS FOR THE OFFER

The successful implementation of the Offer will result in the opening of a new chapter in the history of the Club in bringing 100 per cent. private ownership by KSE, which owns approximately 67.09 per cent of the Arsenal Shares currently and has been the majority shareholder since its mandatory offer in 2011.

Private ownership is the most common form of ownership amongst the clubs of The Premier League, with 18 of the existing 20 clubs privately owned. KSE believes moving to that model will bring the benefits of a single owner better able to move quickly in furtherance of the Club's strategy and ambitions. KSE is a committed, long-term owner of the Club.

KSE's ambitions for the Club are to see it competing consistently to win The Premier League and The Champions League, as well as the major trophies in the women's senior game and at youth level.

Under KSE's stewardship since 2011 the Club has invested in major transfers, player contracts, analytics, senior non-playing football management employees, building the Club's global brand and fan-base, and the stadium, training facilities and Club offices. KSE expects the Club to build on those investments and to continue to invest in London Colney and Hale End to ensure the Club stays at the cutting edge of sporting high performance through player preparation, training, conditioning and youth development.

KSE looks forward to an ambitious and successful 2018/19 season for the first team squad under the guidance of our new Head Coach Unai Emery and Academy Manager Per Mertesacker.

5. INDEPENDENT DIRECTORS OF ARSENAL

The Arsenal Independent Directors are Sir John Chippendale Lindley Keswick (Chairman), Ivan Gazidis, Kenneth John Friar OBE and Lord Philip Charles Harris of Peckham. Their views on the Offer are set out in the letter from the Chairman of Arsenal in Part 2 of this document.

6. INFORMATION RELATING TO MR E. STANLEY KROENKE

Mr Kroenke is an international businessman with significant sports, media and real estate holdings. His family portfolio of sporting assets include the Los Angeles Rams of the National Football league ("NFL"), the Denver Nuggets of the National Basketball Association ("NBA"), the Colorado Avalanche of the National Hockey League ("NHL"), the Colorado Rapids of Major League Soccer ("MLS") and the Colorado Mammoth of the National Lacrosse League ("NLL"), in all of which members of the Kroenke family have been long-term investors or co-owners. Mr Kroenke's teams have won titles in the NFL, NHL, MLS, and the NLL.

Mr Kroenke acquired a 40 per cent. stake in the Los Angeles Rams in 1995, as the NFL returned to St. Louis. He received unanimous approval by NFL owners in 2010 to purchase the remaining 60 per cent. of the franchise and, in 2016, NFL owners approved the relocation of the Rams to Los Angeles. The Los Angeles Rams were one of the most improved teams in the NFL this past season.

Mr Kroenke has always made it a priority to invest not only in sports teams themselves, but also communities which surround and support them. This has included constructing the state-of-the-art Dick's Goods Park sports complex in the metropolitan Denver area, acquiring the Pepsi Center, the home arena for the Denver Nuggets and the Colorado Avalanche, and creating Altitude Sports & Entertainment, a 24-hour regional sports and entertainment network which televises many regular-season games for the Denver Nuggets, the Colorado Avalanche and the Colorado Rapids.

Mr Kroenke is developing the LA Stadium and Entertainment District at Hollywood Park, which will be a year-round sports and entertainment destination. The centerpiece of the 298-acre district is the LA Stadium. With over three million square feet of useable space, the LA Stadium provides a fixed seating capacity for 70,240, with the ability to expand capacity up to 100,000. The project will include a 2.5-acre plaza and a 6,000-seat performance venue located under the same roof canopy as the stadium.

The LA Stadium will be the home field for the Los Angeles Rams and Los Angeles Chargers from 2020. It will host year-round sports and entertainment events and has already secured the Super Bowl LVI in February 2022, the College Football National Championship game in 2023 and the Opening and Closing Ceremonies of the 2028 Olympic Games. In addition to the stadium and performance venue, the project anticipates an initial phase of more than 1.5 million square feet of retail and office space, 1,500 residences, a hotel and more than 20 acres of parks. The long-term plans offer the possibility of developing additional phases over time. To date, Mr Kroenke has created more than 2,000 jobs in the Los Angeles region.

In addition to his sporting assets, Mr Kroenke owns and operates a substantial amount of retail, residential, and warehouse commercial real estate in the United States, Canada and the United Kingdom, and owns several ranches and vineyards throughout the world, including the historic Bonneau du Martray estate in Burgundy, France.

Mr Kroenke originally invested in Arsenal in 2007, and has built his stake through further acquisitions of shares. He became a member of the Arsenal Board in September 2008, and has been a director since then.

Mr Kroenke's commitment to Arsenal remains unwavering. He is focussed on maintaining Arsenal's position as one of the world's most popular and successful football clubs. He intends to use his experience to help Arsenal enjoy even greater success on the pitch and so continue to grow its global brand and fan-base.

7. INFORMATION RELATING TO KSE

KSE is a corporation incorporated in the State of Delaware, the United States, and is wholly-owned and controlled by Mr Kroenke. Mr Kroenke is the sole director of KSE.

KSE is a holding company incorporated solely for the purpose of holding the 67.09 per cent of the share capital in Arsenal and 50 per cent. of the share capital in Arsenal Broadband Limited (the remaining 50 per cent. is held by another member of the Arsenal Group). In connection with the Offer, Mr Kroenke has made a capital contribution of £602,398,000 in KSE, as further described in paragraph 10 below.

Other than described above, KSE has no material assets or liabilities. Following completion of the Offer and the compulsory acquisition procedure under the 2006 Act, Arsenal will become a wholly owned subsidiary of KSE, and KSE's assets, liabilities and earnings will be derived from its holdings of 100 per cent. of Arsenal's share capital and 100 per cent. (direct and indirect) in Arsenal Broadband Limited.

8. INFORMATION RELATING TO ARSENAL

Arsenal is an English professional football club based in North London. The Club is one of the most famous teams in the world, and boasts a record of sporting success. Arsenal has been Champion of the top tier of English football on 13 occasions, including 3 times during the Premier League era. The Club has won the FA Cup a record 13 times, the last of which was in 2017, and the League Cup twice. In European competitions the Club won the European Fairs Cup in 1970 and the European Cup Winners' Cup in 1994, whilst finishing runners up in the UEFA Champions League in 2006. Arsenal also boasts two particular domestic records of note: being the Club with the longest unbroken period in the top division of English football (92 seasons as at season 2017/18), and the longest run of league matches unbeaten (49, which included the famous "Invincibles" season of 2003/04).

9. MANAGEMENT, EMPLOYEES AND BUSINESS OF ARSENAL

KSE believes that taking Arsenal under private ownership will bring the flexibility necessary to drive greater success of the Club and intends to continue to develop the Club as a leading football club on both the domestic and global stage, in line with Arsenal's current long term strategy. KSE has no intention to change the composition of the Arsenal Board as a result of the Offer.

KSE attaches great importance to the skills and experience of the existing management and employees of Arsenal. Following Completion of the Offer, the existing employment rights, including pension rights of the management and employees of the Arsenal Group will be fully safeguarded in accordance with contractual and statutory requirements, and KSE has no intention to make any changes to the current contribution arrangements for the Arsenal Group's share of the defined benefits section of the Pension Scheme, including with regard to current funding arrangements of any deficit in respect of the defined benefits section. The defined benefits section of the Pension Scheme is closed to new entrants and Arsenal does not set the arrangements in relation to the accrual of benefits for existing members. KSE has no intention to make any material changes to the conditions of employment or the balance of the skills and functions of the employees and management of Arsenal, or to make headcount reductions or to redeploy any fixed assets of Arsenal or change Arsenal's places of business, including the

locations of Arsenal's headquarters and headquarters functions, the Emirates Stadium, the Training Centre at London Colney and the Academy at Hale End. KSE has no intention to make any material changes to the R&D functions of Arsenal.

10. FINANCING OF THE OFFER

KSE will fund the consideration payable under the Offer from a capital contribution of £602,398,000 made by Mr Kroenke.

For the purpose of making the capital contribution, Mr Kroenke has used £45,398,000 cash from his own resources. In addition, Mr Kroenke entered into a bridge facility agreement (the "**Bridge Facility Agreement**") with Deutsche Bank AG, New York Branch as lender on 2 August 2018. Under the terms of the Bridge Facility Agreement, Deutsche Bank AG, New York Branch has agreed to make available to Mr Kroenke a £557 million bridge term loan facility (the "**Bridge Facility**").

Further details on the Bridge Facility are set out in paragraph 6 of Appendix IV to this document.

The Offer is not being funded by way of any debt finance (bank loans, payment in kind loans or other debt or quasi-debt interest bearing obligations) for which the payment of interest on, repayment of, or security for any liability (contingent or otherwise) will depend on the business of Arsenal.

Deutsche Bank is satisfied that sufficient resources are available to KSE to satisfy in full the cash consideration payable to Arsenal Shareholders pursuant to the Offer.

11. WITHDRAWAL OF TRADING FROM THE NEX EXCHANGE GROWTH MARKET, COMPULSORY ACQUISITION AND RE-REGISTRATION

After the Offer becomes or is declared unconditional in all respects and KSE has by virtue of its shareholding and acceptances of its Offer acquired, or agreed to acquire, issued share capital carrying at least 75 per cent. of the voting rights of Arsenal (which would be the case once Red and White Securities' acceptance of the Offer has been received), KSE intends to procure the making of an application by Arsenal for the withdrawal of trading in Arsenal Shares on the NEX Exchange Growth Market, which will take effect no earlier than 20 Business Days following the Offer becoming or being declared unconditional in all respects. Withdrawal of trading from the NEX Exchange Growth Market would significantly reduce the liquidity and marketability of any Arsenal Shares not assented to the Offer.

Once KSE has received acceptances under the Offer in respect of, and/or otherwise acquires, not less than 90 per cent. or more of the Arsenal Shares by nominal value and voting rights attaching to such shares to which the Offer relates, KSE intends to exercise its rights pursuant to the provisions of Chapter 3 of Part 28 of the 2006 Act to acquire compulsorily the remaining Arsenal Shares on the same terms as the Offer. KSE will receive acceptances under the Offer in respect of the required 90 per cent. of Arsenal Shares subject to the Offer as soon as Red and White Securities has accepted the Offer. Given that Red and White Securities has irrevocably committed to accept the Offer as soon as possible following publication of this document, KSE anticipates being able to commence the compulsory acquisition procedure for the outstanding Arsenal Shares shortly.

It is also proposed that, following the Offer becoming unconditional in all respects and after the Arsenal Shares are withdrawn from the NEX Exchange Growth Market, Arsenal will be re-registered as a private company under the relevant provisions of the 2006 Act.

12. TAXATION

The attention of Arsenal Shareholders is drawn to Appendix III to this document which summarises certain aspects of the UK taxation treatment of certain Arsenal Shareholders in connection with the Offer. **If you are in any doubt about your own tax position, you should consult an independent professional adviser immediately.**

13. OVERSEAS SHAREHOLDERS

The attention of Arsenal Shareholders who are citizens or residents of jurisdictions outside the United Kingdom, the Channel Islands or the Isle of Man or who are holding shares for such citizens or residents and any person (including, without limitation, any custodian, nominee or

trustee) who may have an obligation to forward any document in connection with the Offer outside the United Kingdom, the Channel Islands or the Isle of Man is drawn to paragraph 7 of Part B, paragraph (b) of Part C and/or paragraph (b) of Part D of Appendix I to this document and to the relevant provisions of the Form of Acceptance, which they should read before taking any action.

The availability of the Offer to Arsenal Shareholders who are not resident in the United Kingdom, the Channel Islands or the Isle of Man may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. If you remain in any doubt, you should consult your professional adviser in the relevant jurisdiction without delay.

14. PROCEDURE FOR ACCEPTANCE OF THE OFFER

Arsenal Shareholders who hold their Arsenal Shares in certificated form should read this section in conjunction with the Form of Acceptance and Parts B and C of Appendix I to this document and the notes on the Form of Acceptance. Arsenal Shareholders who hold their shares in uncertificated form (that is, through CREST), should read this section in conjunction with Parts B and D of Appendix I to this document. The instructions on the Form of Acceptance are deemed to be incorporated into, and form part of, the terms of the Offer.

14.1 Arsenal Shares held in certificated form

14.1.1 Completion of the Form of Acceptance

Your personalised Form of Acceptance is being posted to you. You may also collect a Form of Acceptance in person (during normal business hours only) from the Receiving Agent, Computershare, at the RA Bristol Office (The Pavilions, Bridgwater Road, Bristol, BS13 8AE), the RA London Office (Moor House, 120 London Wall, London, EC2Y 5ET) or the RA Jersey Office (Computershare Investor Services (Jersey) Limited, 2nd Floor, Queensway House, Hilgrove Street, St. Helier, JE1 1ES).

To accept the Offer in respect of Arsenal Shares held in certificated form (that is, not in CREST), you must complete the Form of Acceptance in accordance with the instructions set out below and on the Form of Acceptance. You should complete separate Forms of Acceptance for Arsenal Shares held in certificated form but under different designations. If you have any queries as to how to complete the Form of Acceptance, please telephone the Receiving Agent, Computershare, between 9.00 a.m. and 5.00 p.m. Monday to Friday (except UK public holidays) on 0370 707 4040 from within the UK (or on +44 370 707 4040 if calling from outside the UK). Additional Forms of Acceptance are available from the Receiving Agent.

- (a) *To accept the Offer in respect of all your Arsenal Shares in certificated form* – you must complete Box 2 and sign Box 3 of the Form of Acceptance. In all cases, if you are an individual, you must sign Box 3 on the Form of Acceptance in the presence of a witness who should also sign in accordance with the instructions printed on it. Any Arsenal Shareholder which is a company should execute Box 3 of the Form of Acceptance in accordance with the instructions printed on it. If you do not insert a number in Box 2 of the Form of Acceptance, or if you insert in Box 2 a number which is greater than the number of Arsenal Shares that you hold and you have signed Box 3, your acceptance will be deemed to be in respect of all the certificated Arsenal Shares held by you.
- (b) *To accept the Offer in respect of less than all your Arsenal Shares in certificated form* – you must insert in Box 2 on the Form of Acceptance such lesser number of Arsenal Shares in respect of which you wish to accept the Offer in accordance with the instructions printed thereon. You should then follow the procedure set out in paragraph (a) above in respect of such lesser number of Arsenal Shares.

14.1.2 Return of the Form of Acceptance

To accept the Offer in respect of Arsenal Shares held in certificated form, the completed, signed and witnessed Form of Acceptance and (subject to paragraph 14.1.3 below) the relevant share certificate(s) and/or other document(s) of title should be returned by post to the Receiving Agent at Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH, or by hand (during normal business hours only) to the

Receiving Agent at the RA Bristol Office, the RA London Office or the RA Jersey Office, as soon as possible and, in any event, so as to be received not later than 1.00 p.m. on 28 August 2018. A reply-paid envelope for use in the UK only is enclosed for your convenience. No acknowledgement of receipt of documents will be given.

Any Form of Acceptance received in an envelope postmarked in a Restricted Jurisdiction or otherwise appearing to KSE or its agents to have been sent from any of these jurisdictions may be rejected as an invalid acceptance of the Offer. For further information on Arsenal Shareholders resident overseas, see paragraph 13 above.

14.1.3 Share certificates not readily available or lost

If your Arsenal Shares are in certificated form, a completed, signed and witnessed Form of Acceptance should be accompanied by the relevant share certificate(s) and/or other document(s) of title. If for any reason the relevant share certificate(s) and/or other document(s) of title is/are not readily available or is/are lost, you should nevertheless complete, sign and return the Form of Acceptance to the Receiving Agent by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH, or by hand (during normal business hours only) to the RA Bristol Office, the RA London Office or the RA Jersey Office, as soon as possible and, in any event, so as to be received by not later than 1.00 p.m. on 28 August 2018. You should send with the Form of Acceptance any share certificate(s) and/or other document(s) of title which you may have available, accompanied by a letter stating that the remaining documents will follow as soon as possible or that you have lost one or more of your share certificate(s) and/or other document(s) of title. You should then arrange for the relevant share certificate(s) and/or other document(s) of title to be sent to the Receiving Agent by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH, or by hand to the RA Bristol Office, the RA London Office or the RA Jersey Office as soon as possible. If you have lost your share certificate(s) and/or other document(s) of title, you should contact Arsenal's Registrars, Link Asset Services, either by post (The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU), by email (enquiries@linkgroup.co.uk), or by telephone, between the hours of 9.00 a.m. and 5.30 p.m. Monday to Friday on 0871 664 0300 from within the UK (or +44 (0) 371 664 0300 if calling from outside the UK) requesting a letter of indemnity for the lost share certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned to the Receiving Agent by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH, or by hand to the RA Bristol Office, the RA London Office or the RA Jersey Office.

