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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

Part II of this document comprises an explanatory statement in compliance with section 897 of the Companies Act 2006. If you are in any doubt as to 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 professional adviser who is authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or from an appropriately authorised independent financial adviser if you are in a relevant territory outside the United Kingdom.

If you have sold or otherwise transferred all of your ISpatial Shares, please send this document and the accompanying documents at once to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, these documents must not be forwarded, distributed or transmitted in, into or from any jurisdiction where to do so would violate the relevant laws in that jurisdiction. If you have sold or otherwise transferred only part of your holding of ISpatial Shares, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

This document sets out the details of the Proposal to be effected by way of a scheme of arrangement between ISpatial and the Scheme Shareholders. If the Scheme becomes effective, it will be binding on all Scheme Shareholders, including those who do not attend and/or vote to approve the Scheme or who attend and/or vote against it at the Meetings, and it will result in the cancellation of the trading of all the ISpatial Shares on AIM.

Notices convening the Court Meeting and the General Meeting, both of which will be held at the offices of ISpatial at Tennyson House, Cambridge Business Park, Cambridge, CB4 0WZ on 7 November 2011, are set out at the end of this document. The Court Meeting will start at 11.00 a.m. and the General Meeting will start at 11.15 a.m. (or as soon thereafter as the Court Meeting is concluded or adjourned). ISpatial Shareholders should read carefully the whole of this document and the accompanying Forms of Proxy. Your attention is drawn in particular to the letter from the Chairman of ISpatial, contained in Part I of this document, which contains the unanimous recommendation of the Independent ISpatial Directors that the ISpatial Shareholders vote in favour of the Resolutions to be proposed at the Court Meeting and at the General Meeting.

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## **RECOMMENDED SHARE OFFER**

by

**AVISEN PLC**

for

**ISPATIAL HOLDINGS PLC**

**to be effected by means of a Scheme of Arrangement  
under Part 26 of the Companies Act 2006**

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**THE ACTION TO BE TAKEN IN RESPECT OF THE MEETINGS IS SET OUT ON PAGES 34 AND 35 UNDER THE HEADING "ACTION TO BE TAKEN" IN PART II OF THIS DOCUMENT.**

ISpatial Shareholders will find accompanying this document: (i) a BLUE Form of Proxy for use at the Court Meeting; and (ii) a WHITE Form of Proxy for use at the General Meeting. Whether or not you intend to attend the meetings in person please complete and sign both the enclosed Forms of Proxy. To be valid, the relevant Form of Proxy and any authority under which it is executed (or a copy of the authority certified notarially or in some other way approved by the ISpatial Directors) must be completed and returned in accordance with the instructions printed thereon by post or (during normal business hours only) by hand to ISpatial's Receiving Agent: SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD, as soon as possible, but in any event so as to be received by no later than 11.00 a.m. on 3 November 2011 (for the BLUE Form of Proxy) and by 11.15 a.m. on 3 November 2011 (for the WHITE Form of Proxy). If the BLUE Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to the Chairman of the Court Meeting before the start of the Court Meeting. In the case of the General Meeting, unless the WHITE Form of Proxy is returned by the time mentioned in the instructions printed on it, it shall be invalid. The completion and return of a Form of Proxy will not prevent you from attending and voting in person at either the Court Meeting or the General Meeting (as appropriate), or any adjournment thereof, if you so wish and are so entitled.

Avisen may purchase ISpatial Shares otherwise than under the Proposal, such as in the open market or through privately negotiated purchases. Such purchases may be made either directly or through a broker and must comply with the applicable laws of England and Wales, as well as (as applicable) the AIM Rules, the rules of the London Stock Exchange and the City Code. Information about any such purchases must be made available from a Regulatory Information Service.

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

The summary of the principal provisions of the Scheme contained in this document is qualified in its entirety by reference to the Scheme itself, the full text of which is set out in Part IX of this document. Each ISpatial Shareholder is advised to read and carefully consider the text of the Scheme itself.

The statements contained herein (or incorporated by reference into this document) are made as at the date of this document, unless some other time is specified in relation to them, and issue of this document shall not give rise to any implication that there has been no change in the facts set forth herein (or incorporated by reference into this document) since such date. Nothing contained herein (or incorporated by reference into this document) shall be deemed to be a profit forecast, projection or estimate of the future financial performance of the ISpatial Group or the Avisen Group or the Enlarged Group. No statement in this document should be interpreted to mean that future earnings per ISpatial Share or per Avisen Share for current and future financial periods will necessarily match or exceed the historical or published earnings per ISpatial Share or per Avisen Share.

Neither the content of Avisen's or ISpatial's website (or any other website) nor the content of any website accessible from hyperlinks on any such website is incorporated into, or forms any part of, this document, save where specifically stated herein.

Libertas, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for ISpatial and no-one else in connection with the Proposal and will not be responsible to anyone other than ISpatial for providing the protections afforded to clients of Libertas nor for providing advice in relation to the Proposal or the content of, or any matter or arrangement referred to in, this document.

Strand Hanson, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Avisen and no-one else in connection with the Proposal and will not be responsible to anyone other than Avisen for providing the protections afforded to clients of Strand Hanson nor for providing advice in relation to the Proposal or the content of, or any matter or arrangement referred to in, this document.

If you have any questions relating to the completion or the return of the Forms of Proxy, please telephone SLC Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday on 01372 467 308.

## **ACTION TO BE TAKEN**

The action to be taken by 1Spatial Shareholders is further described on pages 34 and 35 and in paragraph 10 of Part II of this document. Copies of this document and any revisions thereto will be available for inspection at the offices of Libertas during normal business hours on any Business Day until the end of the Offer Period.

## **INFORMATION FOR UNITED STATES AND OTHER OVERSEAS SHAREHOLDERS**

The publication or distribution of this document in any Restricted Jurisdiction may be restricted by law and therefore any persons who are subject to the laws of any Restricted Jurisdiction into whose possession this document comes should inform themselves about, and observe, any applicable legal and regulatory requirements and restrictions. Any failure to comply with the applicable requirements or restrictions may constitute a violation of the securities laws of any such jurisdiction. Further details in relation to Overseas Shareholders are contained in paragraph 9 of Part II of this document.

All 1Spatial Shareholders or other persons (including nominees, trustees and custodians) who would otherwise intend to, or may have a contractual or legal obligation to, forward this document and/or the accompanying Forms of Proxy to a Restricted Jurisdiction should refrain from doing so and seek appropriate professional advice before taking any action.

This document does not constitute an offer to sell or issue or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities or a solicitation of any vote or approval pursuant to this document, the offer or otherwise in any jurisdiction in which such offer or solicitation is unlawful. This document does not constitute a prospectus or a prospectus equivalent document. This document and the accompanying documents have been prepared for the purposes of complying with English law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of any Restricted Jurisdiction. This document is not an offer to sell securities in the United States. Neither the SEC nor any other US federal or state securities commission or regulatory authority has reviewed, approved or disapproved of, or passed an opinion on, the accuracy or adequacy of this document, the Scheme or any of the proposals herein. Any representation to the contrary is a criminal offence in the United States.

Notice to US investors in 1Spatial: the Proposal relates to the shares of an English company and is to be made by means of a scheme of arrangement provided for under the laws of England and Wales. The Proposal is subject to the disclosure requirements and practices applicable in England and Wales to schemes of arrangement, which differ from the disclosure and other requirements of the US securities laws and tender offer rules. The 1Spatial and Avisen financial information included in, and incorporated by reference into, this document has been prepared in accordance with International Financial Reporting Standards (“IFRS”) that may not be comparable to the financial statements of US companies. US generally accepted accounting principles differ in certain significant respects from IFRS. None of the financial information included in, or incorporated by reference into, 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).

The receipt of New Avisen Shares by a US holder of 1Spatial Shares as consideration for the cancellation of its 1Spatial Shares pursuant to the Proposal 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 US holder of 1Spatial Shares is urged to consult his independent professional adviser immediately regarding the tax consequences of the Proposal applicable to him.

It may be difficult for US holders of 1Spatial Shares to enforce their rights and claims arising out of US federal securities laws, since Avisen and 1Spatial are located in countries other than the United States, and all of their officers and directors are residents of countries other than the United States. US holders of 1Spatial Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court’s judgement.

## **FORWARD-LOOKING STATEMENTS**

Certain statements contained herein constitute forward-looking statements. The forward-looking statements contained herein include statements about the expected effects of the Proposal, the expected timing and scope of the Proposal and other statements other than in relation to historical facts. Forward-looking statements including, without limitation, statements typically containing words such as “intends”, “anticipates”, “targets”, “estimates”, “believes”, “should”, “plans”, “will”,

“expects” and similar expressions or statements that are not historical facts are intended to identify those expressions or statements as forward-looking statements. The statements are based on the assumptions and assessments by the boards of Avisen and ISpatial and are naturally subject to uncertainty and changes in circumstances. By their nature, forward-looking statements involve risk and uncertainty and the factors described in the context of such forward-looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction or waiver of the conditions to the Scheme, local and global political and economic conditions, future revenues of Avisen and/or ISpatial being lower than expected, expected cost savings from the Proposal or other future transactions not being realised fully or in line with expected timeframes, competitive pressures in the industry increasing, foreign exchange rate fluctuations and interest rate fluctuations (including those from any potential credit rating decline) and legal or regulatory developments and changes. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements.

Neither ISpatial nor Avisen, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied by any forward-looking statements contained herein will actually occur. Other than in accordance with their legal or regulatory obligations (including under the AIM Rules, the Disclosure and Transparency Rules of the Financial Services Authority and the City Code), neither ISpatial nor Avisen is under any obligation and each of them expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## **DEALING DISCLOSURE REQUIREMENTS**

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any paper 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 paper 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 paper 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 paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper 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 per cent. or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper 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 paper offeror, 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 paper 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](http://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. If you

are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

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## DEFINITIONS

In this document, unless inconsistent with the subject or context or defined otherwise under the Scheme, the following expressions bear the following meanings:

<b>“Act”</b>	the Companies Act 2006;
<b>“Admission”</b>	the admission to trading on AIM of the New Avisen Shares;
<b>“AIM”</b>	the AIM market operated by the London Stock Exchange;
<b>“AIM Rules”</b>	the Rules and Guidance notes for AIM Companies and their nominated advisers issued by the London Stock Exchange from time to time relating to AIM traded securities and the operation of AIM;
<b>“Announcement”</b>	the announcement made by Avisen and ISpatial on 7 October 2011 regarding the Proposal and the Scheme made pursuant to Rule 2.7 of the City Code;
<b>“Articles”</b>	the articles of association of ISpatial from time to time;
<b>“Avisen” or “Offeror”</b>	Avisen plc;
<b>“Avisen Board” or “Avisen Directors”</b>	the board of directors of Avisen as at the date of this document whose names are set out in paragraph 2.2 of Part VI of this document;
<b>“Avisen General Meeting”</b>	the general meeting (or any adjournment thereof) of the Holders of Avisen Shares to be convened to consider and, if thought fit, to approve the resolutions to be proposed thereat in connection with the issue of the New Avisen Shares under the Scheme and the Sub-division;
<b>“Avisen Group”</b>	Avisen, its subsidiaries and subsidiary undertakings;
<b>“Avisen Resolutions”</b>	the resolutions to be proposed at the Avisen General Meeting in order to give effect to the Scheme and the Sub-division;
<b>“Avisen Shares”</b>	ordinary shares of £0.05 each in the capital of Avisen as at the date of this document, and, following the Avisen General Meeting and subject to the passing of the resolution for the Sub-division, the new ordinary shares of £0.01 each in the capital of Avisen;
<b>“Business Day”</b>	a day, not being a Saturday, Sunday or public holiday, on which the clearing banks in London are open for business;
<b>“certificated” or “in certificated form”</b>	recorded on the relevant register of the share or other security as being held in certificated form (that is, not in CREST);
<b>“Close of Business”</b>	in respect of a Business Day, 6.00 p.m. on that Business Day;
<b>“Closing Price”</b>	as regards securities quoted on AIM, the closing middle market quotation of a share derived from AIM;
<b>“Code”, “Takeover Code” or “City Code”</b>	the City Code on Takeovers and Mergers issued by the Panel;
<b>“Conditions”</b>	the “Conditions to the Implementation of the Scheme and Further Terms of the Proposal” set out in Part IV of this document and “Condition” means any one of them;
<b>“Connected Person”</b>	has the meaning given to it in section 252 of the Act;
<b>“Consideration Shares”</b>	the 5.761 New Avisen Shares to be issued under the terms of the Proposal in respect of each Scheme Share;
<b>“Court”</b>	the High Court of Justice of England and Wales;
<b>“Court Meeting”</b>	the meeting (and any adjournment thereof) of the Scheme Shareholders convened by an order of the Court pursuant to Part 26 of the Act to be held at the offices of ISpatial at Tennyson House, Cambridge Business Park, Cambridge, CB4 0WZ at 11:00 a.m. on 7 November 2011 at which the Scheme

	Shareholders will be asked to consider and, if thought fit, approve the Scheme (with or without amendment) and any adjournment thereof, notice of which is set out on page 76 of this document;
<b>“Court Orders”</b>	the Scheme Court Order and the Reduction Court Order;
<b>“CREST”</b>	the relevant system (as defined in the Regulations) of which Euroclear is the Operator (as defined in the Regulations);
<b>“Deferred Shares”</b>	the deferred shares of £0.04 each in the capital of Avisen, following the Avisen General Meeting and subject to the passing of the resolution for the Sub-division;
<b>“Effective Date”</b>	the date on which the Reduction Court Order is delivered to the Registrar of Companies in England and Wales;
<b>“Enlarged Group”</b>	the Avisen Group as enlarged by the recommended acquisition by Avisen of the entire issued and to be issued share capital of ISpatial to be effected by way of the Scheme;
<b>“Enlarged Issued Share Capital”</b>	all of the issued Avisen Shares following the issue of the New Avisen Shares, assuming the Scheme becomes effective;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<b>“Existing Avisen Shares”</b>	the 226,699,878 Avisen Shares in issue at the date of this document, all of which are admitted to trading on AIM;
<b>“FSA”</b>	the Financial Services Authority;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended);
<b>“General Meeting”</b>	the general meeting (and any adjournment thereof) of ISpatial Shareholders convened in connection with the Scheme to be held at the offices of ISpatial at Tennyson House, Cambridge Business Park, Cambridge, CB4 0WZ at 11:15 a.m. on 7 November 2011 to consider and, if thought fit, to approve the Special Resolutions in relation to the Scheme (with or without amendment), notice of which is set out on page 77 of this document;
<b>“HMRC”</b>	HM Revenue & Customs;
<b>“Holder”</b>	a registered holder of shares and includes any person(s) entitled by transmission;
<b>“Independent ISpatial Directors”</b>	the ISpatial Directors other than Marcus Hanke;
<b>“Libertas”</b>	Libertas Capital Corporate Finance Limited, a company incorporated under the laws of England and Wales with registered number 4271746;
<b>“London Stock Exchange” or “LSE”</b>	London Stock Exchange plc;
<b>“Meetings”</b>	the Court Meeting and the General Meeting and Meeting means either of them;
<b>“New Avisen Converted Shares”</b>	the new ordinary shares of £0.01 each in the capital of Avisen following the Sub-division;
<b>“New Avisen Shares”</b>	up to 122,069,402 new Avisen Shares to be issued to Scheme Shareholders, as consideration for the New ISpatial Shares pursuant to the Proposal;
<b>“New ISpatial Shares”</b>	21,188,926 new ISpatial Shares to be issued to Avisen under the terms of the Scheme;
<b>“Offer Period”</b>	the period commencing on 7 October 2011 being the date of the Announcement until announcement via a Regulatory Information Service by ISpatial and/or Avisen that the Scheme has become effective or that the Scheme has lapsed or been withdrawn;
<b>“Overseas Shareholders”</b>	ISpatial Shareholders who are residents in, or nationals or citizens of, jurisdictions outside the United Kingdom or who are nominees



	of, or custodians or trustees for, citizens or nationals of countries other than the United Kingdom;
<b>“Panel” or “Takeover Panel”</b>	the Panel on Takeovers and Mergers;
<b>“Proposal”</b>	the recommended acquisition by Avisen of the entire issued and to be issued share capital of ISpatial to be effected by way of the Scheme and subject to the Conditions and on the terms of this document including, where the context so requires, any subsequent revision, variation, extension or renewal of such proposal;
<b>“Proposed Directors”</b>	Nic Snape, Dr. Mike Sanderson and Steve Berry, all of whom will be appointed on the Effective Date;
<b>“Reduction of Capital”</b>	the proposed reduction of the ordinary share capital of ISpatial under Part 17, Chapter 10 of the Act by the cancellation and extinguishing of the Scheme Shares, to be effected as part of the Scheme;
<b>“Reduction Court Hearing”</b>	the hearing at which the Reduction Court Order is made;
<b>“Reduction Court Order”</b>	the order of the Court to be granted at the Reduction Court Hearing to confirm the Reduction of Capital provided for by the Scheme;
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/3755);
<b>“Regulatory Information Service”</b>	has the same meaning as defined in the AIM Rules;
<b>“Resolutions”</b>	the resolutions to be proposed at the Court Meeting (or any adjournment thereof) and the General Meeting (or any adjournment thereof), as appropriate;
<b>“Restricted Jurisdiction”</b>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure for Avisen or ISpatial were information or documentation concerning the Proposal to be sent or made available to ISpatial Shareholders in that jurisdiction;
<b>“ISpatial” or the “Company”</b>	ISpatial Holdings plc;
<b>“ISpatial Board” or “ISpatial Directors”</b>	the board of directors of ISpatial as at the date of this document whose names are set out in paragraph 2.1 of Part VI of this document;
<b>“ISpatial Group”</b>	ISpatial, its subsidiaries and subsidiary undertakings;
<b>“ISpatial Non-Executive Directors”</b>	the non-executive directors of ISpatial;
<b>“ISpatial Receiving Agent” or “SLC Registrars”</b>	SLC Registrars, a trading name of David Venus & Company Limited, of Thames House, Portsmouth Road, Esher, Surrey KT10 9AD
<b>“ISpatial Shareholders”</b>	holders of ISpatial Shares from time to time;
<b>“ISpatial Shares”</b>	the existing unconditionally allotted or issued and fully paid ordinary shares of £0.04 each in the capital of ISpatial and any further such shares of £0.04 each in the capital of ISpatial which are unconditionally allotted or issued before the Scheme becomes effective;
<b>“Scheme” or “Scheme of Arrangement”</b>	the proposed scheme of arrangement under Part 26 of the Act between ISpatial and the Scheme Shareholders, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by ISpatial and Avisen, the full terms of which are set out in Part IX of this document and (as the case may be) any supplemental circular(s);
<b>“Scheme Court Hearing”</b>	the hearing at which the Scheme Court Order is made;
<b>“Scheme Court Order”</b>	the order of the Court granted as the Scheme Court Hearing to sanction the Scheme under Part 26 of the Act;

<b>“Scheme Document”</b>	this document dated 13 October 2011;
<b>“Scheme Record Time”</b>	6.00 p.m. on the Business Day immediately preceding the Reduction Court Hearing;
<b>“Scheme Shareholders”</b>	the Holders of Scheme Shares;
<b>“Scheme Shares”</b>	<ul style="list-style-type: none"> <li>● the 1Spatial Shares in issue at 6.00 p.m. on the date of this document;</li> <li>● (if any) 1Spatial Shares issued after the date of this document and before the Voting Record Time; and</li> <li>● (if any) 1Spatial Shares issued at or after the Voting Record Time and before the Scheme Record Time, either on terms that the original or any subsequent holders of such shares shall be bound by the Scheme, or in respect of which the original or any subsequent holders of such shares are, or shall have agreed in writing to be, bound by the Scheme,</li> </ul> <p>in each case, save for any shares held, legally or beneficially, by Avisen;</p>
<b>“SEC”</b>	the US Securities and Exchange Commission;
<b>“Securities Act”</b>	the United States Securities Act of 1933 (as amended);
<b>“SLC Registrars”</b>	SLC Registrars Limited, a trading name of David Venus & Company Limited;
<b>“Special Resolution”</b>	the special resolution to be proposed at the General Meeting to approve the Scheme and the Reduction of Capital;
<b>“Storage Fusion”</b>	Storage Fusion Limited, an indirect wholly-owned subsidiary of Avisen;
<b>“Storage Fusion Business”</b>	the business of Storage Fusion, being the development and sale of the SRA software;
<b>“Strand Hanson”</b>	Strand Hanson Limited, a company registered in England and Wales under company number 2780169;
<b>“Sub-division”</b>	the proposed sub-division of each Existing Avisen Share into one New Avisen Converted Share of £0.01 and one new Deferred Share of £0.04;
<b>“subsidiary”</b>	has the meaning given by section 1159 of the Act;
<b>“subsidiary undertaking”</b>	has the meaning given by section 1162 of the Act;
<b>“Takeover Offer”</b>	the acquisition of the entire issued and to be issued ordinary share capital of 1Spatial by means of a takeover offer made pursuant to the City Code;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“UK Listing Authority” or “UKLA”</b>	the FSA in its capacity as a competent authority under the Financial Services and Markets Act 2000;
<b>“uncertificated” or “uncertificated form”</b>	recorded on the relevant register of the share or security concerned as being held in uncertificated form (that is, in CREST), and title to which, by virtue of the Regulations, may be transferred by means of CREST;
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, the District of Columbia, and all other areas subject to its jurisdiction;
<b>“Voting Record Time”</b>	6.00 p.m. on 4 November 2011, or, in the event that the Court Meeting is adjourned by more than 48 hours, 6.00 p.m. on the day which is one Business Day before such adjourned meeting.

All quoted share prices contained in this document have been rounded to two decimal places.

All references to share premium prices in this document have been rounded to one decimal place.

Unless otherwise indicated, all references in this document to times are to London times.

## GLOSSARY

<b>“Analytics”</b>	the skills, technologies, applications and practices for continuous iterative exploration and investigation of past business performance to gain insight and drive business planning;
<b>“Balanced Scorecard”</b>	the balanced scorecard is a performance management tool which has been developed from a concept of measuring if the smaller-scale operational activities of a company are aligned with its larger-scale objectives in terms of vision and strategy;
<b>“Business Intelligence” or “BI”</b>	business intelligence; specifically skills, knowledge, technologies, applications and practices used to help a business acquire a better understanding of market behaviour and business context. Businesses may refer to the collected information itself or the explicit knowledge developed from the information. BI applications provide historical, current, and predictive views of business operations, most often using operational data;
<b>“Corporate Performance Management” or “CPM”</b>	corporate performance management is a set of processes that help organisations optimise their business performance. It is a framework for organising, automating and analysing business methodologies, metrics, processes and systems that drive business performance. CPM helps businesses make efficient use of not only their financial, but also their human, material and other resources;
<b>“Data Providers”</b>	data providers are comprised of the world’s public sector National topographic mapping and cadastral agencies;
<b>“Direct Attached Storage” or “DAS”</b>	a digital storage system directly attached to a server or workstation, without a storage network in between;
<b>“Geographic Information System”</b>	a geographic information system (GIS), geographical information system, or geospatial information system is any system that captures, stores, analyses, manages, and presents data that are linked to location. In the simplest terms, GIS is the merging of cartography, statistical analysis, and database technology. GIS systems are used in cartography, remote sensing, land surveying, utility management, natural resource management, urban planning, emergency management, navigation and localised search engines. As GIS is a system, it establishes boundaries that may be jurisdictional, purpose or application oriented for which a specific GIS is developed;
<b>“INSPIRE”</b>	<p>infrastructure for Spatial Information in the European Community (INSPIRE). The INSPIRE directive (2007/2EC, March 2007) aims to create a European Union (EU) spatial data infrastructure. This will enable the sharing of environmental spatial information among public sector organisations and better facilitate public access to spatial information across Europe.</p> <p>To ensure that the spatial data infrastructures of the Member States are compatible and usable in a Community and transboundary context, the Directive requires that common Implementing Rules (IRB) are adopted in a number of specific areas (Metadata, Data Specifications, Network Services, Data and Service Sharing and Monitoring and Reporting). These IRs are adopted as Commission Decisions or Regulations, and are binding in their entirety;</p>
<b>“Key Performance Indicators” or “KPI’s”</b>	ways to periodically assess the performances of organisations, business units, and their division, departments and employees. Accordingly, KPIs are most commonly defined in a way that is understandable, meaningful and measurable;
<b>“Knowledge Sector”</b>	a term that refers to a market sector that is focussed on the production and management of knowledge (computer readable

	valued and trusted information). It includes government departments, utility companies and other organisations within the private sector all of which use location-based information to build their business critical datasets and applications;
<b>“Network Area Storage” or “NAS”</b>	a term used to refer to storage elements that connect to a network and provide file access services to computer systems. These elements generally consist of an engine that implements the file services, and one or more devices, on which data is stored;
<b>“Object-Oriented”</b>	a programming model that uses “objects” (data structures consisting of data fields and methods together with their interactions) to design applications and computer programs. Programming techniques may include features such as data abstraction, encapsulation, modularity, polymorphism, and inheritance. Many modern programming languages now support object-oriented programming. INSPIRE schemas are based on object models;
<b>“Performance Management”</b>	performance management is a tool designed to help organisations achieve their strategic goals. Performance management techniques are designed to help ensure that an organisation’s data works in the furtherance of organisational goals to provide information that is actually useful in achieving them;
<b>“Public Data Transparency”</b>	“Public Data” is the objective, factual, non-personal data on which public services run and are assessed, and on which policy decisions are based, or which is collected or generated in the course of public service delivery. The movement is supported by Sir Tim Berners-Lee and is a world-wide phenomenon. The UK, through <a href="http://data.gov.uk">data.gov.uk</a> has published principles around the transparency (use, re-use, availability, timeliness, sharing and maintenance) of Public Data. The Public Sector Transparency Board, established by the UK Prime Minister, will drive forward the Government’s transparency agenda, making it a core part of all government business and ensuring that all departments meet the deadlines set for releasing key public datasets. In addition, it is responsible for setting open data standards across the whole public sector, listening to what the public wants and then driving through the opening up of the most needed data sets;
<b>“Radius Studio”</b>	<p>is an enterprise software solution developed and sold by ISpatial. It enables organisations to rapidly transform and validate collections of location-based data into information that can speed up daily operations, reduce costs, meet compliance initiatives and aid decision making. By automating these traditionally time consuming and expensive tasks, significant time savings can be made and return on investment can be realised.</p> <p>By taking a powerful rules-based approach, Radius Studio enables organisations to be more agile as business and market needs change.</p> <p>The solution is based on an open standards platform and compatible with a range of workflow applications, databases and geographical information systems (GIS). It is also available as an open architecture version for maximum enterprise interoperability;</p>
<b>“Software-as-a-Service (SaaS)”</b>	Software-as-a-Service (SaaS) also known as Software on Demand is a software distribution model in which applications are hosted by a vendor or service provider and made available to customers over a network, typically the Internet. A provider licenses an application to customers as a service on demand, through a subscription, in a “pay-as-you-go” model, or increasingly at no charge;

