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Press Release

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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

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For immediate release

MARKS AND SPENCER GROUP PLC

1 for 5 FULLY UNDERWRITTEN RIGHTS ISSUE RAISING PROCEEDS OF c. £601.3 MILLION TO FUND THE JOINT VENTURE WITH OCADO GROUP PLC

On 27 February 2019, Marks and Spencer Group Plc ("**M&S**", or the "**Company**") announced the creation of a new 50/50 Joint Venture with Ocado Group Plc ("**Ocado**"), the UK's leading pure play digital grocer (the "**Joint Venture**"). It was announced that the transaction would be primarily equity financed via a rights issue which was fully underwritten on a standby basis by Morgan Stanley & Co. International plc ("**Morgan Stanley**", the "**Sole Global Co-Ordinator**" and "**Sole Bookrunner**") from the date of announcement.

M&S today announces the terms of the fully underwritten rights issue which is intended to raise gross proceeds of approximately £601.3 million (the "**Rights Issue**"). The Rights Issue is fully underwritten on the terms of the underwriting agreement entered into today between the Company, Morgan Stanley, BNP PARIBAS, HSBC Bank plc ("**HSBC**") and Shore Capital Stockbrokers Limited ("**Shore Capital**", and together with Morgan Stanley, BNP PARIBAS and HSBC, the "**Underwriters**") (the "**Underwriting Agreement**"). N.M. Rothschild & Sons Limited ("**Rothschild & Co**") is acting as the Lead Financial Adviser to M&S on the Rights Issue.

The prospectus (the "**Prospectus**") is expected to be published on 24 May 2019, subject to approval by the Financial Conduct Authority (the "**FCA**"). The Rights Issue will be made on the terms, and subject to the conditions, to be set out in the Prospectus.

The Rights Issue will result in the issue of 325,009,968 new ordinary shares of 25 pence each representing approximately 20.0 per cent. of the existing issued share capital of M&S and 16.7 per cent. of the enlarged issued share capital immediately following completion of the Rights Issue (the "**New Ordinary Shares**"). The Rights Issue will be on the following basis:

1 for 5 Rights Issue at 185 pence per New Ordinary Share.

Details of the Rights Issue

Pursuant to the Rights Issue and as disclosed in the full year results announcement released today, the Company is proposing to offer 325,009,968 New Ordinary Shares by way of a Rights Issue to Qualifying Shareholders (other than to shareholders with a registered address or who are resident or located in one of the Excluded Territories, subject to very limited exceptions).

The offer is to be made at 185 pence per New Ordinary Share, payable in full on acceptance by no later than 11.00 a.m. on 12 June 2019. The Rights Issue is expected to raise proceeds of approximately £570.7 million net of estimated fees and expenses. The rights issue price of 185 pence per New Ordinary Share represents a discount of approximately 31.8 per cent. to the closing middle-market price of 271.2 pence per Existing Ordinary Share, or a discount of approximately 30.0 per cent. to the closing middle-market price of 264.1 pence per Existing Ordinary Share when adjusted to reflect the Ordinary Shares becoming ex-dividend during the Rights Issue offer period, in each case on 21 May 2019 (being the latest business day before the announcement of the terms of the Rights Issue). Additionally, it represents a discount of approximately 28.0 per cent. to the theoretical ex-rights price of 256.8 pence per New Ordinary Share, or a discount of approximately 26.3 per cent. to the theoretical ex-rights price of 250.9 pence per Existing Ordinary Share when adjusted to reflect the Ordinary Shares becoming ex-dividend during the Rights Issue offer period, both on 21 May 2019 (being the latest business day before the announcement of the terms of the Rights Issue).

The New Ordinary Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive dividends or distributions made, paid or declared with a record date after the date of the issue of the New Ordinary Shares. Applications will be made to the FCA and to the London Stock Exchange for the New Ordinary Shares to be admitted to the Official List and to trading on the London Stock Exchange. It is expected that admission of the New Ordinary Shares (nil paid) will occur and that dealings in the New Ordinary Shares (nil paid) on the London Stock Exchange will commence at 8.00 a.m. on 29 May 2019.

