

4 September 2012

CAMBRIA AUTOMOBILES PLC

Approval of Waiver of Rule 9 of the Takeover Code and Notice of Extraordinary General Meeting

Introduction

It was announced on 9 July that Promethean plc (“Promethean”), a significant shareholder in Cambria Automobiles plc (“Cambria” or “the Company”), intended to distribute *in specie*, on 7 September, its shareholding in the Company amounting to 33,321,234 ordinary shares of £0.10p each (“Ordinary Shares”), representing 33.32 per cent. of the Company’s voting share capital to those shareholders of Promethean on its register of members as at 12 July 2012. This announcement summarises the background to, and reasons why the Board believes it to be in the best interests of Shareholders as a whole for the Company to have authority to purchase Ordinary Shares in the market. A circular to shareholders (“Circular”) which will be posted later today sets out details of the proposed new buy back authority and contains a notice of an Extraordinary General Meeting to be held at 4.00 p.m. on 27 September 2012 to consider the resolutions necessary to approve the new buy back authority and approve the waiver granted by the Panel of any requirement under Rule 9 of the City Code on Takeovers and Mergers (“City Code”) for Mark Lavery and his wife Nicola (“Concert Party”) to make a general offer to shareholders that would otherwise arise if the Company exercised the buyback authority (“Waiver”). The resolutions, upon which Shareholders are asked to vote, are set out in this announcement within ‘Action to be taken’.

Background to and reasons for the recommendation

Following the announcement on 9 July by Promethean, the board of directors of Cambria (“the Directors”) (acting through the Independent Directors) believes it to be in the best interests of Shareholders as a whole for the Company to have authority to purchase Ordinary Shares in the market.

The Board believes that a number of the Promethean shareholders probably are not long term holders of the Ordinary Shares and that in the short term this has the potential to cause an overhang in the market thereby depressing the share price. In appropriate circumstances, the Board seeks to buy Ordinary Shares in the market to enhance share liquidity in the short term.

The Board is mindful of the financial impact a share buyback may have on the Company. It has conducted a thorough exercise with regards the capital requirements for the business and its prospects and funding available, whilst also taking into account the merits of providing greater short term liquidity for Ordinary Shares. The Board will only proceed to make market purchases at prices that make sense for the Company as a whole and there can be no certainty that any of the buyback authority sought under the Resolutions will be utilised. The Directors have confirmed that none of them will, nor do they intend to sell any of their Ordinary Shares to the Company under the terms of the requested authority within the Circular.

New general buy back authority

As a result of the likely overcrowding in the market following the distribution *in specie* by Promethean, the Cambria Board would, in appropriate circumstances, like to buy back Ordinary Shares in the market. The Company was granted a general authority to buy back Ordinary Shares at the last Annual General Meeting held on 9 January 2012 limited to 10,000,000 Ordinary Shares representing 10 per cent. of the issued share capital, which expires on 31 December 2014 or at the conclusion of the next Annual General Meeting. The Board would like to increase and extend this authority and proposes to seek Shareholder approval to empower the Company to make market purchases of up to approximately 15 per cent. of the issued share capital of the Company in the future. If approved by Shareholders, such authority would be exercisable until 18 months after the date of the EGM. The maximum price payable for the purchase by the Company of Ordinary Shares will be limited to 5 per cent. above the average of the middle market quotations of such shares, as derived from the Daily Official List of the London Stock Exchange, for the five business days prior to the purchase. The minimum price payable by the Company for the purchase of Ordinary Shares will be 10p per share (being the amount equal to the nominal value of an Ordinary Share).

The Directors would use the share purchase authority with discretion and purchases would only be made from the Company's distributable reserves not required for other purposes and in the light of market conditions prevailing at the time. In reaching a decision to purchase Ordinary Shares, the Directors would take account of the Company's cash resources and capital and the effect of such purchases on the Company's business and would only make market purchases if satisfied that they would increase liquidity in the market and earnings per Ordinary Share and be in the interests of Shareholders generally. No announcement will be made by the Company in advance of market purchases, but any purchases made by the Company would be announced by 7.30 a.m. on the business day next following the transaction.

Pursuant to section 724 of the Companies Act 2006 the Company is entitled, on buying back its own shares, to hold such shares in treasury for subsequent sale, transfer for the purposes of or pursuant to employee share schemes, or cancellation as an alternative to cancelling them immediately. The Directors currently intend to hold any shares purchased under the general buy back authority in treasury pursuant to such powers.