<b>“Spatial Data Infrastructure”</b>	a spatial data infrastructure (SDI) is a framework of spatial data, metadata, users and tools that are interactively connected in order to use spatial data in an efficient and flexible way;
<b>“SRM”</b>	Storage Resource Management Software, used to manage and monitor large datasets on a variety of storage systems. Storage management is essential to ensure prevention of data loss, decrease of error rates of data replication, and decrease of the analysis time by ensuring that analysis tasks have the storage space to run to completion;
<b>“Storage Area Network” or “SAN”</b>	a network whose primary purpose is the transfer of data between computer systems and storage elements and among storage elements. A SAN consists of a communication infrastructure, which provides physical connections, and management layer, which organises the connections, storage elements and computer systems so that the data transfer is secure and robust;
<b>“Storage Resource Analysis Software” or “SRA”</b>	Storage Fusion’s Storage Resource Analysis (SRA) software automates the processes associated with storage analytics;
<b>“Value-based Management”</b>	this is a management approach that is designed to ensure companies are run consistently on value, i.e. typically to maximise shareholder value. Value-based Management comprises three key concepts: ‘Creating Value’ (ways to actually increase or generate maximum future value), ‘Managing for Value’ (governance, change management, organisational culture, communication, leadership) and ‘Measuring Value’.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>Time and/or date<sup>1</sup></i>
Latest time for lodging BLUE Forms of Proxy for the Court Meeting <sup>2</sup>	11.00 a.m. on 3 November 2011
Latest time for lodging WHITE Forms of Proxy for the General Meeting	11.15 a.m. on 3 November 2011
Voting Record Time for the Meetings <sup>3</sup>	6.00 p.m. on 4 November 2011
Avisen General Meeting	10.00 a.m. on 7 November 2011
Court Meeting	11.00 a.m. on 7 November 2011
General Meeting <sup>4</sup>	11.15 a.m. on 7 November 2011
Directions hearing regarding the Reduction of Capital	15 November 2011
Last day of dealings in, and registration of transfers in CREST of 1Spatial Shares	22 November 2011
1Spatial Shares suspended	7.00 a.m. on 23 November 2011
Scheme Court Hearing to sanction the Scheme	23 November 2011
Scheme Record Time	6.00 p.m. on 24 November 2011
Reduction Court Hearing	25 November 2011
Effective Date of the Scheme	25 November 2011
Cancellation of admission of 1Spatial Shares on AIM	7.00 a.m. on 28 November 2011
Admission of the New Avisen Shares to trading on AIM	8.00 a.m. on 28 November 2011
Crediting of New Avisen Shares to CREST accounts	28 November 2011
Latest date for despatch of the share certificates of the New Avisen Shares to be issued to 1Spatial Shareholders	9 December 2011
The date by which the Scheme must become unconditional and effective, failing which it will lapse <sup>5</sup>	29 February 2012

1 The dates and times above are indicative only and will depend, *inter alia*, on the date on which: (i) the Conditions are either satisfied or waived (to the extent they are capable of being waived); (ii) the Court sanctions the Scheme and confirms the associated Reduction of Capital; and (iii) the Reduction of Capital is registered by the Registrar of Companies in England and Wales. If any of the expected dates change, 1Spatial will give adequate notice of any change by issuing an announcement through a Regulatory Information Service.

2 The BLUE Form of Proxy for the Court Meeting may alternatively be handed to 1Spatial's Registrars on behalf of the Chairman of the Court Meeting at the start of the Court Meeting.

3 If either of the Meetings are adjourned by more than 48 hours, then the Voting Record Time for the reconvened Meeting will be 6.00 p.m. on the day which is one Business Day before such reconvened Meeting.

4 If the Court Meeting has not been concluded or adjourned prior to the scheduled commencement of the General Meeting, the commencement of the General Meeting will be delayed until the Court Meeting has been concluded or adjourned.

5 This date may be extended by agreement between Avisen and 1Spatial with the consent of the Panel and (if required) the approval of the Court.

**THE FOLLOWING INFORMATION DOES NOT PURPORT TO BE COMPLETE AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS DOCUMENT FROM WHICH IT IS DERIVED. 1SPATIAL SHAREHOLDERS SHOULD READ THE WHOLE OF THIS DOCUMENT AND, IN PARTICULAR, THE LETTER FROM THE CHAIRMAN OF 1SPATIAL SET OUT IN PART I AND THE EXPLANATORY STATEMENT FROM LIBERTAS SET OUT IN PART II OF THIS DOCUMENT AND SHOULD NOT RELY SOLELY ON THE INFORMATION SET OUT BELOW.**

#### **THE RECOMMENDED PROPOSAL**

- This document contains a recommended Proposal whereby Scheme Shareholders will receive, for every Scheme Share, 5.761 New Avisen Shares.
- The Proposal values each Scheme Share at 23.04 pence and values the entire issued share capital of 1Spatial at approximately £4.88 million, based on the closing price of 4.0 pence per Avisen Share on 12 October 2011, the last Business Day prior to the date of this document.
- The Proposal will result in the issue of up to 122,069,402 New Avisen Shares to Scheme Shareholders, representing approximately 35.0 per cent of the Enlarged Issued Share Capital following the Scheme becoming effective.
- The Independent 1Spatial Directors have unanimously recommended that 1Spatial Shareholders vote in favour of the Resolutions as they have irrevocably undertaken to do so in respect of their 12,299,725 1Spatial Shares representing approximately 58.0 per cent of the existing issued ordinary share capital of 1Spatial.
- Irrevocable undertakings to vote in favour of the Resolutions have also been received from Seamus Gilroy, Christopher Wright, Steven Ramage and SF T1ps Smaller Growth Fund in respect of 4,025,970 1Spatial Shares, representing approximately 19.0 per cent of the existing issued ordinary share capital of 1Spatial.

#### **ACTION TO BE TAKEN**

The Scheme must be approved by a majority in number of Scheme Shareholders representing at least 75 per cent in nominal value of the Scheme Shares, present and voting, either in person or by proxy, at the Court Meeting. The vote will be on a poll.

Implementation of the Scheme also requires the passing of a special resolution at the General Meeting. You will find enclosed with this document:

- a BLUE reply-paid Form of Proxy for use in respect of the Court Meeting on 7 November 2011 at 11.00 a.m. (attaching an attendance card in relation to the Court Meeting); and
- a WHITE reply-paid Form of Proxy for use in respect of the General Meeting on 7 November 2011 at 11.15 a.m. (attaching an attendance card in relation to the General Meeting).

**Whether or not you plan to attend the Meetings, please complete and sign both the BLUE and WHITE Forms of Proxy and return them as soon as possible, but in any event so as to be received by no later than 11.00 a.m. and 11.15 a.m. respectively on 3 November 2011.**

In either case, if the Meetings are adjourned, the relevant Form(s) of Proxy should be received not later than 48 hours, excluding non-working days, before the time fixed for the adjourned meeting.

The return of the BLUE and WHITE Forms of Proxy will enable your votes to be counted at the Meetings in the event of your absence. All Forms of Proxy are reply-paid for use in the United Kingdom only, for your convenience. If the BLUE Form of Proxy for use at the Court Meeting is not lodged by the time and date referred to above it may be handed to the Company's Registrar, on behalf of the Chairman of the Court Meeting, at the start of the Court Meeting.

**In the case of the General Meeting, unless the WHITE Form of Proxy is returned by the time and date referred to above and as mentioned in the instructions printed on it, it shall be invalid.**

**The completion and return of a Form of Proxy will not prevent you from attending and voting in person at either the Court Meeting or the General Meeting (as appropriate), or any adjournment thereof, if you so wish and are so entitled.**

**IT IS IMPORTANT THAT AS MANY VOTES AS POSSIBLE ARE CAST, EITHER IN PERSON OR BY PROXY, SO THAT THE COURT CAN BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF SCHEME SHAREHOLDER OPINION.**

**YOU ARE THEREFORE STRONGLY URGED TO EXERCISE YOUR RIGHTS BY COMPLETING THE FORMS OF PROXY APPLICABLE TO YOU OR BY ATTENDING THE MEETINGS AND VOTING IN PERSON.**

If you have any questions relating to the completion or return of the Forms of Proxy, please telephone SLC Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday on 01372 467 308.



## STATISTICS

Proposed number of New ISpatial Shares to be acquired by Avisen*	21,188,926
Number of Avisen Shares in issue at the date of this document	226,699,878
Number of Consideration Shares*	approximately 122,069,402
Enlarged Issued Share Capital	approximately 348,769,280
Consideration Shares as a percentage of the Enlarged Issued Share Capital	approximately 35.0
Market capitalisation of the Enlarged Group immediately following Admission**	£13.95 million
AIM trading symbol	AVI.L
ISIN	GB00B09LQS34

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\* Based on 21,188,926 ISpatial Shares in issue on 6 October 2011 (being the last Business Day prior to the date of the Announcement). The exact number of Consideration Shares is expected to be determined on 24 November 2011, prior to the Scheme Record Time.

\*\* Based on the closing price of Avisen Shares of 4.0 pence on 12 October 2011 (being the last Business Day prior to the date of this document).

## PART I

### LETTER OF RECOMMENDATION FROM THE CHAIRMAN OF 1SPATIAL

# 1Spatial Holdings PLC

*(Incorporated in England with registered number 5212691)*

*Directors:*

Stephen Ronald Berry (*Non-Executive Chairman*)  
Nicholas John Snape (*Chief Executive Officer*)  
Dr Michael Stephen Sanderson (*Director of Development Strategy*)  
Peter Charles Bullock (*Finance Director*)  
Duncan James Guthrie (*Director of Sales*)  
Marcus Hanke (*Non-Executive Director*)

*Registered office:*

Tennyson House  
Cambridge Business Park  
Cambridge  
CB4 0WZ

13 October 2011

*To 1Spatial Shareholders and, for information only, to persons with information rights.*

Dear 1Spatial Shareholder,

#### RECOMMENDED SHARE OFFER BY AVISEN PLC FOR 1SPATIAL HOLDINGS PLC

##### 1. Introduction

On 7 October 2011, the boards of 1Spatial and Avisen announced that they had agreed the terms of a merger between Avisen and 1Spatial, whereby the entire share capital of 1Spatial would be acquired by Avisen in consideration for the issue of 5.761 New Avisen Shares for each Scheme Share. The Proposal is to be implemented by means of a Scheme of Arrangement under the Act, which requires the approval of Scheme Shareholders and the sanction of the Scheme and confirmation of the Reduction of Capital by the Court. On completion of the Proposal, Avisen will begin the transition to a single 1Spatial brand.

I am writing to you today to explain the background to, and the details of, the Proposal, to seek your support for and approval of the Proposal and to explain the reasons why the Independent 1Spatial Directors, who have been advised by Libertas, consider the terms of the Proposal to be fair and reasonable and in the best interests of 1Spatial Shareholders and why they unanimously recommend that you vote in favour of the Resolutions to give effect to the Proposal, as the Independent 1Spatial Directors have irrevocably undertaken to do in respect of their beneficial holdings of 12,299,725 1Spatial Shares representing approximately 58.0 per cent of the existing issued ordinary share capital of 1Spatial. In providing its advice to the 1Spatial Board, Libertas has taken into account the commercial assessments of the Independent 1Spatial Directors.

In order to approve the terms of the Proposal, Scheme Shareholders will need to vote in favour of the Resolution to be proposed at the Court Meeting and 1Spatial Shareholders will need to vote in favour of the Resolutions to be proposed at the General Meeting both to be held on 7 November 2011. The unanimous recommendation of the Independent 1Spatial Directors to 1Spatial Shareholders is set out in paragraph 16 of this letter.

Marcus Hanke is a non-executive director of 1Spatial and is also an executive director of Avisen. As a result, Marcus Hanke has not participated in the consideration by the 1Spatial Board as to whether the Proposal is fair and reasonable, nor the decision to recommend the Proposal. Marcus Hanke owns or is interested in 32,690 1Spatial Shares representing approximately 0.15% of the 1Spatial Shares in issue and owns or is interested in 29,026,314 Avisen Shares representing approximately 12.8 per cent of the Avisen Shares in issue. The Independent 1Spatial Directors do not have any interest in any Avisen Shares.

Statements made or referred to in this letter concerning Avisen's reasons for the Proposal and to the intentions and expectations of Avisen and its subsidiaries reflect the views of the Avisen Board. Statements made or referred to in this letter concerning the background to and reasons for the Independent 1Spatial Directors recommending the Proposal reflect the views of the 1Spatial Board.

## 2. Summary of the Proposal

It is intended that the Proposal will be implemented by means of a Court-sanctioned Scheme of Arrangement pursuant to Part 26 of the Act involving a reduction of capital of ISpatial under the Act. The Scheme is subject to the satisfaction (or, where applicable, waiver) of the Conditions and sanction of the Court. The terms of the Scheme are set out in full in Part IX of this document.

The Scheme provides that, if it becomes effective, all of the Scheme Shares will be cancelled under the Reduction of Capital and a like number of New ISpatial Shares will be issued, fully paid, to Avisen. The reserve arising from the cancellation of the Scheme Shares will be used in paying up in full such New ISpatial Shares. In exchange, under the Proposal, all Scheme Shareholders will be entitled to receive:

**For each Scheme Share:            5.761 fully paid New Avisen Shares**

ISpatial will become a wholly owned subsidiary of Avisen on the Effective Date. Avisen is a public company incorporated in England and Wales. Its shares are admitted to trading on AIM.

The Proposal values the entire issued share capital of ISpatial at approximately £4.88 million and each ISpatial Share at 23.04 pence (based on the Closing Price of 4.0 pence per Avisen Share on 12 October 2011, the last Business Day prior to the date of this document).

Entitlements to New Avisen Shares will be rounded down to the nearest whole number of Avisen Shares. Fractions of New Avisen Shares will not be allotted or issued to Scheme Shareholders. Fractional entitlements of New Avisen Shares will be aggregated and sold in the market and the net cash proceeds of the sale retained for the benefit of Avisen.

ISpatial Shareholders should note that the value of the Consideration that they will ultimately receive (once the Scheme is implemented and becomes effective in accordance with its terms) will depend upon the market value of New Avisen Shares received by them on the settlement date, and this value may vary.

The New Avisen Shares will be issued credited as fully paid, on identical terms to and will rank *pari passu* with the existing issued Avisen Shares, including the right to receive and retain all dividends and other distributions declared, paid or made after the Scheme becomes effective.

Application will be made to the London Stock Exchange for the New Avisen Shares to be admitted to trading on AIM following the Scheme becoming effective. It is expected that Admission will become effective and that trading in the New Avisen Shares will commence on AIM on 28 November 2011.

If the Scheme becomes effective, ISpatial will become a wholly owned subsidiary of Avisen on the Effective Date and the ISpatial Shareholders will receive the Consideration Shares referred to above.

### **Scheme becoming effective**

It is expected that subject to the satisfaction (or, where applicable, waiver) of the Conditions, including passing of the Avisen Resolutions (further details of which are set out in paragraph 8 of Part III of this document), the Scheme Court Hearing to sanction the Scheme will be held on 23 November 2011, the Reduction Court Hearing to confirm the Reduction of Capital will be held on 25 November 2011 and that the Effective Date will be 25 November 2011. The Proposal is conditional upon the Scheme becoming effective by no later than 29 February 2012, or such later date as ISpatial and Avisen may agree (with, where applicable, the consent of the Panel and (if required) the approval of the Court), failing which it will lapse.

It is expected that the admission of the ISpatial Shares to trading on AIM will be cancelled at 7.00 a.m. on 28 November 2011 and dealings in such shares will be suspended from 7.00 a.m. on 23 November 2011.

The Scheme requires the approval of a majority in number of the Scheme Shareholders representing at least seventy-five per cent in nominal value of the Scheme Shares present and voting (either in person or by proxy) at the Court Meeting (voting at which shall be conducted by way of a poll). In addition, the Reduction of Capital will require the approval of ISpatial Shareholders at the General Meeting.

If the Scheme becomes effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting. Further details of the Scheme are set out in the Explanatory Statement in Part II of this document as required by Part 26 of the Act.

Avisen intends to make an application to the LSE for admission to trading on AIM of its New Avisen Shares as soon as possible but, in any event, not later than 22 November 2011.

### **Interests in the Enlarged Group**

Following the Scheme becoming effective, existing Avisen Shareholders will hold 226,699,878 Avisen Shares representing approximately 65.0 per cent of the Enlarged Issued Share Capital of Avisen and existing Scheme Shareholders will hold approximately 122,069,402 Avisen Shares representing approximately 35.0 per cent of the Enlarged Issued Share Capital of Avisen.

The New Avisen Shares shall rank *pari passu* with all other Avisen Shares in issue on the date on which the New Avisen Shares are issued and shall have the right to receive all dividends, distributions and other entitlements made or paid on the Avisen Shares for which the record date occurs after such date.

### **3. Background to and reasons for the Proposal**

On 19 October 2010, 1Spatial was admitted to trading on AIM by way of a reverse takeover by 1Spatial Group Limited of IQ Holdings plc (re-named as 1Spatial Holdings plc). The reasons for this transaction were three-fold:

- (i) to enable the 1Spatial Group to raise capital by the issue of shares in 1Spatial, which would support further investment in technology development and marketing;
- (ii) to enable the 1Spatial Group to raise equity capital in order to support geographic expansion by way of acquisition; and
- (iii) to strengthen the business acumen of the 1Spatial Group by attracting independent advisors and investors.

Since the completion of the reverse takeover, 1Spatial has achieved a series of key milestones:

- completed an acquisition in Australia to exploit the growing demand for high quality spatial data to support environmental management and economic development
- completed the delivery of the landmark data management solution to Ordnance Survey Great Britain (OSGB)
- secured long term, high value contracts with Ordnance Survey Ireland for data re-engineering and enhancement and with OSGB to support the automation of their product generation capability
- restructured the 1Spatial Group which, whilst giving rise to exceptional costs, is intended to maximise future profitability.

As a result, 1Spatial is now positioned for growth, which will be best achieved through further investment in its rule-engine. 1Spatial's rule-based approach to spatial data processing is gaining increasing acceptance in the marketplace. To exploit this, 1Spatial has structured the company to focus on three markets:

- (i) its core market: the National topographic mapping and cadastral agencies, which require enterprise solutions for nationwide data management. 1Spatial is branding this offering as Imperium, which now requires investment to productise and exploit its market advantage;
- (ii) the GIS market, where 1Spatial continues to strengthen strategic relationships with major players in this sector, who are interested in integrating its rules engine and geo-processing components as the public data transparency initiatives lead to the development of new knowledge based applications; and
- (iii) the data quality market which is being addressed with a new Software as a Service offering, marketing under a new brand, Socium.

In addition, 1Spatial's Board of Directors believes that the wider analytics Business Intelligence marketplace provides an opportunity to extend the spatial data supply chain into location enabled decision-making.

Avisen operates through two businesses with the common focus of enhancing client profitability. Its business and technology consultancy, Avisen, specialises in Performance Management, with a focus on strategy creation, development and implementation through business advisory services and distribution and implementation of Acorn Systems software solutions. Storage Fusion develops and sells Storage Resource Analysis Software.

Avisen was admitted to trading on AIM on 2 February 2009 following its reverse takeover of Z Group plc. Since its admission, Avisen has pursued an acquisition strategy in the Corporate Performance Management market and to date has completed six acquisitions.

The Avisen management team has demonstrated its ability to rapidly absorb the new businesses in order to achieve cost savings and to grow the recurring income base of the Avisen Group through software and solution support.

Avisen now provides advisory services and software distribution to a growing number of blue chip corporations and examples include: Tesco Direct and Unilever.

The boards of Avisen and 1Spatial believe that Avisen's acquisition of 1Spatial will allow the Enlarged Group to:

- establish a more experienced management team with a broader skill set through the appointment of Nic Snape, Dr. Mike Sanderson and Steve Berry to the Avisen Board. This will further enhance the Enlarged Group's ability to identify future opportunities to enhance shareholder value;
- accelerate the investment in 1Spatial's Imperium, GIS Market Strategic Relationships and 1Spatial's new brand, Socium;
- utilise the cash resources of Avisen in order to accelerate the growth of the Enlarged Group, both organically and by further acquisitions in the business and technology sectors;
- extend the location supply chain capability, to offer location enabled decision making to the Business Intelligence market; and
- optimise the Storage Fusion Business as part of Avisen's existing performance management services.

Further information on Avisen and the strategy for the Enlarged Group is set out in Part III and paragraph 7 of Part I respectively of this document.

#### **4. Background to and reasons for recommending the Proposal**

The Independent 1Spatial Directors have considered the terms of the Proposal and unanimously recommend that 1Spatial Shareholders vote in favour of the Resolutions to be proposed at the Meetings.

The Independent 1Spatial Directors have therefore advised that each 1Spatial Shareholder should consider carefully the information set out below in making a decision as to whether to approve the Proposal. This is not intended to be an exhaustive list of relevant factors and 1Spatial Shareholders should consider their individual circumstances carefully before deciding whether to vote in favour of the Resolutions to be proposed at the Meetings.

##### **Effect of Proposal**

The Proposal represents a discount of 10.6 per cent to the Closing Price of 25 pence per 1Spatial Share on 6 October 2011, the last Business Day prior to the Announcement, based on a Closing Price for Avisen Shares of 3.88 pence on 6 October 2011.

The Proposal represents a discount of 5.9 per cent. to the Closing Price of 24.5 pence per 1Spatial Share on 12 October 2011, based on a Closing Price for Avisen Shares of 4.0 pence on 12 October 2011, the last Business Day prior to the date of this document.

The Proposal represents a premium of 17.3 per cent to the Closing Price of 25 pence per 1Spatial Share on 6 October 2011, based on the average Closing Price for Avisen Shares of 5.09 pence over the three month period ended on and including 6 October 2011.

Additional reasons for recommending the Proposal:

- Avisen has cash reserves which provide funds to accelerate investment in technology development in order to exploit the market position that 1Spatial has achieved;
- Avisen has an established blue chip client list in the commercial sector. Avisen's contracts with Tesco Direct and Unilever provide a solid foundation for the market introduction of location enabled analytics business models; and
- Avisen's Directors would bring significant experience into 1Spatial's strategic planning, in particular expertise in digital media, which would have significant benefit to 1Spatial's new brand, Socium.

The ISpatial Board believe that the merged entity would have a significantly enhanced market capitalisation and would provide a more interesting vehicle to attract investment. The size of the Enlarged Group would be more attractive to the banking sector and have more credibility when pursuing larger system integration opportunities in ISpatial's core market. All of these factors will provide the Enlarged Group with a significant platform from which to grow.

## **5. Information on ISpatial**

### ***Corporate History***

ISpatial's business was originally established under the name Laser-Scan in 1969 as an offshoot from the Cavendish Laboratory at Cambridge University initially developing laser-tracking devices and progressing, in 1975, to technologies that support mapping. In 1979 a contract with Ordnance Survey Great Britain (OSGB) was secured to build a national mapping database. Over the next 10 years, ISpatial's business focussed on the digital mapping sector, securing sales around the world.

In 2000 Laser-Scan was purchased by the Yeoman Group plc, which was developing a new offering of in-car navigation services via mobile phone. Laser-Scan technology was used to build the advanced spatial database that supported accurate navigation routing. In 2001, new management were appointed and major investments were made in the development of components that extended Oracle's mainstream database technology, giving users the ability to enhance and maintain the quality of their spatial data.

In June 2003, the new management team established ISpatial Group Limited as a new company in order to complete a management buy-out of the goodwill and certain assets of Laser-Scan, which had been placed into administration. ISpatial Group Limited became an independent company focussed on automating the management of spatial data quality. The company won a number of key contracts with the RAF, a consortium of German states, Northern Ireland's Mapping Agency and Land Registry Ireland, which gave the company a solid recurring revenue base and re-established its reputation. A growth strategy followed, with ISpatial Group Limited making a number of successful acquisitions. These strategic acquisitions provided additional technology capability and additional revenue from solid installed bases that remain today. They were as follows:

- Sysdeco Kongsberg AS, Norway November 2004
- IME UK Limited, Stirling, Scotland June 2007
- Proteus Solutions Limited, Cork, Ireland July 2007
- Comsine Limited, Hampshire June 2008

Having established a sound commercial base, ISpatial Group Limited embarked on significant technology developments. Its object-oriented data cache was integrated into a mainstream web-service architecture which provided a new approach to capturing knowledge through the use of an open rules language. This new approach to spatial data validation, enrichment and optimisation enabled ISpatial to win a landmark contract with OSGB. This offering is marketed under the ISpatial brand name Radius Studio.

The OSGB project success has had a significant impact on the profile of ISpatial. Many other mapping agencies are interested in the architecture and technology. Code delivery sign off occurred at the end of 2010. At the same time ISpatial was awarded a contract by OSGB to provide technology to support automated map production based on ISpatial's map generalisation, or simplification, technology. Radius Studio is also being used by other National Mapping agencies such as, the Royal Airforce Charting Unit, Land Information New Zealand, Land and Property Services Northern Ireland, Ordnance Survey Ireland, Swedish Maritime Administration, IGN Belgium, German Lande and PSMA Australia.