The Rights Issue is conditional upon, amongst other things, fulfilment of the following conditions:

- publication of the Prospectus and its approval by the FCA;
- Admission occurring not later than 8.00 a.m. on 29 May 2019 (or such later time and/or date as the Company and Morgan Stanley (in its capacity as Sole Global Co-ordinator) may agree being not later than 12 June 2019);
- the warranties on the part of the Company under the Underwriting Agreement being true, accurate and not misleading when made;
- the sale and purchase agreement in respect of the Joint Venture remaining in full force and effect and not having been terminated, having lapsed or ceased to be capable of completion in accordance with its terms, prior to Admission; and
- the Underwriting Agreement otherwise having become unconditional in all respects and not having terminated in accordance with its terms prior to Admission.

In certain circumstances, the Underwriting Agreement can be terminated at any time on or prior to Admission by Morgan Stanley in its capacity as Sole Global Co-Ordinator, in which case the Rights Issue will not proceed. Following Admission, the Underwriting Agreement will not be subject to any condition or right of termination (including with respect to statutory withdrawal rights).

The Directors intend to take up in full the New Ordinary Shares to which they are entitled under the Rights Issue.

This summary should be read in conjunction with the full text of the M&S full year results announcement published today, 22 May 19.

Indicative abridged timetable ⁽¹⁾:

Publication of the Prospectus	24 May 2019
Dispatch of Provisional Allotment Letters (to Qualifying Non-CREST Shareholders)	On or about 28 May 2019
Admission and commencement of dealings in New Ordinary Shares, nil paid, on the London Stock Exchange	8.00 a.m. 29 May 2019
Latest time and date for acceptance in full and registration of renounced Provisional Allotment Letters	11.00 a.m. 12 June 2019
Commencement of dealings in New Ordinary Shares, fully paid, on the London Stock Exchange	8.00 a.m. 13 June 2019
New Ordinary Shares credited to CREST accounts (for Qualifying CREST Shareholders only)	14 June 2019

Note:

(1) The times and dates set out in the timetable above and referred to throughout this announcement are subject to change in which event details of the new times and dates will be notified to the Financial Conduct Authority, the London Stock Exchange and, where appropriate, Qualifying Shareholders through a Regulatory Information Service.

A copy of this announcement will be made available at www.marksandspencer.com/shareholder. The information contained within this announcement is inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. The person responsible for this announcement on behalf of M&S is Nick Folland, Group General Counsel and Company Secretary.

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This announcement has been issued by and is the sole responsibility of the Company. The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may or should be placed by any person for any purpose whatsoever on the information contained in this announcement or on its accuracy or completeness. The information in this announcement is subject to change.

This announcement is an advertisement and not a prospectus and not an offer of Nil Paid Rights, Fully Paid Rights or New Ordinary Shares for sale in any jurisdiction, including in or into the United States, the Abu Dhabi Global Market, the Dubai International Financial Centre, Israel, Hong Kong, Japan, the People's Republic of China, New Zealand, Singapore, South Africa, Switzerland or the United Arab Emirates, or any jurisdiction where the availability of the Rights Issue (and any other transactions contemplated in relation to it) would breach any applicable laws or regulations (each an **Excluded Territory**).

Neither this announcement nor anything contained in it shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. Investors should not acquire any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares referred to in this announcement except on the basis of the information contained in the Prospectus to be published by the Company in connection with the Rights Issue.

The Prospectus will, following publication, be available on the Company's website at www.marksandspencer.com/shareholder. Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this announcement.