14.1.4 Validity of Acceptances

Without prejudice to Part B and Part C of Appendix I to this document, subject to the provisions of the Code, KSE reserves the right to treat as valid in whole or in part any acceptance of the Offer which is not entirely in order or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title. In that event, no payment of cash under the Offer will be made until after the relevant share certificate(s) and/or other document(s) of title or indemnities reasonably satisfactory to KSE have been received.

14.2 Arsenal Shares held in uncertificated form (that is, in CREST)

14.2.1 General

If your Arsenal Shares are in uncertificated form (that is, in CREST), to accept the Offer you should take (or procure the taking of) the action set out below to transfer the Arsenal Shares in respect of which you wish to accept the Offer to the appropriate escrow balance(s), specifying the Receiving Agent (in its capacity as a CREST participant under the Escrow Agent's participant ID referred to below) as the Escrow Agent, as soon as possible **and in any event so that the TTE instruction settles not later than 1.00 p.m. on 28 August 2018. Note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) – you should therefore ensure you time the input of any TTE instructions accordingly.**

The input and settlement of a TTE instruction in accordance with this paragraph 14.2.1 will (subject to satisfying the requirements set out in Parts B and D of Appendix I) constitute an acceptance of the Offer in respect of the number of Arsenal Shares so transferred to escrow.

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Only your CREST sponsor will be able to send the TTE instruction(s) to Euroclear in relation to your Arsenal Shares.

After settlement of a TTE instruction, you will not be able to access the Arsenal Shares concerned in CREST for any transaction or charging purposes. If the Offer becomes or is declared unconditional in all respects, the Escrow Agent will transfer the Arsenal Shares concerned in accordance with paragraph (d) of Part D of Appendix I to this document.

You are recommended to refer to the CREST Manual issued by Euroclear for further information on the CREST procedure outlined below.

You should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE instruction relating to your Arsenal Shares to settle prior to 1.00 p.m. on 28 August 2018. In this connection, you are referred in particular to those sections of the CREST Manual concerning the practical limitations of the CREST system and timings.

14.2.2 To accept the Offer

To accept the Offer in respect of Arsenal Shares held in uncertificated form, you should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) to Euroclear a TTE instruction in relation to such shares. A TTE instruction to Euroclear must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and must contain the following details:

- the ISIN number for the Arsenal Shares. This is GB0030895238;
- the number of Arsenal Shares (in uncertificated form) in respect of which you wish to accept the Offer (i.e. the number of Arsenal Shares to be transferred to escrow);
- your member account ID;
- your participant ID;
- the participant ID of the Escrow Agent. This is RA64;
- the member account ID of the Escrow Agent for the Offer. This is ARSKSE01;
- the intended settlement date. This should be as soon as possible and, in any event, not later than 1.00 p.m. on 28 August 2018;
- the corporate action number of the Offer. This is allocated by Euroclear and will be available on screen from Euroclear;
- input with a standard delivery instruction priority of 80; and
- a contact name and telephone number in the shared note field.

14.2.3 Validity of Acceptances

Holders of Arsenal Shares in uncertificated form who wish to accept the Offer should note that a TTE instruction will only be a valid acceptance of that Offer as at the relevant closing date if it has settled on or before 1.00 p.m. on that date. A Form of Acceptance which is received in respect of Arsenal Shares held in uncertificated form may be treated as an invalid acceptance and may be disregarded.

KSE will make an appropriate announcement if any of the details contained in this paragraph 14.2 alter for any reason.

14.2.4 Converting to or from certificated form

Normal CREST procedures (including timings) apply in relation to any Arsenal Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Offer (whether any such conversion arises as a result of a transfer of Arsenal Shares or otherwise). Holders of Arsenal Shares who are proposing so to convert any such shares are recommended to

ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the shares as a result of the conversion to take all necessary steps in connection with an acceptance of the Offer (in particular, as regards delivery of share certificate(s) and/or other documents of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on 28 August 2018.

If you are in any doubt as to the procedure for acceptance of the Offer, please contact the Receiving Agent between 9.00 a.m. and 5.00 p.m. Monday to Friday (except UK public holidays) on 0370 707 4040 from within the UK (or on +44 370 707 4040 if calling from outside the UK) or at any of the addresses referred to in paragraph 14.1.2 above. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

15. SETTLEMENT

Subject to the Offer becoming or being declared unconditional in all respects (and except as provided in paragraph 6(b) and paragraph 6(f) of Part B of Appendix I to this document and, in the case of certain overseas shareholders, paragraph 7 of Part B of Appendix I to this document), settlement of the consideration to which any Arsenal Shareholder (or the first-named shareholder in the case of joint holders) is entitled under the Offer will be effected: (i) in the case of acceptances received, complete in all respects, by the date on which the Offer becomes or is declared unconditional in all respects, within three Business Days of such date; and (ii) in the case of acceptances received, complete in all respects, after such date but while the Offer remains open for acceptance, within three Business Days of such receipt, in the following manner:

15.1 Arsenal Shares in certificated form (that is, not in CREST)

Where an acceptance relates to Arsenal Shares in certificated form, settlement of any cash due will be effected in the following manner:

15.1.1 if the accepting Arsenal Shareholder completes Box 6 of the Form of Acceptance with details of its bank account indicating they wish to receive funds electronically, the cash consideration will be settled by way of a bank transfer to such account. The name as it appears on the bank account must be the same as the name of the Arsenal Shareholder on the register of members of Arsenal and the address of the bank must not be in a Restricted Jurisdiction. All such bank transfers will be made in pounds sterling from a United Kingdom clearing bank. KSE will not be responsible for any fees, charges or commissions charged by the receiving or the intermediary bank of the Arsenal Shareholders and Arsenal Shareholders are advised to check with their receiving banks as to whether any fees, charges or commissions will be deducted by the receiving bank or any intermediary bank from the cash consideration;

15.1.2 if the accepting Arsenal Shareholder does not complete Box 6 of the Form of Acceptance, or if the information provided in Box 6 is incorrect or invalid, or if the payment to the bank account specified in Box 6 is rejected or otherwise fails, the cash consideration will be despatched by first class post (or such other method as may be approved by the Panel) to the accepting Arsenal Shareholder or its appointed agents (but not into a Restricted Jurisdiction). All such cash payments will be made in pounds sterling by cheque drawn on a branch of a United Kingdom clearing bank. KSE reserves the right to settle all or any part of the consideration referred to in this paragraph 15.1.2, for all or any accepting Arsenal Shareholder(s), in the manner referred to in paragraph 15.1.1 above, if, for any reason, it wishes to do so.

15.2 Arsenal Shares in uncertificated form (that is, in CREST)

Where an acceptance relates to Arsenal Shares in uncertificated form, the cash consideration to which the accepting Arsenal Shareholder is entitled will be paid by means of a CREST payment in favour of the accepting Arsenal Shareholder's payment bank in respect of the cash consideration due, in accordance with CREST payment arrangements. KSE reserves the right to settle all or any part of the consideration referred to in this paragraph 15.2, for all or any accepting Arsenal Shareholder(s), in the manner referred to in paragraph 15.1 above, if, for any reason, the CREST payment is rejected or otherwise fails.

15.3 General

If the Offer does not become or is not declared unconditional in all respects:

15.3.1 in the case of Arsenal Shares held in certificated form, the relevant Form of Acceptance, share certificate(s) and/or other document(s) of title will be returned by post (or by such other method as may be approved by the Panel) within three Business Days of the Offer lapsing to the person or agent whose name and address (outside a Restricted Jurisdiction) is set out in the Form of Acceptance or, if none is set out, to the first-named holder at his or her registered address (provided that no such documents will be sent to an address in a Restricted Jurisdiction); and

15.3.2 in the case of Arsenal Shares held in uncertificated form, the Escrow Agent will, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding three Business Days of the lapsing of the Offer), give TFE instructions to Euroclear to transfer all Arsenal Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the Arsenal Shareholders concerned.

All remittances, communications, notices, certificates and documents of title sent by, to or from Arsenal Shareholders or their appointed agents will be sent at their own risk.

16. FURTHER INFORMATION

The terms and condition of the Offer are set out in full in Appendix I to this document. Your attention is drawn to the further information in the Appendices, which form part of this document, and, if your Arsenal Shares are in certificated form, to the Form of Acceptance which should be read in conjunction with this document.

17. ACTION TO BE TAKEN

To accept the Offer:

- If your Arsenal Shares are in certificated form (that is, not in CREST), the Form of Acceptance must be completed, signed and returned as soon as possible, (together with your share certificate(s) and/or other document(s) of title) and in any event so as to be received by the Receiving Agent no later than 1.00 p.m. on 28 August 2018. A reply-paid envelope is enclosed for your convenience for use in the UK only.
- If your Arsenal Shares are in uncertificated form (that is, in CREST), you should NOT return the Form of Acceptance but instead ensure that an Electronic Acceptance is made by you or on your behalf and that settlement is no later than 1.00 p.m. on 28 August 2018.

If you have any questions relating to accept the Offer, please contact the Receiving Agent between 9.00 a.m. and 5.00 p.m. Monday to Friday (except UK public holidays) on 0370 707 4040 from within the UK (or on +44 370 707 4040 if calling from outside the UK).

Yours faithfully,
for and on behalf of KSE

The Arsenal Independent Directors note the confirmations and statements of intention given by KSE and Mr Kroenke that are set out in paragraphs 4, 6, 9 and 10 of the letter from KSE in Part 1 of this document.

The Arsenal Independent Directors note, in particular, KSE's and Mr Kroenke's confirmation that the Offer will not be funded by way of any debt finance (banks loans, payment in kind loans or other debt or quasi-debt interest bearing obligations) for which the payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend on the business of Arsenal.

The Arsenal Independent Directors consider that they should in particular highlight the issues set out in paragraphs 3, 4, 5 and 6 of this letter, which you should carefully consider alongside the confirmations and statements of intention given by KSE and Mr Kroenke set out in the letter from KSE in Part 1 of this document, when evaluating whether or not to accept the Offer.

3. CURRENT TRADING AND PROSPECTS

For the year ended 31 May 2017, total turnover for the Arsenal Group (including Arsenal's property developments) was £424.0 million, whilst the turnover from football operations was £422.8 million. Operating profit before depreciation and player trading was £137.5 million from football operations, and operating profit before depreciation from Arsenal's property developments was £0.1 million.

In its interim report for the six months ended 30 November 2017, total turnover for the Arsenal Group (including Arsenal's property developments) was £182.3 million, whilst the turnover from football operations was £167.7 million. Operating profit before depreciation and player trading was £15.6 million from football operations, and operating profit before depreciation from Arsenal's property developments was £5.1 million. These results represented a robust performance in the current climate.

4. MANAGEMENT, EMPLOYEES AND BUSINESS OF ARSENAL

Following the Offer becoming or being declared unconditional in all respects KSE and Mr Kroenke have stated that it is their current intention that existing employment rights of the executive management team and the employees of Arsenal would be fully safeguarded in accordance with contractual and statutory requirements, and KSE has no intention to change the composition of the current Arsenal Board as a result of the Offer.

The Arsenal Board has no reason to believe that KSE's intentions would prejudice Arsenal's employees and is comforted that KSE does not have any current plans to alter the existing employment rights of employees.

5. IRREVOCABLE UNDERTAKING

As set out in the letter from KSE in Part 1 of this document, KSE has received an irrevocable undertaking from Red and White Securities to accept the Offer in respect of Red and White Securities' entire holding of 18,695 Arsenal Shares (representing approximately 30.05 per cent. of the existing issued share capital of Arsenal, and approximately 91.31 per cent. of the Arsenal Shares not currently held by KSE) as soon as possible following the publication of this document and in any event by 3.00 p.m. on the date of this document.

This irrevocable undertaking ceases to be binding only in the event that (a) this document is not published on a website by 11.00 a.m. today; (b) the Offer lapses or is withdrawn; or (c) the Offer has not become or been declared unconditional by 6.30 p.m. on the Business Day on which valid acceptances in respect of all Arsenal Shares held by Red and White Securities have been received (if received by 3.00 p.m.), or by 5.00 p.m. the following Business Day if such acceptances are received after 3.00 p.m.

The Offer is conditional only upon KSE receiving valid acceptances representing not less than 90 per cent. of the Arsenal Shares to which the Offer relates (being the Arsenal Shares not held by KSE). Therefore, upon the valid acceptance of the Offer by or on behalf of Red and White Securities, the Offer will become unconditional as to acceptances and unconditional in all respects.

6. WITHDRAWAL OF TRADING FROM THE NEX EXCHANGE GROWTH MARKET, COMPULSORY ACQUISITION AND RE-REGISTRATION

KSE and Mr Kroenke have stated that, after the Offer becomes or is declared unconditional and KSE has by virtue of its shareholding and acceptances of its Offer acquired, or agreed to acquire, issued share capital carrying at least 75 per cent. of the voting rights of Arsenal (which would be the case once Red and White Securities' acceptance of the Offer has been received), KSE intends to procure the making of an application by Arsenal for the withdrawal of trading in Arsenal Shares on the NEX Exchange Growth Market, following which Arsenal would be re-registered as a private company. This process would significantly reduce the liquidity and marketability of any Arsenal Shares in respect of which the Offer has not been accepted.

KSE and Mr Kroenke have further stated that they expect that sufficient acceptances of the Offer will be received such that the statutory thresholds set out in the 2006 Act for squeezing-out minority Arsenal Shareholders will be reached. KSE will receive acceptances under the Offer in respect of the required 90 per cent. of Arsenal Shares subject to the Offer as soon as Red and White Securities has accepted the Offer.

Arsenal Shareholders should be aware that in the event that the relevant statutory thresholds are reached, as anticipated by KSE and Mr Kroenke, KSE intends to enforce the compulsory acquisition provisions which would force minority Arsenal Shareholders to sell their Arsenal Shares to KSE.

In the event that non-accepting Arsenal Shareholders are not required to sell their Arsenal Shares, Arsenal Shareholders should be aware that following the Offer closing, there may be reduced liquidity in Arsenal Shares.

7. ADVICE TO ARSENAL SHAREHOLDERS

Arsenal Shareholders have the following options with regard to their Arsenal Shares:

- *You may choose to accept the Offer*
- *You may choose not to accept the Offer*
- *You may attempt to sell your Arsenal Shares in the market rather than accept the Offer*

The Arsenal Independent Directors, who have been so advised by Rothschild as to the financial terms of the Offer, consider the terms of the Offer to be fair and reasonable. In providing its advice to the Arsenal Independent Directors, Rothschild has taken into account the commercial assessments of the Arsenal Independent Directors.

The Arsenal Independent Directors consider that for some Arsenal Shareholders, Arsenal is a unique investment and are aware that some Arsenal Shareholders may have strong non-financial reasons for holding Arsenal Shares and wish to stay invested in Arsenal. Having considered the above options, the Arsenal Independent Directors, who have been so advised by Rothschild as to the financial terms of the Offer, do not believe it is appropriate to recommend any one course of action to Arsenal Shareholders. You should carefully consider each of the options taking into account the above stated issues and other factors such as your tax status, your views on the Offer and your investment in Arsenal and make your own decision according to your individual circumstances.

You should note that, if you choose to accept the Offer, payment will be made under the terms of the Offer within three Business Days of your acceptance (as described in paragraph 15 of the Letter from KSE in Part 1 of this document) and therefore sooner than if you choose not to accept the Offer.

You should further note that, if you choose not to accept the Offer, you may nonetheless be forced to sell your Arsenal Shares if KSE enforces the compulsory acquisition provisions, as KSE has stated is the intention.

Similarly as outlined above, any Arsenal Shareholders who choose not to accept the Offer, nor to exercise sell-out rights under the 2006 Act, should carefully consider the factors associated with remaining invested in Arsenal as outlined in paragraph 6 above (in the event that KSE were to determine not to enforce the compulsory acquisition provisions (against its stated intention)). In particular, the withdrawal of trading of Arsenal Shares on the NEX Exchange Growth Market may reduce significantly both the liquidity and marketability of Arsenal Shares.

You should also note that, if you choose to sell your Arsenal Shares in the market, you may not be able to achieve the Offer price in the open market and, in addition, that dealing costs will be incurred.