Following the completion of the reverse takeover of IQ Holdings in October 2010 and thereby achieving admission to AIM, ISpatial has begun the process of exploiting its platform through expansion internationally and domestically. Lagen Spatial Pty Limited was acquired in April 2011 to strengthen capacity in Asia Pacific and to take advantage of the significant opportunity in Australia.

### ***Current Trading and Prospects***

ISpatial has just completed its eighth year of trading since the management buyout in 2003. It was a disappointing year financially, with revenues falling to £7.311 million for the year ended 30 June 2011. This was largely due to significant delays in signing large contracts and the cancellation of planned investments by other customers. The impact of these was to shift £1million of expected

revenue into the future. Further contracts with OSGB and OS Ireland have now been secured, which provides good revenues for visibility for the 2012 financial year.

Profitability and asset value were also impacted by the reverse takeover, with exceptional costs in excess of £2 million being accounted for in the last financial year.

1Spatial is now structured to focus on three clear markets, with different business models and significant prospects for growth and increased profitability:

- **Data Providers.** The solution delivered to OSGB for data management and automated generalisation, is being marketed under the brand name Imperium. This is targeted at the National topographic mapping and cadastral agencies.
- **GIS Market.** The success of 1Spatial's rules engine and approach to spatial data integrity and processing has captured the attention of major players in the GIS Sector. This is a £1.5 billion annual market. 1Spatial's focus is to continue to strengthen its strategic relationships with leading companies in that sector by developing components that integrate its rules engine and geo-processing technology into solutions provided by key companies, which represent over half of the total annual market with a combined customer base in the hundreds of thousands.
- **Software as a Service (SaaS).** The scalable, web services architecture of Radius Studio has enabled 1Spatial to launch a new company, offering spatial data quality improvement under a Software as a Service Business Model. This will give access to 1Spatial's sophisticated technology via a simple 4 button web-based application. This will open up 1Spatial's technology to a market of nearly 200,000 potential customers.

The 1Spatial Directors believe that, by securing access to cash reserves of Avisen through the Proposal and enabling 1Spatial's technology to be productised at an accelerated rate, 1Spatial will be in a better position to realise these potential prospects.

## **6. Information on Avisen**

Avisen is a management consultancy and software business that provides companies with advice and solutions in order to enhance overall company profitability. It has two trading businesses:

- Avisen – Management consultancy specialising in profit improvement and exclusive distributor of Acorn Systems' Software in the UK and Ireland.
- Storage Fusion Ltd – Independent Software Vendor specialising in storage analytics for the heterogeneous storage estate delivered using Software as a Service (SaaS) architecture.

### **Avisen**

#### ***Overview***

Avisen, the Group's management consultancy business, focuses on providing global companies with advice in relation to improving overall company profitability. One of the key tools that Avisen uses during this process is a software technology known as Acorn Systems. Based on a costing methodology designed by Harvard Professor, Prof Dr Robert Kaplan and Steve Anderson who is on the Board of the Company, Acorn uses transaction level cost allocation to reveal profit improvement opportunities across the enterprise's customers, products, segments, vendors, channels and processes. This enables clients to make fact-based, profit-focused decisions which Avisen then help them implement. Although niche, the Avisen brand is uniquely positioned as it has the exclusive UK distribution rights for Acorn Systems' products and global distribution rights outside of the USA and a skilled team of Technical and Business Consultants.

Avisen has built over the last year a platform to sell its Acorn Systems solutions by providing pilots to various Blue Chip customers including Tesco Direct and Unilever. This has proved the product offering and provided a platform to sell Avisen's services and resell the Acorn software across the market.

#### ***Avisen's target market and competitors***

Avisen's target market is quite well defined. A typical client is a company with revenues in excess of £100m and with high-volumes of transactions where they understand the total cost of running the business but can't see how each product, customer or channel is driving up that cost. These are sectors such as fast moving consumer goods, distribution, retail, financial services, professional services and pharmaceuticals.

Avisen's competitors are distributors of other profitability management software (SAP, Oracle, Prodocapo, SAAS Institute etc). Avisen's focus is on building recurring revenue from software sales and support contracts. This enables Avisen to work with, and provide paid services to the "Big 4" consulting companies and other niche consultancy businesses providing profitability improvement services using Acorn. Avisen markets directly to these businesses and to the finance and operational executives of its target clients.

Avisen continually assesses the demand for its products and services in the market place and adapts its product offerings and pricing strategies to support this. It has focused the business on helping the large corporate market understand the true cost and profitability of their customers, products and operations as well as providing support in reconfiguring them. Avisen sees the most interest for the use of its software and services in:

- Logistics and distribution, to understand the network cost of delivered and returned goods and reconfigure supply chain based on the detailed analysis that Avisen provides.
- In FMCG and retail, to move past gross margin and understand the actual delivered margin from products and services through the supply chain in order to see true customer profitability.
- In financial services, to understand the profitability of individual customers, segments and products by allocating all costs and revenues to that grouping.
- In shared services and outsourcing, to build transparent "charge-back" mechanisms to allocate cost to the business units that consume them.
- In healthcare, to track the cost of patients through a hospital or other care setting and the actual costs associated with different procedures.

## **Storage Fusion**

### *Overview*

Storage Fusion is the author of SRA which provides comprehensive analytics for enterprise storage environments through an affordable SaaS service and without the need for disruptive probes and agents.

SRA cuts through the complexity of heterogeneous storage environments without the necessity for expensive on-premise software, on-going support and maintenance, a time-consuming implementation project, disruptive future upgrades and additional hardware to run the solution. This delivers detailed analytics within a matter of hours.

Storage Fusion empowers companies with the analytics they need to make informed decisions about their storage resources, thereby reducing IT expenditure and improving business operations.

With complete transparency an entire storage environment, Storage Fusion's SRA solution enables an organisation to undertake the following business critical activities to deliver operational effectiveness:

- Storage reclaim
- Internal charge-back
- Data centre migration / consolidation
- Vendor rationalisation
- Technology swaps / refreshes
- Asset tracking
- Capacity planning
- Depreciation reporting
- Cloud migration
- Virtualization and thin provisioning analysis
- Storage tiering
- Metrics analysis and report trending
- Identification of configuration exceptions

Demand for the SRA product has been clearly demonstrated with the signing of contracts with a large international bank in September 2010 and a subsequent sale to a worldwide information technology company.



### ***Storage Fusion's target market and competitors***

Storage Fusion's target market is any organisation that needs to report across their storage estate. Typically these are global companies that have multiple data centres, hardware from more than one storage vendor and in excess of 100 Terabytes of storage.

SRA is also used as a presales assessment tool by hardware vendors and partners to augment their hardware and professional services revenue.

In September 2010 Gartner's report, the Magic Quadrant for Storage Resource Management and SAN Management Software, Storage Fusion was noted as a new vendor within the segment.

### ***Strategy and objectives of Avisen's businesses***

Avisen's business strategy is to continue growth, both organically and by acquisition, and to convert this growth into higher profit and cash flow for distribution to shareholders.

Avisen has a record of successful acquisitions and disposals. The most recent disposal was of Inca, a re-seller of IBM Cognos software, in April 2011 for £7.3m (including a £1.3m deferred payment) and the extinguishment of £1.2m of debt.

The management team undertook a full business review following the disposal of Inca on 1 April 2011 and developed the following key objectives for the year ahead:

- Improve organic growth in the Avisen business by:
  - Utilising its skilled workforce to deliver on key contracts.
  - Planned campaigns to increase awareness within key target sectors. Using Avisen's success with existing customers to demonstrate its abilities.
  - Re-defining key corporate messages within its target market
  - Leveraging further the success of the Acorn solution globally and optimising partner marketing activities.
  - Build on the "Big 4" accounting firm relationships as a new channel to market.
- Improve organic growth in the Storage Fusion Business by:
  - Launching SRA Enterprise Edition.
  - Developing global sales network via partners.
  - Implement marketing strategy to increase product awareness, brand and sales revenue.
  - Developing additional SRA apps to enable new features that increase overall product value and sales.
  - Re-defining corporate messages and identifying key sectors to approach.
  - Developing awareness amongst the analyst community through key contacts at Gartner.
- Identify key acquisition targets which complement the current existing businesses.

Further information on Avisen is set out in Parts III and VIII of this document.

## **7. Strategy of the Enlarged Group**

The Proposed Directors together with Marcus Hanke, Marcus Yeoman, Mark Battles and Claire Milverton intend to create shareholder value both through further acquisitions and organic growth. This merged board will be focused on acquiring additional businesses that either extend the customer base of Avisen and ISpatial's current offering or provide complementary services and support that can be delivered to the current client base or sold through its sales channels.

The Enlarged Group's strategy will be to:

- accelerate the investment in ISpatial's Imperium, GIS Market Strategic Relationships and Socium;
- utilise the cash resources of Avisen in order to accelerate the growth of the Enlarged Group, both organically and by further acquisitions in the business and technology sectors;
- extend the location supply chain capability to offer location enabled decision-making to the Business Intelligence market; and
- optimise the Storage Fusion Business as part of Avisen's existing performance management services.

## **8. Intentions regarding the Enlarged Group**

The Enlarged Group will be led by a team comprising Steve Berry as Non-Executive Chairman, Marcus Hanke as Chief Executive Officer, Nic Snape as Managing Director, Claire Milverton as Chief Financial Officer and Dr. Mike Sanderson as Director of Strategic Development. The non-executive directors will be Marcus Yeoman and Mark Battles.

Following the Scheme becoming effective, Jonathan Hill will step down from the Avisen Board and shall remain an employee. In addition, Mark Battles will resign as a non-executive chairman of Avisen and take on the role as a non-executive director of the Enlarged Group.

Peter Bullock and Duncan Guthrie will resign as directors of 1Spatial immediately following the Scheme becoming effective and remain employees of the Enlarged Group.

Pending any agreement to the contrary, and subject to the approval of Avisen's remuneration committee, the current terms of service of Nic Snape, Dr. Mike Sanderson and Steve Berry will continue to apply.

Further particulars of the service contracts, consultancy agreements and other arrangements (including the remuneration provisions) of the 1Spatial Directors are set out at paragraph 6 of Part VI of this document.

Details of the interests of the 1Spatial Directors in 1Spatial Shares are set out in paragraph 5.1 of Part VI of this document.

Avisen recognises the achievements of the management and employees of 1Spatial, and intends that 1Spatial will continue to develop and grow as part of the Enlarged Group. The Enlarged Group will be led by a board drawn from the existing boards of Avisen and 1Spatial. This enlarged board intends to continue to develop the existing strategies of 1Spatial and Avisen, and does not intend to change the location of the Enlarged Group's places of business or to redeploy any of its material fixed assets or to effect material changes to the workforce or their general conditions of employment. The enlarged board does intend, however, to review as appropriate any areas of overlap between 1Spatial and Avisen.

The Enlarged Group intends to safeguard fully the existing employment rights of employees of both the 1Spatial Group and the Avisen Group.

The Enlarged Group will be headquartered in London in respect of its PLC function and in Cambridge for its operations. It is intended that all 1Spatial's existing operating facilities will be maintained.

A brief summary of the biographies of Marcus Hanke, Marcus Yeoman, Mark Battles and Claire Milverton are set out below:

### **Marcus Hanke (aged 40), Chief Executive Officer**

Marcus Hanke began his career at Price Waterhouse (now PricewaterhouseCoopers). He qualified as a chartered management accountant and has since worked in industry with Compass Group Plc and consulting with KPMG and Deloitte. In 2003, he formed an independent Performance Management company which was subsequently acquired by Cognos Inc. in 2004. In 2006, Mr. Hanke joined Avisen as the Managing Partner and has led the growth of the services business and the diversification into software development and distribution.

Over the last 10 years Mr. Hanke has led several corporate Performance Management programmes rolled out in Europe, the Middle East and Africa and has advised a number of global software application vendors in this area. He specialises in corporate performance management, Value-based Management and the technology enablement of these processes.

### **Marcus Yeoman (aged 48), Non-Executive Director**

Marcus Yeoman has 20 years' experience as a director of small companies. He is currently non-executive chairman of Storyboard Asset plc listed on PLUS, as well as holding directorships of a number of private companies which have engaged him principally to assist them with their growth strategies.

His early career started with the formation of three companies in IT infrastructure and distribution, after which he moved into small company broking and corporate work with Rathbone Stockbrokers Limited and Cheviot Capital (Nominees) Limited. Since 2003, he has been acting as a consultant or

non-executive director to smaller companies in the high growth sector. He has also assisted a number of quoted companies with M&A work.

**Claire Milverton (aged 37), Finance Director**

Claire joined the board in April 2010. Prior to this, Claire was the Group Financial Controller at Xploite plc, a company acquired by Avisen in 2010. Claire joined Xploite plc in March 2008, having previously been a Senior Manager at PricewaterhouseCoopers LLP, where she had been managing both listed company audits and due diligence assignments.

In her role as both CFO and Group Financial Controller, Claire has gained significant exposure to the IT and services industry and all areas of the finance function including taking responsibility for the Avisen Group's corporate transactions. Claire is a fellow of the Institute of Chartered Certified Accountants.

**Mark Barney Battles (aged 44), Non Executive Director**

Mark Battles has over 20 years experience working within the technology, media and telecommunications sector operating as both CEO and CFO of many private and publicly traded businesses. He is currently Chairman of Avisen plus a director of many private companies within the well-being, magazine and telephony sectors.

Trained with Ernst & Young as a Scottish Chartered Accountant, Mark Battles built and sold one of London first and largest digital marketing agencies in 2000 now trading under the brand name of "LBI". Since 2003, Mark Battles has assumed role as Chairman or non executive director across a range of international media and technology businesses assisting with their growth and exit strategies. Prior public roles include CEO of Silvanus One plc, a PLUS traded vehicle now renamed Fast Bet plc.

**9. Irrevocable Undertakings**

Avisen has received irrevocable undertakings from each of the Independent 1Spatial Directors to vote or procure the vote in favour of the Resolutions in respect of their entire beneficial holdings of 1Spatial Shares amounting, in aggregate, to 12,299,725 1Spatial Shares (representing approximately 58.0 per cent of the existing issued share capital of 1Spatial).

Avisen has also received irrevocable undertakings from Seamus Gilroy, Christopher Wright, Steven Ramage and SF Tlps Smaller Companies Growth Fund to vote or procure the vote in favour of the Resolutions in respect of their entire beneficial holdings of 1Spatial Shares amounting to 4,025,970 1Spatial Shares (representing approximately 19.0 per cent of the existing issued share capital of 1Spatial).

Accordingly, Avisen has in aggregate received irrevocable undertakings to vote in favour of the resolutions in respect of 77 per cent. of the issued share capital of 1Spatial.

Irrevocable undertakings to vote in favour of the Avisen Resolutions at the Avisen General Meeting have been secured from the holders of 64,911,948 Avisen Shares (including all members of the Avisen Board) representing approximately 28.63 per cent of the Avisen Shares in issue at the date of this document.

Further details of the irrevocable undertakings (including the circumstances in which they shall lapse) are set out in paragraph 4 of Part VI of this document.

**10. The 1Spatial Directors and the effect of the Scheme on their interests**

Details of the interests of the 1Spatial Directors in 1Spatial Shares are set out in paragraph 5.1 of Part VI of this document. 1Spatial Shares held by the 1Spatial Directors will be subject to the Scheme.

Particulars of the service agreements and letters of appointment of the 1Spatial Directors are set out in paragraph 6 of Part VI of this document.

Save as set out above, the effect of the Scheme on the interests of the 1Spatial Directors does not differ from its effect on the interests of any other 1Spatial Shareholder.

The Independent 1Spatial Directors have given irrevocable undertakings to Avisen to vote in favour of the Proposal (see paragraph 4 of Part VI of this document).

## **11. Conditions**

The Conditions to the Proposal are set out in full in Part IV of this document. In summary, the implementation of the Scheme is conditional, *inter alia*, upon:

- the approvals of the ISpatial Shareholders and Scheme Shareholders referred to in paragraph 12 below;
- the sanction and confirmation of the Court referred to in paragraph 5 of Part II;
- the Scheme becoming effective by no later than 29 February 2012 or such later date as ISpatial and Avisen may agree with (where applicable) the consent of the Panel and the approval of the Court, failing which the Scheme will lapse;
- approval by the Avisen Shareholders of the Avisen Resolutions at the Avisen General Meeting. Approval of such resolutions is required in order to implement the Scheme and the approval shall authorise the allotment of New Avisen Shares to ISpatial shareholders, a sub-division of the existing share capital of Avisen and the amendment of the Articles of Association of Avisen; and
- admission of the New Avisen Shares to trading on AIM.

## **12. Meetings**

The Scheme and the Proposal are subject to the satisfaction (or, where applicable, waiver) of the Conditions set out in Part IV of this document. In addition, the implementation of the Scheme will require approval by a special resolution of ISpatial Shareholders to be proposed at the General Meeting. In order to become effective, the Scheme must be approved by Scheme Shareholders at the Court Meeting (at which voting will be conducted by way of a poll). The approval required at the Court Meeting is a majority in number of those Scheme Shareholders present and voting, whether in person or by proxy, representing not less than 75 per cent in value of the Scheme Shares held by such Scheme Shareholders.

## **13. Further information**

Your attention is drawn in this document to the Explanatory Statement in Part II, the Conditions in Part IV, the risk factors in Part V, the additional information in Part VI, the financial information on ISpatial referred to in Part VII, the financial information on Avisen referred to in Part VIII, the Scheme in Part IX, information on taxation in Part X and to the notices of the Court Meeting and General Meeting in Parts XI and XII respectively which form part of this document.

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

Your attention is drawn to paragraph 10 of the Explanatory Statement contained in Part II which explains the action you should take in relation to the Proposal.

If you are in any doubt about the Proposal or the action you should take, you are recommended immediately to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under FSMA, if you are in the United Kingdom, or from another appropriately qualified independent financial adviser.

## **15. Taxation**

Your attention is drawn to Part X of this document, which summarises certain limited aspects of the UK tax treatment of Scheme Shareholders. If you are in any doubt as to your tax position, or if you are subject to tax in any jurisdiction other than the UK, you should consult an appropriate adviser without delay.

## **16. Recommendation**

The Independent ISpatial Directors have reviewed Avisen's strategy for the Enlarged Group, and consider that the effects of the implementation of the Proposal on all ISpatial's interests, including employment, and Avisen's strategic plans for ISpatial and their likely repercussions on employment and the locations of ISpatial's places of business, are fair and reasonable.

**The Independent ISpatial Directors, who have been so advised by Libertas, consider the terms of the Proposal to be fair and reasonable and in the best interests of ISpatial and the ISpatial Shareholders as**

**a whole. In providing advice to the Independent 1Spatial Directors, Libertas has taken into account the commercial assessments of the Independent 1Spatial Directors.**

**Accordingly, the Independent 1Spatial Directors unanimously recommend that the 1Spatial Shareholders vote in favour of the Resolutions to be proposed at the Meetings as they have irrevocably undertaken to do in relation to their entire beneficial holdings amounting, in aggregate, to 12,299,725 1Spatial Shares, representing, in aggregate, approximately 58.0 per cent of the 1Spatial Shares in issue on 12 October 2011 (being the latest practicable date prior to the publication of this document).**

Yours faithfully,

**Steve Berry**  
Chairman

## PART II

### EXPLANATORY STATEMENT

(in compliance with section 897 of the Act)

## LIBERTAS CAPITAL CORPORATE FINANCE LIMITED

16 Berkeley Street  
London W1J 8DZ

13 October 2011

*To 1Spatial Shareholders and, for information only, to persons with information rights.*

Dear 1Spatial Shareholder,

### RECOMMENDED SHARE OFFER FOR 1SPATIAL HOLDINGS PLC BY AVISEN PLC

#### 1. Introduction

On 7 October 2011, the 1Spatial Board and the Avisen Board announced that they had reached agreement on the terms of a merger between Avisen and 1Spatial whereby Avisen will acquire the entire issued and to be issued share capital of 1Spatial. On completion of the Proposal, Avisen will begin the transition to a single 1Spatial brand.

The Proposal is to be effected by means of a Scheme of Arrangement under Part 26 of the Act, which requires the approval of 1Spatial Shareholders and the sanction of the Scheme and confirmation of the Reduction of Capital by the Court. The terms of the Scheme are set out below and in Part IX of this document.

**Your attention is drawn to the letter from the Chairman of the 1Spatial Board, Steve Berry, on behalf of the 1Spatial Board, which is set out in Part I of this document, and to the remainder of this document. That letter contains, amongst other things, (a) the background to the Proposal, (b) the background to and reasons for the recommendation and (c) the unanimous recommendation by the Independent 1Spatial Directors to 1Spatial Shareholders to vote in favour of the Resolutions to approve and implement the Scheme to be proposed at the Meetings. The letter states that the Independent 1Spatial Directors, who have been so advised by Libertas, consider the terms of the Proposal to be fair and reasonable and in the best interests of the 1Spatial Shareholders as a whole. In providing its advice to the Independent 1Spatial Directors, Libertas has taken into account the commercial assessments of the Independent 1Spatial Directors.**

In giving its advice, Libertas is advising the 1Spatial Board in relation to the Proposal and is not acting for any 1Spatial Director in his personal capacity or for any 1Spatial Shareholder. Libertas will not be responsible to any such person for providing the protections afforded to its customers or for advising any such person in relation to the Proposal. In particular, Libertas will not owe any duties or responsibilities to any particular 1Spatial Shareholder (or any person other than the 1Spatial Directors) concerning the Proposal.

Libertas has been authorised by the 1Spatial Directors to write to you to set out the terms of the Proposal and to provide you with other relevant information. The Scheme is set out in full in Part IX of this document. Your attention is also drawn to the other parts of this document, including paragraph 1 of Part VI of this document, which indicates with whom responsibility for the information contained in this document, including this explanatory statement.

**1Spatial Shareholders should read the whole of this document before deciding whether or not to vote in favour of the Resolutions to approve and implement the Scheme.**

#### 2. Summary of the Proposal

It is intended that the Proposal will be implemented by means of the Scheme which is subject to the Conditions, details of which are set out in full in Part IV.

The Scheme provides that, if it becomes effective, all of the Scheme Shares will be cancelled under the Reduction of Capital and a like number of New 1Spatial Shares will be issued, fully paid, to

Avisen. The reserve arising from the cancellation of the Scheme Shares will be used in paying up in full such New 1Spatial Shares. In exchange, under the Proposal, all Scheme Shareholders will be entitled to receive:

**For each Scheme Share: 5.761 fully paid New Avisen Shares**

1Spatial will become a wholly-owned subsidiary of Avisen on the Effective Date.

The Proposal represents a discount of 5.9 per cent to the Closing Price of 24.5 pence per 1Spatial Share on 12 October 2011, the last Business Day prior to the date of this document, based on a Closing Price for Avisen Shares of 4.0 pence on 12 October 2011, and a premium of 17.3 per cent to the Closing Price of 25 pence per 1Spatial Share on 6 October 2011, based on the average Closing Price for Avisen Shares of 5.09 pence over the three month period ended on and including 6 October 2011.

The Proposal values the entire issued share capital of 1Spatial at approximately £4.88 million (based on that same Closing Price for Avisen Shares).

Entitlements to New Avisen Shares will be rounded down to the nearest whole number of Avisen Shares. Fractions of New Avisen Shares will not be allotted or issued to Scheme Shareholders. Fractional entitlements of New Avisen Shares will be aggregated and sold in the market and the net cash proceeds of the sale retained for the benefit of Avisen.

### **Scheme becoming effective**

It is expected that subject to the satisfaction (or, where applicable, waiver) of the Conditions, including passing of the Avisen Resolutions, further details of which are set out in paragraph 8 of Part III of this document), the Scheme Court Hearing to sanction the Scheme will be held on 23 November 2011, the Reduction Court Hearing to confirm the Reduction of Capital will be held on 25 November 2011 and that the Effective Date will be 25 November 2011. The Proposal is conditional upon the Scheme becoming effective by no later than 29 February 2012, or such later date as 1Spatial and Avisen may agree (with, where applicable, the consent of the Panel and (if required) the approval of the Court), failing which it will lapse.

It is expected that the admission of the 1Spatial Shares to trading on AIM will be cancelled at 7.00 a.m. on 28 November 2011 and dealings in such shares will be suspended from 7.00 a.m. on 23 November 2011.

The Scheme requires the approval of a majority in number of the Scheme Shareholders representing at least seventy-five per cent in nominal value of the Scheme Shares present and voting (either in person or by proxy) at the Court Meeting (voting at which shall be conducted by way of a poll). In addition, the Reduction of Capital will require the passing of a special resolution by 1Spatial Shareholders at the General Meeting.

If the Scheme becomes effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting. Further details of the Scheme are set out at paragraph 5 of this Part II.

Avisen intends to make an application to the LSE for admission to trading on AIM of its New Avisen Shares as soon as possible and, in any event, not later than 22 November 2011.

### **3. Financial effects of the Offer**

As a result of and following completion of the acquisition, Avisen expects to consolidate 1Spatial's assets and liabilities. As at 30 June 2011, being the end of 1Spatial's financial year, and under 1Spatial's historical accounting policies, 1Spatial had a book tangible net asset value of £201,909. A fair value assessment of 1Spatial's assets, liabilities and business will be required to be carried out under Avisen's accounting policies following completion of the Offer to determine the on-going tangible and intangible carrying values at which the 1Spatial business will be carried on Avisen's Balance Sheet.

The acquisition is expected to be earnings per share accretive (before any one-off transaction and integration costs) in the first year of ownership following completion of the Scheme. This statement should not be construed as a profit forecast or be interpreted to mean that the future profits and earnings per share of the Enlarged Group will necessarily be greater or less than the historic published profits and earnings per share of Avisen.