City Code on Takeovers and Mergers

Under Rule 9 of the City Code, any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the City Code) in shares which (taken together with shares in which he is already interested and in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if a further interest in shares is acquired by any such person or any person acting in concert with him.

Under Rule 37 of the City Code, when a company purchases its own voting shares, any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 (although a shareholder who is neither a director nor

acting in concert with a director will not normally incur an obligation to make an offer under Rule 9 of the City Code).

The current interests in Ordinary Shares of the Concert Party and the percentages of the voting rights in the Company attributable to such interests are:

<i>Person</i>	<i>Number of Ordinary Shares</i>	<i>%</i>
Mark Lavery	5,000,001	5
Nicola Lavery (Wife of Mark Lavery)	34,999,922	35
Total	<hr/> 39,999,923	40

If the Company repurchases shares under the general buy back authority and at the time the voting rights attributable to the interests in Ordinary Shares of the Concert Party continues to exceed more than 30 per cent. of such voting rights, an obligation under Rule 9 of the City Code would arise on one or more of the Concert Party to make a cash offer for the issued shares of the Company not already owned by them.

The Panel has agreed, however, to waive the obligation to make a general offer that would otherwise arise on the Concert Party as a result of the repurchase by the Company of its shares and under the general buy back authority subject to approval on a poll by the Independent Shareholders of Resolution 2 in the Notice of EGM. Additionally, the Company has confirmed with the Panel that Rodney Smith is no longer deemed to be acting in concert with Mark Lavery.

Following completion of the Transaction, the Concert Party will between them be interested in shares carrying more than 30 per cent. of the Company's voting share capital but will not hold shares comprising more than 50 per cent. of such voting rights, and, for as long as they continue to be treated as acting in concert, any further increase in that aggregate interest in shares will be subject to the provisions of Rule 9 of the City Code.

Potential interests in Ordinary Shares of the Concert Party following exercise of the general buy back authority

If the general buy back authority set out in Resolution 1 of the Notice of EGM is exercised in full and assuming no disposals of Ordinary Shares by any member of the Concert Party and no issues of Ordinary Shares by the Company in the meantime, the interests in Ordinary Shares of the Concert Party and the percentage of the voting rights in the Company attributable to such interests would be:

<i>Person</i>	<i>Number of Ordinary Shares</i>	<i>%</i>
Mark Lavery	5,000,001	5.88
Nicola Lavery (Wife of Mark Lavery)	34,999,922	41.18
Total	<hr/> 39,999,923	47.06

Trading update

The Board is able to report that the Group's profitability in the second half of the financial year is progressing in line with the Board's expectations and remains confident with regards future performance over the medium term.

Action to be taken

Shareholders should read and consider the Circular in full (and not rely on this announcement) before they make any decision as to how they intend to vote on the Resolutions, as set out below and in the Notice of EGM.

Special Resolution (Resolution 1)

That the Company, in substitution for the authority granted by a special resolution dated 9 January 2012 be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of Ordinary Shares of 0.10p each in the capital of the Company ("Ordinary Shares") upon or subject to the following conditions:

- (i) the maximum number of Ordinary Shares which may be purchased is 14,999,999 representing approximately 15 per cent. of the issued share capital of the Company; and
- (ii) the maximum price at which Ordinary Shares may be purchased shall be 5 per cent. above the average of the middle market quotations for the ordinary shares as taken from the Daily Official List of the London Stock Exchange for the five business days preceding the date of purchase and the minimum price shall be 10p, being the nominal value of the Ordinary Shares (in both cases exclusive of expenses); and
- (iii) the authority to purchase conferred by this Resolution shall expire 18 months after the date of this Resolution, save that the Company may, before such expiry, enter into a contract of purchase under which such purchase may be completed or executed wholly or partly after the expiration of this authority.

Ordinary Resolution (Resolution 2)

That the waiver granted by the Panel on Takeovers and Mergers, described in the letter accompanying the notice convening this meeting, of the obligation under Rule 9 of the City Code on Takeovers and Mergers on Mark Lavery and Nicola Lavery (together, the "Concert Party") to make a general offer to shareholders of the Company as a result of any market purchases of Ordinary Shares by the Company pursuant to the authority sought pursuant to Resolution 1 set out in the notice convening this meeting, be and is hereby approved such that if the authority to be granted by Resolution 1 was exercised in full, the aggregate interest in Ordinary Shares of the Concert Party would represent approximately 47 per cent. of the issued Ordinary Shares and no other options or rights to subscribe for Ordinary Shares were exercised or taken up and no issues of Ordinary Shares made and excluding for this purpose any Ordinary Shares held as treasury shares.

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