8. TAXATION

Your attention is drawn to Appendix III to this document which summarises certain aspects of the UK taxation treatment of certain Arsenal Shareholders in connection with the Offer. **If you are in any doubt about your own tax position, you should consult an independent professional adviser immediately.**

9. ACTION TO BE TAKEN

Your attention is drawn to paragraph 17 of the letter from KSE in Part 1 of this document, the Appendices to this document and (in the case of Arsenal Shares held in certificated form) the Form of Acceptance. The procedure for acceptance of the Offer is set out in paragraph 14 of the letter from KSE in Part 1 of this document and in the Form of Acceptance.

Minority Arsenal Shareholders may be forced to sell their Arsenal Shares as a result of the compulsory acquisition procedure under the 2006 Act but are under no obligation to accept the Offer.

Your decision as to whether to accept the Offer will depend upon your individual circumstances. If you are in any doubt about the Offer and/or the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

To accept the Offer:

- If your Arsenal Shares are in certificated form (that is, not in CREST), the Form of Acceptance must be completed, signed and returned as soon as possible (together with your share certificate(s) and/or other document(s) of title) and in any event so as to be received by the Receiving Agent no later than 1.00 p.m. on 28 August 2018. A reply-paid envelope is enclosed for your convenience for use in the UK only.
- If your Arsenal Shares are in uncertificated form (that is, in CREST), you should NOT return the Form of Acceptance but instead ensure that an Electronic Acceptance is made by you or on your behalf and that settlement is no later than 1.00 p.m. on 28 August 2018.

10. CONCLUSION

In deciding whether or not to accept the Offer, the Arsenal Independent Directors, who have been so advised by Rothschild, believe that Arsenal Shareholders should bear in mind that, even if they do not accept the Offer, they may be forced to sell if KSE enforces the compulsory acquisition provisions, as KSE has stated is the intention.

The Arsenal Independent Directors do not hold any Arsenal Shares and will therefore not be either accepting or rejecting the Offer.

In light of all these factors, Arsenal Shareholders should carefully consider their own investment requirements and whether the terms and condition of the Offer are fair and reasonable and act accordingly. In providing advice to the Arsenal Independent Directors, Rothschild has taken into account the commercial assessments of the Arsenal Independent Directors.

Yours faithfully

Sir Chips Keswick
Chairman
Arsenal Holdings PLC

APPENDIX I: CONDITION TO AND FURTHER TERMS OF THE OFFER

Part A: Condition to the Offer

The Offer complies with the applicable rules and regulations of the FCA, the NEX Exchange Growth Market and the Code, is governed by English law and is subject to the exclusive jurisdiction of the English courts.

The Offer is conditional upon the Acceptance Condition set out below and, accordingly, the Offer will not become or be declared wholly unconditional unless the Acceptance Condition has been satisfied:

The Acceptance Condition

Valid acceptances of the Offer having been received (and not, where permitted, withdrawn) by no later than 1.00 p.m. on the First Closing Date (or such later times and/or dates as KSE may, subject to the rules of the Code or with the consent of the Panel, decide) in respect of not less than 90 per cent. of Arsenal Shares to which the Offer relates and of the voting rights attached to those shares.

For the purposes of the Acceptance Condition:

- 1.1 Arsenal Shares which have been unconditionally allotted but not issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise, shall be deemed to carry the voting rights they will carry upon issue;
- 1.2 valid acceptances shall be deemed to have been received in respect of Arsenal Shares which are treated for the purposes of Part 28 of the Act as having been acquired or contracted to be acquired by KSE, whether by virtue of acceptance of the Offer or otherwise;
- 1.3 the expression “Arsenal Shares to which the Offer relates” shall be construed in accordance with Chapter 3 of Part 28 of the 2006 Act; and
- 1.4 all percentages of voting rights and share capital are to be calculated by reference to the percentage held and in issue outside treasury.

The Offer will not become unconditional unless the Acceptance Condition has been fulfilled by 1.00 p.m. on the First Closing Date (or such later times and/or dates as KSE may, subject to the rules of the Code or with the consent of the Panel, decide).

Certain further terms of the Offer

The Offer will lapse if there is a Phase 2 CMA Reference before the later of 1.00 p.m. on the First Closing Date and the date on which the Offer becomes or is declared unconditional as to acceptances. If the Offer so lapses, the Offer will cease to be capable of further acceptance and persons accepting the Offer and KSE will cease to be bound by Forms of Acceptance submitted on or before the time when the Offer lapses.

Arsenal Shares will be acquired pursuant to the Offer fully paid with full title guarantee and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid from Completion.

If, on or after the date of the Offer Announcement, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Arsenal Shares, KSE reserves the right to reduce the offer consideration for each Arsenal Share by an amount up to the amount of such dividend and/or distribution and/or return of capital for each Arsenal Share so announced, declared or paid, in which case any reference in the Offer Announcement or this document to the offer consideration for the Arsenal Shares will be deemed to be a reference to the offer consideration as so reduced and the Arsenal Shareholders will be entitled to receive and retain that dividend and/or distribution and/or return of capital.

To the extent that such a dividend or distribution has been declared, paid, made or is payable is or shall be (i) transferred pursuant to the Offer on a basis which entitles KSE to receive the dividend or distribution and to retain it; or (ii) cancelled, the offer consideration shall not be subject to change in accordance with the above paragraph.

Any exercise by KSE of its rights to reduce the offer consideration 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 Offer.

The availability of the Offer to persons not resident in the United Kingdom, the Channel Islands or the Isle of Man may be affected by the laws of the relevant jurisdictions. Any persons who are not resident in the United Kingdom, the Channel Islands or the Isle of Man should inform themselves about and observe any applicable requirements.

The Offer is made, directly or indirectly, in or into or by use of the mails of, or by any means or instrumentality (including, but not limited to, by mail, telephonically or electronically by way of internet or otherwise) of interstate or foreign commerce of, or by any facilities of a national, state or other securities exchange of any Restricted Jurisdiction and the Offer is not capable of acceptance by any such use, means, instrumentality or otherwise from within any Restricted Jurisdiction.

Part B: Further terms of the Offer

The following further terms apply, unless the context requires otherwise, to the Offer. Unless the context requires otherwise, any reference in this document and in the Form of Acceptance to:

- (i) “acceptances of the Offer” includes deemed acceptances of the Offer;
- (ii) the Offer being, becoming or being declared “unconditional” means the Offer being, becoming or being declared unconditional as to acceptances and unconditional in all respects;
- (iii) an “extension of the Offer” includes a reference to an extension of the date by which the Acceptance Condition has to be fulfilled;
- (iv) “Day 21” means 28 August 2018;
- (v) “Day 39” means 15 September 2018 (or such other later date as the Panel may agree);
- (vi) “Day 42” means 18 September 2018;
- (vii) “Day 46” means 22 September 2018 (or such other later date as the Panel may agree); and
- (viii) “Day 60” means 6 October 2018 (or such other later date as may be determined by KSE with the agreement of the Panel to be the last date for fulfilment of the Acceptance Condition in accordance with the Code).

1. Acceptance Period

- (a) The Offer is initially open for acceptance until 1.00 p.m. on Day 21. KSE reserves the right (but will not be obliged, other than as may be required by the Code) at any time or from time to time to extend the Offer after such time and, in such event, will make a public announcement of such extension in the manner described in paragraph 3(a) of this Part B and give oral or written notice of such extension to the Receiving Agent. If the Offer has not become unconditional by Day 21, KSE may (subject to paragraph 1(c) of this Part B) extend the Offer until such time as the Offer becomes unconditional. There can be no assurance, however, that KSE will, in such circumstances, extend the Offer and, if no such extension is made, the Offer will lapse on Day 21 and no Arsenal Shares will be purchased pursuant to the Offer.
- (b) Although no revision is contemplated, if KSE revises the Offer, it will remain open for acceptance for a period of at least 14 calendar days (or such other period as may be permitted by the Panel) after the date on which KSE publishes the revised offer document. Except with the consent of the Panel, KSE may not revise the Offer or publish any revised offer document after Day 46 or, if later, the date which is 14 calendar days before the last date on which the Offer can become unconditional.
- (c) The Offer, whether revised or not, shall not (except with the consent of the Panel) be capable of becoming unconditional after midnight on Day 60 (or any other time or date beyond which KSE has stated that the Offer will not be extended and has not, where permitted, withdrawn that statement) nor of being kept open for acceptance after that time and/or date unless the Offer has previously become unconditional. If the Offer has not become unconditional at such time (taking account of any prescribed extension of the Offer), the Offer will lapse in the absence of a competing bid and/or unless the Panel agrees otherwise. If the Offer lapses for any reason, the Offer shall cease to be capable of further acceptance and KSE and Arsenal Shareholders shall cease to be bound by prior acceptances. KSE reserves the right, subject to the consent of the Panel, to extend the time for the Offer to become unconditional to any later time(s) and/or date(s).
- (d) If the Offer becomes unconditional, KSE may choose to either close the Offer on the upcoming closing date, or extend the Offer to a specified date or until further notice. If the Offer becomes unconditional and it is stated by or on behalf of KSE that the Offer will remain open until further notice or if the Offer will remain open for acceptances beyond the 70th calendar day following publication of this document, then not less than 14 calendar days’ notice will be given by or on behalf of KSE, prior to closing the Offer, to Arsenal Shareholders (and persons with information rights) who have not accepted the Offer.
- (e) If a competitive situation arises (as determined by the Panel) after a “no increase” and/or “no extension” statement (as referred to in the Code) has been made by or on behalf of KSE in relation to the Offer, KSE may, if it specifically reserves the right to do so at the time the

statement is made (or otherwise with the consent of the Panel), choose not to be bound by or withdraw the statement and revise or extend the Offer provided it complies with the requirements of the Code and, in particular, that:

- (i) it announces the withdrawal and states that it is free to extend or revise the Offer (as appropriate) as soon as possible and in any event within four Business Days after the date of the firm announcement of the competing offer or other competitive situation; and
 - (ii) it sends a notice to Arsenal Shareholders (and persons with information rights) at the earliest practicable opportunity to that effect or, in the case of Arsenal Shareholders (and persons with information rights) with registered addresses in Restricted Jurisdictions or whom KSE reasonably believes to be nominees, custodians or trustees holding Arsenal Shares for such persons, by announcement in the United Kingdom; and
 - (iii) any Arsenal Shareholders who accept the Offer after the “no increase” and/or “no extension” statement is given a right of withdrawal as described in paragraph 4(d) of this Part B.
- (f) If Arsenal publishes material new information of the kind referred to in Rule 31.9 of the Code after Day 39, KSE may choose not to be bound by a “no increase” and/or “no extension” statement if it specifically reserved the right to do so at the time such statement was made (or otherwise with the consent of the Panel) and be free to extend or revise the Offer if permitted to do so by the Panel, provided that:
- (i) it announces the withdrawal and states that it is free to extend or revise the Offer (as appropriate) as soon as possible and in any event within four Business Days after the date of publication by Arsenal; and
 - (ii) it notifies Arsenal Shareholders (and persons with information rights) at the earliest practicable opportunity to that effect or, in the case of Arsenal Shareholders (and persons with information rights) with registered addresses in Restricted Jurisdictions or whom KSE reasonably believes to be nominees, custodians or trustees holding Arsenal Shares for such persons, by announcement in the United Kingdom.
- (g) KSE may, if it specifically reserves the right to do so at the time the statement is made (or otherwise with the consent of the Panel), choose not to be bound by the terms of a “no increase” and/or “no extension” statement and may publish an increased or improved offer if it is recommended for acceptance by the Arsenal Independent Directors, or in any other circumstances permitted by the Panel.
- (h) If a competitive situation arises as determined by the Panel and is continuing on the Business Day preceding Day 60, KSE will enable holders of Arsenal Shares in uncertificated form, who have not already validly accepted the Offer but who have previously accepted a competing offer, to accept the Offer by special form of acceptance to take effect on Day 60. The special form of acceptance shall constitute a valid acceptance of the Offer provided that (i) it is received by the Receiving Agent on or before Day 60; (ii) the relevant Arsenal Shareholder shall have applied to withdraw his acceptance of the competing offer but that the Arsenal Shares to which such withdrawal relates shall not have been released from escrow by the escrow agent to the competing offer before Day 60; and (iii) the Arsenal Shares to which the special form of acceptance relates are not transferred to escrow in accordance with the procedure for acceptance set out in the letter from KSE in Part 1 of this document on or before Day 60, but an undertaking is given that they will be so transferred as soon as possible thereafter. Arsenal Shareholders wishing to use such special forms of acceptance should apply to the Receiving Agent on 0370 707 4040 (or +44 370 707 4040 if calling from outside the UK) between 9.00 a.m. and 5.00 p.m. on the Business Day preceding Day 60 in order that such forms can be despatched. Notwithstanding the right to use such a special form for acceptance, holders of Arsenal Shares in uncertificated form may not use a Form of Acceptance (or any other purported acceptance form) for the purpose of accepting the Offer in respect of such shares.

2. Acceptance Condition

- (a) Except with the consent of the Panel, for the purpose of determining at any particular time whether the Acceptance Condition is satisfied, KSE may only take into account acceptances received or purchases of Arsenal Shares made in respect of which all relevant documents and/or TTE instructions are received by the Receiving Agent:

- (i) before 1.00 p.m. on Day 21 or such later time and/or date as determined by KSE in accordance with paragraph 1(a) of this Part B, provided that it is no later than 1.00 p.m. on Day 60 (or any other date beyond which KSE has stated that it will not extend the Offer and KSE has not withdrawn that statement); or
- (ii) if the Offer is extended beyond Day 60 with the consent of the Panel, such later time(s) or date(s) as the Panel may agree.

If the latest time at which the Offer may become unconditional is extended beyond midnight on Day 60, acceptances received and purchases made in respect of which the relevant documents are received by the Receiving Agent after 1.00 p.m. on that date may only be taken into account with the agreement of the Panel (except where the Code permits otherwise).

- (b) Except as otherwise agreed by the Panel:
 - (i) an acceptance of the Offer will only be counted towards fulfilling the Acceptance Condition if the requirements of Note 4 and, if applicable, Note 6 on Rule 10 of the Code are satisfied in respect of it;
 - (ii) a purchase of Arsenal Shares by KSE or its nominee(s) will only be counted towards fulfilling the Acceptance Condition if the requirements of Note 5 and, if applicable, Note 6 on Rule 10 of the Code are satisfied in respect of it;
 - (iii) Arsenal Shares which have been borrowed by KSE may not be counted towards fulfilling the Acceptance Condition; and
 - (iv) before the Offer may become or be declared unconditional, the Receiving Agent shall issue a certificate to KSE or Deutsche Bank (or their respective agents) which states the number of Arsenal Shares in respect of which acceptances have been received and not validly withdrawn, and the number of Arsenal Shares otherwise acquired, whether before or during the Offer Period, which comply with the provisions of this paragraph 2. A copy of the certificate will be sent to the Panel as soon as possible after it is issued.
- (c) For the purpose of determining at any particular time whether the Acceptance Condition is satisfied KSE is not bound (unless required by the Panel) to take into account any Arsenal Shares which have been unconditionally allotted or issued or which arise as a result of the exercise of conversion rights before the determination takes place unless Arsenal or its agent has given written notice to KSE or the Receiving Agent at Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH on behalf of KSE containing relevant details of the allotment, issue or conversion. Notification by e-mail, telex, fax or other electronic transmission does not constitute written notice for this purpose.

3. Announcements

- (a) Without prejudice to paragraph 4(b) below, by 8.00 a.m. on the next Business Day (the “**relevant day**”) following the day on which the Offer is due to expire or becomes or is declared unconditional, or is revised or extended (or such later time(s) or date(s) as the Panel may agree), KSE will make an appropriate announcement through a Regulatory Information Service. The announcement will state (unless otherwise permitted by the Panel):
 - (i) the total number of Arsenal Shares for which acceptances of the Offer have been received, specifying (I) the extent, if any, to which such acceptances have been received from any person(s) acting or deemed to be acting in concert with KSE for the purposes of the Offer and/or (II) in respect of shares which were the subject of an irrevocable commitment or letter of intent procured by KSE or any person acting in concert with it;
 - (ii) details of any Arsenal relevant securities in which KSE or any person acting in concert with it has an interest or in respect of which it has a right to subscribe, in each case specifying the nature of the interests or rights concerned and details of any short positions over Arsenal relevant securities held by KSE or any person acting in concert with it (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;
 - (iii) details of any Arsenal relevant securities in respect of which KSE or any person acting in concert with it has an outstanding irrevocable commitment or letter of intent; and

- (iv) details of any Arsenal relevant securities which KSE or any person acting in concert with it has borrowed or lent, save for any borrowed shares which have been either on-lent or sold,

and will specify the percentages of each class of relevant securities represented by these figures. The announcement will also include a statement of the total number of shares which KSE may count towards the satisfaction of the Acceptance Condition and the percentage of Arsenal Shares represented by this figure.