Under the Scheme, 1Spatial Shareholders will receive 5.761 New Avisen Shares for every 1Spatial Share held. The following table sets out, for illustrative purposes only and on the bases and assumptions set out in the notes below, the financial effects of the Offer on the capital value and income for a holder of one 1Spatial Share, if the Scheme becomes effective:

**(a) Increase in Capital Value**

	<b>Note</b>	<b>Pence</b>
Market value of 5.761 New Avisen Shares	1	23.04
Market value of one 1Spatial Share	2	24.50
Decrease in capital value	3	1.46
<b>This represents an decrease of</b>		<b>5.9%</b>

**(b) Increase in Income**

	<b>Note</b>	<b>Pence</b>
Dividend income from 5.761 New Avisen Shares	4	Nil
Dividend income from one 1Spatial Share	4	Nil
Increase in income	4	Nil
<b>This represents an increase in income of</b>		<b>Nil%</b>

**Notes:**

- (1) The market value of New Avisen Shares is based on the closing mid-market quotation of 4.0 pence per Avisen Share as at the close of business on 12 October 2011, being the latest practicable date prior to publication of this document.
- (2) The market value of one 1Spatial Share is based on the closing mid-market quotation of 24.5 pence per 1Spatial Share as at the close of business on 12 October 2011, being the latest practicable date prior to the publication of this document.
- (3) In assessing the financial effects of receiving New Avisen Shares, no account has been taken of any potential taxation liability of a 1Spatial Shareholder or of any timing differences in the payment of dividends.
- (4) Neither Avisen nor 1Spatial has paid a dividend for their respective most recent completed financial periods.

**4. The 1Spatial Directors and the effect of the Scheme on their interests**

Details of the interests of the 1Spatial Directors in 1Spatial Shares are set out in paragraph 5.1 of Part VI of this document. 1Spatial Shares held by the 1Spatial Directors will be subject to the Scheme.

Particulars of the service agreements and letters of appointment of the 1Spatial Directors are set out in paragraph 6 of Part VI of this document.

Save as set out above, the effect of the Scheme on the interests of the 1Spatial Directors does not differ from its effect on the interests of any other Scheme Shareholder.

The 1Spatial Directors have given irrevocable undertakings to Avisen to vote in favour of the Proposal (see paragraph 4 of Part VI of this document).

**5. Structure of the Scheme**

**Introduction**

It is intended that the Proposal will be effected by means of a Court-approved scheme of arrangement between 1Spatial and the Scheme Shareholders under Part 26 of the Act (although Avisen reserves, with the consent of the Takeover Panel, the right to elect to effect the Proposal by way of a takeover offer).

The purpose of the Scheme is to enable Avisen to become the owner of the entire issued share capital of 1Spatial. The procedure involves an application by 1Spatial to the Court to sanction the Scheme at the Scheme Court Hearing and to confirm the cancellation of the Scheme Shares at the Reduction Court Hearing, in consideration for which the Scheme Shareholders will, under the terms of the Scheme, receive the Consideration Shares.

Under the Scheme, each Scheme Share will be cancelled (the “**Reduction of Capital**”) and a like number of New 1Spatial Shares will be issued fully paid to Avisen. The reserve arising from the cancellation of the Scheme Shares will be used in paying up in full such New 1Spatial Shares.

For the Scheme (including the Reduction of Capital) to become effective, a Special Resolution implementing the Scheme must be passed by 1Spatial Shareholders at the General Meeting. In addition, the Scheme must be approved by a majority in number of those Scheme Shareholders



present and voting either in person or by proxy at the Court Meeting representing 75 per cent or more in value of all Scheme Shares held by such Scheme Shareholders at the Court Meeting (at which, voting will be conducted by way of a poll).

The Scheme also requires the sanction of the Court, as well as satisfaction (or waiver (where applicable)) of the other Conditions set out in Part IV of this document. The Scheme shall become fully effective in accordance with its terms as soon as an office copy of the Scheme Court Order has been delivered to the Registrar of Companies of England and Wales for registration and an office copy of the Reduction Court Order has been delivered to the Registrar of Companies of England and Wales for registration.

### ***The Meetings***

Before the Court's approval can be sought to sanction the Scheme, the Scheme will require approval by the Scheme Shareholders at the Court Meeting and the passing of the Special Resolution by 1Spatial Shareholders at the General Meeting.

The relevant holders of Scheme Shares whose names appear on the register of members of 1Spatial on the Voting Record Date shall be entitled to attend and vote at the Court Meeting and the General Meeting or, if the Court Meeting or the General Meeting is adjourned or postponed by more than 48 hours, then the relevant holders of Scheme Shares whose names appear on the register of members of 1Spatial at 6.00 p.m. on the date one Business Day prior to the adjourned or postponed meeting shall be so entitled.

### ***The Court Meeting***

The Court Meeting, which has been convened for 11.00 a.m. on 7 November 2011, is being held at the direction of the Court to seek the approval of Scheme Shareholders for the Scheme. Voting at the Court Meeting will be by way of poll and each Scheme Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held.

In order to become effective the Scheme must be approved at the Court Meeting (at which voting will be conducted by way of a poll) by the passing of a resolution by a majority in number of the Scheme Shareholders, present and voting, either in person or by proxy at such meeting, representing not less than 75 per cent in value of the Scheme Shares held by such Scheme Shareholders.

**It is important that as many votes as possible are cast at the Court Meeting, so that the Court may be satisfied that there is a fair and reasonable representation of the opinion of the Scheme Shareholders.**

### ***General Meeting***

The General Meeting has been convened for 11.15 a.m. on 7 November 2011 (or as soon thereafter as the Court Meeting has been concluded or adjourned), to consider and, if thought fit, pass the Special Resolution (which requires votes in favour representing not less than 75 per cent of the votes attached to 1Spatial Shares voted at the General Meeting) to approve:

- (i) the Reduction of Capital by the cancellation and extinguishing of the Scheme Shares;
- (ii) subject to the Reduction of Capital taking effect, the increase in 1Spatial's share capital by the creation of such number of New 1Spatial Shares as is equal to the number of Scheme Shares cancelled pursuant to (i) above, the resulting reserve in the books of account of 1Spatial being applied in paying up in full such New 1Spatial Shares; and
- (iii) the authorising of the 1Spatial Directors to take all such actions as are necessary for implementing the Scheme including the giving of authority to the 1Spatial Directors pursuant to section 551 of the Act.

### ***Sanction of the Scheme and confirmation of the Reduction of Capital by the Court***

The implementation of the Scheme can only take place if all the Conditions have been satisfied (or, where applicable, waived). Assuming the satisfaction (or, where applicable, waiver) of the Conditions, the Scheme will become effective in accordance with its terms on the delivery to the Registrar of Companies in England and Wales by 1Spatial of the Scheme Court Order and the Reduction Court Order. Once the Scheme becomes effective, it will be binding on all Scheme Shareholders whether or not they voted in favour of the Scheme.

### ***Cancellation of Admission to trading on AIM of 1Spatial Shares***

It is expected that the last day of dealings in, and for registration of transfers of, 1Spatial Shares will be 22 November 2011 and dealings in 1Spatial Shares will be suspended with effect from 7.00 a.m. on 23 November 2011.

Prior to the Scheme becoming effective, application will be made to the London Stock Exchange for the admission to trading on AIM of the 1Spatial Shares to be cancelled at 7.00 a.m. on 28 November 2011.

If the Scheme becomes effective, the New 1Spatial Shares will be issued to Avisen fully paid and free from all liens, equitable interests, charges, encumbrances and other third party rights of any nature whatsoever and together with all rights attaching to them, including the right to receive and retain all dividends and distributions (if any) declared, made or payable after the Effective Date. 1Spatial will not declare, make or pay any dividends or distributions prior to the Effective Date.

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

On the Scheme becoming effective, it will be binding on all holders of Scheme Shares including any Scheme Shareholders who did not vote to approve the Scheme or who voted against the Scheme.

### **6. Conditions to the Proposal and implementation of the Scheme**

The Conditions to the Proposal are set out in full in Part IV of this document. In summary, the implementation of the Scheme is conditional, *inter alia*, upon:

- the approvals of the 1Spatial Shareholders and Scheme Shareholders referred to in paragraph 5 above;
- the sanction and confirmation of the Court referred to in paragraph 5 above;
- the Scheme becoming effective by no later than 29 February 2012 or such later date as 1Spatial and Avisen may agree with (where applicable) the consent of the Panel and the approval of the Court, failing which the Scheme will lapse;
- approval by the Avisen Shareholders of the Avisen Resolutions at the Avisen General Meeting. Approval of such resolutions is required in order to implement the Scheme and the approval shall authorise the allotment of New Avisen Shares to 1Spatial shareholders, a sub-division of the existing share capital of Avisen and the amendment of the Articles of Association of Avisen; and
- admission of the New Avisen Shares to trading on AIM.

### **7. Settlement**

Except with the consent of the Panel (such consent only being granted in exceptional circumstances and where all Scheme Shareholders are to be treated equally), settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be implemented in full, in accordance with the terms of the Scheme, free of any liens, rights of set off, counterclaims or other analogous rights to which Avisen may otherwise be, or claim to be, entitled against such Scheme Shareholder.

Subject to the Scheme becoming effective, currently expected to take place on or around 25 November 2011, settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be effected in the following manner:

#### ***1Spatial Shares held in certificated form***

Where, at the Scheme Record Time, a Scheme Shareholder holds 1Spatial Shares in certificated form, settlement of New Avisen Shares to which the Scheme Shareholder is entitled shall be settled by a new share certificate despatched no later than 14 days after the Effective Date by first class post to the address appearing in the register of members of 1Spatial at the Scheme Record Time or by such other method as may be approved by the Panel.

Fractions of New Avisen Shares will not be issued or allotted to Scheme Shareholders pursuant to the Scheme. Entitlements to New Avisen Shares will be rounded down to the nearest whole number of Avisen Shares. With effect from the Effective Date, share certificates for 1Spatial Shares held in

certificated form will cease to be valid and should be destroyed upon receipt by the former Scheme Shareholder of share certificate(s) for the New Avisen Shares.

### ***1Spatial Shares held in uncertificated form***

Where, at the Scheme Record Time, a Scheme Shareholder holds 1Spatial Shares in uncertificated form, settlement of any New Avisen Shares to which the Scheme Shareholder is entitled will be issued to such shareholders in uncertificated form and shall be effected by means of CREST, expected to be on 28 November 2011.

## **8. United Kingdom Taxation**

Your attention is drawn to Part X of this document, which summarises certain limited aspects of the UK treatment of Scheme Shareholders. If you are in any doubt as to your tax position, or if you are subject to tax in any jurisdiction other than the UK, you should consult an appropriate adviser without delay.

## **9. Overseas Shareholders**

The attention of Overseas Shareholders (and any person including, without limitation, any custodian, nominee or trustee who may have an obligation to forward any document in connection with the Proposal outside the United Kingdom) is drawn to paragraph 5 of Part IX of this document.

The availability of the Proposal for Overseas Shareholders may be affected by the laws of the relevant jurisdiction in which they are located or of which they are citizens. Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements of their jurisdictions. It is the responsibility of each Overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection with the Scheme, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

This document and the accompanying documents have been prepared for the purpose of complying with English law and the City Code. This document and the conditions and further terms set out in this document are governed by English law and are subject to the jurisdiction of the English courts. Therefore, the information disclosed in this document may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any other jurisdiction. Custodians, nominees and trustees should observe these restrictions and should not send or distribute this document or the accompanying documents in or into any such Restricted Jurisdiction.

If the issue of New Avisen Shares to any Overseas Shareholder, or to any person who is reasonably believed to be an Overseas Shareholder, would or may infringe the laws of such jurisdiction or would or may require any governmental or other consent or any registration, filing or other formality which cannot be complied with, or compliance with which would be unduly onerous, Avisen may in its sole discretion determine that such shares be sold on behalf of such person at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale be paid to the persons entitled thereto. In the absence of bad faith or wilful default, neither Avisen nor 1Spatial nor any person appointed to sell such shares shall have any liability for any loss or damage arising as a result of the timing or terms of such sale.

## **10. Action to be taken**

The Scheme must be approved by a majority in number of Scheme Shareholders representing at least 75 per cent in nominal value of the Scheme Shares, present and voting, either in person or by proxy, at the Court Meeting. The vote will be on a poll.

Implementation of the Scheme also requires the passing of a special resolution at the General Meeting. You will find enclosed with this document:

- a BLUE reply-paid Form of Proxy for use in respect of the Court Meeting on 7 November 2011 at 11.00 a.m. (attaching an attendance card in relation to the Court Meeting); and
- a WHITE reply-paid Form of Proxy for use in respect of the General Meeting on 7 November 2011 at 11.15 a.m. (attaching an attendance card in relation to the General Meeting).

**Whether or not you plan to attend the Meetings, please complete and sign both the BLUE and WHITE Forms of Proxy and return them as soon as possible, but in any event so as to be received by no later than 11.00 a.m. and 11.15 a.m. respectively on 3 November 2011.**

In either case, if the Meetings are adjourned, the relevant Form(s) of Proxy should be received not later than 48 hours, excluding non-workings days, before the time fixed for the adjourned meeting.

The return of the BLUE and WHITE Forms of Proxy will enable your votes to be counted at the Meetings in the event of your absence. All Forms of Proxy are reply-paid for use in the United Kingdom only for your convenience. If the BLUE Form of Proxy for use at the Court Meeting is not lodged by the time and date referred to above it may be handed to the Company's Registrar, on behalf of the Chairman of the Court Meeting at the start of the Court Meeting.

**In the case of the General Meeting, unless the WHITE Form of Proxy is returned by the time and date referred to above as mentioned in the instructions printed on it, it shall be invalid.**

**The completion and return of a Form of Proxy will not prevent you from attending and voting in person at either the Court Meeting or the General Meeting (as appropriate), or any adjournment thereof, if you so wish and are so entitled.**

**IT IS IMPORTANT THAT AS MANY VOTES AS POSSIBLE ARE CAST, EITHER IN PERSON OR BY PROXY, SO THAT THE COURT CAN BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF SCHEME SHAREHOLDER OPINION.**

**YOU ARE THEREFORE STRONGLY URGED TO EXERCISE YOUR RIGHTS BY COMPLETING THE FORMS OF PROXY APPLICABLE TO YOU OR BY ATTENDING THE MEETINGS AND VOTING IN PERSON.**

If you have any questions relating to the completion or return of the Forms of Proxy, please telephone SLC Registrars between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday on 01372 467 308.

#### **11. Further Information**

The terms of the Scheme are set out in full in Part IX of this document. Your attention is also drawn to the further information contained in this document and, in particular, to the Conditions in Part IV, the risk factors in Part V, the financial information on ISpatial contained in, and incorporated by reference into, Part VII, the financial information on Avisen contained in, and incorporated by reference into, Part VIII, the information on taxation in Part X and the additional information set out in Part VI of this document.

Yours faithfully,

**Sandy Jamieson**

for and on behalf of  
Libertas Capital Corporate Finance Limited

## PART III

### INFORMATION ON AVISEN

#### 1. Introduction

Avisen operates through two businesses with the common focus of enhancing client profitability. Its business and technology consultancy, Avisen, specialises in Performance Management, with a focus on strategy creation, development and implementation through business advisory services and distribution and implementation of Acorn Systems software solutions. Storage Fusion develops and sells Storage Resource Analysis Software. Recent disposals have contributed a large cash balance that the group plans to use to develop both businesses. Avisen is focused on cross selling, increasing targeted marketing and adding scale through acquisitions while Storage Fusion is investing in product development and will soon launch its new SaaS product.

#### Background

Avisen was founded in 2004, with the current CEO, Marcus Hanke, joining in 2006. The company was set up as a business and technology consultancy specialising in performance management. In February 2009, via a reverse takeover of Z Group plc (a shell company), Avisen was admitted to trading on AIM. Certain acquisitions were made to consolidate the IBM Cognos reseller market in the UK and South Africa as well as to bolster the consulting business. In April 2010, Avisen acquired AIM listed Xploite whose main business was Storage Fusion, a storage resource management (SRM) software developer.

In July 2010, Avisen sold the South African business which included the IBM Cognos businesses. In March 2011, Avisen sold Inca (which had incorporated the Infocube business). This left Avisen with two separate businesses: strategy and performance management consulting (under the Avisen brand), and SRM software (under the Storage Fusion brand), and significant working capital with which to grow the business.

#### Group strategy

Although the two businesses are very different, both operate with the same focus on helping clients maximise their profitability. The Avisen business specialises in performance management, providing strategy consulting, technology consulting for implementation of Acorn Systems software, and distribution of Acorn Systems performance management software. The Storage Fusion business enables customers to make the most efficient use of their storage hardware, reducing the overall cost of storage.

#### 2. Corporate Performance Management (“CPM”)

The Avisen brand is a business and technology consultancy that specialises in Performance Management. Its focus is on strategy creation, development and implementation through business advisory services and distribution and implementation of corporate performance management software solutions.

Avisen aims to provide specialist advice to enable organisations to build more effective capabilities in order to manage the performance of their businesses and allow them to achieve their desired targets.

Avisen works with clients in the following areas:

- Development and implementation of improved business strategies
- Profitability management and cost reduction services
- Business or corporate performance management

Through its expertise, Avisen’s objective is to deliver the following ‘hard’ and ‘soft’ benefits to its clients:

#### 3. ‘Hard’ benefits

- Improved and more effective process management
- Resource optimisation
- Timely access to data and insight

#### ‘Soft’ benefits

- Higher levels of customer satisfaction
- Goal-focused processes
- Operational efficiencies and higher employee satisfaction

### 3. 'Hard' benefits

- Understand cost to serve
- Reduced time/costs to plan and report performance
- Reduced time/costs to inform internal/external stakeholders of business performance

### 'Soft' benefits

- Demonstrable regulatory compliance
- Alignment between all levels of the organisation in relation to company purpose, values and goals

Corporate Performance Management (CPM) is defined by Gartner as i) the processes used to manage corporate performance such as strategy formulation, budgeting and forecasting ii) the methodologies that support these processes, such as balanced scorecard or value-based management and iii) the metrics used to measure performance against strategic and operational goals. This breaks down into the following key areas that can be addressed by advisory services and CPM software applications: (a) budgeting, planning and forecasting; (b) profitability modelling and optimisation; (c) scorecard applications; (d) financial consolidation; and (e) statutory and financial reporting and can be described as follows:

- (1) **Budgeting, planning and forecasting** – These applications support the development of all aspects of budgets, plans and forecasts. They encompass short-term financially focused budgets, longer-term plans and high-level strategic plans, as well as providing the ability to dynamically create forecasts and specific scenarios;
- (2) **Profitability modelling and optimisation** – This includes activity-based costing applications which determine and allocate costs at a highly granular level, and activity-based management applications which provide capabilities to enable users to model the impact on profitability of different cost and resource allocation strategies;
- (3) **Scorecard applications** – A scorecard is a generic BI capability which includes the functionality of dashboards (i.e. an easy tool with which to visualise data) but which also has the capability to link Key Performance Indicators (“KPIs”) to a strategy map with a hierarchical cause-and-effect relationship among the KPIs. Scorecards are often used in conjunction with a particular methodology, such as Balanced Scorecard, to drive alignment across an organisation;
- (4) **Financial consolidation** – This supports the requirement to enable organisations to reconcile, consolidate, summarise and aggregate financial data based on different accounting standards. These solutions are a core part of CPM because they create the audited, enterprise-level view of financial information; and
- (5) **Statutory and financial reporting** – CPM requires specialised reporting tools that can format output as structured financial statements, and they may also need to support specific generally accepted accounting principles (GAAP) presentation rules, such as US GAAP or International Financial Reporting Standards.

Avisen's main competitors in the UK CPM consulting market are Accenture, Deloitte, Ernst & Young, KPMG, and PwC, although conversely they are also potential customers for Acorn Systems software.

### CPM software market

CPM software is a sub-segment of the larger Business Intelligence software market. Gartner estimates that the Business Intelligence, Analytics and Performance Management software market was worth US\$10.5bn in 2010, growing 13.4% from 2009. Within this, Corporate Performance Management software generated revenues of \$2.17bn (+12.8% y-o-y). The top 5 vendors in the CPM software segment (Oracle, SAP, IBM, Infor, SAS Institute) generate c 80% of revenues. Specialist CPM vendors making up the remaining 20% of revenues include Acorn Systems, Board International, Bitam, Exact-Longview, Prodocapo, Host Analytics, Tagetik, and Winterheller.

In 2009, Avisen became the exclusive reseller of Acorn Systems software in the UK and Ireland. Acorn software is particularly focused on cost management and profit optimisation and involves detailed analysis of a company's costs and profitability by product line, customer, or channel. This makes the software best suited to larger companies with complex business units.

#### 4. Storage Fusion: Storage analysis software

##### Creation of Storage Fusion

Avisen acquired Storage Fusion (SF) via its purchase of Xploite. The software was originally developed at the suggestion of storage consultants who saw the need for a storage analysis software tool that was independent of the storage vendors, in order to give a comprehensive overview of a customer's entire storage estate.

##### Storage Resource Management (SRM) software market

Companies with large data storage requirements use different types of storage (disc or tape) configured in various ways including Direct Attached Storage ("DAS"), Storage Area Network ("SAN") and network area storage ("NAS"). With the ever increasing volume of data requiring storage, companies spend c 10-20% of their annual IT budget on storage. Keeping track of storage assets and allocations is a time-consuming business. By analysing how the storage has been allocated, IT departments can make more informed decisions about investment in new storage assets. In many cases, underused storage can be reallocated, delaying the need for further investment. As the cost of storage hardware per byte tends to fall over time, delaying the purchase of new hardware can also be less costly. Having a clear picture of the storage estate allows a company to plan its storage investment rather than reacting to shortages on an emergency basis.

IT departments often write their own software to undertake this analysis – this can be very time consuming and often involves manual processes and multiple spreadsheets. The SRM software market has developed out of the demand for standard software products that simplify the process.

Storage resource management software typically includes analysis of storage allocation by host, array and application presented in a configurable dashboard. Additional modules can be bought to calculate consumption versus allocation, to analyse back-up capacity (allocation, success of back-ups, identification of data that is not backed-up, compliance reporting) and to analyse storage in virtualised environments. Gartner estimates the software market for distributed SRM was worth US\$696m in 2009. There are two types of vendor:

- **Hardware vendors** who typically include Storage Resource Analysis Software with their storage configuration software. Major vendors bundling SRM software with their hardware include EMC, HP, IBM and NetApp. Although software from these vendors may be able provide a heterogeneous view, customers may prefer to use a third party software provider to ensure neutrality. NetApp's solution, OnCommand Insight, is the result of acquisitions of niche vendors' solutions: Onaro's SANscreen (acquired in 2008) and Akorri's Balance Point (acquired in February 2011 for \$60m).
- **Specialist vendors** who sell software enabling customers to get an overview of heterogeneous storage resources. These vendors do not typically include configuration software as this is usually included with the hardware purchase, and customers are loath to pay twice for the same functionality. Vendors include Aptare (private), Solar Winds (NYSE-listed) and Storage Fusion.

EMC had 60% of the market in 2009, followed at a distance by IBM (14.7%), HP (7.4%) and NetApp (4.7%) (source: Gartner). Specialist vendors made up 5.6% of the market in 2009.

##### Storage Fusion proposition

**How the service works** – The process is designed to be agentless, i.e. the customer does not have to install software on each storage device in order to analyse usage. Instead, the customer runs and collates all necessary script data using the SRA Collection Script, zips the data and uploads it to a secure FTP server. The company estimates that this process typically takes a customer c 20 minutes per petabyte (PB). The data is then analysed by the Storage Fusion software and a report produced that is accessible to the customer via a web browser. This will present a snapshot of the customer's storage resources at that particular date and time. Key reasons for using the software include:

- Discovery: identifying the storage arrays and technologies across the whole company
- Capacity planning: by running the software regularly, the customer can analyse how storage allocation and configuration changes over time
- Hardware reuse: identifying reclaimable storage
- Error detection: identifying configuration errors, e.g. replication not set up correctly

- Identifying performance problems, e.g. discs running at different speeds within the same RAID group
- Tiering: identifying the types of storage tiers allowing the customer to move data to cheaper storage tiers.

**Key features** – While the SRM software provided by storage vendors is often very good at provisioning and managing software, it is often not so good at the reporting function. The benefit of SF software is that it is vendor neutral, giving the customer a company-wide view of storage resources. This means that SF software is often complementary to existing SRM software, rather than a direct replacement. In addition, as a SaaS product, it doesn't need consultant time to embed the software, unlike many hardware-specific tools.

**Target customer base – companies with large in-house storage requirements** – SF targets customers with large amounts of stored data (>100TB) across multiple regions, data centres and vendors, for example, financial services or media companies. SF already has a handful of financial institution customers. Within a customer's business, the target person is usually the storage or capacity planning manager. SF's main competition is from storage consultants, rather than from storage software vendors.

**Sales strategy is partner-driven** – SF partners with storage hardware vendors, resellers and storage consultants. In the case of a hardware vendor and resellers, SF's software is used to identify areas where hardware could be sold. Although the software can identify reclaimable storage, it can also identify where older, less efficient hardware is being used, giving the vendors scope to sell newer, more efficient product. SF is currently trialling its software with several storage vendors. Storage consultants typically use the software to advise clients on their storage strategy. The aim is also for consultants to sell the software on a subscription basis to their clients.

**Subscription-based pricing** – SF typically charges on a subscription basis, whether for SaaS or on-premise software. For SaaS customers, this entitles the customer to a set number of reports during the subscription period. The majority of customers are signed up on 12-month contracts.

**Product development: Enterprise launch imminent; additional functionality planned** – SF has seven developers who have been working on SF's Enterprise edition, which offers a full SaaS service. The team also updates the software for new storage products, currently focusing on adding support for 3Par products (recently acquired by HP), EMC VNX and IBM Storwize. Product development is also focused on additional functionality such as thin provisioning, consumption within virtualised environments and fabric.