The distribution of this announcement, the Prospectus, the Provisional Allotment Letter, and the offering or transfer of Nil Paid Rights, Fully Paid Rights or New Ordinary Shares into jurisdictions other than the United Kingdom may be restricted by law, and, therefore, persons into whose possession this announcement, the Prospectus, the Provisional Allotment Letter and/or any accompanying documents comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of such jurisdiction. In particular, subject to certain exceptions, this announcement, the Prospectus (once published) and the Provisional Allotment Letters (once distributed) should not be distributed, forwarded to or transmitted in or into the United States or any other Excluded Territory.

Recipients of this announcement and/or the Prospectus should conduct their own investigation, evaluation and analysis of the business, data and property described in this announcement and/or the Prospectus. This announcement does not constitute a recommendation concerning any investor's options with respect to the Rights Issue. The price and value of securities can go down as well as up. Past performance is not a guide to future performance. The contents of this announcement are not to be construed as legal, business, financial or tax advice. Each Shareholder or prospective investor should consult his, her or its own legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice.

This announcement is not and does not contain an offer of securities for sale or a solicitation of an offer to purchase or subscribe for securities in the United States or any other Excluded Territory, or any other state or jurisdiction in which such release, publication or distribution would be unlawful. The securities to which this announcement relates (the **Securities**) have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or under any securities laws of any state or other jurisdiction of the United States, and may not be offered, sold, taken up, renounced or delivered, directly or indirectly, into or within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Securities in the United States or any other jurisdiction. Subject to certain exceptions, the Securities may not be offered or sold in any other Excluded Territory or to, or for the account or benefit of, any national, resident or citizen of such countries.

Accordingly, subject to certain exceptions, the Rights Issue is not being made in the United States and neither this announcement, the Prospectus nor the Provisional Allotment Letters constitute or will constitute an offer, or an invitation to apply for, or an offer or an invitation to subscribe for or acquire any Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in the United States. Subject to certain limited exceptions, Provisional Allotment Letters have not been, and will not be, sent to, and Nil Paid Rights have not been, and will not be, credited to the CREST account of, any Qualifying Shareholder with a registered address in or that is located in the United States.

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Each of Morgan Stanley, HSBC and Shore Capital is authorised by the Prudential Regulation Authority (**PRA**) and regulated in the United Kingdom by the PRA and FCA. BNP PARIBAS is supervised by the European Central Bank (**ECB**) and the French *Autorité de Contrôle Prudentiel et de Résolution* (**ACPR**) and the *Autorité des marchés financiers* (**AMF**) and its London branch is lead-supervised by the ECB and the ACPR and is authorised by the ECB, the ACPR and the PRA and subject to limited regulation by the FCA and the PRA. Rothschild & Co is authorised and regulated by the FCA in the United Kingdom. Each of Morgan Stanley, BNP PARIBAS, HSBC, Shore Capital and Rothschild & Co is acting exclusively for the Company and no one else in connection with the Rights Issue, and will not regard any other person (whether or not a recipient of this announcement) as their respective clients in relation to the Rights Issue and will not be responsible to anyone other than the Company for providing the protections afforded to its respective clients or for providing advice in relation to the Rights Issue referred to in this announcement or any other transaction, arrangement or matter referred to in this announcement.

No action has been taken by the Company, Morgan Stanley, BNP PARIBAS, HSBC, Shore Capital or Rothschild & Co that would permit a public offering of the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares or possession or distribution of this announcement, the Prospectus, the Provisional Allotment Letter or any other offering or publicity material relating to the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares in any jurisdiction where action for that purpose is required, other than the United Kingdom, Ireland, France, Germany and Spain. Persons into whose possession this announcement comes are required by the Company, Morgan Stanley, BNP PARIBAS, HSBC, Shore Capital and Rothschild & Co to inform themselves about, and to observe, such restrictions.

No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by Morgan Stanley, BNP PARIBAS, HSBC, Shore Capital, Rothschild & Co or their respective affiliates or agents as to, or in relation to, the accuracy or completeness of this announcement or any other information made available to or publicly available to any interested party or its advisers, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available, and any liability therefore is expressly disclaimed.