- (b) Except as otherwise agreed by the Panel, in computing the number of Arsenal Shares represented by acceptances and/or purchases for the announcement, an acceptance or purchase will only be counted towards fulfilling the Acceptance Condition if the requirements of Notes 4, 5 and 6 (as applicable) on Rule 10 of the Code are satisfied. Subject to this, KSE may include or exclude, for announcement purposes, acceptances and purchases not in all respects in order or not accompanied by the relevant share certificate(s) and/or other document(s) of title and/or not accompanied by the relevant TTE instruction or which are subject to verification.
- (c) Any decision to extend the time and/or date by which the Acceptance Condition has to be fulfilled may be made at any time up to, and will be announced by 8.00 a.m. on the relevant day or such later time(s) and/or date(s) as the Panel may agree. The announcement may state that the Offer is closed for acceptance or it may state the next expiry time and date or, if the Offer is then unconditional, it may instead state that the Offer will remain open until further notice.
- (d) In this Appendix, references to the making of an announcement or the giving of notice by or on behalf of KSE include (without limitation), in each case by KSE's public relations consultants or Deutsche Bank or other nominee of KSE respectively, on behalf of KSE, the release of an announcement to the press and/or the transmission by whatever means of an announcement to a Regulatory Information Service. An announcement made otherwise than through a Regulatory Information Service will be notified simultaneously through a Regulatory Information Service (unless otherwise agreed by the Panel).
- (e) A copy of any announcement made by KSE in accordance with this paragraph 3 will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on KSE's website at <https://kse.formstack.com/forms/phfd> promptly and in any event by no later than 12 noon on the Business Day following the Offer Announcement. The content of the website referred to in this document is not incorporated into and does not form part of this document.
- (f) Without limiting the manner in which KSE may choose to make any public announcement and, subject to the obligations of KSE under applicable law and paragraph 3(e), KSE will have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to a Regulatory Information Service.

4. Rights of withdrawal

- (a) Except as provided by this paragraph 4, acceptances of and elections under the Offer are irrevocable.
- (b) If KSE announces the Offer to be unconditional and then fails to comply by 3.30 p.m. on the relevant day (as defined in paragraph 3(a) of this Part B) (or such later time(s) and/or date(s) as the Panel may agree) with any of the other requirements specified in paragraph 3(a) of this Part B, an accepting Arsenal Shareholder may (unless the Panel agrees otherwise) withdraw his acceptance of the Offer, in the case of Arsenal Shares in certificated form, by written notice or, in the case of Arsenal Shares in uncertificated form, in accordance with paragraph 4(i) of this Part B. Subject to paragraph 1(c) of this Part B this right of withdrawal may be terminated not less than eight calendar days after the relevant day by KSE confirming, if such is the case, that the Offer is still unconditional, and complying with the other requirements specified in paragraph 3(a) of this Part B. If that confirmation is given, the first period of 14 calendar days referred to in paragraph 1(d) of this Part B will start on the date of that confirmation.
- (c) If by 1.00 p.m. on Day 42 (or such later time(s) and/or date(s) as the Panel may agree) the Offer has not become unconditional, an accepting Arsenal Shareholder may withdraw his acceptance of the Offer, in the case of Arsenal Shares in certificated form, by written notice or, in the case of Arsenal Shares in uncertificated form, in accordance with paragraph 4(i) of this

Part B at any time before the earlier of (i) the time that the Offer becomes unconditional; and (ii) the final time for the lodging of acceptances of the Offer which can be taken into account in accordance with paragraph 2(a) of this Part B.

- (d) If a “no increase” and/or “no extension” statement is withdrawn in accordance with paragraph 1(e) of this Part B, an Arsenal Shareholder who accepts the Offer after the date of the statement may withdraw such acceptance, in the case of Arsenal Shares in certificated form, by written notice or, in the case of Arsenal Shares in uncertificated form, in accordance with paragraph 4(i) of this Part B during the period of eight calendar days after the date on which KSE sends the notice of the withdrawal of that statement to Arsenal Shareholders.
- (e) All questions as to the validity (including time of receipt) of any notice of withdrawal will be determined by KSE whose determination (except as required by the Panel) will be final and binding. None of KSE, Deutsche Bank, the Receiving Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give such notification or for any determination under this paragraph 4.
- (f) If an accepting Arsenal Shareholder withdraws his acceptance, all documents of title and other documents lodged with the Form of Acceptance will be returned by post (or by such other method as shall be approved by the Panel) as soon as practicable following the receipt of the withdrawal (and in any event within 14 calendar days) and the Escrow Agent will immediately (or within such period as the Panel may permit, not exceeding 14 calendar days) give TFE instructions to Euroclear for the transfer of securities held in escrow to the original balances of the Arsenal Shareholders concerned.
- (g) Arsenal Shares in respect of which acceptances have been properly withdrawn in accordance with this paragraph 4 may subsequently be re-assented to the Offer by following one of the procedures described in paragraph 14 of the letter from KSE in Part 1 of this document at any time while the Offer remains open for acceptance.
- (h) In this paragraph 4, “**written notice**” (including any letter of appointment, direction or authority) means notice in writing signed by the relevant accepting Arsenal Shareholder (or his/their agent(s) duly appointed in writing and evidence of whose appointment satisfactory to KSE is produced with the notice) given by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH or by hand (during normal business hours only) to Computershare, The Pavilions, Bridgwater Road, Bristol, BS13 8AE. Fax or other electronic transmission or copies will not be sufficient. A notice which is postmarked in, or otherwise appears to KSE or its agents to have been sent from any Restricted Jurisdiction may not be treated as valid.
- (i) In the case of Arsenal Shares held in uncertificated form, if withdrawals are permitted pursuant to paragraph 4(b), 4(c) or 4(d) of this Part B, an accepting Arsenal Shareholder may withdraw his acceptance through CREST by sending (or, if a CREST sponsored member, procuring that his CREST sponsor sends) an ESA instruction to settle in CREST in relation to each Electronic Acceptance to be withdrawn. Each ESA instruction must, in order for it to be valid and to settle, include the following details:
- the number of Arsenal Shares (in uncertificated form) to be withdrawn, together with their ISIN number which is GB0030895238;
 - the member account ID of the accepting shareholder, together with his participant ID;
 - the member account ID of the Escrow Agent (this is ARSKSE01) included in the relevant Electronic Acceptance, together with the Escrow Agent’s participant ID (this is RA64);
 - the transaction reference number of the Electronic Acceptance to be withdrawn;
 - the intended settlement date for the withdrawal;
 - the corporate action number for the Offer (this is allocated by Euroclear and will be available on screen from Euroclear); and
 - input with standard delivery instruction priority of 80.

Any such withdrawal will be conditional upon the Receiving Agent verifying that the withdrawal request is validly made. Accordingly, the Receiving Agent will on behalf of KSE reject or accept the withdrawal by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message.

5. Revised Offer

- (a) Although no revision is contemplated, if KSE revises the Offer (from its original or previously revised form(s) and either in its terms and condition or in the value or nature of the consideration offered or otherwise), the benefit of the revised offer will, subject to paragraphs 5(c), 5(d) and 8 below, be made available to any Arsenal Shareholder who has accepted the Offer (in its original or any revised form(s)) and who has not validly withdrawn such acceptance (a “**previous acceptor**”). The acceptance by or on behalf of a previous acceptor will, subject to paragraphs 5(c), 5(d) and 8 below be deemed an acceptance of the revised offer and will constitute the separate appointment of each of KSE and any director of KSE and persons authorised by KSE as his attorney and/or agent with authority:
- (i) to accept the revised offer on behalf of such previous acceptor;
 - (ii) if the revised offer includes alternative form(s) of consideration, to make elections for and/or accept the alternative form(s) of consideration on his behalf in the proportions the attorney and/or agent in his absolute discretion thinks fit; and
 - (iii) to execute on his behalf and in his name all further documents (if any) and to do all things (if any) as may be required to give effect to such acceptances and/or elections.

In making any election and/or acceptance, the attorney and/or agent will take into account the nature of any previous acceptance(s) or election(s) made by or on behalf of the previous acceptor and other facts or matters he may reasonably consider relevant. The attorney and/or agent shall not be liable to any Arsenal Shareholder or any other person in making such election and/or acceptance or in making any determination in respect thereof.

- (b) Although no revision is contemplated, if the Offer is revised, a revised offer document will be published. On the day of publication, KSE will publish the revised offer document on its website and will announce that the revised offer document has been so published. KSE will also make the revised offer document readily and promptly available to the trustees of Arsenal’s pension schemes.
- (c) The deemed acceptance and/or election referred to in paragraphs 5(a) and 5(d) of this Part B shall not apply, and the power of attorney and authorities conferred by paragraph 5(a) above shall not be exercised if, as a result, an Arsenal Shareholder would (on such basis as Deutsche Bank may reasonably consider appropriate) receive and/or retain (as appropriate) less in aggregate in consideration under the revised offer or otherwise than he would have received and/or retained (as appropriate) in aggregate in consideration as a result of his acceptance of the Offer in the form originally accepted by such Arsenal Shareholder or on his behalf.
- (d) The deemed acceptance and/or election referred to in paragraph 5(a) above shall not apply, and the power of attorney and the authorities conferred by that paragraph shall not be exercised to the extent that a previous acceptor (i) lodges with the Receiving Agent within 14 calendar days of publication of the revised offer document, a form of acceptance (or any other form issued by or on behalf of KSE) in which he validly elects to receive consideration under the revised offer in some other manner or (ii) sends (or, if a CREST sponsored member, procures that his CREST sponsor sends), in respect of Arsenal Shares in uncertificated form, an ESA instruction to settle in CREST in relation to each Electronic Acceptance in respect of which an election is to be changed. Each ESA instruction must, in order for it to be valid and to settle, include the following details:
- the number of Arsenal Shares (in uncertificated form) in respect of which the changed election is made, together with their ISIN number which is GB0030895238;
 - the member account ID of the previous acceptor, together with his participant ID;
 - the member account ID of the Escrow Agent (this is ARSKSE01) included in the relevant Electronic Acceptance, together with the Escrow Agent’s participant ID (this is RA64);
 - the transaction reference number of the Electronic Acceptance in respect of which the election is to be changed;
 - the intended settlement date for the changed election;
 - the corporate action number for the Offer (this is allocated by Euroclear and will be available on screen from Euroclear);
 - input with standard delivery instruction priority of 80;

and, in order that the desired change of election can be effected, must include:

- the member account ID of the Escrow Agent relevant to the new election.

Any such change of election will be conditional upon the Receiving Agent verifying that the request is validly made. Accordingly, the Receiving Agent will on behalf of KSE reject or accept the requested change of election by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message.

- (e) The powers of attorney and authorities conferred by this paragraph 5 and any acceptance of a revised offer and/or any election in relation to it shall be irrevocable unless and until the previous acceptor withdraws his acceptance having become entitled to do so under paragraph 4 of this Part B.
- (f) KSE and Deutsche Bank reserve the right to treat an executed Form of Acceptance or TTE instruction relating to the Offer (in its original or any previously revised form(s)) which is received (or dated) after the announcement or issue of any revised offer as a valid acceptance of the revised offer (and where applicable a valid election for the alternative forms of consideration). That acceptance will constitute a power of attorney and an authority in the terms of paragraph 5(a) of this Part B, *mutatis mutandis*, on behalf of the relevant Arsenal Shareholder.

6. General

- (a) If the Offer lapses for any reason:
 - (i) it will not be capable of further acceptance;
 - (ii) accepting Arsenal Shareholders and KSE will cease to be bound by (a) in the case of Arsenal Shares held in certificated form, Forms of Acceptance submitted; and (b) in the case of Arsenal Shares held in uncertificated form, Electronic Acceptances inputted and settled, in each case before the time the Offer lapses;
 - (iii) in respect of Arsenal Shares held in certificated form, Forms of Acceptance, share certificates and other documents of title will be returned by post within three Business Days of the Offer lapsing, at the risk of the Arsenal Shareholder in question, to the person or agent whose name and address is set out in the relevant box on the Form of Acceptance or, if none is set out, to the first-named holder at his registered address. No such documents will be sent to an address in any Restricted Jurisdiction; and
 - (iv) in respect of Arsenal Shares held in uncertificated form, the Receiving Agent will immediately after the Offer lapses (or within such longer period as the Panel may permit, not exceeding three Business Days of the Offer lapsing) give TFE instructions to Euroclear to transfer all Arsenal Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the relevant Arsenal Shareholders.
 - (b) Except with the consent of the Panel:
 - (i) settlement of the consideration to which any Arsenal Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which KSE or Deutsche Bank may otherwise be, or claim to be, entitled against that Arsenal Shareholder; and
 - (ii) settlement of the consideration to which any Arsenal Shareholder is entitled will be effected in the manner prescribed in paragraph 15 of the letter from KSE in Part 1 of this document not later than three Business Days after the date on which the Offer becomes or is declared unconditional or within three Business Days of the date of receipt of a valid and complete acceptance, whichever is the later.
- KSE reserves the right not to send any consideration to an address in any Restricted Jurisdiction or any person to whom such payment would be unlawful for KSE.
- (c) The terms, provisions, instructions and authorities contained in or deemed to be incorporated in the Form of Acceptance constitute part of the terms of the Offer. Words and expressions defined in this document have the same meaning when used in the Form of Acceptance unless the context requires otherwise. The provisions of this Appendix shall be deemed to be incorporated and form part of the Form of Acceptance.

- (d) If the expiry date of the Offer is extended, a reference in this document and in the Form of Acceptance to the expiry date of the Offer or Day 21 will (except in the definition of Offer Period and in paragraph 1(a) of Part B of this Appendix and where the context requires otherwise) be deemed to refer to the expiry date of the Offer as so extended.
- (e) The Offer is made in respect of all Arsenal Shares (other than the Arsenal Shares already held by KSE) issued and unconditionally allotted or issued prior to the date on which the Offer closes (or such earlier date as KSE may, subject to the rules of the Code or with the consent of the Panel, determine). Any omission or failure to send this document, the Form of Acceptance or any other document relating to the Offer and/or notice required to be sent under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is, or should be, made shall not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person. Subject to the provisions of paragraph 7 of this Part B, the Offer is made to any Arsenal Shareholder to whom this document and the Form of Acceptance or any related document may not be sent or by whom such documents may not be received, and these persons may collect these documents from the Receiving Agent at any of the RA Bristol Office, the RA London Office and the RA Jersey Office.
- (f) Subject to the Code, and notwithstanding any other provision of this Appendix, KSE and Deutsche Bank reserve the right to treat as valid in whole or in part any acceptance of the Offer if received by the Receiving Agent or otherwise on behalf of KSE which is not entirely in order or in correct form or which is not accompanied by (as applicable) the relevant share certificate(s) and/or other relevant document(s) or the relevant TTE instruction or is received by it at any place or places or in any form or manner determined by either the Receiving Agent or KSE otherwise than as set out in this document or in the Form of Acceptance. In that event, no payment of cash under the Offer will be made until after the acceptance is entirely in order and (as applicable) the relevant transfer to escrow has settled or the relevant share certificate(s) and/or other document(s) of title or satisfactory indemnities have been received by the Receiving Agent. KSE reserves the right to treat as invalid in whole or in part any acceptance of the Offer to the extent the payment of consideration to the person on whose behalf such acceptance is made would be unlawful for KSE.
- (g) If the Acceptance Condition is satisfied and sufficient acceptances are received and/or sufficient Arsenal Shares are otherwise acquired, KSE intends to apply the provisions of Chapter 3 of Part 28 of the 2006 Act to acquire compulsorily any outstanding Arsenal Shares. KSE intends, after the Offer is declared unconditional, to procure the making of an application by Arsenal to the appropriate authorities for the cancellation of the trading of Arsenal Shares on the NEX Exchange Growth Market.
- (h) All powers of attorney, appointments of agents and authorities on the terms conferred by or referred to in this Appendix or in the Form of Acceptance are given by way of security for the performance of the obligations of the Arsenal Shareholder and are irrevocable (in respect of powers of attorney granted in accordance with section 4 of the Powers of Attorney Act 1971) except in the circumstances where the donor of the power of attorney, appointment or authority validly withdraws his acceptance in accordance with paragraph 4 of this Part B.
- (i) No acknowledgement of receipt of any Form of Acceptance, transfer by means of CREST, communication, notice, share certificate(s) or document(s) of title will be given by or on behalf of KSE. All communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from Arsenal Shareholders (or their designated agents) will be delivered by or sent to or from them (or their designated agent(s)) at their own risk.
- (j) Subject to paragraph 7 below the Offer is made at 10.00 a.m. on 7 August 2018 and is capable of acceptance from and after that time. Forms of Acceptance and copies of this document may be collected from the Receiving Agent at any of the RA Bristol Office, the RA London Office and the RA Jersey Office.
- (k) The Offer, all acceptances of the Offer and all elections in respect of it are governed by and will be construed in accordance with English law. The courts of England have exclusive jurisdiction to settle any dispute arising from or connected with the Offer, all acceptances of the Offer and all elections in respect of it.