## 5. Revenue model

Avisen aims to grow revenues by further penetrating its existing customer base, converting pilot projects into full software and consulting projects, and increasing targeted marketing. As well as its exclusive Acorn distribution rights, Avisen also has arrangements with other consulting and advisory firms to use the software, an example of which is the agreement signed with Ernst & Young in December 2010.

The Avisen Group generates revenues through four types of service, which are described below:

- **Advisory consulting** – Charged on a professional day rate and, in certain circumstances, charged on a fixed fee or targeted results basis.
- **Technology consulting** – This service is similar to advisory consulting but is software specific. Consulting time is sold to implement a software application and is charged on a professional day rate.
- **Software distribution and support and Maintenance** – The software distribution follows normal software purchase and revenue recognition guidelines. This involves an upfront perpetual license fee followed by an annual support and maintenance charge.
- **SRA, SAAS Fees and perpetual license and support** – Sale of own software to partners, IT vendors or enterprise customers. This can be through a one off perpetual licence sale or through a Software as a Service arrangement where revenue is recognised on a monthly subscription basis.



## **6. Corporate Clients and previous projects**

### **Tesco Direct**

On 12 October 2009, Avisen announced that Tesco, the world's third largest grocery retailer, had selected Acorn's System's Performance Analyzer™ to enhance its financial reporting capability in Tesco Direct. Acorn Performance Analyzer™, distributed exclusively in the UK by Avisen, was selected following a competitive evaluation of a range of cost and profit optimisation offerings.

### **Heineken**

Avisen was engaged, together with other suppliers, to review the current state of Heineken's Performance Management cycle and processes in 2006. This involved the creation of a business case and a program to align processes across more than 80 operating companies from breweries to sales operations) within Heineken. The program, codenamed 'CIL' (Corporate Information Logistics) covered all financial and managerial information processes and completed in 2011.

### **Unilever**

On 14 July 2011 Avisen announced a three-year contract to provide a Global Cost to Serve Solution for Unilever's Global Supply Chain and Customer Service function which includes the sale and integration of Acorn's Enterprise Performance Suite.

### **MITIE**

During 2010, Avisen completed a significant consulting assignment with MITIE Group Plc ("MITIE") for the integration of its businesses following several acquisitions from Dalkia. Avisen entered into a Risk/Reward agreement, whereby Avisen exchanged some of its margin for a share of the savings that MITIE would make as a result of the integration. In addition, MITIE invited the Avisen team to integrate the newly acquired businesses into their existing company portfolio and was then given the task to manage the implementation.

### ***Current Trading and Prospects***

Following a period of significant growth both organically and through acquisition, Avisen now provides advisory services and software distribution to a growing number of blue chip corporations in the Performance Management market.

Avisen reported turnover from continuing operations of £2.6 million and pre-tax loss of £7.8 million (mostly due to a one off impairment charge of £4 million and strategic, integration and other one-off items of £1.5 million) for the financial year ended 31 January 2011. These reported numbers excluded the turnover and profit of Inca Software Ltd which were classified as discontinued operations in the year. The inclusion of these results would have improved the reported turnover and pre tax loss numbers by £9.7 million and £0.5 million respectively.

Following the sale of Inca, Avisen received cash funds to provide a solid platform for future growth. In July 2011, Avisen had trading success by securing a contract with Unilever to provide the company with a "Cost to Serve Project" giving rise to the resale of a perpetual Acorn software licence and ongoing consulting revenues for the next three years. Avisen's Storage Fusion business also entered into a contract with a large IT vendor to sell it access to its SRA software. The results for the period to 31 July 2011 will be released no later than 31 October 2011.

Further financial information on Avisen and the Avisen Group is contained in, and incorporated by reference into, Part VIII of this document.

## **7. Effect of the Proposal on Avisen**

Following the Scheme becoming effective, 1Spatial will become a wholly owned subsidiary of Avisen. Existing Avisen Shareholders will hold 226,699,878 Avisen Shares, representing approximately 65.0 per cent of the Enlarged Issued Share Capital of Avisen.

The Enlarged Group will utilise the cash resources from the disposal of Inca to accelerate growth, both organically and by further acquisitions in the business and technology sector.

The Enlarged Group's strategy will also be to:

- accelerate the investment in 1Spatial's Imperium, GIS Market Strategic Relationships and Socium;
- utilise the cash resources of Avisen in order to accelerate the growth of the Enlarged Group both organically and by further acquisitions in the existing Avisen and 1Spatial business sectors;

- extend the location supply chain capacity to offer location enabled decision making to the Business Intelligence Market; and
- optimise the Storage Fusion Business as part of Avisen's existing Performance Management Services.

## **8. The Avisen Resolutions**

The Existing Avisen Shares are currently trading on AIM at a price below their nominal value of £0.05 per share. The Closing Price of the Avisen Shares on 6 October 2011 was 3.88 pence per share. The issue of new shares by a public company at a price below their nominal value is prohibited by the Act. Accordingly, without a capital reorganisation, Avisen is currently unable to issue new shares.

In order to issue New Avisen Shares to 1Spatial Shareholders in connection with the Scheme, Avisen will need to implement a reorganisation of its share capital to facilitate such an issue.

To give effect to the reorganisation of Avisen's share capital, Avisen will need shareholders' approval to sub-divide and convert each Existing Avisen Share into one New Avisen Converted Share (with a nominal value of £0.01) and one Deferred Share (with a nominal value of £0.04). The current articles of association of Avisen will need to be amended to make consequential changes. This amendment will also require shareholders' approval at the Avisen General Meeting.

Further, implementation of the Scheme requires that up to 122,069,402 Consideration Shares be allotted to 1Spatial Shareholders. Shareholders' approval will be required to authorise the allotment of the Consideration Shares on a non-pre-emptive basis.

Accordingly, a general meeting of the Holders of Avisen Shares is to be convened at 10.00 a.m. on 7 November 2011 at which resolutions to:

- authorise the allotment of the Consideration Shares on a non-pre-emptive basis;
- approve the Sub-division;
- amend the articles of association of Avisen,

will be put to the Holders of Avisen Shares for approval.

Irrevocable undertakings to vote in favour of the Avisen Resolutions at the said general meeting have been secured from the holders of 6,491,948 Avisen Shares (including all members of the Avisen Board) representing approximately 28.63 per cent of the Avisen Shares in issue at the date of this document.

## PART IV

### CONDITIONS TO THE IMPLEMENTATION OF THE SCHEME AND FURTHER TERMS OF THE PROPOSAL

1. The Proposal will be conditional upon the Scheme becoming unconditional and becoming effective, subject to the City Code, by no later than 29 February 2012 or such later date (if any) as Avisen and ISpatial may, with the consent of the Panel, agree and (if required) the Court may approve.
2. The Scheme will be conditional upon the following Conditions:
  - (a) approval of the Scheme by a majority in number of the Scheme Shareholders entitled to vote and present and voting, either in person or by proxy, at the Court Meeting or at any adjournment of any such meeting, representing no less than 75 per cent. in value of the Scheme Shares so voted;
  - (b) the resolution in connection with, or necessary to approve and implement, the Scheme as set out in the notice of the General Meeting in this document being duly passed by the requisite majority at the General Meeting or at any adjournment thereof;
  - (c) an office copy of the Scheme Court Order being delivered to the Registrar of Companies of England and Wales for registration and an office copy of the Reduction Court Order being delivered to the Registrar of Companies of England and Wales for registration;
  - (d) the Avisen Resolutions being duly passed at the Avisen General Meeting, or any adjournment thereof; and
  - (e) the London Stock Exchange having acknowledged to Avisen or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New Avisen Shares to trading on AIM has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject (“admission conditions”)) will become effective as soon as a dealing notice has been issued by the London Stock Exchange and any admission conditions having been satisfied and (ii) the London Stock Exchange having acknowledged to Avisen or its agent (and such acknowledgement not having been withdrawn) that the New Avisen Shares will be admitted to trading on AIM.
3. In addition, ISpatial and Avisen have agreed that the Scheme will also be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme effective will not be taken unless such Conditions (as amended, if appropriate) have been satisfied, (or, where applicable, waived) (or, in each case, any other customary pre-admission conditions with the consent of the Panel):
  - (a) no Third Party (as defined below) having intervened and there not continuing to be outstanding any statute, regulation or order of any Third Party in each case which is or is likely to be material in the context of the Proposal which would or might reasonably be expected to:
    - (i) make the Scheme, its implementation or the acquisition or proposed acquisition by Avisen of any shares or other securities in, or control of, ISpatial or any member of the ISpatial Group void, illegal or unenforceable in any jurisdiction, or otherwise, directly or indirectly, restrain, prevent, prohibit, restrict or delay the same or impose additional conditions or obligations with respect to the Scheme or such acquisition, or otherwise impede, challenge or interfere with the Scheme or such acquisition, or require amendment to the terms of the Scheme or the acquisition or proposed acquisition of any ISpatial Shares or the acquisition of control or management of ISpatial or the ISpatial Group by Avisen or any member of the Avisen Group;
    - (ii) limit or delay, or impose any material limitations on, the ability of any member of the Avisen Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares, loans or other securities convertible into ISpatial Shares in, or to exercise voting or management control over, any member of the ISpatial Group;
    - (iii) require, prevent or delay the divestiture or alter the terms envisaged for any proposed divestiture by any member of the Avisen Group of any shares or other securities in Avisen;

- (iv) require, prevent or delay the divestiture or alter the terms envisaged for any proposed divestiture by any member of the ISpatial Group or by any member of the Avisen Group of all or any portion of their respective businesses, assets or properties or limit the ability of any of them to conduct any of their respective businesses or to own or control any of their respective assets or properties or any part thereof;
  - (v) except pursuant to the Scheme or sections 974-991 of the Act, require any member of the Avisen Group or of the ISpatial Group to acquire, or to offer to acquire, any shares or other securities (or the equivalent) in any member of the ISpatial Group or the Avisen Group owned by any third party;
  - (vi) limit the ability of any member of the Avisen Group to conduct or integrate or coordinate its business, or any material part of it, with the businesses or any part of the businesses of any other member of the Avisen Group or of the ISpatial Group;
  - (vii) otherwise adversely affect any or all of the business, assets, profits, financial or trading position or prospects of any member of the Avisen Group or of the ISpatial Group in each such case to the extent that it is material in the context of the ISpatial Group and/or the Avisen Group taken as a whole,
- and all applicable waiting and other time periods during which any Third Party could intervene under the laws of any relevant jurisdiction having expired, lapsed or been terminated;
- (b) all notifications and filings which are necessary or are reasonably considered appropriate by Avisen having been made, all appropriate waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory or regulatory obligations in any relevant jurisdiction having been complied with or obtained on terms and in a form reasonably satisfactory to Avisen, in each case (and to the extent that it is material) in connection with the Scheme or the Proposal or the acquisition or the proposed acquisition of any shares or other securities in, or control or management of, ISpatial or any other member of the ISpatial Group or the carrying on by any member of the ISpatial Group of its business, unless otherwise waived by Avisen, and no temporary restraining order, preliminary or permanent injunction or other order having been issued and being in effect by a court or other Third Party of competent jurisdiction which has the effect of making the Scheme or the Proposal illegal or otherwise prohibiting the consummation of the Scheme or the Proposal;
  - (c) all Authorisations which are necessary or are reasonably considered necessary or appropriate by Avisen in any relevant jurisdiction for or in respect of the Scheme or the Proposal or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, ISpatial or any other member of the ISpatial Group by any member of the Avisen Group or the carrying on by any member of the ISpatial Group of its business having been obtained, in terms and in a form reasonably satisfactory to Avisen, from all appropriate Third Parties or from any persons or bodies with whom any member of the ISpatial Group has entered into contractual arrangements and all such Authorisations remaining in full force and effect and there being no notice or intimation of any intention to revoke, suspend, restrict, modify or not to renew any of the same in connection with the Scheme or the Proposal;
  - (d) since 6 October 2011 and except as Disclosed, there being no provision of any arrangement, agreement, licence, permit, franchise or other instrument to which any member of the ISpatial Group or the Avisen Group is a party, or by or to which any such member or any of its assets is or are or may be bound, entitled or subject or any circumstance, which, in each case as a consequence of the Scheme or the Proposal or the acquisition or proposed acquisition of any shares or other securities in, or control of, ISpatial or any other member of the ISpatial Group or the Avisen Group by any member of the Avisen Group or otherwise, could or might reasonably be expected to result in:
    - (i) any monies borrowed by or any other indebtedness or liabilities (actual or contingent) of, or any grant available to, any member of the ISpatial Group or Avisen Group being or becoming repayable or capable of being declared repayable immediately or

- prior to its stated repayment date or the ability of any member of the ISpatial Group or Avisen Group to borrow monies or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn;
- (ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interests of any member of the ISpatial Group or Avisen Group or any such mortgage, charge or other security interest (wherever created, arising or having arisen) becoming enforceable;
  - (iii) any such arrangement, agreement, licence, permit, franchise or other instrument, or the rights, liabilities, obligations or interests of any member of the ISpatial Group or Avisen Group thereunder, being, or becoming capable of being, terminated or adversely modified or affected or any adverse action being taken or any obligation or liability arising thereunder;
  - (iv) any material asset or material interest of any member of the ISpatial Group or Avisen Group being or falling to be disposed of or ceasing to be available to any member of the ISpatial Group or Avisen Group or any right arising under which any such asset or interest could be required to be disposed of or could cease to be available to any member of the ISpatial Group or Avisen Group otherwise than in the ordinary course of business;
  - (v) any member of the ISpatial Group or the Avisen Group ceasing to be able to carry on business under any name under which it presently does so;
  - (vi) the creation of material liabilities (actual or contingent) by any member of the ISpatial Group or the Avisen Group other than in the ordinary course of business;
  - (vii) the rights, liabilities, obligations or interests of any member of the ISpatial Group or the Avisen Group under any such arrangement, agreement, licence, permit, franchise or other instrument or the interests or business of any such member in or with any other person, firm, company or body (or any arrangement or arrangements relating to any such interests or business) being terminated or adversely modified or affected; or
  - (viii) the financial or trading position or the prospects or the value of any member of the ISpatial Group or the Avisen Group being prejudiced or adversely affected; and
  - (ix) except as aforesaid, no event having occurred which, under any provision of any such arrangement, agreement, licence, permit or other instrument, would be reasonably likely to result in any of the events or circumstances which are referred to in paragraphs (i) to (viii) of this Condition 3(d);
- (e) since 6 October 2011 and except as Disclosed by ISpatial or otherwise as a result of the Proposal no member of the ISpatial Group having (in each case to an extent which is material in the context of the ISpatial Group taken as a whole):
- (i) issued or agreed to issue, or authorised the issue of, additional shares of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold any shares out of treasury other than as between ISpatial and wholly-owned subsidiaries of Avisen;
  - (ii) purchased or redeemed or repaid any of its own shares or other securities or reduced or made any other change to any part of its share capital;
  - (iii) recommended, declared, paid or made any dividend or other distribution whether payable in cash or otherwise or made any bonus issue (other than to ISpatial or a wholly-owned subsidiary of ISpatial);
  - (iv) except as between ISpatial and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, made or authorised any material change in its loan capital;
  - (v) (other than any acquisition or disposal in the ordinary course of business or a transaction between ISpatial and a wholly-owned subsidiary of ISpatial or between such wholly-owned subsidiaries) merged with, demerged or acquired any body corporate, partnership or business or acquired or disposed of or transferred, mortgaged, charged or created any security interest over any assets or any right, title

- or interest in any assets (including shares in any undertaking and trade investments) or authorised the same (in each case to an extent which is material in the context of the ISpatial Group taken as a whole);
- (vi) issued, agreed to issue or authorised the issue of, or made any change in or to, any debentures or (except in the ordinary course of business or except as between ISpatial and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) incurred or increased any indebtedness or liability (actual or contingent) which in any case is material in the context of the ISpatial Group taken as a whole;
  - (vii) entered into, varied, or authorised any agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which (A) is of a long term, onerous or unusual nature or magnitude or which is reasonably likely to involve an obligation of such nature or magnitude; or (B) is reasonably likely to restrict the business of any member of the ISpatial Group, and which in any case is material in the context of the ISpatial Group taken as a whole;
  - (viii) other than pursuant to the Scheme (except as between ISpatial and its wholly-owned subsidiaries or between such wholly-owned subsidiaries), entered into, implemented, effected or authorised any merger, demerger, reconstruction, amalgamation, scheme, commitment or other transaction or arrangement in respect of itself or another member of the ISpatial Group, which in any case is material in the context of the ISpatial Group taken as a whole;
  - (ix) entered into or varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary the terms of any contract, service agreement or arrangement with any of the directors or senior executives of any member of the ISpatial Group;
  - (x) save in relation to the Scheme, taken any corporate action or had any legal proceedings instituted or threatened against it or petition presented or order made for its winding-up (voluntarily or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any material part of its assets and revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction which in any case is material in the context of the ISpatial Group taken as a whole;
  - (xi) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
  - (xii) waived or compromised any claim, which is material in the context of the ISpatial Group taken as a whole;
  - (xiii) (other than in connection with the Scheme) made any alteration to its memorandum or articles of association which is material in the context of the Scheme or the Proposal;
  - (xiv) (other than in connection with the Scheme) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit (including in relation to any personal defined contribution pension scheme(s) of any director or any person employed by the ISpatial Group) relating to the employment or termination of employment of any person employed by the ISpatial Group; or
  - (xv) entered into any agreement, commitment or arrangement or passed any resolution or made any Proposal (which remains open for acceptance) or proposed or announced any intention with respect to any of the transactions, matters or events referred to in this Condition 3(e);
- (f) since 6 October 2011 and except as Disclosed by ISpatial:
- (i) there having been no adverse change or deterioration in the business, assets, financial or trading positions or profit or prospects of any member of the ISpatial Group which in any case is material in the context of the ISpatial Group taken as a whole;

- (ii) no contingent or other liability of any member of the ISpatial Group having arisen or become apparent or increased which in any case is material in the context of the ISpatial Group taken as a whole;
  - (iii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the ISpatial Group is or may become a party (whether as plaintiff, defendant or otherwise) having been threatened, announced, implemented or instituted by or against or remaining outstanding against or in respect of any member of the ISpatial Group which in any case is material in the context of the ISpatial Group taken as a whole;
  - (iv) no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened, announced, implemented, instituted by or against or remaining outstanding against or in respect of any member of the ISpatial Group which in any case is material in the context of the ISpatial Group taken as a whole;
  - (v) no claim being made and no circumstance having arisen which might reasonably be expected to lead to a claim being made under the insurance of any member of the ISpatial Group where such claim would not be covered by such insurance and where such claim is material in the context of the ISpatial Group taken as a whole; and
  - (vi) no steps having been taken which are reasonably likely to result in the withdrawal (without replacement), cancellation or termination of any licence, permit or consent held by any member of the ISpatial Group which is necessary for the carrying on by such member of its business and which is material in the context of the ISpatial Group taken as a whole;
- (g) Avisen not having discovered, other than to the extent otherwise publicly announced by ISpatial prior to the Announcement (by the delivery of an announcement to a Regulatory Information Service) or as otherwise fairly disclosed prior to the date of the Announcement in writing to Avisen by or on behalf of ISpatial in the course of negotiations (in each case to an extent which is material in the context of the ISpatial Group taken as a whole):
- (i) that any financial or business or other information concerning the ISpatial Group disclosed at any time by or on behalf of any member of the ISpatial Group, whether publicly or to any member of the Avisen Group, is misleading or contains any misrepresentation of fact or omits to state a fact necessary to make any information contained therein not misleading to an extent which in any case is material in the context of the ISpatial Group taken as a whole;
  - (ii) that any member of the ISpatial Group is subject to any liability (actual or contingent) which is not disclosed in ISpatial's annual report and accounts for the financial year ended 30 June 2011 and which in any case is material in the context of the ISpatial Group taken as a whole; or
  - (iii) any information which affects the import of any information disclosed at any time by or on behalf of any member of the ISpatial Group to an extent which is material in the context of the ISpatial Group taken as a whole;
- (h) since 6 October 2011 and save as otherwise Disclosed by Avisen, no member of the Avisen Group having (in each case to an extent which is material in the context of the Avisen Group taken as a whole):
- (i) issued or agreed to issue, or authorised the issue of, additional shares of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold any shares out of treasury;
  - (ii) purchased or redeemed or repaid any of its own shares or other securities or reduced or made any other change to any part of its share capital;
  - (iii) recommended, declared, paid or made any dividend or other distribution whether payable in cash or otherwise or made any bonus issue (other than to Avisen or a wholly-owned subsidiary of Avisen);
  - (iv) except as between, Avisen and its wholly-owned subsidiaries or between such wholly owned subsidiaries, made or authorised any material change in its loan capital;

- (v) (other than any acquisition or disposal in the ordinary course of business or a transaction between Avisen and a wholly-owned subsidiary of Avisen or between such wholly-owned subsidiaries) merged with, demerged or acquired any body corporate, partnership or business or acquired or disposed of or transferred, mortgaged, charged or created any security interest over any assets or any right, title or interest in any assets (including shares in any undertaking and trade investments) or authorised the same;
  - (vi) issued, agreed to issue or authorised the issue of, or made any change in or to, any debentures or (except in the ordinary course of business or except as between Avisen and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) incurred or increased any indebtedness or liability (actual or contingent);
  - (vii) entered into, varied, or authorised any agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which (A) is of a long term, onerous or unusual nature or magnitude or which is reasonably likely to involve an obligation of such nature or magnitude; or (B) is reasonably likely to restrict the business of any member of the Avisen Group;
  - (viii) other than pursuant to the Scheme (except as between Avisen and its wholly-owned subsidiaries or between such wholly-owned subsidiaries), entered into, implemented, effected or authorised any merger, demerger, reconstruction, amalgamation, scheme, commitment or other transaction or arrangement in respect of itself or another member of the Avisen Group;
  - (ix) entered into or varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary the terms of any contract, service agreement or arrangement with any of the directors or senior executives of any member of the Avisen Group;
  - (x) save in relation to the Scheme, taken any corporate action or had any legal proceedings instituted or threatened against it or petition presented or order made for its winding-up (voluntarily or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any material part of its assets and revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction;
  - (xi) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
  - (xii) (other than in connection with the Scheme) made any alteration to its memorandum or articles of association which is material in the context of the Scheme;
  - (xiii) waived or compromised any claim which is material in the context of the Avisen Group;
  - (xiv) (other than in connection with the Scheme) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit (including in relation to any personal defined contribution pension scheme(s) of any director or any person employed by the Avisen Group) relating to the employment or termination of employment of any senior person employed by the Avisen Group; or
  - (xv) entered into any agreement, commitment or arrangement or passed any resolution or made any offer (which remains open for acceptance) or proposed or announced any intention with respect to any of the transactions, matters or events referred to in this Condition 3(h);
- (i) in the period since 6 October 2011 and save as Disclosed by Avisen:
- (i) there having been no adverse change or deterioration in the business, assets, financial or trading positions or profit or prospects of any member of the Avisen Group which in any case is material in the context of the Avisen Group taken as a whole;
  - (ii) no contingent or other liability of any member of the Avisen Group having arisen or become apparent or increased which in any case is material in the context of the Avisen Group taken as a whole;



- (iii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Avisen Group is or may become a party (whether as plaintiff, defendant or otherwise) having been threatened, announced, implemented or instituted by or against or remaining outstanding against or in respect of any member of the Avisen Group which in any case is material in the context of the Avisen Group taken as a whole; and
- (iv) no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened, announced, implemented, instituted by or against or remaining outstanding against or in respect of any member of the Avisen Group which in any case is material in the context of the Avisen Group taken as a whole; and
- (j) save as Disclosed by Avisen, 1Spatial not having discovered (in each case to an extent which is material in the context of the Avisen Group taken as a whole):
  - (i) that any financial or business or other information concerning the Avisen Group disclosed at any time by or on behalf of any member of the Avisen Group, whether publicly or to any member of the 1Spatial Group, is misleading or contains any misrepresentation of fact or omits to state a fact necessary to make any information contained therein not misleading to an extent;
  - (ii) that any member of the Avisen Group is subject to any liability (actual or contingent) which is not disclosed in Avisen's annual report and accounts for the financial year ended 31 January 2011; or
  - (iii) any information which affects the import of any information disclosed at any time by or on behalf of any member of the Avisen Group.

#### **Further Terms of the Proposal**

1. If the Panel requires Avisen to make an offer for 1Spatial Shares under the provisions of Rule 9 of the City Code, Avisen may (with the consent of 1Spatial) make such alterations to the conditions of the Proposal, including to the Conditions set out in paragraph 2 of this Part IV of this document, as are necessary to comply with the provisions of that Rule.
2. Avisen reserves the absolute right to elect, subject to the prior consent of the Panel, to implement the Proposal by way of a takeover offer in accordance with the City Code as it may determine in its absolute discretion. In such event, such offer will be implemented on the same terms (subject to appropriate amendment, including (without limitation and subject to the consent of the Panel) an acceptance condition set at 90 per cent (or such lesser percentage (being more than 50 per cent) as Avisen may decide) of the 1Spatial Shares to which such offer would relate.
3. New 1Spatial Shares will be acquired by Avisen fully paid and free from all liens, equitable interests, charges, encumbrances and other third party rights of any nature whatsoever and together with all rights attaching to them, including the right to receive and retain all dividends and distributions (if any) declared, made or payable after the Effective Date.
4. The Proposal will be on the terms and will be subject, amongst other things, to the Conditions which are set out in this document and accompanying Forms of Proxy and such further terms as may be required to comply with the AIM Rules, the provisions of the City Code and the provisions of the Act. The Scheme will be governed by the laws of England and Wales.
5. The availability of the Proposal to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.
6. All of the Conditions set out in paragraphs 3 (a) to (g) of this Part IV must be fulfilled, be determined by Avisen (only to the extent that such Conditions remain to be satisfied by 1Spatial) to be or remain satisfied or (if capable of waiver) be waived by the Scheme Record Time, failing which the Proposal will lapse. Subject to the requirements of the Panel, Avisen reserves the right to waive all or any of the Conditions in paragraphs 3(a) to 3(g) (inclusive) of this Part IV, in whole or part. Avisen shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the Conditions in paragraphs 3(a) to 3(g) (inclusive) of this Part IV by a date earlier than the date specified in paragraph 1 of this Part IV above for the fulfilment thereof, notwithstanding that the other

Conditions of the Proposal may at such earlier date have been waived or fulfilled and that there are, at such earlier date, no circumstances indicating that any of such Conditions may not be capable of fulfilment.