In connection with the proposed Rights Issue, Morgan Stanley, BNP PARIBAS, HSBC, Shore Capital, Rothschild & Co and any of their affiliates, may in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Nil Paid Rights, the Fully Paid Rights, the New Ordinary Shares and/or related instruments for their own account for the purpose of hedging their underwriting exposure or otherwise. Accordingly, references in the Prospectus to the Nil Paid Rights, Fully Paid Rights or New Ordinary Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, Morgan Stanley, BNP PARIBAS, HSBC, Shore Capital and any of their affiliates acting in such capacity.

Morgan Stanley, BNP PARIBAS, HSBC and Shore Capital and any of their affiliates may enter into financing arrangements with investors in connection with which Morgan Stanley, BNP PARIBAS, HSBC and Shore Capital and any of their affiliates may from time to time acquire, hold or dispose of Ordinary Shares. Morgan Stanley, BNP PARIBAS, HSBC and Shore Capital do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Forward-Looking Statements

This announcement contains 'forward-looking statements' with respect to the financial condition, results of operations and business of the Company and to certain of the Company's plans and objectives with respect to these items.

Forward-looking statements are sometimes but not always identified by the use of a date in the future or such words as 'anticipates', 'aims', 'due', 'could', 'may', 'should', 'expects', 'believes', 'intends', 'plans', 'targets', 'goal', or 'estimates'. By their very nature forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that may or will occur in the future. No representation or warranty is made that any forward-looking statement will come to pass.

Neither the Company nor any other person (including Morgan Stanley, BNP PARIBAS, HSBC, Shore Capital or Rothschild & Co) intends to update these forward-looking statements.

You are advised to read this announcement and the Prospectus (once published) in their entirety for a further discussion of the factors that could affect the Company's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this announcement may not occur.

No statement in this announcement is intended as a profit forecast and no statement in this announcement should be interpreted to mean that underlying operating profit for the current or future financial years would necessarily be above a minimum level, or match or exceed the historical published operating profit or set a minimum level of operating profit.

Appendix

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

“Admission”	admission of the New Ordinary Shares, nil paid, to the Official List and to trading on the main market for listed securities of the London Stock Exchange becoming effective in accordance with paragraph 3.2.7G of the Listing Rules and paragraph 2.1 of the Admission and Disclosure Standards published by the London Stock Exchange
“CREST”	the electronic transfer and settlement system for the paperless settlement of trades in listed securities operated by Euroclear
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/378)
“Euroclear”	Euroclear UK and Ireland Limited, the operator (as defined in the CREST Regulations) of CREST
“Excluded Territories”	the Abu Dhabi Global Market, the Dubai International Financial Centre, Israel, Hong Kong, Japan, the People’s Republic of China, New Zealand, Singapore, South Africa, Switzerland, the United Arab Emirates and the United States and any jurisdiction where the extension and/or availability of the Rights Issue (and any other transactions contemplated in relation to it) would breach any applicable laws or regulations
“Existing Ordinary Shares”	the ordinary shares of 25 pence each in the capital of M&S at the Record Date
“FCA”	the UK Financial Conduct Authority
“Fully Paid Rights”	rights to subscribe for New Ordinary Shares, fully paid
“New Ordinary Shares”	the 325,009,968 new Ordinary Shares to be issued pursuant to the Rights Issue
“Nil Paid Rights”	rights to subscribe for New Ordinary Shares, nil paid

“Official List”	the Official List maintained by the FCA
“Ordinary Shares”	ordinary shares of 25 pence each in the capital of M&S
“Provisional Allotment Letter”	the provisional allotment letter to be issued to Qualifying Non-CREST Shareholders (other than certain Overseas Shareholders)
“Qualifying CREST Shareholders”	Qualifying Shareholders holding Ordinary Shares in uncertificated form on the Record Date
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders holding Ordinary Shares in certificated form or in the Marks & Spencer Share Service on the Record Date
“Qualifying Shareholders”	holders of Ordinary Shares on the register of members of M&S at the Record Date
“Record Date”	close of business on 22 May 2019