- (l) Arsenal Shares will be acquired pursuant to the Offer fully paid with full title guarantee and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid from Completion.
- (m) All references in this Appendix to any statute or statutory provision shall include a statute or statutory provision which amends, consolidates or replaces the same (whether before or after the date hereof).
- (n) In relation to any Electronic Acceptance, KSE reserves the right to make such alterations, additions or modifications to the terms of the Offer as may be necessary or desirable to give effect to any purported acceptance of the Offer, whether in order to comply with the facilities or requirements of CREST, or otherwise, provided such alterations, additions or modifications are consistent with the requirements of the Code or are otherwise made with the consent of the Panel.
- (o) For the purposes of this document, the time of receipt of a TTE instruction, an ESA instruction or an Electronic Acceptance shall be the time at which the relevant instruction settles in CREST.
- (p) Any references in this Appendix to the return or despatch of documents by post shall extend to the return or despatch by such other method as the Panel may approve.

7. Overseas shareholders

- (a) The making of the Offer in, or to persons resident in, or nationals or citizens of, jurisdictions outside the United Kingdom, the Channel Islands or the Isle of Man (“**overseas shareholders**”) or to persons who are custodians, nominees of or trustees for such persons and the availability of the Offer to such persons may be prohibited or affected by the laws of the relevant jurisdiction. Such overseas shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions. It is the responsibility of any overseas shareholder wishing to accept the Offer to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, including obtaining any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties or other requisite payments due in that jurisdiction. Any such overseas shareholder shall be responsible for any such issue, transfer or other taxes or duties or other payments by whomsoever payable and KSE and Deutsche Bank (and any person acting on behalf of any of them) shall be fully indemnified and held harmless by such overseas shareholders for any such issue, transfer or other taxes or duties or other payments which KSE or Deutsche Bank (and any person acting on behalf of them) may be required to pay.
- (b) The Offer is not being made, directly or indirectly, in or into or by use of the mails of, or by any means or instrumentality (including, but not limited to, by mail, telephonically or electronically by way of internet or otherwise) of interstate or foreign commerce of, or by any facilities of a national, state or other securities exchange of any Restricted Jurisdiction and the Offer is not capable of acceptance by any such use, means, instrumentality or otherwise from within any Restricted Jurisdiction.
- (c) Copies of this document, the Form of Acceptance and any related documents are not being (unless determined otherwise by KSE in its sole discretion), and must not be, mailed or otherwise distributed or sent in, into or from any Restricted Jurisdiction including to Arsenal Shareholders or persons with information rights with registered addresses in any Restricted Jurisdiction or to persons whom KSE or Deutsche Bank knows to be custodians, trustees or nominees holding Arsenal Shares for persons with registered addresses in any Restricted Jurisdiction. Persons receiving those documents (including, without limitation, custodians, nominees and trustees) must not, directly or indirectly, distribute, mail or send them in, into or from any Restricted Jurisdiction or use such mails or any such means, instrumentality or facility for any purpose directly or indirectly in connection with the Offer, and so doing may render any purported acceptance of the Offer invalid.
- (d) Persons wishing to accept the Offer must not use the mails of any Restricted Jurisdiction or any such means, instrumentality or facility for any purpose directly or indirectly relating to acceptance of the Offer. All Arsenal Shareholders (including nominees, trustees or custodians)

who may have a contractual or legal obligation, or may otherwise intend, to forward this document and/or Form of Acceptance, should read the further details in this regard which are contained in this paragraph 7 and in Part C and Part D of this Appendix I before taking any action. Envelopes containing Forms of Acceptance, evidence of title or other documents relating to the Offer should not be postmarked in any Restricted Jurisdiction or otherwise despatched from such jurisdiction and all acceptors must provide an address outside any Restricted Jurisdiction for the receipt of the consideration to which they are entitled under the Offer or for the return of the Form of Acceptance or documents of title.

- (e) Subject to the provisions of this paragraph 7 and applicable laws, an Arsenal Shareholder may be deemed NOT to have accepted the Offer if:
- (i) he puts “No” in Box 4 of the Form of Acceptance and thereby does not make the representations and warranties set out in paragraph (b) of Part C of this Appendix;
 - (ii) he completes Box 1 of the Form of Acceptance with an address in a Restricted Jurisdiction or has a registered address in any Restricted Jurisdiction and in any such case does not insert in Box 5 of the Form of Acceptance the name and address of a person or agent outside a Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the Offer to be sent;
 - (iii) he inserts in Box 5 of the Form of Acceptance the name and address of a person or agent in a Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the Offer to be sent;
 - (iv) in any case, the Form of Acceptance received from him is in an envelope postmarked in, or which otherwise appears to KSE or its agents to have been sent from a Restricted Jurisdiction; or
 - (v) he makes a Restricted Escrow Transfer pursuant to paragraph (f) below unless he also makes a related Restricted ESA instruction which is accepted by the Receiving Agent.

KSE reserves the right, in its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in paragraph (b) of Part C or (as the case may be) Part D of this Appendix could have been truthfully given by the relevant Arsenal Shareholder and, if such investigation is made and as a result KSE determines (for any reason) that such representations and warranties could not have been so given, such acceptance may be rejected as invalid.

- (f) If a holder of Arsenal Shares in uncertificated form is unable to give the warranty set out in paragraph (b) of Part D of this Appendix, but nevertheless can provide evidence satisfactory to KSE that he is able to accept the Offer in compliance with all relevant legal and regulatory requirements, he may purport to accept the Offer by sending (or if a CREST sponsored member, procuring that his CREST sponsor sends) both (1) a TTE instruction to a designated escrow balance detailed below (a “**Restricted Escrow Transfer**”) and (2) one or more valid ESA instructions (a “**Restricted ESA instruction**”). Such purported acceptance will not be treated as a valid acceptance unless both the Restricted Escrow Transfer and the Restricted ESA instruction(s) settle in CREST and KSE decides, in its absolute discretion, to exercise its right described in paragraph 7(j) of this Part B to waive, vary or modify the terms of the Offer relating to overseas shareholders, to the extent required to permit such acceptance to be made, in each case during the acceptance period set out in paragraph 1 of this Part B. If KSE accordingly decides to permit such acceptance to be made, the Receiving Agent will on behalf of KSE accept the purported acceptance as an Electronic Acceptance on the terms of this document (as so waived, varied or modified) by transmitting in CREST a receiving agent accept (AEAN) message. Otherwise, the Receiving Agent will on behalf of KSE reject the purported acceptance by transmitting in CREST a receiving agent reject (AEAD) message. Each Restricted Escrow Transfer must, in order for it to be valid and to settle, include the following details:
- the ISIN number for the Arsenal Shares;
 - the number of Arsenal Shares (in uncertificated form) in respect of which the Offer is to be accepted;
 - the member account ID and participant ID of the Arsenal Shareholder;
 - the participant ID of the Escrow Agent (this is RA64) and its member account ID specific to a Restricted Escrow Transfer (this is RESTRICT); and

- the intended settlement date.

Each Restricted ESA instruction must, in order for it to be valid and to settle, include the following details:

- the ISIN number for the Arsenal Shares;
 - the number of Arsenal Shares (in uncertificated form) relevant to that Restricted ESA instruction;
 - the member account ID and participant ID of the accepting Arsenal Shareholder;
 - the member account ID and participant ID of the Escrow Agent set out in the Restricted Escrow Transfer;
 - the participant ID and the member account ID of the Escrow Agent relevant to the form of consideration required (details of which are set out in paragraph 14.2.2 of the letter from KSE in Part 1 of this document);
 - the transaction reference number of the Restricted Escrow Transfer to which the Restricted ESA instruction relates; and
 - the intended settlement date; and
 - the corporate action number for the Offer.
- (g) If any person, despite the restrictions described above and whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Form of Acceptance or any related document in, into or from any Restricted Jurisdiction or uses the mails or any means or instrumentality (including, but not limited to, mail, internet, telephone or otherwise) of interstate or foreign commerce of, or any facilities of a national, state or other securities exchange of, any Restricted Jurisdiction in connection with that forwarding, that person should:
- inform the recipient of such fact;
 - explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
 - draw the attention of the recipient to this paragraph 7.
- (h) KSE and Deutsche Bank each reserve the right to notify any matter, including the making of the Offer, to all or any Arsenal Shareholders:
- with a registered address outside the United Kingdom; or
 - whom KSE or Deutsche Bank knows to be a custodian, trustee or nominee holding Arsenal Shares for persons who are citizens, residents or nationals of jurisdictions outside the United Kingdom,

by announcement in the United Kingdom through a Regulatory Information Service or in any other appropriate manner or by notice in the London Gazette or paid advertisement in one or more newspapers published and circulated in the United Kingdom. Such notice shall be deemed to have been sufficiently given, despite any failure by any such Arsenal Shareholder to receive or see that notice. A reference in this document to a notice or the provision of information in writing by or on behalf of KSE is to be construed accordingly. No such document will be sent to an address in any Restricted Jurisdiction.

- If any written notice from an Arsenal Shareholder withdrawing his acceptance in accordance with paragraph 4 of this Part B is received in an envelope postmarked in, or which otherwise appears to KSE or its agents to have been sent from, any Restricted Jurisdiction, KSE reserves the right, in its absolute discretion, to treat that notice as invalid.
- The provisions of this paragraph 7 and/or any other terms of the Offer relating to overseas shareholders may be waived, varied or modified as regards specific Arsenal Shareholders or on a general basis by KSE in its sole discretion. Subject to this discretion, the provisions of this paragraph 7 supersede any terms of the Offer inconsistent with them. References in this paragraph 7 to an Arsenal Shareholder shall include the person or persons making an Electronic Acceptance and the person or persons executing a Form of Acceptance and, in the event of more than one person executing the Form of Acceptance, the provisions of this paragraph 7 apply to them jointly and severally.

Overseas shareholders should inform themselves about and observe any applicable legal or regulatory requirements. If you are in any doubt about your position, you should consult your appropriate adviser in the relevant jurisdiction.

Part C: Form of Acceptance for shares in certificated form

For the purposes of Part C of this Appendix and the Form of Acceptance, the phrase “Arsenal Shares in certificated form comprised in the acceptance” shall mean the number of Arsenal Shares inserted in Box 2 of the Form of Acceptance or, if no number is inserted, or a number greater than the relevant Arsenal Shareholder’s holding of Arsenal Shares) is inserted, or the Form of Acceptance is otherwise completed incorrectly but signed, the greater of:

- (i) the relevant Arsenal Shareholder’s entire holding of Arsenal Shares in certificated form as disclosed by details of the register of members made available to the Receiving Agent prior to the time the relevant Form of Acceptance is processed by them;
- (ii) the relevant Arsenal Shareholder’s entire holding of Arsenal Shares in certificated form as disclosed by details of the register of members made available to the Receiving Agent prior to the latest time for receipt of Form(s) of Acceptance which can be taken into account in determining whether the Offer is unconditional; and
- (iii) the number of Arsenal Shares in certificated form in respect of which certificates or an indemnity in lieu thereof is received.

Without prejudice to the terms of the Form of Acceptance and the provisions of Parts A and B of this Appendix, each Arsenal Shareholder by whom, or on whose behalf, a Form of Acceptance is executed and lodged with the Receiving Agent (subject to the rights of withdrawal set out in this document), irrevocably undertakes, represents, warrants and agrees to and with KSE, Deutsche Bank and the Receiving Agent (so as to bind him, his personal or legal representatives, heirs, successors and assigns) to the following effect that:

- (a) the execution of the Form of Acceptance whether or not any Boxes are completed and whether or not the Form of Acceptance is validly executed as a deed shall constitute:
 - (i) an acceptance of the Offer in respect of the number of Arsenal Shares in certificated form inserted or deemed to be inserted in Box 2 of the Form of Acceptance; and
 - (ii) an undertaking to execute any further documents, take any further action and give any further assurances which may be required to enable KSE to obtain the full benefit of this Part C and/or to perfect any of the authorities expressed to be given hereunder and otherwise in connection with his acceptance of the Offer;

in each case on and subject to the terms and condition set out or referred to in this document and the Form of Acceptance and that, subject only to the rights of withdrawal set out in paragraph 4 of Part B of this Appendix, each such acceptance, election and undertaking shall be irrevocable. If no Boxes are completed, or the total number of Arsenal Shares inserted in Box 2 is greater than the number of Arsenal Shares in certificated form registered in the Arsenal Shareholder’s name or the acceptance is otherwise completed incorrectly, but the Form of Acceptance is signed, it will be deemed to be an acceptance of the Offer in respect of the total number of Arsenal Shares in certificated form registered in the Arsenal Shareholder’s name;

- (b) unless “No” is inserted in Box 4 of the Form of Acceptance, such Arsenal Shareholder:
 - (i) has not received or sent copies or originals of this document, the Form of Acceptance or any related documents in, into or from any Restricted Jurisdiction;
 - (ii) has not, in connection with the Offer or the execution or delivery of the Form of Acceptance, used, directly or indirectly, the mails of, or any means or instrumentality (including, but not limited to, e-mail, internet, telephone or otherwise) of interstate or foreign commerce of, or of any facilities of a national, state or other securities exchange of, any Restricted Jurisdiction;
 - (iii) is accepting the Offer from outside a Restricted Jurisdiction and was outside such jurisdiction when the Form of Acceptance was delivered;
 - (iv) is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given any instructions with respect to the Offer from outside any Restricted Jurisdiction; and
 - (v) if such Arsenal Shareholder is a citizen, resident or national of a jurisdiction outside the United Kingdom, the Channel Islands or the Isle of Man, he has observed the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, obtained all requisite governmental, exchange control or other consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or duties or other requisite

payments due in any such jurisdiction in connection with such acceptance and that he has not taken or omitted to take any action that will or may result in KSE, Deutsche Bank or any other person acting on behalf of any of them in breach of the legal or regulatory requirements of, or be liable for any issue, transfer or other taxes or duties or other payments in, any such jurisdiction in connection with the Offer or his acceptance of the Offer;

- (c) that, in relation to Arsenal Shares in certificated form, the execution of the Form of Acceptance and its delivery constitutes (subject to the Offer becoming unconditional in all respects and to such Arsenal Shareholder not having validly withdrawn his acceptance) the irrevocable appointment of any directors of, or any person authorised by, KSE, Deutsche Bank or the Receiving Agent as his agent and/or attorney with an irrevocable instruction and authorisation to such agent and/or attorney to:
 - (i) complete and execute all or any form(s) of transfer, renunciation and/or other documents at the discretion of such agent and/or attorney in relation to the Arsenal Shares comprised in the acceptance in favour of KSE or such other persons as KSE or its agents may direct;
 - (ii) deliver any form(s) of transfer, renunciation and/or other document(s) at the discretion of such agent and/or attorney together with any share certificate or other document(s) of title for registration relating to such Arsenal Shares; and
 - (iii) do all such acts and things as may, in the opinion of such agent and/or attorney, be necessary or expedient for the purposes of, or in connection with the acceptance of the Offer and to vest in KSE (or its nominees) the full legal title and beneficial ownership of Arsenal Shares in certificated form comprised in the acceptance;
- (d) that, in relation to Arsenal Shares in certificated form, the execution of the Form of Acceptance and its delivery constitutes (subject to the Offer becoming unconditional in accordance with its terms and to such Arsenal Shareholder not having validly withdrawn his acceptance) an irrevocable instruction and authorisation:
 - (i) to Arsenal or its agents to procure the registration of the transfer of the Arsenal Shares in certificated form comprised in the acceptance and the delivery of the share certificate(s) and other document(s) of title in respect of the Arsenal Shares to KSE or as it may direct; and
 - (ii) subject to the provisions of paragraphs 6(b), 6(f) and 7 of Part B of this Appendix, to KSE, Deutsche Bank, the Receiving Agent or their respective agents to procure the payment of any cash consideration to which such Arsenal Shareholder is entitled under the Offer either (A) by way of a bank transfer to such shareholder's bank account as set out in Box 6 of the Form of Acceptance or (B) if Box 6 of the Form of Acceptance is left blank or completed incorrectly, or if the payment to the bank account specified in Box 6 is rejected or otherwise fails, by the issue and despatch by post of a cheque (or such other method as may be approved by the Panel), at such shareholder's risk, to the person or agent whose name and address is set out in Box 5 of the Form of Acceptance (outside a Restricted Jurisdiction) or, if none is set out, to the first-named holder at his registered address (outside a Restricted Jurisdiction);
- (e) the execution of the Form of Acceptance constitutes the giving of authority to each of KSE, Deutsche Bank and the Receiving Agent and their respective director(s), agents and persons authorised by them within the terms set out in Part B and Part C of this Appendix;
- (f) unless the Panel otherwise consents, subject to the Offer becoming unconditional (or if the Offer would become unconditional or lapse on the outcome of the resolution in question), in respect of Arsenal Shares in relation to which the Offer has been accepted or deemed to be accepted (which acceptance has not been validly withdrawn) and pending registration in the name of KSE or as it may direct:
 - (i) KSE or its agents shall be authorised to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general or separate class meeting of Arsenal) attaching to the Arsenal Shares in certificated form comprised in such acceptance;
 - (ii) the execution of a Form of Acceptance by an Arsenal Shareholder shall constitute with regard to such Arsenal Shares in certificated form comprised in the acceptance;