7. Subject to the requirements of the Panel, 1Spatial reserves the right to waive all or any of the Conditions in paragraph 3(d) (only to the extent that such Conditions remain to be satisfied by Avisen) and 3(h) to 3(j) (inclusive) of this Part IV, in whole or part. 1Spatial shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the Conditions in paragraphs 3(h) to 3(j) (inclusive) of this Part IV by a date earlier than the date specified in paragraph 1 of this Part IV above.
8. For the purpose of these Conditions:
  - (a) “**Third Party**” means any central bank, government, government department or governmental, quasi-governmental, supranational, statutory, regulatory or investigative body, authority (including any national anti-trust or merger control authority), court, trade agency, association, institution or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction;
  - (b) a Third Party shall be regarded as having “intervened” if it has decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or made, proposed or enacted any statute, regulation, decision or order or taken any measures or other steps or required any action to be taken or information to be provided or otherwise having done anything and “intervene” shall be construed accordingly; and
  - (c) “**Authorisations**” means authorisations, orders, grants, recognitions, determinations, certificates, confirmations, consents, licences, clearances, provisions and approvals.
  - (d) “**Disclosed**” means:
    - (i) as disclosed in 1Spatial’s annual report and accounts for the year ended 30 June 2011; or
    - (ii) as disclosed in 1Spatial’s admission document dated 1 October 2010, or
    - (iii) as disclosed in Avisen’s annual report and accounts for the year ended 31 January 2011; or
    - (iv) as publicly announced by any member of the 1Spatial Group or the Avisen Group (through a Regulatory Information Service) prior to the date of this document; or
    - (v) as disclosed in this document; or
    - (vi) as otherwise fairly disclosed prior to the date of the Announcement in writing to 1Spatial or Avisen by or on behalf of Avisen or 1Spatial in the course of negotiations.

## PART V

### RISK FACTORS

1Spatial Shareholders should carefully consider the risks described below before making a decision in relation to the Proposal and the Scheme. This Part V contains what the 1Spatial Directors and Avisen Directors believe to be the principal risk factors associated with the Enlarged Group which should be taken into account in deciding whether or not to vote in favour of the Scheme. It should be noted that this list is not exhaustive and that other risk factors will apply to the Enlarged Group. If any of the following risks actually occur, the Enlarged Group's business, financial condition and/or results or future operations could be materially adversely affected. In such circumstances, the trading price of the ordinary shares of Avisen (including the New Avisen Shares) could decrease and a shareholder may lose all or part of their investment.

There can be no certainty that the Enlarged Group will be able to implement successfully the strategy set out in this document. Additional risks and uncertainties not currently known to the 1Spatial Directors and Avisen Directors or which the 1Spatial Directors and Avisen Directors currently deem immaterial, may also have an adverse effect on the Enlarged Group.

This document contains forward-looking statements that involve risks and uncertainties. The Enlarged Group's actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Enlarged Group which are described below and elsewhere in this document.

Scheme Shareholders should carefully consider the other information in this document. The risks listed below are in no priority and do not necessarily comprise all the risks presently known to the 1Spatial Directors or Avisen Directors or which they currently deem immaterial associated with the Enlarged Group.

#### 1. Market risks

Scheme Shareholders should be aware that the value of shares can go down as well as up and that an investment in a share that is traded on AIM may be less readily realisable and may carry a higher degree of risk than an investment in a share listed on the Official List of the UK Listing Authority. The price which investors may realise for their New Avisen Shares, as and when they are able to do so, may be influenced by a large number of factors, some of which are specific to the Enlarged Group and others of which are extraneous.

It may be difficult for an investor to sell his or her New Avisen Shares and he or she may receive less than the investment made by him or her for them. The market for shares in smaller public companies is less liquid than for larger public companies. Consequently, the share price may be subject to greater fluctuation on small volumes of shares, and thus the New Avisen Shares may be difficult to sell at a particular price.

The market price of the Avisen Shares may not reflect the underlying value of the Enlarged Group's profits or net assets.

#### 2. Business risks relating to the Enlarged Group

##### *The Enlarged Group's future business performance depends on the award of contracts*

The Enlarged Group's success depends on its ability to renew contracts with existing clients and to attract new clients. A substantial portion of the Enlarged Group's future revenues will be directly or indirectly derived from new contracts. Failure to gain new business or renew contracts may adversely affect the Enlarged Group's future.

The Enlarged Group's dependence on the award or renewal of contracts means that its revenue stream is not constant and has the potential to be particularly sporadic. Delays in revenue delivery in future accounting periods may adversely affect the Enlarged Group's results and, therefore, the market price of its shares.

##### *Liabilities under service contracts*

Certain contracts entered into by the Enlarged Group require certain members of the Enlarged Group to indemnify the client against certain losses resulting from the performance of the contract. There have been no claims to date but, in the event such liabilities arise, they could have an adverse impact on the Enlarged Group.

### ***Termination of contracts***

While Avisen and ISpatial are not aware of any client that may wish to terminate any material contract many of the contracts can be terminated on three months' or shorter notice by the client and should any such contracts be terminated the Enlarged Group would lose the benefit of the contract.

### ***Attraction and retention of key management and employees***

The successful operation of the Enlarged Group will depend partly upon the performance and expertise of its current and future management and employees. The loss of the services of one or more of the Enlarged Group's key management or employees, or a loss of the ability to continue to attract and retain qualified employees, may have a material adverse effect on the Enlarged Group.

### ***Exposure to Public Sector***

A significant proportion of the turnover of ISpatial is derived from customers who are public or publicly funded bodies in the jurisdictions in which ISpatial operates. Budget costs or restrictions imposed on or adopted by such customers or potential customers by reason of the prevailing economic climate, whether in the UK or other such jurisdictions, could have a significant impact on the turnover and margins of the Enlarged Group, whether by reason of reductions or deferral of expenditure on products or services of ISpatial or of customers or potential customers deciding not to proceed with or to defer any new project.

### ***Loss of major customers***

Although Avisen has a number of clients with repeat business, a loss of a major client or group of clients, which accounted for a significant amount of Avisen's revenues, may have an impact on the Enlarged Group's revenues and profitability.

## **3. Rapid Growth**

If the Enlarged Group's business and operations experience rapid growth and its systems and controls have not been developed to manage this growth effectively, the Enlarged Group's business and operating results could be harmed and the Enlarged Group may have to incur significant expenditure to implement the additional operational and control requirements necessary to meet such growth.

## **4. Reliance on intellectual property**

Avisen and ISpatial rely and will, in future, rely on intellectual property laws and third party non-disclosure agreements to protect its intellectual property rights. Despite precautions which may be taken by the Enlarged Group to protect its products, unauthorised parties may attempt to copy, or obtain and use its products. To the extent that intellectual property rights protect the Enlarged Group, litigation may be necessary to protect such rights and could result in substantial costs to the Enlarged Group, diverting its effort from its main business operations with no guarantee of success. The failure or inability of the Enlarged Group to protect its proprietary information, and the expense of doing so, could have a material adverse effect on its operating results and financial condition.

## **5. Entry into new markets and development of new products**

The Enlarged Group's future growth will be highly dependent on its ability to generate business in new sectors and additional geographic markets. Whilst the ISpatial Directors and Avisen Directors strongly believe that the areas they are targeting in the medium term will prove rewarding there is no guarantee that the Enlarged Group will be able to generate the level of sales or profitability anticipated if the costs of entry into and operating in these new areas prove to be higher than expected or demand for the Enlarged Group's products and services proves to be lower than anticipated.

## **6. Exchange Rate Fluctuations**

The Enlarged Group is exposed to foreign currency risk due to fluctuations in exchange rates. Whilst this exposure has historically not been material, this exposure could become more significant if the relative proportion of foreign currency sales or operating costs increases. This may result in gains or losses with respect to movements in exchange rates which may be material and may also cause fluctuations in reported financial information that are not necessarily related to the operating results of the Enlarged Group

## **7. Competition**

The Enlarged Group may face competition, including from domestic and overseas competitors who have greater capital and other resources and superior brand recognition than the Enlarged Group and may be able to provide better products or adopt more aggressive pricing policies. There is no assurance that the Enlarged Group will be able to compete successfully in such a marketplace.

## **8. The Enlarged Group's objectives may not be fulfilled**

The value of an investment in the Enlarged Group is dependent upon the Enlarged Group achieving the aims set out in this document. There can be no guarantee that the Enlarged Group will achieve the level of success that the ISpatial Directors and Avisen Directors expect.

## **9. Economic, political, judicial, administrative, taxation or other regulatory matters**

The Enlarged Group may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, as well as other unforeseen matters. In particular, the Enlarged Group's financial performance may be adversely affected by such changes in other jurisdictions in which it operates e.g. the Netherlands, Ireland or Australia.

## **10. Taxation Framework**

This document has been prepared in accordance with current UK tax legislation, practice and concession and interpretation thereof. Any change in the Enlarged Group's tax status or in taxation, legislation practice and concession and interpretation thereof could affect the Enlarged Group's ability to provide returns to its shareholders or diminish post tax returns to its shareholders. Statements in this document concerning the taxation of investors in ordinary shares are based on current tax law and practice which is subject to change. The taxation of an investment in the company depends on the individual circumstances of investors.

## **11. General risks**

If any or all of the above risks actually occur, the Enlarged Group's business, financial conditions, results or future operations could be materially adversely affected. In such a case, the price of the New Avisen Shares could decline and investors may lose all or part of their investment. Additional risks and uncertainties not presently known to the ISpatial Directors or Avisen Directors which the Directors currently deem immaterial, may also have an adverse effect upon the Enlarged Group.

**PART VI**  
**ADDITIONAL INFORMATION**

**1. Responsibility**

- 1.1 The 1Spatial Directors (whose names are set out in paragraph 2.1 below) accept responsibility for all information contained in this document, except for the information for which the Avisen Directors or the Proposed Directors together with Marcus Hanke, Marcus Yeoman, Claire Milverton and Mark Battles in respect of the Enlarged Group, as the case may be, take responsibility. To the best of the knowledge and belief of the 1Spatial Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Avisen Directors (whose names are set out in paragraph 2.2 below) accept responsibility for all information contained in this document insofar as it relates to the Avisen Group, the strategy and intentions for the Enlarged Group (including those set out in paragraphs 7 and 8 of Part I of this document), the Avisen Directors and their interests. To the best of the knowledge and belief of the Avisen Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 The Proposed Directors, together with Marcus Hanke, Marcus Yeoman, Claire Milverton and Mark Battles, accept responsibility for all information contained in this document insofar as it relates to the Enlarged Group (including those set out in paragraphs 7 and 8 of Part I of this document). To the best of the knowledge and belief of the Proposed Directors and each of Marcus Hanke, Marcus Yeoman, Claire Milverton and Mark Battles (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible under this paragraph 1.3 is in accordance with the facts and does not omit anything likely to affect the import of such information.

**2. Directors**

- 2.1 The 1Spatial Directors and their respective roles are:

<b>Name</b>	<b>Role</b>
Steve Berry	Non-Executive Chairman
Nic Snape	Chief Executive Officer
Dr Mike Sanderson	Director of Strategic Development
Duncan Guthrie	Sales Director
Peter Bullock	Finance Director
Marcus Hanke	Non-Executive Director

The principal and registered office of 1Spatial is Tennyson House, Cambridge Business Park, Cambridge, CB4 0WZ. 1Spatial is a public limited company.

- 2.2 The Avisen Directors and their respective roles are:

<b>Name</b>	<b>Role</b>
Mark Battles	Interim Non-Executive Chairman
Marcus Hanke	Chief Executive Officer
Jonathan Hill	Chief Operating Officer
Claire Milverton	Chief Financial Officer
Marcus Yeoman	Non-Executive Director

The principal and registered head office of Avisen is Sterling House, 20 Station Road, Gerrards Cross 5L9 8EL. Avisen is a public limited company.

### 3. London Stock Exchange Prices

The following table shows the Closing Prices of ISpatial Shares and Avisen Shares as derived from the AIM section of the Daily Official List on (i) the first dealing day of each of the six months immediately prior to the date of this document, (ii) 6 October 2011 (being the last dealing day immediately before the commencement of the Offer Period) and (iii) 12 October 2011, the latest practicable date prior to the publication of this document:

Date	Avisen Share Price (Pence)	ISpatial Share Price (pence)
1 April 2011	7.88	39.0
3 May 2011	7.25	37.0
1 June 2011	6.25	34.5
1 July 2011	5.88	32.0
1 August 2011	5.50	31.0
1 September 2011	4.88	29.5
3 October 2011	4.00	25.0
6 October 2011	3.88	25.0
12 October 2011	4.00	24.5

### 4. Irrevocable undertakings

#### 4.1 ISpatial Directors

The following directors of ISpatial who are ISpatial Shareholders have given irrevocable undertakings to Avisen to vote in favour of the Scheme and the Resolutions at the Meetings (and, if Avisen exercises its right to acquire the ISpatial Shares by means of a takeover offer, to accept any such offer):

Name	ISpatial Shares	Approximate % of issued ISpatial Share Capital
Steve Berry	858,120	4.05
Peter Bullock	1,634,515	7.71
Duncan Guthrie	1,634,515	7.71
Dr Michael Sanderson	6,538,060	30.86
Nic Snape	1,634,515	7.71

The undertakings given by the Independent ISpatial Directors cease to be binding if the Scheme is withdrawn, unless Avisen exercises its right to announce a takeover offer of the entire issued share capital of ISpatial, in which case it shall cease to have effect on the withdrawal or lapsing of the takeover offer.

#### 4.2 Other ISpatial Shareholders

The following ISpatial Shareholders have given irrevocable undertakings to Avisen to vote in favour of the Scheme and the Resolutions at the Meetings (and, if Avisen exercises its right to acquire the ISpatial Shares by means of a takeover offer, to accept any such offer):

Name	ISpatial Shares	Approximate % of issued ISpatial Share Capital
Seamus Gilroy	1,225,886	5.79
Steven Ramage	915,328	4.32
Christopher Wright	751,876	3.55
SF T1ps Smaller Companies Growth Fund	1,132,880	5.35

The undertakings listed above in this paragraph 4.2 will cease to be binding if the requisite majorities fail to approve the Resolutions at the Meetings, the Proposal otherwise lapses or fails to complete by 29 February 2012, or upon the announcement of a competing offer which comprises:

- a cash offer (or a cash or partial cash alternative to any securities exchange offer) in the equivalent or greater proportion per share as offered by Avisen and the value of such offer at the date of its announcement exceeds by more than 10 per cent. the value of the offer by Avisen; or

- b) a securities exchange offer (without a cash alternative) involving the issue of securities of a class already admitted to trading on a market for listed securities of the London Stock Exchange plc, the value of which as at the date of the announcement of such third party offer exceeds by more than 10 per cent. the value of the offer by Avisen.

All the irrevocable undertakings have been given on the basis of the Conditions.

#### 4.3 Avisen Directors and Shareholders

The following holders or controllers of Avisen Shares have given irrevocable undertakings to vote in favour of the Avisen Resolutions to be proposed at the Avisen General Meeting:

##### Avisen Directors

The following directors of Avisen who are Avisen Shareholders have given irrevocable undertakings to Avisen to vote in favour of the Avisen Resolutions at the Avisen General Meeting:

Name	Number of Avisen Shares	Approximate per cent. of issued Avisen Share Capital
Marcus Hanke <sup>1</sup>	29,026,314	12.80
Marcus Yeoman <sup>2</sup>	1,581,572	0.70
Claire Milverton <sup>3</sup>	385,729	0.17
Mark Battles	17,500	0.01
Jonathan Hill <sup>4</sup>	3,581,567	1.58

1 28,764,022 Avisen Shares are held in the name of Strand Nominees Limited and 262,292 Avisen Shares are held in the name of HSDL Nominees Limited.

2 1,382,640 Avisen Shares are held in the name of Pershing Nominees Limited and 198,932 Avisen Shares are held in the name of Springtime Consultants Limited, Marcus Yeoman's consulting company.

3 10,004 Avisen Shares are held directly by Claire Milverton and 375,725 Avisen Shares are held in a self-invested personal pension.

4 3,581,567 Avisen Shares are held in a HSBC nominee account.

The undertakings given by the Avisen Directors cease to be binding if the Scheme is withdrawn, unless Avisen exercises its right to announce a takeover offer of the entire issued share capital of ISpatial, in which case it shall cease to have effect on the withdrawal or lapsing of the takeover offer.

##### Other Avisen Shareholders

The following Avisen Shareholders have given irrevocable undertakings to Avisen to vote in favour of the Avisen Resolutions at the Avisen General Meeting:

Name	Number of Avisen Shares	Approximate per cent. of issued Avisen Share Capital
SF T1ps Smaller Companies Growth Fund <sup>1</sup>	26,894,266	11.9
Elite WAY Income and Growth Fund <sup>2</sup>	3,425,000	1.5

1 26,894,266 Avisen Shares are held in the name of Bank of New York Nominees Limited

2 3,425,000 Avisen Shares are held in the name of State Street Nominees Limited.

The undertakings referred to in the table above will cease to be binding if the Scheme is withdrawn, unless Avisen exercises its right to announce a takeover offer of the entire issued share capital of ISpatial, in which case it shall cease to have effect on the withdrawal or lapsing of the takeover offer.



## 5. Shareholdings and dealings

Certain terms used in this paragraph 5 of this Part VI are defined in paragraph 5.5.6 below.

### 5.1 Interests in 1Spatial Shares

5.1.1 At the close of business on the Disclosure Date (as defined in paragraph 5.5.6 below), the interests of the 1Spatial Directors, their immediate families, related trusts and persons connected with such 1Spatial Directors (within the meaning of section 252 of the Act), all of which are beneficial unless otherwise stated, in relevant securities of 1Spatial were as follows:

Name	1Spatial Shares	Approximate % of issued 1Spatial Share Capital
Steve Berry <sup>1</sup>	890,810	4.05
Peter Bullock	1,634,515	7.71
Duncan Guthrie	1,634,515	7.71
Dr Michael Sanderson	6,538,060	30.86
Nic Snape	1,634,515	7.71
Marcus Hanke <sup>2</sup>	32,690	0.15

1 Of the interests of Steve Berry, 32,690 1Spatial Shares are beneficially owned by his wife.

2 The 32,690 1Spatial Shares owned by Marcus Hanke are held in the name of HSDL Nominees Limited.

5.1.2 At the Disclosure Date, no options over 1Spatial Shares had been granted to the 1Spatial Directors.

5.1.3 As at the Disclosure Date, no member of the Avisen Group had any interest in the relevant securities of 1Spatial.

5.1.4 At the Disclosure Date, Libertas, financial adviser to 1Spatial, did not own or control any 1Spatial Shares, nor did it have any interests in or rights to subscribe for relevant securities in 1Spatial or options over 1Spatial Shares or had a short position in relation to relevant securities in 1Spatial.

5.1.5 Save as disclosed in paragraph 5.1.1 above in relation to Marcus Hanke, as at the Disclosure Date, none of the Avisen Directors, their immediate families and their connected persons (within the meaning of section 252 of the Act) had any interests in or rights to subscribe for relevant securities in 1Spatial or options over 1Spatial Shares or had a short position in relation to relevant securities in 1Spatial.

5.1.6 At the Disclosure Date, funds managed by a company under the same control as Rivington Street Corporate Finance Limited, corporate broker to 1Spatial, did not own or control any 1Spatial Shares, nor did it have any interests in or rights to subscribe for relevant securities in 1Spatial or options over 1Spatial Shares or had a short position in relation to relevant securities in 1Spatial, save for the following 1Spatial Shares:

Name	1Spatial Shares	Approximate % of issued 1Spatial Share Capital
SF T1ps Smaller Companies Growth Fund	1,132,880	5.35

5.1.7 At the Disclosure Date, Strand Hanson, financial adviser to Avisen, did not own or control any 1Spatial Shares, nor did it have any interests in or rights to subscribe for relevant securities in 1Spatial or options over 1Spatial Shares or a short position in relation to relevant securities in 1Spatial.

5.1.8 At the Disclosure Date, no options over 1Spatial Shares had been granted to employees.

## 5.2 Dealings in ISpatial Shares:

5.2.1 Other than as set out below, none of the ISpatial Directors, their immediate families, related trusts and persons connected with such ISpatial Directors (within the meaning of section 252 of the Act) has dealt in ISpatial Shares during the Disclosure Period.

<b>Name</b>	<b>Transaction Type</b>	<b>Number of ISpatial Shares</b>	<b>Date</b>
Steve Berry <sup>1</sup>	Acquisition	890,810	19 October 2010
Peter Bullock	Acquisition	1,634,515	19 October 2010
Duncan Guthrie	Acquisition	1,634,515	19 October 2010
Dr Michael Sanderson	Acquisition	6,538,060	19 October 2010
Nic Snape	Acquisition	1,634,515	19 October 2010
Marcus Hanke <sup>2</sup>	Acquisition	32,690	19 October 2010

1 The acquisition of 890,120 ISpatial Shares by Steve Berry includes 32,690 acquired by his wife.

2 32,690 ISpatial Shares are held in the name of HSDL Nominees Limited as nominee for Marcus Hanke.

Each of the ISpatial Directors acquired their shares in ISpatial on its acquisition of ISpatial Group Limited which was completed on 19 October 2010.

5.2.2 The following ISpatial Shares have been issued during the Disclosure Period:

<b>Number of ISpatial Shares Issued</b>	<b>Price</b>	<b>Date</b>	<b>Value (£)</b>
19,068,398		19 October 2010	
333,333	0.04	19 October 2010	13,333

The 19,068,398 ISpatial Shares issued on 19 October 2010 were issued to the shareholders of ISpatial Group Limited in consideration for the transfer to ISpatial of their shares in ISpatial Group Limited.

5.2.3 No grants of options have been made by ISpatial during the Disclosure Period.

5.2.4 Save as disclosed in paragraph 5.2.1 above in relation to Marcus Hanke, none of the Avisen Directors, their immediate families, related trusts and persons connected with such Avisen Directors (within the meaning of section 252 of the Act) has dealt in ISpatial Shares during the Disclosure Period.

5.2.5 No member of the Avisen Group has dealt in ISpatial Shares during the Disclosure Period.

## 5.3 Interests in Avisen Shares

5.3.1 At the close of business on the Disclosure Date, the interests of the Avisen Directors, their immediate families, related trusts and persons connected with such Avisen Directors (within the meaning of section 252 of the Act), all of which are beneficial unless otherwise stated, in relevant securities of Avisen were as follows:

<b>Name</b>	<b>Number of Avisen Shares</b>	<b>Approximate % of issued Avisen Share Capital</b>
Marcus Hanke <sup>1</sup>	29,026,314	12.80
Marcus Yeoman <sup>2</sup>	1,581,572	0.70
Claire Milverton <sup>3</sup>	385,729	0.17
Mark Battles	17,500	0.01
Jonathan Hill <sup>4</sup>	4,470,456	1.97

1 28,764,022 Avisen Shares are held in the name of Strand Nominees Limited and 262,292 Avisen Shares are held in the name of HSDL Nominees Limited;

2 1,382,640 Avisen Shares are held in the name of Pershing Nominees Limited and 198,932 Avisen Shares are held in the name of Springtime Consultants Limited, Marcus Yeoman's consulting company.

3 10,004 Avisen Shares are held directly by Claire Milverton and 375,725 Avisen Shares are held in a self-invested personal pension.

4 3,581,567 Avisen Shares are held in a HSBC nominee account and 888,889 Avisen Shares are held by Wexner Global Limited, a company in which Jonathan Hill and his wife jointly own 50% of the shares.

5.3.2 At the Disclosure Date, the following options in Avisen Shares had been granted to the Avisen Directors:

<b>Name</b>	<b>Number of Avisen Options</b>	<b>Issue date</b>	<b>Exercise price (p)</b>	<b>Expiry date</b>	<b>Balance</b>
Jonathan Hill	2,181,818	11 November 2009	5.5	11 November 2019	2,181,818

5.3.3 At the Disclosure Date, the following warrants in Avisen had been granted to Avisen Directors and remain outstanding:

<b>Name</b>	<b>Number of Avisen Warrants</b>	<b>Issue date</b>	<b>Exercise price (p)</b>	<b>Expiry date</b>	<b>Balance</b>
Marcus Hanke	262,292	17 July 2009	15.25	17 July 2012	262,292
Marcus Yeoman	163,932	17 July 2009	15.25	17 July 2012	163,932
Jonathan Hill	65,572	17 July 2009	15.25	17 July 2012	65,572

5.3.4 At the Disclosure Date, none of the 1Spatial Directors, their immediate families, related trusts and persons connected with such 1Spatial Directors (within the meaning of section 252 of the Act) had interests in or rights to subscribe for relevant securities in Avisen or options over Avisen Shares or had a short position in relation to any relevant securities in Avisen (save for the interests in shares and warrants of Marcus Hanke disclosed in paragraphs 5.3.1 and 5.3.3 above).

5.3.5 At the Disclosure Date, no member of the 1Spatial Group had any interest in or had rights to subscribe for relevant securities of Avisen or had a short position in relation to any relevant securities in Avisen (save for the interests in shares and warrants of Marcus Hanke disclosed in paragraphs 5.3.1 and 5.3.3 above).

5.3.6 At the Disclosure Date, Libertas, financial adviser to 1Spatial, did not own or control any Avisen Shares or options over Avisen Shares, nor did it have any interests in or rights to subscribe for relevant securities in Avisen or options over Avisen Shares or a short position in relation to any relevant securities in Avisen.

5.3.7 At the Disclosure Date, funds managed by a company under the same control as Rivington Street Corporate Finance Limited, corporate broker to 1Spatial, did not own or control any Avisen Shares or options over Avisen Shares, nor did it have any interests in or rights to subscribe for relevant securities in Avisen or options over Avisen Shares or a short position in relation to any relevant securities in Avisen, save for the following Avisen Shares and warrants which have been granted and remain outstanding:

<b>Name</b>	<b>Number of Avisen Shares</b>	<b>Approximate % of issued Avisen Share Capital</b>
SF T1ps Smaller Companies Growth Fund	26,894,266	11.86
Elite T1ps Smaller Companies Income & Growth Fund	3,425,000	1.51

<b>Name</b>	<b>Number of Avisen Warrants</b>	<b>Issue date</b>	<b>Exercise price (p)</b>	<b>Expiry date</b>	<b>Balance</b>
SF T1ps Smaller Companies Growth Fund	655,736	15 July 2009	15.25	15 July 2012	655,736

5.3.8 At the Disclosure Date, Strand Hanson, financial adviser to Avisen, did not own or control any options or warrants over Avisen Shares nor did it have any interests in or rights to subscribe for relevant securities in Avisen or options over Avisen Shares or a short position in relation to any relevant securities in Avisen, save for the following warrants in Avisen which have been granted and remain outstanding:

<b>Name</b>	<b>Number of Avisen Warrants</b>	<b>Issue date</b>	<b>Exercise price (p)</b>	<b>Expiry date</b>	<b>Balance</b>
Strand Hanson Limited	2,252,692	30 July 2010	5.09	29 July 2015	2,252,692

#### 5.4 Dealings in Avisen Shares

5.4.1 Other than as set out below, none of the Avisen Directors, their immediate families, related trusts and persons connected with such Avisen Directors (within the meaning of section 252 of the Act) has dealt in Avisen Shares during the Disclosure Period.

<b>Name</b>	<b>Transaction Type</b>	<b>Number of Avisen Shares</b>	<b>Date</b>
Claire Milverton	Purchase	215,721	15 August 2011
Claire Milverton	Purchase	150,000	12 August 2011
Marcus Yeoman	Purchase	200,000	3 August 2011
Mark Battles	Purchase	17,500	29 July 2011

5.4.2 No grants of options have been made by Avisen to Avisen Directors during the Disclosure Period.

5.4.3 None of the ISpatial Directors, their immediate families, related trusts and persons connected with such ISpatial Directors (within the meaning of section 252 of the Act) has dealt in Avisen Shares during the Disclosure Period.

5.4.4 No member of the ISpatial Group has dealt in Avisen Shares during the Disclosure Period.

#### 5.5 General

5.5.1 Save as disclosed in this paragraph 5, at the close of business on the Disclosure Date, neither Avisen nor any of its subsidiaries, nor the Avisen Directors, members of their immediate respective families, related trusts or connected persons, nor any persons acting in concert with Avisen, nor any person with whom Avisen or any person acting in concert with Avisen had an arrangement, had a right to subscribe for, or had a short position in relation to, or was interested in any relevant securities of ISpatial or of Avisen and nor has any such person dealt therein during the Disclosure Period.

5.5.2 Save as disclosed in this paragraph 5, at the close of business on the Disclosure Date, neither ISpatial nor any of its subsidiaries, nor the ISpatial Directors, members of their immediate families, related trusts or connected persons, nor any persons acting in concert with ISpatial, nor any person with whom ISpatial or any person acting in concert with ISpatial had an arrangement, had a right to subscribe for, or had a short position in relation to, or was interested in any relevant securities of Avisen or ISpatial, and nor has any such person dealt therein between the start of the Offer Period and 12 October 2011 (being the latest practicable date prior to printing of this document).

5.5.3 At the close of business on the Disclosure Date, save for the irrevocable undertakings disclosed in paragraph 4 of this Part VI of this document, neither Avisen nor any person acting in concert with Avisen, for the purposes of the Proposal, nor ISpatial nor any person acting in concert with ISpatial had entered into any arrangement in relation to relevant securities of Avisen or ISpatial.

5.5.4 At the close of business on the Disclosure Date neither Avisen nor any person acting in concert with Avisen has borrowed or lent any relevant securities of ISpatial or Avisen, save for any borrowed shares which have either been on-lent or sold.

5.5.5 At the close of business on the Disclosure Date neither ISpatial nor any person acting in concert with ISpatial has borrowed or lent any relevant securities of ISpatial or Avisen, save for any borrowed shares which have either been on-lent or sold.

5.5.6 For the purpose of this paragraph 5:

**“acting in concert”** with Avisen or ISpatial, as the case may be, means any such person acting or deemed to be acting in concert with Avisen or ISpatial, as the case may be, for the purposes of the City Code;

**“arrangement”** includes any 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 to refrain from dealing in such securities;

**“dealing”** or **“dealt”** includes:

- (a) acquiring or disposing of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities, or of general control of relevant securities;
- (b) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (by either party) or varying an option (including a traded option contract) in respect of any relevant securities;
- (c) subscribing or agreeing to subscribe for relevant securities;
- (d) exercising or converting, whether in respect of new or existing securities, any relevant securities carrying conversion or subscription rights;
- (e) acquiring, disposing of, entering into, closing out, exercising (by either party) any rights under, or varying, a derivative referenced, directly or indirectly, to relevant securities;
- (f) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and

**“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 but which does not include the possibility of delivery of such underlying security;

**“Disclosure Date”** means 12 October 2011, being the latest practicable date prior to the publication of this document;

**“Disclosure Period”** means the period commencing on 7 October 2010 (being the date 12 months prior to the commencement of the Offer Period) and ending on the Disclosure Date;

**“a person has an interest”** or is **“interested”** in relevant securities if he has long economic exposure, whether absolute or conditional, to changes in the price of those securities and in particular includes if a person:

- (a) owns them;
- (b) has the right (whether conditional or absolute) to exercise, or direct the exercise of the voting rights attaching to relevant securities or has general control of them;
- (c) by virtue of any agreement to purchase, option or derivative
- (d) has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
- (e) is party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them;

**“relevant securities”** means ISpatial Shares and/or Avisen Shares and securities convertible into, or rights to subscribe for, ISpatial Shares and/or Avisen Shares, options (including traded options) in respect thereof and derivatives referenced thereto; and

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

## 6. 1Spatial Director's Service Agreements and Terms of Appointment

Set out below are details of the current terms of appointment of the 1Spatial Directors. Under 1Spatial's Articles of Association at least one third of all directors are required to resign by rotation at each Annual General Meeting. Details of the remuneration for 1Spatial Directors are as follows:

<b>Executive Director</b>	<b>Date of contract/ Letter of Appointment</b>	<b>Annual Salary</b>	<b>Notice Period for either party</b>	<b>Bonus</b>
Dr Michael Sanderson	28 September 2010	£123,600	6 months	Discretionary
Nic Snape	28 September 2010	£123,600	6 months	Discretionary
Peter Bullock	28 September 2010	£103,000	6 months	Discretionary
Duncan Guthrie	28 September 2010	£103,000	6 months	Discretionary

<b>Non-Executive Director</b>	<b>Date of contract/ Letter of Appointment</b>	<b>Annual Fees</b>	<b>Notice Period for either party</b>	<b>Benefits</b>
Steve Berry	1 October 2010	£25,000	6 months	None
Marcus Hanke	1 October 2010	£25,000	6 months	None

Bonuses to each Executive Director are payable at the discretion of the board of 1Spatial Group Limited, and are based upon pre-determined targets or objectives. The Non-Executive Directors of 1Spatial are not entitled to any bonus.

1Spatial Group Limited provides the following additional benefits to each Executive Director under their service agreements:

- a contribution, equivalent to 6.5% of each Executive Director's basic gross annual salary, into the 1Spatial group personal pension scheme, or such other personal pension scheme as each individual may nominate from time to time. Each Executive Director can also participate in a salary sacrifice arrangement whereby part of their basic salary is sacrificed in favour of higher employer pension contributions;
- provision of death in service cover in respect of each Executive Director to a value equivalent to four times their gross annual remuneration and benefits;
- payment of all contributions towards the cost of membership of each Executive Director of a private patient medical plan with a recognised provider;
- entitlement to become a member of the 1Spatial Group Income Protection Scheme.

The services of Marcus Hanke are provided by IRN Capital Limited. The services of Steve Berry are for two days per month and are provided by Waterbridge Capital Limited, with payment for these services being stated to commence from 1<sup>st</sup> January 2011.

Marcus Hanke will cease to be entitled to any payment for acting as a director of 1Spatial Holdings plc from the Effective Date without compensation.

No terms of appointment have been entered into or amended within six months of this document.

## 7. Material Contracts

### 7.1 Avisen Group

7.1.1 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by Avisen and its subsidiaries since 7 October 2009 (being the date two years prior to the commencement of the Offer Period) and are or may be material:

- (a) On 16 March 2011 a sale and purchase agreement was entered into between Avisen UK Limited, Inca Holdings Limited (now known as Strategy GPS Limited) and Logicalis UK Limited ("Logicalis") relating to the disposal of Avisen's indirect wholly owned subsidiary, Inca Software Limited ("Inca") (the "Transaction"). Completion of the Transaction occurred on 1 April 2011 ("Completion"). The total consideration received by the Avisen Group in respect of the Transaction will be £8.65 million, consisting of cash of £7.3 million and the assumption by Logicalis of the net liabilities of Inca as at the time of Completion, subject to a maximum of £1.35 million. The cash consideration was agreed to be settled in two stages: (i) £6.0 million which was received at Completion; and (ii) an additional £1.3 million payable

12 months after Completion. Inca Holdings Limited agreed to give certain typical warranties for a transaction of this nature and Avisen UK Limited agreed to be guarantee certain of the obligations and undertakings of Inca Holdings Limited.

- (b) On 14 July 2010 Avisen Group Limited entered into a sale and purchase agreement to transfer its entire interest in its South African subsidiary Avisen (Pty) SA Limited and its subsidiary i-Centric (Pty) Limited, to Mr Keith Jones, a director of Avisen (Pty) SA Limited. In consideration of the transfer, Avisen received with the approval of its shareholders (pursuant to Section 694 of the Act as an off-market purchase by Avisen of its own shares given at Avisen's annual general meeting), 3,500,000 Avisen shares held by Odette McMahon, a related party of Mr Keith Jones with a fair value of £306,000. The consideration shares have been subsequently classified as treasury shares.
- (c) A Nominated Adviser and Broker Agreement dated 28 July 2010 between (1) Avisen; and (2) Strand Hanson Limited pursuant to which Strand Hanson has agreed to act as nominated adviser and broker to Avisen for the purposes of the AIM Rules and as financial adviser to Avisen. The appointment as nominated adviser continues for a fixed term of one year from appointment and thereafter is terminable on three months' notice given by either Avisen or Strand Hanson. Strand Hanson will receive an annual fee of £50,000 for its services as nominated adviser, which is payable twelve months from the date of the agreement. The agreement contains indemnities and warranties from Avisen in favour of Strand Hanson together with provisions which enable Strand Hanson to terminate the agreement in certain circumstances.
- (d) The acquisition pursuant to a scheme of arrangement between (1) Avisen, (2) and the shareholders of Xploite plc, pursuant to which Avisen agreed to acquire the entire issued share capital of Xploite plc, conditional on certain conditions, which became effective on 27 April 2010.
  - (i) The total consideration payable to the shareholders of Xploite plc was satisfied by the issue of the consideration shares in Avisen.
  - (ii) Xploite plc gave certain representations and warranties customary for a transaction of this type which concerned the business, assets and affairs of Xploite plc and its subsidiaries.
- (e) Avisen entered into a inducement fee agreement with Xploite plc on 18 January 2010 under which Xploite agreed, in certain circumstances, to pay to Avisen an inducement fee equal to 1 per cent. of the aggregate value of the issued share capital of Xploite at the offer price per Xploite share at the time of the announcement for the acquisition of the Xploite group.
- (f) A non solicitation agreement dated 18 January 2010 between Avisen and Xploite Plc under the terms of which Xploite agreed to certain undertakings relating to non-solicitation of a competing offer for Xploite.
- (g) An agreement for the sale of certain assets of Inca Technology International Limited (in administration) dated 10 October 2009. Inca Technology International Limited had been placed in administration on 8 October 2009. The assets of Inca Technology International Limited (in administration) which were sold were the goodwill, IT equipment, intellectual property rights, customer information, the Inca Planning software and all supporting literature, demonstration materials and training aids.

The terms of the agreement entered into by the administrators and the purchaser prohibit the disclosure of the name of the purchaser and the level of proceeds from the sale.
- (h) An agreement for the sale of assets and goodwill of Morgan Benjamin Limited (in administration) dated 10 September 2009 entered into between Morgan Benjamin Limited (in administration), Stephen Blandford Ryman and Conrad Beighton (the joint administrators) and Avisen. Morgan Benjamin Limited had been placed in administration on 7 August 2009. The purchase price was £25,100 plus VAT apportioned as £2,000 in respect of the computer hardware acquired and £23,100 in respect of the goodwill of Morgan Benjamin Limited. Avisen agreed to indemnify Morgan Benjamin Limited (in administration) and the joint administrators in respect

of hire rental charges relating to any leased equipment and any claim made against Morgan Benjamin Limited (in administration) and/or the joint administrators relating to Avisen's use of the trade name, Morgan Benjamin.

- (i) A warrant instrument dated 30 July 2010 between (1) Avisen and (2) Strand Hanson Limited pursuant to which Strand Hanson has the right to subscribe for up to 2,252,692 ordinary shares in Avisen at 5.09 pence per ordinary share during the period up to 29 July 2015 in relation to the provision of services under the Nominated Adviser and Broker Agreement dated 28 July 2010 between the parties.

## 7.2 1Spatial Group

7.2.1 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by 1Spatial or any member of the 1Spatial Group since 7 October 2009 (being the date two years prior to the commencement of the Offer Period) and are or may be material:

- (a) An agreement dated 23 December 2009, between 1Spatial (1) and Rivington Street Holdings plc ("Rivington") (2) pursuant to which 1Spatial disposed of Viewpoint Field Services Limited and Rosslyn Research Limited to Rivington (the "Disposal") for a consideration of 5,200,000 shares in Rivington and the assignment from 1Spatial to Rivington, Viewpoint Field Services Limited or Rosslyn Research Limited of liabilities to the value of approximately £1.8 million. In addition Rivington agreed to a loan facility of £50,000 to 1Spatial to give it sufficient working capital to remain as an investing company on AIM. The loan facility was unsecured and carried an interest rate of 4 per cent. above base rate upon default. The facility expired on 19 October 2010. 1Spatial agreed for a period of two years following completion not to compete with Rosslyn Research Limited and Viewpoint Field Services Limited in relation to the two businesses as carried on at completion and in relation to the brands represented by the two companies as at the date of such completion.
- (b) A Deed of Settlement dated 29 January 2010 between Viewpoint Field Services Limited (1) The Wire Services (UK) Limited (2) 1Spatial (3) Illuminas Limited (4) Media Square plc (5) Rivington (6) and Turnbegin Limited (7) pursuant to which *inter alia* 1Spatial was released from outstanding obligations under the agreements described in paragraph 7.2.1(a) above and other transactions.
- (c) By board resolution on 29 April 2010, 1Spatial issued a total of 500,000,000 ordinary shares of 0.004 pence each at a price of 0.03p per share in connection with a placing.
- (d) By a deed dated 25 May 2010, 1Spatial created £100,000 convertible unsecured loan notes (the "Notes"). Interest accrued from day to day at a rate of 6 per cent. per annum, and was to be paid quarterly in arrears, beginning on 30 June 2010. The Notes were unsecured with the final redemption date being 25 May 2012. Unless previously redeemed in full or in part, converted into ordinary shares of 1Spatial or purchased by 1Spatial, 1Spatial agreed to redeem the Notes in full on 25 May 2012 together with accrued, but unpaid, interest up to and including that date. The holder of the Notes converted all the outstanding £100,000 of Notes into 333,333 1Spatial Shares on 19 October 2010.
- (e) An agreement dated 30 June 2010 made between 1Spatial Group Limited and Stillaway Holdings Limited whereby 1Spatial Group Limited sold its subsidiary Laser-Scan Engineering Limited to Stillaway Holdings Limited as part of a management buyout. The consideration for the sale of the shares was £350,000. The majority of the consideration for the sale was received by 1Spatial Group Limited in cash, with the remainder being satisfied by the discharge by the buyer of certain obligations under a sub-contract entered into between the two parties on the same date as the sale. 1Spatial Group Limited gave limited warranties and a tax covenant to the buyer under the sale/purchase agreement. Claims under the warranties and tax covenant are time limited, and subject to de minimis and maximum levels.
- (f) A letter of engagement dated 30 June 2010 from Libertas to 1Spatial pursuant to which Libertas were appointed 1Spatial's financial and nominated adviser in connection with the acquisition of 1Spatial Group Limited for a corporate finance fee of £60,000 and an annual retainer of £22,500 plus VAT in each case. The appointment may be terminated by either party on 3 months' notice.



- (g) An offer dated 1 October 2010 by 1Spatial to all the shareholders and optionholders in 1Spatial Group Limited to acquire all the issued and to be issued shares in 1Spatial Group Limited on the basis of approximately 16.345 shares in 1Spatial for every one share in 1Spatial Group Limited. The offer was accepted in full and 1Spatial acquired all of the issued shares in 1Spatial Group Limited on 19 October 2010 in consideration of the issue of 19,068,398 1Spatial Shares.
- (h) A Warranty Deed dated 30 September 2010 between N Snape, M Sanderson, P Bullock, D Guthrie (the “Selling Directors”) (1) 1Spatial (2) and the then directors of 1Spatial (3) whereby, in connection with the offer referred to in paragraph 7.2.1(g), Selling Directors gave warranties and covenants in favour of 1Spatial *inter alia* in respect of 1Spatial Group Limited and its subsidiaries and 1Spatial and its then directors gave certain warranties in favour of the then shareholders in 1Spatial Group Limited.
- (i) On 15 April 2011 1Spatial Group Limited entered to a sale and purchase agreement with Roberta Louise Madsen, Brett Andrew Madsen and Rachel Louise Madsen to acquire the entire issued share capital of Lagen Spatial Pty Limited (“Lagen”). Completion was on 19 April 2011, and the total consideration payable by 1Spatial Group Limited will be a maximum of Aus\$1.0m, consisting of \$765,000 in cash and \$235,000 in settlement of a loan made to Lagen. The consideration is to be paid in three stages:
  - \$365,000 in cash and \$85,000 in loan repayment, paid on completion;
  - \$200,000 in cash and \$75,000 in loan repayment, payable on the first anniversary of completion; and
  - a maximum of \$200,000 in cash (which is dependent on the level of net assets of Lagen at completion and on Lagen achieving a target turnover in the financial year for 1 July 2011 to 30 June 2012), and \$75,000 in loan repayment, payable on the second anniversary of completion.

## **8. Other Information**

- 8.1 No proposal exists in connection with the Proposal for any payment or other benefit to be made or given to any 1Spatial Director as compensation for loss of office or as consideration for or in connection with his retirement from office.
- 8.2 No agreement, arrangement or understanding (including any compensation arrangement) exists between Avisen or any person acting in concert with it for the purposes of the Proposal, and any of the directors, recent directors, shareholders or recent shareholders of 1Spatial or any person interested or recently interested in shares of 1Spatial having any connection with, or dependence upon, the Proposal.
- 8.3 No agreement, arrangement or understanding exists whereby the beneficial ownership of any of the shares to be acquired by Avisen pursuant to the Proposal will be transferred to any other person, save that Avisen reserves the right to transfer any such shares to any member of the Avisen Group.
- 8.4 Neither Avisen nor any person acting in concert with it for the purposes of the Proposal, nor 1Spatial or any person acting in concert with 1Spatial has any indemnity or option arrangement or any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities of 1Spatial or Avisen, as the case may be, which may be an inducement to deal or refrain from dealing.
- 8.5 The emoluments of the Avisen Directors will not be affected by the acquisition of 1Spatial.
- 8.6 Save as disclosed in this document, the Avisen Directors are not aware of any significant change in the financial or trading position of Avisen since 31 January 2011, being the date to which Avisen prepared its last published audited consolidated accounts.
- 8.7 Save as disclosed in this document, the 1Spatial Directors are not aware of any significant change in the financial or trading position of 1Spatial since 30 June 2011, being the date to which 1Spatial prepared its last published audited consolidated accounts.

- 8.8 The estimated aggregate fees and expenses expected to be incurred by ISpatial in connection with the Proposal amount to £137,500, which includes fees and expenses expected to be incurred in relation to the following:
- (i) £60,000 for financial advice;
  - (ii) £57,500 for legal advice;
  - (iii) £10,000 for accounting advice; and
  - (iv) £10,000 for other costs and expenses.
- 8.9 The estimated aggregate fees and expenses expected to be incurred by Avisen in connection with the Proposal amount to £237,500, which includes fees and expenses expected to be incurred in relation to the following:
- (i) £150,000 for financial advice of which £25,000 will be satisfied by the issue of shares at Completion at the closing price on 6 October 2011, being the last trading day prior to the Announcement;
  - (ii) £57,500 for legal advice;
  - (iii) £10,000 for accounting advice; and
  - (iv) £20,000 for other costs and expenses.
- 8.10 Libertas has given and has not withdrawn its written consent to the issue of this document with the inclusion of the explanatory statement in Part II of this document and the references herein to its name in the form and context in which they are included.
- 8.11 Strand Hanson has given and has not withdrawn its written consent to the issue of this document with the inclusion of the references herein to its name in the form and context in which they are included.
- 8.12 In accordance with Rule 24.1 of the City Code, a copy of this document will be published on ISpatial's website at [www.ispatial.com](http://www.ispatial.com) and on Avisen's website at [www.avisen.com/investors](http://www.avisen.com/investors).
- 8.13 The Scheme is governed by the laws of England and Wales and is subject to the jurisdiction of the courts of England and Wales. The rules of the City Code will, so far as they are appropriate, apply to the Scheme.

## **9. Litigation**

### **9.1 ISpatial**

The ISpatial Group is not, nor has it been, involved in any legal or arbitration proceedings nor are any such proceedings pending or threatened, of which the ISpatial Directors are aware, which may have or have had during the 12 months prior to the date of this document, a significant effect on ISpatial's financial position.

### **9.2 Avisen**

The Avisen Group is not, nor has it been, involved in any legal or arbitration proceedings nor are any such proceedings pending or threatened, of which the Avisen Directors are aware, which may have or have had during the 12 months prior to the date of this document, a significant effect on the Avisen Group's position.

## **10. Bases and sources of information**

In this document:

- 10.1 unless otherwise stated, financial information relating to ISpatial has been extracted from the report and accounts of ISpatial for the periods ended 30 June 2011;
- 10.2 unless otherwise stated, financial information relating to Avisen has been extracted from the report and accounts of Avisen for the periods 31 January 2009, 31 January 2010 and 31 January 2011;
- 10.3 the calculation of the value of the issued share capital of ISpatial is based upon 21,188,926 ISpatial Shares in issue on 12 October 2011 but excluding treasury shares (according to the records of ISpatial);
- 10.4 the calculation of the number of New Avisen Shares to be issued in respect the Proposal is based upon the number of ISpatial Shares in issue (as described in 10.3 above) and on the assumption that ISpatial has not adopted any share option schemes;

- 10.5 the proportion of the enlarged capital of Avisen to be issued to the Scheme Shareholders is based on a total of 226,699,878 Avisen Shares in issue on the Disclosure Date (according to the records of Avisen);
- 10.6 unless otherwise stated, all historic share prices quoted for 1Spatial Shares have been sourced from AIM and represent Closing Prices for 1Spatial Shares on the relevant dates; and
- 10.7 unless otherwise stated, all historic share prices quoted for Avisen Shares have been sourced from AIM and represent Closing Prices for Avisen Shares on the relevant dates.

#### **11. Documents on display**

Copies of the following documents will be available for inspection during normal business hours on any weekday (public holidays excepted) up to and including the Effective Date at the offices of Libertas at 16 Berkeley Street, London W1J 8DZ and at [www.1spatial.com](http://www.1spatial.com) or as otherwise available on websites referred to in this document:

- 11.1 the memorandum and articles of association of 1Spatial;
- 11.2 the memorandum and articles of association of Avisen;
- 11.3 the audited consolidated accounts of 1Spatial for the financial period ended 30 June 2011;
- 11.4 the audited consolidated accounts of Avisen for the financial periods ended 31 January 2009, 31 January 2010 and 31 January 2011;
- 11.5 the letters of consent referred to in paragraphs 8.10 and 8.11 above;
- 11.6 the irrevocable undertakings referred to in paragraph 4 above; and
- 11.7 this document and the Forms of Proxy.

Dated 13 October 2011

## **PART VII**

### **FINANCIAL INFORMATION ON 1SPATIAL**

1Spatial applies International Financial Reporting Standards (“IFRS”), endorsed by the EU, as the basis for preparation of its financial statements. These financial statements are prepared on a historical cost basis as modified by the requirements of IFRS to present financial assets and liabilities at their fair value, making the required adjustments through the income statement.

Audited consolidated accounts on 1Spatial for the period ended 31 March 2010 and for the period ended 30 June 2011 may be accessed at [www.1Spatial.com](http://www.1Spatial.com). Both sets of accounts have been published and have been incorporated into this document by reference to these websites in accordance with Rule 24.15 of the Code.

Hard copies of the above-referenced financial information will not be sent to recipients of this document unless specifically requested. Recipients of this document may request hard copies of the above-referenced financial information of 1Spatial by writing to 1Spatial’s Company Secretary, Peter Bullock at 1Spatial, Tennyson House, Cambridge Business Park, Cambridge CB4 0WZ or by telephoning +44 (0)1223 420414. Relevant documents will be posted within two Business Days of receipt of such a request.

Save as expressly referred to herein, neither the content of 1Spatial’s website, nor the content of any other website accessible from hyperlinks on 1Spatial’s website, is incorporated into or forms part of this document.