- (A) an authority to Arsenal or its agents to send any notice, circular, warrant or other document or communication which may be required to be sent to him as a member of Arsenal to KSE, care of the Receiving Agent;
 - (B) an irrevocable authority to any directors of, or person authorised by KSE or Deutsche Bank or their respective agents to sign any document and do such things as may, in the opinion of that agent and/or attorney, seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the Arsenal Shares held by him in certificated form (including, without limitation, signing any consent to short notice of a general or separate class meeting as his agent and/or attorney and on his behalf and executing a form of proxy appointing any person nominated by KSE to attend general and separate class meetings of Arsenal and attending any such meeting and exercising the votes attaching to the Arsenal Shares comprised in such acceptance on his behalf; and
 - (C) the agreement of such Arsenal Shareholder not to exercise any such rights without the consent of KSE and the irrevocable undertaking not to appoint a proxy for or to attend such general or separate class meeting of Arsenal;
- (g) he will deliver to the Receiving Agent, or procure the delivery to the Receiving Agent of, his certificate(s) or other document(s) of title in respect of those Arsenal Shares in certificated form comprised in the acceptance and not validly withdrawn by him or an indemnity acceptable to KSE, as soon as possible, and in any event within six months of the Offer becoming unconditional;
 - (h) he will ratify each and every act or thing which may be done or effected by KSE, Deutsche Bank or the Receiving Agent or any of their respective directors or agents or persons authorised by them, as the case may be, in the exercise of any of the powers and/or authorities under this Part C;
 - (i) if any provision of Part B or Part C of this Appendix shall be unenforceable or invalid or shall not operate so as to afford KSE, Deutsche Bank or the Receiving Agent or any of their respective directors, agents or persons authorised by them, the benefit of the authority expressed to be given therein, he will, with all practicable speed, do all such acts and things and execute all such documents that may be required or desirable to enable KSE, Deutsche Bank and/or the Receiving Agent and any of their respective directors, agents or persons authorised by them to secure the full benefit of Part B or Part C of this Appendix;
 - (j) he is irrevocably and unconditionally entitled to sell and transfer the beneficial ownership of the Arsenal Shares comprised or deemed to be comprised in such acceptance and that such shares are sold fully paid with full title guarantee and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid from Completion;
 - (k) the terms and condition of the Offer shall be deemed to be incorporated in, and form part of, the Form of Acceptance which shall be read and construed accordingly;
 - (l) the Form of Acceptance shall be deemed to be delivered on the date of its execution and shall take effect as a deed on such date;
 - (m) the ejusdem generis principle of construction shall not apply to the terms and condition of the Offer and/or the Form of Acceptance. Accordingly general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words;
 - (n) the execution of the Form of Acceptance constitutes such Arsenal Shareholder's submission to the exclusive jurisdiction of the courts of England in relation to all matters arising in connection with the Offer and the Form of Acceptance; and
 - (o) he is not a client (as defined in the FCA Handbook) of Deutsche Bank or Rothschild in connection with the Offer.

A reference in Part C of this Appendix to an Arsenal Shareholder includes a reference to the person or persons executing the Form of Acceptance and in the event of more than one person executing a

Form of Acceptance the provisions of Part C of this Appendix will apply to them jointly and to each of them.

PART D: Electronic Acceptance

For the purpose of Part D of this Appendix I, the phrase “Arsenal Shares in uncertificated form comprised in the acceptance” shall mean the number of Arsenal Shares which are transferred by the relevant Arsenal Shareholder by Electronic Acceptance to an escrow account by means of a TTE instruction.

Without prejudice to the provisions of Parts A and B of this Appendix, each Arsenal Shareholder by whom, or on whose behalf, an Electronic Acceptance is made (subject to the rights of withdrawal set out in this document), irrevocably undertakes, represents, warrants and agrees to and with KSE, Deutsche Bank and the Receiving Agent (so as to bind him, his personal or legal representatives, heirs, successors and assigns) to the following effect that:

- (a) the Electronic Acceptance shall constitute:
 - (i) an acceptance of the Offer in respect of the number of Arsenal Shares in uncertificated form to which the Cash Offer TTE instruction relates;
 - (ii) an undertaking to execute any documents, take any further action and give any further assurances which may be required to enable KSE to obtain the full benefit of this Part D and/or to perfect any of the authorities expressed to be given hereunder and otherwise in connection with his acceptance of the Offer;

in each case on and subject to the terms and condition set out or referred to in this document and that, subject only to the rights of withdrawal set out in paragraph 4 of Part B of this Appendix, each such acceptance, election and undertaking shall be irrevocable;

- (b) such Arsenal Shareholder:
 - (i) has not received or sent copies or originals of this document, the Form of Acceptance or any related documents in, into or from any Restricted Jurisdiction;
 - (ii) has not otherwise used in connection with the Offer, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, e-mail, TTE instruction, telephone, internet or otherwise) of interstate or foreign commerce of, or of any facilities of a national, state or other securities exchange of any Restricted Jurisdiction;
 - (iii) is accepting the Offer from outside a Restricted Jurisdiction and was outside such jurisdiction at the time of the input and settlement of the relevant TTE instruction(s);
 - (iv) in respect of the Arsenal Shares to which an Electronic Acceptance relates, is not an agent or fiduciary acting on a non-discretionary basis for a principal, unless such agent or fiduciary is an authorised employee of such principal or such principal has given any instructions with respect to the Offer from outside any Restricted Jurisdiction; and
 - (v) if such Arsenal Shareholder is a citizen, resident or national of a jurisdiction outside the United Kingdom, the Channel Islands or the Isle of Man, he has observed the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, obtained all requisite governmental, exchange control or other consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or duties or other requisite payments due in any such jurisdiction in connection with such acceptance and that he has not taken or omitted to take any action that will or may result in KSE, Deutsche Bank or any other person acting on behalf of any of them in breach of the legal or regulatory requirements of, or be liable for any issue, transfer or other taxes or duties or payments in, any such jurisdiction in connection with the Offer or his acceptance of the Offer;
- (c) the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to such Arsenal Shareholder not having validly withdrawn his acceptance, the irrevocable appointment of any directors of, or any person authorised by, KSE, Deutsche Bank or the Receiving Agent as his agent and/or attorney with an irrevocable instruction to such agent and/or attorney to do all such acts and things as may, in the opinion of such agent and/or attorney, be necessary or expedient for the purposes of, or in connection with, the acceptance of the Offer and to vest in KSE (or its nominees) the full legal title and beneficial ownership of Arsenal Shares in uncertificated form comprised in the acceptance;

- (d) the Electronic Acceptance constitutes the irrevocable appointment of the Receiving Agent as the accepting Arsenal Shareholder's attorney with an irrevocable instruction and authorisation:
 - (i) subject to the Offer becoming unconditional in all respects in accordance with its terms and such Arsenal Shareholder not having validly withdrawn his acceptance, to transfer to KSE (or to such other person or persons as KSE or its agents may direct) by means of CREST all or any of the Arsenal Shares in uncertificated form which are the subject of a TTE instruction in respect of that Electronic Acceptance; and
 - (ii) if the Offer does not become unconditional in all respects, to give instructions to Euroclear immediately after the Offer lapses (or within such longer period as the Panel may permit, not exceeding three Business Days of the Offer lapsing) to transfer all such Arsenal Shares to the original balance of the accepting Arsenal Shareholder;
- (e) the Electronic Acceptance constitutes (subject to the Offer becoming unconditional in accordance with its terms and to such Arsenal Shareholder not having validly withdrawn his acceptance) an irrevocable instruction and authorisation, subject to the provisions of paragraphs 6(b), 6(f) and 7 of Part B of this Appendix, to KSE, Deutsche Bank, the Receiving Agent or their respective agents or persons authorised by them to procure the making of a CREST payment obligation in favour of such Arsenal Shareholder's payment bank in accordance with the CREST payment arrangements in respect of any cash consideration to which such shareholder is entitled under the Offer provided that KSE may (if, for any reason, the CREST payment is rejected or otherwise fails) determine that all or any part of such cash consideration shall be paid by bank transfer or by cheque (despatched by post) or such other method approved by the Panel, at the risk of the Arsenal Shareholder, provided that in the case of an Arsenal Shareholder whose registered address is in a Restricted Jurisdiction such cheque shall be despatched to the first-named holder at an address outside a Restricted Jurisdiction stipulated by such holder or as otherwise determined by KSE; and
- (f) the Electronic Acceptance constitutes the giving of authority to each of KSE, Deutsche Bank and the Receiving Agent and their respective director(s), partners and agents within the terms set out in Part B and Part D of this Appendix;
- (g) unless the Panel otherwise consents, subject to the Offer becoming unconditional (or if the Offer would become unconditional or lapse on the outcome of the resolution in question), in respect of Arsenal Shares in relation to which the Offer has been accepted or deemed to be accepted (which acceptance has not been validly withdrawn) and pending registration in the name of KSE or as it may direct:
 - (i) KSE or its agents shall be authorised to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general or separate class meeting of Arsenal) attaching to the Arsenal Shares in uncertificated form comprised or deemed to be comprised in the acceptance;
 - (ii) an Electronic Acceptance by an Arsenal Shareholder shall constitute with regard to such Arsenal Shares in uncertificated form comprised in the acceptance:
 - (A) an authority to Arsenal or its agents to send any notice, circular, warrant or other document or communication which may be required to be sent to him as a member of Arsenal (including any share certificate(s) or other document(s) of title issued as a result of a conversion of such Arsenal Shares into certificated form) to KSE, care of the Receiving Agent;
 - (B) an irrevocable authority to any directors of, or person authorised by KSE or Deutsche Bank or their respective agents to sign any document and do such things as may, in the opinion of that agent and/or attorney, seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the Arsenal Shares held by him (including, without limitation, signing any consent to short notice of a general or separate class meeting as his attorney and on his behalf and executing a form of proxy appointing any person nominated by KSE to attend general and separate class meetings of Arsenal and attending any such meeting and exercising the votes attaching to the Arsenal Shares in uncertificated form comprised in the acceptance on his behalf; and

- (C) the agreement of such Arsenal Shareholder not to exercise any such rights without the consent of KSE and the irrevocable undertaking not to appoint a proxy for or to attend such general or separate class meeting of Arsenal;
- (h) if, for any reason, any Arsenal Shares in respect of which a TTE instruction has been effected in accordance with paragraph 14.2 of the letter from KSE in Part 1 of this document are converted to certificated form, he will (without prejudice to paragraph (g) of this Part D) immediately deliver, or procure the immediate delivery of the share certificate(s) or other document(s) of title in respect of all such Arsenal Shares that are so converted to the Receiving Agent by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH, or by hand (during normal business hours only) to the Receiving Agent at the RA Bristol Office, the RA London Office or the RA Jersey Office; and he shall be deemed upon conversion to undertake, represent, warrant and agree in the terms set out in Part C of this Appendix in relation to such Arsenal Shares without prejudice to the application of this Part D so far as KSE deems appropriate;
- (i) the creation of a CREST payment obligation in favour of his payment bank in accordance with the CREST payment arrangements as referred to in paragraph (e) of this Part D will, to the extent of the obligation so created, discharge in full any obligation of KSE to pay to him the cash consideration to which he is entitled under the Offer;
- (j) he will do all such acts and things as shall, in the opinion of KSE be necessary or expedient to vest in KSE or its nominee(s) the Arsenal Shares in uncertificated form comprised in the acceptance and to enable the Receiving Agent to perform its function as Escrow Agent for the purposes of the Offer;
- (k) he will ratify each and every act or thing which may be done or effected by KSE, Deutsche Bank or the Receiving Agent or any of their respective directors or agents or persons authorised by them, as the case may be, in the exercise of any of the powers and/or authorities under this Part D;
- (l) if any provision of Part B or Part D of this Appendix shall be unenforceable or invalid or shall not operate so as to afford KSE, Deutsche Bank or the Receiving Agent or any of their respective directors, agents or persons authorised by them, the benefit of the authority expressed to be given therein, he will, with all practicable speed, do all such acts and things and execute all such documents that may be required or desirable to enable KSE, Deutsche Bank and/or the Receiving Agent and any of their respective directors, agents or persons authorised by them to secure the full benefit of Part B or Part D of this Appendix;
- (m) he is irrevocably and unconditionally entitled to sell and transfer the beneficial ownership of the Arsenal Shares comprised or deemed to be comprised in such acceptance and that such shares are sold fully paid with full title guarantee and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid from Completion;
- (n) the ejusdem generis principle of construction shall not apply to the terms and condition of the Offer. Accordingly general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words;
- (o) the making of an Electronic Acceptance constitutes such Arsenal Shareholder's submission to the exclusive jurisdiction of the courts of England in relation to all matters arising in connection with the Offer;
- (p) by virtue of Regulation 43 of the Regulations the making of an Electronic Acceptance constitutes an irrevocable power of attorney by the CREST member accepting the Offer in the terms of all the powers and authorities expressed to be given in Part B, (where applicable by virtue of paragraph (h) above) Part C and Part D of this Appendix to KSE, the Receiving Agent, Deutsche Bank or any of their respective directors or agents or persons authorised by them set out in this Appendix; and
- (q) that he is not a client (as defined in the FCA Handbook) of Deutsche Bank or Rothschild in connection with the Offer.

A reference in Part D of this Appendix to an Arsenal Shareholder includes a reference to the person or persons making an Electronic Acceptance.

APPENDIX II: FINANCIAL AND RATINGS INFORMATION

1. Financial and ratings information relating to Arsenal

- (a) The following table sets out the financial information in respect of Arsenal, as required by Rule 24.3(e) of the Code. The documents referred to below are incorporated by reference into this document pursuant to Rule 24.15 of the Code:

Document	Website where document is available for inspection
Arsenal's audited consolidated financial statements and annual report for the year ended 31 May 2016	https://www.arsenal.com/sites/default/files/documents/Arsenal_Holdings_plc_Annual_Review_201516_0.pdf
Arsenal's audited consolidated financial statements and annual report for the year ended 31 May 2017	https://www.arsenal.com/sites/default/files/documents/Arsenal%20Holdings%20plc%20-%20Annual%20Report%202016-17.pdf
Arsenal's interim accounts for the six months ended 30 November 2017	https://www.arsenal.com/sites/default/files/documents/Arsenal%20Holdings%20plc%20-%20Financial%20results%20for%20the%20six%20months%20ended%2030%20Nov.pdf

- (b) Arsenal made sales of players during the January 2018 transfer window. Certain exceptional costs were also incurred in relation to the reorganisation of football management and support staff during the full financial year ended 31 May 2018. Arsenal finished the 2017-2018 season of The Premier League in sixth place and has therefore qualified to participate in the UEFA Europa League in the 2018-2019 season.
- (c) No rating agency has publicly recorded any current credit rating or outlook for Arsenal.

2. Ratings information relating to KSE

No rating agency has publicly recorded any current credit rating or outlook for KSE.

3. Request for hard copies

Subject to certain restrictions relating to persons in any Restricted Jurisdiction, any Arsenal Shareholder, persons with information rights and any person entitled to receive this document may request a hard copy of the above information incorporated into this document by reference by contacting the Receiving Agent at Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH or between 9.00 a.m. and 5.00 p.m. Monday to Friday (except UK public holidays) on 0370 707 4040 from within the UK (or on +44 370 707 4040 if calling from outside the UK) with an address to which the hard copy may be sent. Hard copies of such information will not be sent to such persons unless requested. If requested, copies will be provided, free of charge, within two Business Days of request.

4. No incorporation of website information

Save as expressly referred to herein, neither the content of Arsenal's website nor the content of any website accessible from hyperlinks on Arsenal's website, is incorporated by reference into, or forms part of, this document.

APPENDIX III: UNITED KINGDOM TAXATION

The comments set out below are based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs 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 Offer and Part A of this Appendix III applies only to Arsenal Shareholders resident and, in the case of an individual, domiciled for tax purposes in the United Kingdom, who hold their Arsenal 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 Offer. Certain categories of shareholders, including those carrying on certain financial activities, those subject to specific tax regimes or benefitting from certain reliefs and exemptions, those connected with Arsenal, 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.

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

Part A: 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.

A UK Holder receiving cash consideration in respect of his or her Arsenal Shares, will be treated as disposing of his or her Arsenal Shares which 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.

Part B: UK Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

No UK stamp duty or SDRT will be payable by Arsenal Shareholders on the transfer of their Arsenal Shares pursuant to the Offer.

APPENDIX IV: ADDITIONAL INFORMATION

1. Responsibility

- (a) The sole director of KSE, whose name is set out in paragraph 2(a) below, accepts responsibility for the information contained in this document other than the information for which responsibility is taken by the Arsenal Independent Directors pursuant to paragraph 1(c) below. To the best of the knowledge and belief of the sole director of KSE (who has taken all reasonable care to ensure that such is the case), the information contained in this document for which he accepts responsibility is in accordance with the facts and does not omit anything likely to affect the import of that information.
- (b) The Arsenal Directors, whose names are set out in paragraph 2(b) below, accept responsibility for paragraph 3 of the letter from the Chairman of Arsenal in Part 2 of this document, paragraph 1(b) of Appendix II to this document, and paragraphs 4(d)(ii), 4(d)(iv), 4d(vi) and 4(d)(viii), 7, 8, 10(d) and 10(e) of this Appendix IV, other than the information for which responsibility is taken by the Arsenal Independent Directors pursuant to paragraph 1(c) below. To the best of the knowledge and belief of the Arsenal Directors (who have taken all reasonable care to ensure that such is the case), the information 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 that information.
- (c) The Arsenal Independent Directors, whose names are set out in paragraph 2(b) below, accept responsibility for their views on the Offer set out in the letter from the Chairman of Arsenal in Part 2 of this document, paragraph 11(b) of this Appendix IV and the information relating to the Arsenal Independent Directors (including the Arsenal Independent Directors' immediate families, related trusts and persons connected with them (including persons deemed to be acting in concert with any of them, as defined in the Code)). To the best of the knowledge and belief of the Arsenal Independent Directors (who have taken all reasonable care to ensure that such is the case), the information 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 that information.

2. Directors

- (a) Mr E. Stanley Kroenke is the sole director of KSE.

The registered office of KSE is Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, Delaware 19801, United States, and the business address of KSE is 1209 Orange Street, Wilmington, New Castle, Delaware 19801, United States of America.

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

<i>Name</i>	<i>Position</i>
Sir John Chippendale Lindley Keswick	Chairman
Ivan Gazidis	Chief Executive Officer
Kenneth John Friar OBE	Executive Director
Lord Harris of Peckham	Non-Executive Director
Mr E. Stanley Kroenke	Non-Executive Director
Mr Josh W. Kroenke	Non-Executive Director

The Arsenal Independent Directors are the directors set out above other than Mr E. Stanley Kroenke and Mr Josh W. Kroenke.

The registered office of Arsenal and the business address of each of the Arsenal Directors is Highbury House, 75 Drayton Park, London, N5 1BU, United Kingdom.

3. Market quotations

Set out below are the middle market quotations of Arsenal Shares derived from Bloomberg on:

- (a) the first dealing day in each of the six months immediately before the date of this document; and
- (b) 6 August 2018 (the last dealing day before the commencement of the Offer Period and the latest practicable date before the publication of this document).

<i>Date</i>	<i>Middle market quotations of Arsenal Share (£)</i>
1 March 2018	29,500
3 April 2018	34,500
1 May 2018	34,500
1 June 2018	34,500
2 July 2018	34,500
1 August 2018	34,500
6 August 2018	34,495

It should be noted that the liquidity of the Arsenal Shares is very low. Based on the website of the NEX Exchange Growth Market, during the six months prior to 6 August 2018, only 56 Arsenal Shares have been traded.

4. Interests and dealings

For the purposes of this paragraph 4:

“**acting in concert**” with a party means any such person acting or deemed to be acting in concert with that party for the purposes of the Code and/or the Offer.

“**arrangement**” includes indemnity or option arrangements, 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;

“**control**” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give de facto control;

“**dealing**” includes: (i) the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities; (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities; (iii) subscribing or agreeing to subscribe for securities; (iv) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights; (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities; (vi) entering into, terminating or varying the terms of any agreement to purchase or sell securities; (vii) the redemption or purchase of, or taking or exercising an option over, any of its own relevant securities; and (viii) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;

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

“**disclosure date**” means the latest practicable date before the publication of this document for purposes of this paragraph, which is 4 August 2018;

“**disclosure period**” means the period commencing on 7 August 2017 (the date twelve months prior to the commencement of the Offer Period) and ending on the disclosure date;

A person has an “**interest**” or is “**interested**” in securities if he has a long economic exposure, whether absolute or conditional, to changes in the price of those securities (but not if he only has a short position in such securities) and in particular covers: (i) legal title and beneficial ownership (i.e. the ability to exercise, or control the exercise of, voting rights); (ii) the right, option or obligation to acquire, call for or take delivery of securities under an option or derivative; and (iii) the situation where a person holds a derivative referenced to, or which may result in, a long position in securities; and

“**relevant securities**” includes (i) Arsenal Shares and any other securities of Arsenal conferring voting rights; (ii) equity share capital of Arsenal or, as the context requires, KSE; (iii) securities of Arsenal or, as the context requires, KSE carrying conversion or subscription rights into any of the foregoing.

(a) *Persons acting in concert with KSE*

In addition to Mr Kroenke, the sole director of KSE (together with his close relatives and related trusts), the persons who are acting in concert with KSE for the purposes of the Offer and which are required to be disclosed are:

<i>Name</i>	<i>Type of company</i>	<i>Registered office</i>	<i>Relationship with KSE</i>
Deutsche Bank AG, London Branch	German public limited company	1 Great Winchester Street London EC2N 2DB United Kingdom	Financial adviser

(b) *Persons acting in concert with Arsenal*

As far as KSE is aware, in addition to the Arsenal Independent Directors (together with their close relatives and related trusts) and members of the Arsenal Group, the persons acting in concert with Arsenal for the purposes of the Offer and which are required to be disclosed are:

<i>Name</i>	<i>Type of company</i>	<i>Registered office</i>	<i>Relationship with Arsenal</i>
NM Rothschild & Sons Limited	English private limited company	New Court St Swithin's Lane London EC4N 8AL	Financial adviser

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

(i) As at the close of business on the disclosure date, the interests in the relevant securities of Arsenal held by KSE were as follows:

<i>Class of relevant securities</i>	<i>Number of relevant securities</i>	<i>% of the class of relevant securities</i>	<i>Nature of interest</i>
Arsenal Shares	41,743	67.09%	Beneficial
Subscriber Ordinary Shares	2	100%	Beneficial

(ii) As at the close of business on the disclosure date, the following dealings in relevant securities of Arsenal by KSE have taken place during the disclosure period:

<i>Date</i>	<i>Transaction</i>	<i>Number and class of relevant securities</i>	<i>Price per share (£)</i>
22 January 2018	Purchase	22 Arsenal Shares	£28,000

(d) *General*

(i) Save as disclosed in this document, none of KSE, any director of KSE, his close relatives or related trusts or companies, nor any other person acting in concert with KSE, nor any person with whom KSE or any person acting in concert with KSE has an arrangement, was interested, had any rights to subscribe or had any short positions in respect of any relevant securities on the disclosure date nor has any such person dealt in any relevant securities during the disclosure period.

(ii) Save as disclosed in this document, none of Arsenal, any of the Arsenal Independent Directors, any members of such directors' immediate families or any related trusts or companies, nor any person acting in concert with Arsenal, was interested, had any rights to subscribe or had any short positions in respect of any relevant securities on the disclosure date, nor has any such person dealt in any relevant securities since the commencement of the Offer Period.

- (iii) Save as disclosed in this document, neither KSE nor any person acting in concert with KSE has borrowed or lent any relevant securities during the disclosure period, save for any borrowed shares which have either been on-lent or sold.
- (iv) Save as disclosed in this document, neither Arsenal nor any person acting in concert with Arsenal has borrowed or lent any relevant securities since the commencement of the Offer Period, save for any borrowed shares which have either been on lent or sold.
- (v) Save as disclosed in this document, neither KSE nor any person acting in concert with KSE has entered into or taken any action to unwind any financial collateral arrangements in respect of any relevant securities during the disclosure period.
- (vi) Save as disclosed in this document, neither Arsenal nor any person acting in concert with Arsenal has entered into or taken any action to unwind any financial collateral arrangements in respect of any relevant securities since the commencement of the Offer Period.
- (vii) Save as disclosed in this document, none of KSE or any person acting in concert with KSE has any arrangement of the kind described in Note 11 to the definition of “acting in concert” set out in the Code with any other person in respect of any relevant securities.
- (viii) Save as disclosed in this document, none of Arsenal or any person acting in concert with Arsenal has any arrangement of the kind described in Note 11 to the definition of “acting in concert” set out in the Code with any other person in respect of any relevant securities.

5. Irrevocable Undertaking

Red and White Securities has given an irrevocable undertaking to KSE to accept (or procure the acceptance of) the Offer in respect of 18,695 Arsenal Shares.

This irrevocable undertaking will continue to be binding on Red and White Securities in the event that a third party makes a higher competing offer and will only cease to be binding on the earlier of the following occurrences:

- (a) this document is not published on a website and made available to the public (subject to Restricted Jurisdictions) by 11.00 a.m. on the date of the Offer Announcement or such later time or date as Red and White Securities and KSE may agree; or
- (b) the Offer lapses or is withdrawn; or
- (c) the Offer has not become or been declared unconditional in all respects by:
 - (i) 6.30 p.m. on the Business Day on which valid acceptances of the Offer in respect of all of the 18,695 Arsenal Shares held by Red and White Securities have been received by the Receiving Agent (or such later time or date as Red and White Securities and KSE may agree), if such valid acceptances are received by 3.00 p.m.; or
 - (ii) 5.00 p.m. on the Business Day following the day on which valid acceptances of the Offer in respect of all of the 18,695 Arsenal Shares held by Red and White Securities have been received by the Receiving Agent (or such later time or date as Red and White Securities and KSE may agree), if such valid acceptances are received after 3.00 p.m.

6. Financing of the Offer

KSE will fund the consideration payable under the Offer from a capital contribution of £602,398,000 made by Mr Kroenke.

For the purpose of making the capital contribution, Mr Kroenke has used £45,398,000 cash from his own resources. In addition, Mr Kroenke entered into a bridge facility agreement (the “**Bridge Facility Agreement**”) with Deutsche Bank AG, New York Branch as lender on 2 August 2018. Under the terms of the Bridge Facility Agreement, Deutsche Bank AG, New York Branch has agreed to make available to Mr Kroenke a £557 million bridge term loan facility (the “**Bridge Facility**”). Loans under the Bridge Facility Agreement will be available in sterling only.

A summary of the Bridge Facility is set out below.

(a) *Borrower and Credit Support*

The borrower under the Bridge Facility is Mr Kroenke personally. Mrs Kroenke is providing credit support in respect of the Bridge Facility.

(b) *Security*

The Bridge Facility is secured by way of a share pledge over the shares held by Mr Kroenke in KSE.

(c) *Purpose*

The proceeds of the Bridge Facility are to be used solely to fund a capital contribution from Mr Kroenke to KSE which KSE shall apply towards (i) the purchase of the Arsenal Shares subject to the Offer and/or (ii) the payment of certain fees, costs and expenses in connection with the Offer.

(d) *Availability and maturity*

Borrowing under the Bridge Facility Agreement is conditional on market standard conditions for a facility of its nature, including, among other things, receiving a draft of the public announcement of the Offer and a draft of the Offer Document, the absence of certain major events of default and certain major representations made in the Bridge Facility Agreement being true in all material respects as at the relevant date.

The Bridge Facility Agreement has a final maturity date of 24 months from the first date on which the conditions set out in the Bridge Facility Agreement have been satisfied or waived.

(e) *Prepayment and termination*

The Bridge Facility may be prepaid by Mr Kroenke at any time without penalty or premium (subject to customary intra-period breakage costs), provided that notice of prepayment is provided to the lender and each partial prepayment shall be in the aggregate amount of £100,000 and or an integral multiple of £100,000 in excess of that amount. In addition to the voluntary prepayments, the Bridge Facility Agreement requires mandatory cancellation and prepayment if it becomes unlawful for the lender or its applicable lending office to perform its obligations under the Bridge Facility Agreement or to fund or maintain the loan.

Mr Kroenke has the right to terminate or reduce the unused amount of the commitment at any time prior to the first date on which the conditions set out in the Bridge Facility Agreement have been satisfied or waived provided that the amount of the commitment is not less than the amount outstanding under the Bridge Facility.

The Bridge Facility must be repaid in full within three business days if the Offer lapses, terminates (other than the closing of the Offer for further acceptance after the Offer has become or been declared unconditional in all respects) or is withdrawn.

(f) *Interest*

Interest is payable under the Bridge Facility Agreement at a rate of LIBOR plus the applicable margin of 2.25 per cent. per annum. Interest shall be payable in arrears on the last day of each interest period, such period being one, two, three or six months (or such shorter period as the lender consents to).

(g) *Financial Covenants/Information Undertakings*

The Bridge Facility Agreement does not contain any financial covenants but it contains limited information undertakings which require Mr Kroenke to provide details of any default under the Bridge Facility Agreement, details of the commencement of, or any material adverse development in, any litigation, investigation or proceeding against him which could reasonably be expected to have a material adverse effect and such other additional information which Deutsche Bank AG, New York Branch may reasonably request.

(h) *Representations and Covenants*

The Bridge Facility Agreement contains representations and affirmative covenants that are customary for debt facilities of this nature (subject in certain cases to agreed thresholds, exceptions and qualifications), including, among others, covenants regarding authorisation, compliance with applicable laws and the ranking of payment obligations. The Bridge

Facility Agreement also contains a number of customary restrictive covenants, including restrictions on KSE (i) incurring indebtedness, (ii) creating security interests, (iii) changing its corporate structure or entering into any mergers, (iv) making any acquisitions or investments (other than certain limited exceptions, including the acquisition of the Arsenal Shares and equity interests in Arsenal Broadband Limited), (v) making capital expenditures; (vi) disposing of assets and (vii) declaring or paying dividends (other than as required in connection with the repayment of the Bridge Facility).

The Bridge Facility Agreement also contains certain undertakings relating to the conduct of the Offer.

(i) *Events of Default*

The Bridge Facility Agreement contains customary events of default (subject in certain cases to agreed thresholds, grace periods and qualifications), including non-payment, misrepresentation by an obligor, breach of other obligations under the finance documents by any obligor, cross-default by KSE or an obligor, KSE or an obligor being unable to pay its debt as they fall due, insolvency proceedings in relation to KSE or an obligor, bankruptcy proceedings in relation to KSE, any subsidiary of KSE or an obligor, rendering of a final judgment against KSE, effectiveness of finance documents, illegality, change of control of KSE, material adverse change in KSE or an obligor and death of Mr Kroenke or Mrs Kroenke.

Subject to the certain funds provisions, at any time after the occurrence of an event of default, the lender may, by notice to Mr Kroenke (except in the case of insolvency or bankruptcy proceedings), cancel all or any part of the total commitments and declare that amounts outstanding are immediately due and payable.

(j) *Governing Law*

The Bridge Facility Agreement and the rights and obligations of the parties to that document are governed by and construed in accordance with the law of the State of New York.

7. Material contracts

(a) *KSE*

There have been no contracts entered into by KSE during the period commencing on 7 August 2016 (the date two years before the commencement of the Offer Period) and ended on 6 August 2018 (the latest practicable date before the date of this document) which are outside the ordinary course of business and which are or may be considered material.

(b) *Arsenal*

Save as disclosed in this document, there have been no contracts entered into by Arsenal during the period commencing on 7 August 2016 (the date two years before the commencement of the Offer Period) and ended on 6 August 2018 (the latest practicable date before the date of this document) which are outside the ordinary course of business and which are or may be considered material:

- (i) Ashburton Trading Limited (“ATL”) entered into an agreement with Chartgold Limited (“**Chartgold**”), Anthony Green & Spencer Residential Limited (“**AGSR**”), Holloway Road Developments Limited (the “**Buyer**”) and Tide Construction Limited on 24 August 2017 for the disposal of a development site known as 295 Holloway Road and 2A, Hornsey Street (the “**Property**”) (the “**Sale Agreement**”).

The Sale of the Property completed on 31 October 2017 and ATL received £11.3 million from the sale. Under the Sale Agreement, there are no ongoing obligations for ATL as seller pursuant to the Sale Agreement.

8. Service Contracts and Remuneration

Save as disclosed below, there are no service contracts in force between any director or proposed director of Arsenal and Arsenal 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:

(a) *Executive directors*

(i) Ivan Gazidis

Ivan Gazidis entered into a service agreement with AFC PLC dated 26 November 2008.

Mr Gazidis' current basic salary is £1,767,500 per annum. In addition Mr Gazidis is entitled to receive annual bonuses as determined by the remuneration committee, contributions in equal monthly instalments to a personal pension arrangement (at a rate of £100,000 per annum) and to a private medical health insurance scheme. Mr Gazidis has a company car allowance of £20,000 per annum. Mr Gazidis is also entitled to permanent health insurance and life insurance cover.

The service agreement is terminable by Mr Gazidis giving not less than 12 months' written notice to AFC PLC.

The service agreement is terminable by AFC PLC at any time by giving written notice to Mr Gazidis and by payment of a sum equal to the aggregate of his then current annual basic salary, pension contributions, other benefits and bonus (calculated at 50 per cent. of salary), such sum to be reduced *pro rata* by any period of notice actually served by Mr Gazidis.

In addition Mr Gazidis may, within the period of three months following the date of a change of control, give written notice to AFC PLC to terminate his employment with immediate effect. In such circumstances, or if Mr Gazidis' service agreement is terminated by AFC PLC in connection with or as a result of a change of control, or otherwise within three months of a change of control, he is entitled to three times his then gross basic salary and an amount equal to one times his annual pension contribution and bonus within 30 days of termination.

The service agreement automatically terminates when Mr Gazidis reaches the age of 65.

(ii) Kenneth John Friar OBE

Kenneth John Friar entered into a service agreement with AFC PLC dated 30 June 2008.

Mr Friar's current basic salary is £401,700 per annum. In addition Mr Friar is entitled to an annual bonus determined by the remuneration committee and to a private medical health insurance scheme. Mr Friar is provided with a company car.

Mr Friar no longer accrues pension benefits. However, he is a member of the defined benefit section of the Pension Scheme. AFC PLC is required to make additional contributions to the Pension Scheme in respect of its share of the current deficit. The most recent contribution made in respect of Mr Friar was made during the financial year ended 31 May 2015 and amounted to £410,000.

The service agreement is terminable by Mr Friar giving AFC PLC not less than 12 months' written notice and by AFC PLC giving Mr Friar not less than six months' written notice.

The service agreement is terminable by AFC PLC at any time by payment to Mr Friar of a sum equal to one times his then current annual basic salary and a benefit payment in respect of his annual bonus entitlement calculated by taking the average of bonuses paid to Mr Friar over the three complete bonus years preceding the date of termination, such sum to be reduced *pro rata* by any period of notice actually served by Mr Friar. In such circumstances, Mr Friar shall be entitled to continued use of his company car for any notice period that he does not serve.

(b) *Non-executive directors*

(i) Lord Philip Charles Harris

Lord Harris has signed a memorandum of principal terms, dated 19 June 2008, confirming his appointment as a non-executive director of Arsenal, a member of the remuneration committee, a member of the audit committee and chair of the nominations committee. Lord Harris is entitled to an annual fee of £25,000.

The memorandum of principal terms specifies no fixed term and makes no express provision for payment of compensation for termination.

(ii) Sir John Chippendale Lindley Keswick

Sir John has signed a memorandum of principal terms, dated 17 June 2008, confirming his appointment as a non-executive director of Arsenal, chairman of the audit committee and a member of the nominations committee. Sir John is entitled to an annual fee of £25,000.

The memorandum of principal terms specifies no fixed term and makes no express provision for payment of compensation for termination.

(iii) E. Stanley Kroenke

Mr Kroenke has signed a memorandum of principal terms, dated 20 October 2008, confirming his appointment as a non-executive director of Arsenal. Mr Kroenke is entitled to an annual fee of £25,000.

The memorandum of principal terms specifies no fixed term and makes no express provision for payment of compensation for termination.

(iv) Josh W. Kroenke

Mr Josh W. Kroenke has signed a memorandum of principal terms, dated December 2013, confirming his appointment as a non-executive director of Arsenal. Mr Josh W. Kroenke is entitled to an annual fee of £25,000.

The memorandum of principal terms specifies no fixed term and makes no express provision for payment of compensation for termination.

9. 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 follows:

- (a) the value of the Offer is calculated based on:
 - (i) the Offer price of £29,419.64 per Arsenal Share; and
 - (ii) 62,217 Arsenal Shares in issue and Arsenal having no employee share awards or options as at 6 August 2018, being the latest practicable date prior to the publication of this document;
- (b) all middle market quotations for the Arsenal Shares are derived from the closing prices for the relevant date taken from Bloomberg;
- (c) the number of Arsenal Shares that have been traded during the six months prior to 6 August 2018 is derived from the website of the NEX Exchange Growth Market as at 7.00 p.m. on 6 August 2018, being the latest practicable date prior to the publication of this document;
- (d) financial information relating to Arsenal has been extracted from the Reports and Accounts of Arsenal for the relevant period; and
- (e) all percentages have been rounded to two decimal places.

10. Other Information

- (a) Except as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between KSE or any concert party of KSE and any of the directors, recent directors, shareholders or recent shareholders of Arsenal or any person interested or recently interested in shares of Arsenal having any connection with or dependence on the Offer.
- (b) Except as disclosed in this document, there is no agreement, arrangement or understanding by which any securities acquired in pursuance of the Offer will be transferred to any other person, but KSE reserves the right to transfer any such shares to Mr Kroenke, his close relatives or any entities controlled by, or related trusts of, Mr Kroenke or his close relatives.
- (c) Deutsche Bank has given and not withdrawn its consent to the issue of this document with the inclusion of references to its name in the form and context in which it appears.

- (d) Rothschild has given and not withdrawn its consent to the issue of this document with the inclusion of references to its name and advice in the form and context in which it appears.
- (e) Except as disclosed in this document (including, for the avoidance of doubt, as set out in paragraph 1(b) of Appendix II of this document), the Arsenal Directors are not aware of any significant change in the financial or trading position of Arsenal since 30 November 2017 (the date to which the latest interim financial information of Arsenal has been published).

11. Fees and Expenses

- (a) KSE estimates that the aggregate fees and expenses expected to be incurred by KSE and Mr Kroenke in connection with the Offer will be £8.9 million (excluding applicable VAT and disbursements). Set out below are the estimates of fees and expenses expected to be incurred in relation to:

	£'000⁽¹⁾ <i>(excluding applicable VAT and disbursements)</i>
(i) financing arrangements (including costs incurred by Mr Kroenke in connection with the financing of the Offer)	5,570
(ii) financial and corporate broking advice ⁽²⁾	1,538
(iii) legal advice	1,551
(iv) accounting advice	69
(v) other costs and expenses	176

Notes:

- 1) Rounded to the nearest £'000. Where fees are billed in US dollar, an exchange rate of US\$1.00: £0.7682 has been used.
- 2) This fee is contingent upon Completion of the Offer.

- (b) Arsenal estimates that the aggregate fees and expenses expected to be incurred by Arsenal in connection with the Offer will be £625,000 (excluding applicable VAT and disbursements). Set out below are the estimates of fees and expenses expected to be incurred in relation to:

	£'000 <i>(excluding applicable VAT and disbursements)</i>
(i) financial and corporate broking advice ⁽¹⁾	325
(ii) legal advice	300

Note:

- 1) This fee is contingent upon Completion of the Offer.

12. Documents

Copies of the following documents are available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, by no later than 12 noon (London time) on the Business Day following the date of this document, on KSE's website at <https://kse.formstack.com/forms/phfd> and on Arsenal's website at www.arsenal.com:

- (a) this document;
- (b) a specimen copy of the Form of Acceptance;
- (c) the Offer Announcement;
- (d) the irrevocable undertaking from Red and White Securities referred to in paragraph 5 above;
- (e) the financing documentation referred to in paragraph 6 above;
- (f) the bylaws of KSE;
- (g) the articles of association of Arsenal;
- (h) the Reports and Accounts of Arsenal; and

(i) the written consents referred to in paragraph 10 above.

The content of the website referred to in this document is not incorporated into and does not form part of this document.

Dated: 7 August 2018

APPENDIX V: DEFINITIONS

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

“2006 Act”	the Companies Act 2006, as amended from time to time
“Acceptance Condition”	the acceptance condition of the Offer set out in Part A of Appendix I to this document
“AFC PLC”	The Arsenal Football Club Public Limited Company
“Arsenal”	Arsenal Holdings PLC
“Arsenal Board”	the Arsenal Directors collectively
“Arsenal Directors”	the directors of Arsenal as at the date of this Announcement or, where the context so requires, the directors of Arsenal from time to time
“Arsenal Independent Directors”	the directors of Arsenal as at the date of this Announcement other than Mr E. Stanley Kroenke and Mr Josh W. Kroenke
“Arsenal Group”	Arsenal and its subsidiary undertakings and where the context permits, each of them
“Arsenal Shareholder(s)”	holders of Arsenal Shares
“Arsenal Share(s)”	<p>the ordinary shares of £1.00 each in the capital of Arsenal and includes:</p> <ul style="list-style-type: none">a) the existing unconditionally allotted or issued and fully paid (or credited as fully paid) ordinary shares of £1.00 each in the capital of Arsenal;b) any further ordinary shares of £1.00 each in the capital of Arsenal which are unconditionally allotted or issued and fully paid (or credited as fully paid) before the date on which the Offer closes (or such earlier date or dates, not being earlier than the date on which the Offer becomes unconditional as to acceptances or, if later, the First Closing Date, as KSE may decide); andc) any Arsenal Shares held as treasury shares that cease to be held as treasury shares before the date on which the Offer closes (or such earlier date or dates as KSE may, subject to the Code, determine) <p>but excludes any shares held as treasury shares on such date as KSE may determine before the Offer closes (which may be a different date(s) to the date referred to in b) and c)), and “Arsenal Share” means any one of them</p>
“Business Day”	a day, not being a public holiday, Saturday or Sunday, on which clearing banks in London are open for normal business
“Cash Offer TTE instruction”	a Transfer to Escrow instruction (as described in the CREST manual issued by Euroclear) in relation to Arsenal Shares in uncertificated form meeting the requirements set out in paragraph 14.2 of the letter from of KSE contained in this document
“certificated” or “certificated form”	in relation to a share or other security, a share or other security title to which is recorded in the relevant register of the share or other security as being held in certificated form (that is, not in CREST)
“Channel Islands”	the Bailiwick of Jersey and the Bailiwick of Guernsey
“Club”	the Arsenal Football Club
“Code”	the City Code on Takeovers and Mergers issued by the Panel, as amended from time to time
“Completion”	the Offer becomes or is declared unconditional in all respects

“CREST”	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in CREST)
“CREST member”	a person who is, in relation to CREST, a system member (as defined in the Regulations)
“CREST participant”	a person who is, in relation to CREST, a system participant (as defined in the Regulations)
“CREST payment”	has the meaning given in the CREST manual issued by Euroclear
“CREST sponsor”	a person who is, in relation to CREST, a sponsoring system participant (as defined in the Regulations)
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member under the sponsorship of a CREST sponsor
“Dealing Disclosure”	a dealing disclosure pursuant to Rule 8 of the Code containing details of dealings in interests in relevant securities of a party to an offer
“Deutsche Bank”	Deutsche Bank AG, London Branch
“Electronic Acceptance”	the inputting and settling of a TTE instruction which constitutes or is deemed to constitute an acceptance of the Offer on the terms set out in this document
“ESA instruction”	an Escrow Account Adjustment Input (AESN), transaction type “ESA” (as described in the CREST manual issued by Euroclear)
“Escrow Agent”	the Receiving Agent in its capacity as escrow agent (as described in the CREST Manual issued by Euroclear)
“Euroclear”	Euroclear UK & Ireland Limited
“FCA” or “Financial Conduct Authority”	the UK Financial Conduct Authority or its successor from time to time
“FCA Handbook”	the FCA’s Handbook of rules and guidance as amended from time to time
“First Closing Date”	28 August 2018
“Form of Acceptance”	the Form of Acceptance and Authority for use by Arsenal Shareholders in connection with the Offer
“ISA”	an individual savings account
“KSE”	KSE, UK, Inc.
“member account ID”	the identification code or number attached to any member account in CREST
“NEX Exchange Growth Market”	the NEX Exchange Growth Market operated by NEX Exchange
“Offer”	the offer by KSE to acquire all the Arsenal Shares not already held by or on behalf of KSE on the terms and subject to the Condition set out in this document and the Form of Acceptance (and, where the context so requires, any subsequent revision, variation, extension or renewal of such offer and includes any election or alternative (if applicable) available in connection with it)
“Offer Announcement”	the announcement made by KSE pursuant to Rule 2.7 of the Code on 7 August 2018
“Offer Period”	the period commencing on (and including 7 August 2018) and ending on whichever of the following dates shall be the latest: (i) 1.00 p.m. on the First Closing Date; (ii) the date on which the Offer lapses or is withdrawn; and (iii) the date on which the Offer becomes or is declared unconditional as to acceptances
“Opening Position Disclosure”	an opening position disclosure pursuant to Rule 8 of the Code containing details of interests or short position in, or rights to subscribe for, any relevant securities of a party to an offer

“Panel”	the Panel on Takeovers and Mergers
“participant ID”	the identification code or membership number used in CREST to identify a CREST member or other CREST participant
“Pension Scheme”	The Football League Pension and Life Assurance Scheme
“Phase 2 CMA Reference”	a reference of the Offer to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013
“PRA” or “Prudential Regulation Authority”	Prudential Regulation Authority or its successor from time to time
“RA Bristol Office”	Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE
“RA Jersey Office”	Computershare Investor Services (Jersey) Limited, 2nd Floor, Queensway House, Hilgrove Street, St. Helier, Jersey, JE1 1ES
“RA London Office”	Computershare Investor Services PLC, Moor House, 120 London Wall, London, the United Kingdom, EC2Y 5ET
“Receiving Agent” or “Computershare”	Computershare Investor Services PLC
“Red and White Securities”	Red and White Securities Limited
“Regulations”	the Uncertificated Securities Regulations 2001
“Regulatory Information Service”	a regulatory information service as defined in the FCA Handbook
“relevant securities”	has the meaning given to it in the Code
“Reports and Accounts of Arsenal”	together (i) Arsenal’s audited consolidated financial statements and annual report for the year ended 31 May 2016, (ii) Arsenal’s audited consolidated financial statements and annual report for the year ended 31 May 2017 and (iii) Arsenal’s interim accounts for the six months ended 30 November 2017
“Restricted Jurisdiction”	any jurisdiction (for the avoidance of doubt, other than the member states of the European Union, Switzerland, the Channel Islands and the Isle of Man) where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure or may result in a requirement to comply with any governmental or other consent on any registration, filing or other formality which KSE regards as unduly onerous if the Offer is made, or information concerning the Offer is sent or made available to Arsenal Shareholders in that jurisdiction
“Rothschild”	NM Rothschild & Sons Limited
“Subscriber Ordinary Shares”	the two subscriber ordinary shares of £1.00 each in the capital of Arsenal which carry no right to vote or to income and a deferred right to a return of capital paid up, and are not traded on any stock exchange
“TFE instruction”	a Transfer from Escrow instruction (as described in the CREST Manual issued by Euroclear)
“TTE instruction”	a Cash Offer TTE instruction or other Transfer to Escrow instruction (as described in the CREST Manual issued by Euroclear) (as the context requires)
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“uncertificated” or “in uncertificated form”	a share or other security title to which is recorded in the relevant register of the share or security as being held in uncertificated form, in CREST, and title to which, by virtue of the Regulations may be transferred by means of CREST

All times referred to are London time unless otherwise stated.

All references to “**GBP**”, “**pence**”, “**sterling**” or “**£**” are to the lawful currency of the United Kingdom.

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.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