## **PART VIII**

### **FINANCIAL INFORMATION ON AVISEN**

Audited consolidated accounts on Avisen for the period ended 31 January 2010 and for the period ended 31 January 2011 may be accessed at [www.avisen.com/investors](http://www.avisen.com/investors).

Both sets of accounts have been published and have been incorporated into this document by reference to these websites in accordance with Rule 24.15 of the Code.

Hard copies of the above-referenced financial information will not be sent to recipients of this document unless specifically requested. Recipients of this document may request hard copies of the above-referenced financial information of Avisen by writing to Avisen's Company Secretary, St John's Square Secretaries Limited, Farringdon Place, 20 Farringdon Road, London EC1M 3XP or by telephoning 01483 564646. Relevant documents will be posted within two Business Days of receipt of such a request.

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

**PART IX**  
**THE SCHEME OF ARRANGEMENT**

IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT

**IN THE MATTER OF 1SPATIAL HOLDINGS PLC**

and

**IN THE MATTER OF THE COMPANIES ACT 2006**

**SCHEME OF ARRANGEMENT**

(under Part 26 of the Companies Act 2006)

between

**1SPATIAL HOLDINGS PLC**

and

**THE HOLDERS OF ITS SCHEME SHARES**

(as hereinafter defined)

**PRELIMINARY**

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

<b>“Act”</b>	the Companies Act 2006;
<b>“Articles”</b>	the articles of association of 1Spatial from time to time
<b>“Avisen”</b>	Avisen plc;
<b>“Avisen Shares”</b>	ordinary shares of £0.05 each in the capital of Avisen;
<b>“Business Day”</b>	a day, not being a Saturday, Sunday or public holiday, on which the clearing banks in London are open for business;
<b>“certificated” or “in certificated form”</b>	recorded on the relevant register of the share or other security as being held in certificated form (that is, not in CREST);
<b>“Conditions”</b>	the “Conditions to the Implementation of the Scheme and Further Terms of the Proposal” set out in Part IV of this document and “Condition” means any one of them;
<b>“Consideration Shares”</b>	the 5.761 New Avisen Shares to be issued under the terms of the Proposal in respect of each Scheme Share;
<b>“Court”</b>	the High Court of Justice of England and Wales;
<b>“Court Hearings”</b>	the hearings by the Court of the claim form to sanction the Scheme under Section 896 of the Act and confirm the Reduction of Capital which forms part of it;
<b>“Court Orders”</b>	the Scheme Court Order and the Reduction Court Order;
<b>“CREST”</b>	the relevant system (as defined in the Regulations) of which Euroclear is the Operator (as defined in the Regulations);
<b>“Effective Date”</b>	the date on which the Reduction Court Order is delivered to the Registrar of Companies in England and Wales;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, the operator of CREST;

<b>“New Avisen Shares”</b>	the new Avisen Shares to be issued to Scheme Shareholders, as consideration for the New 1Spatial Shares pursuant to the Proposal;
<b>“New 1Spatial Shares”</b>	new 1Spatial Shares to be issued under the terms of the Scheme;
<b>“Panel” or “Takeover Panel”</b>	the Panel on Takeovers and Mergers;
<b>“Proposal”</b>	means the recommended acquisition by Avisen of the entire issued and to be issued share capital of 1Spatial to be effected by way of the Scheme and subject to the Conditions and on the terms of this document including, where the context so requires, any subsequent revision, variation, extension or renewal of such proposal;
<b>“Reduction of Capital”</b>	the proposed reduction of the ordinary share capital of 1Spatial under Part 17, Chapter 10 of the Act by the cancellation and extinguishing of the Scheme Shares, to be effected as part of the Scheme;
<b>“Reduction Court Order”</b>	the order of the Court to be granted at the Reduction Court Hearing to confirm the Reduction of Capital provided for by the Scheme;
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/3755);
<b>“1Spatial” or the “Company”</b>	1Spatial Holdings plc;
<b>“1Spatial Board” or “1Spatial Directors”</b>	the board of directors of 1Spatial whose names are set out in paragraph 2.1 of Part VI of this document;
<b>“1Spatial Shareholders”</b>	holders of 1Spatial Shares;
<b>“1Spatial Share(s)”</b>	ordinary share(s) of £0.04 each in the capital of 1Spatial;
<b>“Scheme” or “Scheme of Arrangement”</b>	the proposed scheme of arrangement under Part 26 of the Act between 1Spatial and the Scheme Shareholders, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by 1Spatial and Avisen, the full terms of which are set out in Part IX of this document and (as the case may be) any supplemental circular(s);
<b>“Scheme Court Order”</b>	the order of the Court to sanction the Scheme to be granted at the first of the Court Hearings;
<b>“Scheme Document”</b>	this document posted to 1Spatial Shareholders dated 13 October 2011;
<b>“Scheme Record Time”</b>	means 6.00 p.m. on the Business Day immediately preceding the Court Hearing to confirm the Reduction Court Hearing;
<b>“Scheme Shareholders”</b>	the Holders of Scheme Shares;
<b>“Scheme Shares”</b>	<ul style="list-style-type: none"> <li>● the 1Spatial Shares in issue at 6.00 p.m. on the date of this document;</li> <li>● (if any) 1Spatial Shares issued after the date of this document and before the Voting Record Time; and</li> <li>● (if any) 1Spatial Shares issued at or after the Voting Record Time and before the Scheme Record Time, either on terms that the original or any subsequent holders of such shares shall be bound by the Scheme, or in respect of which the original or any subsequent holders of such shares are, or shall have agreed in writing to be, bound by the Scheme,</li> </ul> <p>in each case, save for any shares held, legally or beneficially, by Avisen;</p>
<b>“uncertificated” or “uncertificated form”</b>	recorded on the relevant register of the share or security concerned as being held in uncertificated form (that is, in CREST), and title to which, by virtue of the Regulations, may be transferred by means of CREST;

**“Voting Record Time”**

6.00 p.m. on 4 November 2011, or, in the event that the Court Meeting is adjourned by more than 48 hours, 6.00 p.m. on the day which is one Business Day before such adjourned meeting;

- (B) The issued share capital of ISpatial at the date of this Scheme Document is £847,557.04 divided into 21,188,926 ISpatial Shares.
- (C) The issued share capital of Avisen at the date of this Scheme Document is £11,334,993.90 divided into 226,699,878 Avisen Shares. Avisen has convened a general meeting of the Holders of Avisen Shares at which resolutions to allot the Consideration Shares will be put to the Holders of the Avisen Shares for approval.
- (D) Avisen has agreed to appear by counsel at the Court Hearings, to consent thereto and to undertake to the Court to be bound thereby and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to the Scheme.
- (E) Certain ISpatial Shareholders, as detailed in paragraph 4 of Part VI of the Scheme Document, have irrevocably undertaken to be bound by the Scheme.
- (F) It is proposed that Avisen will acquire a single ISpatial Share before the Scheme Record Time.

**THE SCHEME**

**1. Cancellation of the ISpatial Shares and allotment and issue of New ISpatial Shares**

- 1.1 The share capital of ISpatial shall be reduced by cancelling and extinguishing the Scheme Shares. Subject to and forthwith upon the Reduction of Capital taking effect and, notwithstanding anything to the contrary in the Articles, ISpatial shall apply the reserve arising as a result of the cancellation of the Scheme Shares in paying up in full at par such number of New ISpatial Shares as have an aggregate nominal value equal to the aggregate nominal value of, and which have the same rights as, the Scheme Shares so cancelled, all of which shall be allotted and issued credited as fully paid to Avisen and/or its nominee.

**2. Consideration for cancellation of the Scheme Shares**

- 2.1 In consideration for the cancellation of the Scheme Shares and the allotment and issue to Avisen of the New ISpatial Shares as provided in clause 1.1, Avisen shall issue to or for the account of each Holder of the Scheme Shares (as appearing in the register of members of ISpatial at the Scheme Record Time), for each Scheme Share held, 5.761 New Avisen Shares.
- 2.2 Fractional entitlements to New Avisen Shares will not be issued to Scheme Shareholders. Entitlements to New Avisen Shares will be rounded down to the nearest whole number of Avisen Shares.
- 2.3 The New Avisen Shares shall rank *pari passu* with all other Avisen Shares in issue on the date on which the New Avisen Shares are issued and shall have the right to receive all dividends, distributions and other entitlements made or paid on the Avisen Shares for which the record date occurs after the date of such issue.
- 2.4 The provisions of this clause 2 will be subject to any prohibition or condition imposed by law or regulation.

**3. Certificates and Cancellation**

- 3.1 With effect from and including the Effective Date:
  - (b) all certificates representing Scheme Shares shall cease to be valid for any purpose and each Scheme Shareholder shall be bound at the request of ISpatial to deliver up the same to ISpatial or to any person nominated by ISpatial for cancellation; and
  - (c) in respect of those Scheme Shareholders holding Scheme Shares in uncertificated form, Euroclear shall be instructed to cancel such holders' entitlements to such Scheme Shares.
- 3.2 As regards uncertificated Scheme Shares, appropriate entries will be made in ISpatial's register of members with effect from the Effective Date to reflect their cancellation.



#### **4. Settlement**

- 4.1 Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, settlement of any Consideration Shares to which such person is entitled shall be settled by the issue of New Avisen Shares no later than 14 days after the Effective Date. Share certificates in respect of these shares will be sent by first class post to the address appearing in the register of members of ISpatial at the Scheme Record Time or by such other method as may be approved by the Panel. Share certificates will be issued in the name of the Scheme Shareholder concerned (or, in the case of joint holders, to the holder whose name stands first in the register of members of the Company in respect of the joint holding concerned). The issue of any such share certificate referred to in this clause shall be a complete discharge for the value represented thereby.
- 4.2 Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form, settlement of any Consideration Shares to which such person is entitled shall be effected by means of CREST by Avisen procuring the crediting to the appropriate CREST account through which such person holds such uncertificated Scheme Shares in respect of the Consideration Shares due to him not later than 14 days after the Effective Date. The crediting of such account shall be a complete discharge of Avisen's obligations under this Scheme with reference to payments through CREST. Avisen reserves the right to pay any Consideration Shares referred to in this clause 4.2 to all or any relevant CREST shareholders at the Scheme Record Time in the manner referred to in clause 4.1 if, for any reason, it wishes to do so.
- 4.3 None of ISpatial, Avisen, nor their nominees shall be responsible for any loss or delay in the transmission of certificates sent in accordance with this Scheme which shall be sent at the risk of the addressee.
- 4.4 The provisions of this clause 4 shall take effect subject to any prohibition or condition imposed by law.

#### **5. Overseas Shareholders**

The provisions of the Scheme shall be subject to any prohibition or condition imposed by law. If, in respect of any holder of Scheme Shares with a registered address in a jurisdiction outside the United Kingdom, Avisen is advised that the allotment and/or issue of New Avisen Shares pursuant to the terms of the Scheme would infringe any laws of such jurisdiction or would require Avisen to observe any governmental or other consent or any registration, filing or other formality, Avisen may determine that no New Avisen Shares shall be allotted and/or issued to such holder but shall instead be allotted and issued to a nominee appointed by Avisen as trustee for such holder, on terms that the nominee shall, as soon as practicable following the Effective Date, sell the New Avisen Shares so allotted and issued at the best price which can reasonably be obtained and shall account for the net proceeds of such sale (after deduction of all related expenses and commissions) to the holder of such ISpatial Shares.

#### **6. Operation of this Scheme**

- 6.1 The Scheme shall become fully effective in accordance with its terms as soon as an office copy of the Scheme Court Order has been delivered to the Registrar of Companies of England and Wales for registration and an office copy of the Reduction Court Order has been delivered to the Registrar of Companies of England and Wales for registration.
- 6.2 Unless this Scheme shall become effective in accordance with its terms on or before 29 February 2012 or such later date, if any, as ISpatial and Avisen may agree and the Court may allow, this Scheme shall never become effective.

#### **7. Modification**

ISpatial and Avisen may jointly consent, on behalf of all persons affected, to any modification of, or addition to, this Scheme or to any condition approved or imposed by the Court.

Dated: 13 October 2011

## PART X

### UNITED KINGDOM TAXATION

The following paragraphs, which are intended as a general guide only, are based on current legislation and practice of HMRC. They summarise certain limited aspects of the UK taxation treatment of the Scheme, do not constitute tax advice and relate only to the position of Scheme Shareholders who are resident or ordinarily resident in the UK for taxation purposes and who hold their Scheme Shares beneficially as an investment (other than under a personal equity plan or an individual savings account) and who have not (and are not deemed to have) acquired their Scheme Shares by virtue of an office or employment. In addition, certain categories of Scheme Shareholders, such as brokers, dealers or traders in shares or securities, insurance companies and collective investment schemes may be subject to special rules and this summary does not apply to such Scheme Shareholders. If you are in any doubt as to your taxation position, or you are subject to taxation in a jurisdiction other than the UK, you should consult an appropriate independent professional financial adviser immediately.

#### 1. UK taxation on chargeable gains

##### 1.1 *Acquisition of New Avisen Shares*

To the extent that a Scheme Shareholder receives Avisen Shares in exchange for his Scheme Shares under the Scheme and does not hold (either alone or together with persons connected with him) more than 5 per cent of, or of any class of, shares in or debentures of ISpatial, he should not be treated as having made a disposal of his Scheme Shares. Instead, the New Avisen Shares should be treated as the same asset as the Scheme Shares in respect of which they are issued and treated as acquired at the same time and for the same consideration as those Scheme Shares.

Any Scheme Shareholder who holds (either alone or together with persons connected with him) more than 5 per cent of, or of any class of, shares in or debentures of ISpatial is advised that an application for clearance has been made to HMRC under section 138 of the Taxation of Chargeable Gains Act 1992 in respect of the Scheme. This clearance has already been given, and therefore any such shareholder will be treated in the manner described in the preceding paragraph.

##### 1.2 *Disposal of New Avisen Shares*

A subsequent disposal of the New Avisen Shares may, depending on the circumstances of the person making the disposal (including the availability of exemptions and allowable losses), give rise to a liability to UK tax on capital gains.

Any chargeable gain or allowable loss on a disposal of the New Avisen Shares should be calculated taking into account the allowable original cost to the holder of acquiring the Scheme Shares, in respect of which the relevant New Avisen Shares were issued under the Scheme.

Additionally, for corporate shareholders, when calculating a chargeable gain but not an allowable loss, indexation allowance on the original allowable cost should be added.

Individuals who are within the basic rate tax limit for the tax year in which they make any capital gain on the disposal of New Avisen Shares (taking into account the amount of such gain) will be chargeable to capital gains tax at the rate of 18%. Individuals who are liable to pay income tax at the higher rate will be chargeable to capital gains tax at the rate of 28%. Capital gains tax at the rate of 28% will also be chargeable to any capital gains arising to basic rate only taxpayers to the extent that the amount of the capital gain accruing to them, when added to their taxable income for the relevant tax year, exceeds the basic rate tax limit.

#### 2. Tax on income – dividends on New Avisen Shares

Avisen will not be required to withhold tax at source when paying a dividend.

A United Kingdom resident individual Scheme Shareholder who receives a dividend from Avisen will be entitled to a tax credit which may be set off against the shareholder's total income tax liability on the dividend. The tax credit will be equal to 10 per cent of the aggregate of the dividend and the tax credit (the "gross dividend"), which is also equal to one-ninth of the cash dividend received. An individual Scheme Shareholder who is liable to income tax at the basic rate only will be subject to tax on the dividend at the rate of 10 per cent of the gross dividend, so that the tax credit will satisfy

in full such shareholder's liability to income tax on the dividend. In the case of such an individual Scheme Shareholder who is liable to income tax at the higher rate, the tax credit will be set against but not fully match the shareholder's tax liability on the gross dividend and such shareholder will have to account for additional income tax equal to 22.5 per cent of the gross dividend (which is also equal to 25 per cent of the cash dividend received) to the extent that the gross dividend when treated as the top slice of the shareholder's income falls above the threshold for higher rate income tax.

From 6 April 2010, a new tax rate of 42.5 per cent applies for taxpayers who receive dividends, to the extent that their income for the relevant tax year exceeds £150,000. In the case of such an individual Scheme Shareholder, the tax credit will be set against but not fully match the shareholder's tax liability on the gross dividend and such shareholder will have to account for additional income tax equal to 32.5 per cent of the gross dividend (which is also equal to approximately 36.1 per cent of the cash dividend received).

A United Kingdom resident individual Scheme Shareholder who is not liable to income tax in respect of the gross dividend and other United Kingdom resident taxpayers who are not liable to United Kingdom tax on dividends, including pension funds and charities, will not be entitled to claim repayment of the tax credit attaching to dividends paid by Avisen.

Scheme Shareholders who are within the charge to corporation tax will be subject to corporation tax on dividends paid by Avisen, unless the dividends fall within an exempt class and certain other conditions are met. It is expected that dividends paid by Avisen to such a Scheme Shareholder who, together with any connected person, holds 10 per cent or less of the issued share capital of Avisen, would generally be exempt.

Non-United Kingdom resident Scheme Shareholders will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to dividends paid by Avisen. A Scheme Shareholder resident outside the United Kingdom may also be subject to foreign taxation on dividend income under local law. Scheme Shareholders who are not resident for tax purposes in the United Kingdom should obtain their own tax advice concerning tax liabilities on dividends received from Avisen.

### **3. Stamp duty and stamp duty reserve tax ("SDRT")**

#### **3.1 *Receipt of New Avisen Shares***

No stamp duty or SDRT will generally be payable by Scheme Shareholders as a result of the Scheme.

#### **3.2 *Subsequent Dealings in Avisen Shares***

Transfers on sale of New Avisen Shares will generally be subject to United Kingdom stamp duty at the rate of 0.5 per cent of the consideration given for the transfer (rounded up to the next £5). The purchaser normally pays the stamp duty.

An agreement to transfer New Avisen Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent of the amount or value of the consideration payable for the transfer.

If a duly stamped transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

Paperless transfers of New Avisen Shares within the CREST system are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of New Avisen Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration.

Where New Avisen Shares are transferred:

- (a) to, or to a nominee for, a person whose business is or includes the provision of clearance services; or,
- (b) to, or to a nominee or agent for, a person whose business is or includes issuing depository receipts,

as part of this Scheme of Arrangement there should be no stamp duty or SDRT following a recent European Court decision.

The above statements in this section are intended as a general guide to the current stamp duty and SDRT position. Certain categories of person are not liable to stamp duty or SDRT and others may, although not primarily liable for tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations.

## PART XI

### NOTICE OF COURT MEETING FOR 1SPATIAL SHAREHOLDERS

IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT

IN THE MATTER OF 1SPATIAL HOLDINGS PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that, by an order dated 11 October 2011 made in the above matter, the Court has directed a meeting be convened of the Scheme Shareholders (as defined in the Scheme referred to below) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement proposed to be made between 1Spatial Holdings PLC (the “**Company**”) and the holders of Scheme Shares (as therein defined) and that such meeting will be held at the offices of 1Spatial at Tennyson House, Cambridge Business Park, Cambridge CB4 0WZ at 11.00 a.m. on 7 November 2011 (“**Court Meeting**”) at which place and time all Scheme Shareholders are requested to attend.

At the Court Meeting the following resolution will be proposed:

“THAT the scheme of arrangement (the “**Scheme**”) between the Company and the Scheme Shareholders (as defined in the Scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the chairman hereof, be approved and the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect.”

A copy of the said Scheme and a copy of the statement required to be furnished pursuant to section 897 of the Companies Act 2006 are incorporated in the scheme document of which this notice forms part.

**Shareholders entitled to attend and vote at the meeting may vote in person at the meeting or they may appoint another person as their proxy to attend and vote in their stead. A proxy need not be a member of the Company. A BLUE form of proxy for use at the meeting is enclosed with this notice. Completion and return of a BLUE form of proxy will not prevent a Scheme Shareholder from attending and voting in person at the meeting, or any adjournment thereof, if he wishes to do so.**

In the case of Scheme Shareholders who are joint holders of Scheme Shares, the vote of the senior Scheme Shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

**It is requested that the BLUE forms of proxy for this meeting be returned either by post or, during normal business hours only, by hand to SLC Registrars, as soon as possible, but in any event so as to be received at least 48 hours, excluding non-working days, before the time appointed for the Court Meeting but if forms are not so lodged they may be handed to SLC Registrars at the meeting on behalf of the chairman of the meeting before the taking of the poll.**

The entitlement of a Scheme Shareholder to vote at the meeting or any adjournment thereof, and the number of votes which may be cast thereat, will be determined by reference to the register of members of the Company at 6.00 p.m. on 4 November 2011, or, if the Court Meeting is adjourned by more than 48 hours, at 6.00 p.m. on the day which is one Business Day before such adjourned meeting.

By the said order, the Court has appointed Steve Berry, or, failing him, Nic Snape, or failing him, Dr. Mike Sanderson to act as chairman of the Court Meeting and has directed the chairman to report the result of the Court Meeting to the Court.

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

Dated 13 October 2011

## PART XII

### NOTICE OF 1SPATIAL HOLDINGS PLC GENERAL MEETING

#### 1SPATIAL HOLDINGS PLC

(the “Company”)

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at the offices of 1Spatial at Tennyson House, Cambridge Business Park, Cambridge CB4 0WZ on 7 November 2011 at 11.15 a.m. (or, if later, as soon thereafter as the Court Meeting (as defined in the Scheme Document referred to below) shall have concluded or been adjourned) to consider and, if thought fit, pass the following resolutions, which shall be proposed as a special resolutions:

#### SPECIAL RESOLUTIONS

1. THAT, for the purpose of giving effect to the scheme of arrangement (the “Scheme”) proposed to be made between the Company and holders of Scheme Shares (as defined in the Scheme), and the proposed acquisition of the Company by Avisen plc (the “Proposal”) in the manner and on the terms and conditions set out or referred to in the scheme circular of which this notice forms part (the “Scheme Document”) in its original form, or with or subject to any modification, addition or condition approved or imposed by the Court:
  - 1.1 upon the Scheme becoming effective, every issued ordinary share of £0.04 each in the capital of the Company held at the Scheme Record Time (as defined in the Scheme) shall confer upon the holder thereof the right to receive Consideration Shares (as defined in the Scheme) pursuant to the Proposal under the terms of the Scheme;
  - 1.2 the share capital of the Company be reduced by cancelling and extinguishing all the Scheme Shares held at the Scheme Record Time (the “Reduction”);
  - 1.3 forthwith and contingently upon the Reduction taking effect the reserve arising in the books of account of the Company as a result of the cancellation of the Scheme Shares be applied in paying up in full at par such number of new ordinary shares of £0.04 each (“New 1Spatial Shares”) as shall be equal to the number of Scheme Shares cancelled pursuant to paragraph 1.2 above, which shall be allotted and issued, credited as fully paid, to Avisen plc;
  - 1.4 the directors of the Company be and are hereby authorised pursuant to and in accordance with section 551 of the Companies Act 2006 to give effect to this resolution and accordingly effect the allotment of the New 1Spatial Shares referred to in paragraph 1.3 above, provided that:
    - (a) the authority shall expire on the fifth anniversary of the date of this resolution;
    - (b) the maximum aggregate nominal amount of shares which may be allotted hereunder shall be the aggregate nominal amount of the New 1Spatial Shares;
    - (c) the authority shall be without prejudice to any other authority under section 551 of the Companies Act 2006 (or section 80 of the Companies Act 1985) previously granted before the date on which this resolution is passed; and
  - 1.5 the directors of the Company be and are hereby authorised to take all such actions as they may consider necessary or appropriate for carrying the Scheme into effect.

BY ORDER OF THE BOARD

Registered office:  
Tennyson House  
Cambridge Business Park  
Cambridge, CB4 0WZ

**Peter Bullock**

Company Secretary  
Registered in England No. 5212691  
13 October 2011

**Notes:**

1. A member of the Company is entitled to appoint another person as his proxy to exercise all or any rights to attend and to speak and vote at the meeting of the Company. You may appoint more than one proxy in relation to the meeting, provided each proxy is appointed to exercise the rights attaching to a different share.
2. A WHITE Form of Proxy is enclosed. To be valid, the WHITE Form of Proxy, together with the authority (if any) under which it is executed or a notarially certified copy of such authority, must be returned to 1Spatial's Receiving Agent: SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD so as to be received by no later than 11.15 a.m. on 3 November 2011, or not less than 48 hours, excluding non-working days, before the time appointed for any adjourned or postponed meeting.
3. The completion and return of a WHITE Form of Proxy will not preclude a member from attending and voting in person at the meeting.
4. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered on the register of members of the Company as at 6.00 p.m. on 4 November 2011 ("Voting Record Time"), shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares in the Company registered in their name at that relevant time. If the meeting is adjourned or postponed to a time not more than 48 hours after the original meeting, the Voting Record Time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned or postponed meeting. If however, the meeting is adjourned or postponed for a longer period of time then, to be so entitled, members must be entered on the register of members at 6.00 p.m. on the day which is one business day before the date fixed for the adjourned or postponed meeting.
5. The Company may treat an instruction as invalid in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
6. Copies of the Company's existing articles of association are available for inspection at the offices of Libertas at 16 Berkeley Street, London W1J 8DZ during normal business hours on a weekday (Saturdays, Sundays and public holidays excepted) until opening of business on the day on which the General Meeting is held and will also be available for inspection at the place of the General Meeting for at least 15 minutes prior to and during the General Meeting.
7. Documents available for inspection  
Copies of the following documents will be available for inspection at the office of Libertas at 16 Berkeley Street, London W1J 8DZ, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until the close of the General Meeting:
  - (a) the current memorandum and articles of association of 1Spatial and Avisen;
  - (b) the audited and consolidated accounts of 1Spatial for the relevant financial period;
  - (c) the written consents referred to in paragraphs 8.10 and 8.11 of Part VI of the Scheme Document;
  - (d) the irrevocable undertakings referred to in paragraph 4 of Part VI of the Scheme Document; and
  - (e) the Scheme Document incorporating, *inter alia*, the Notice of the Court Meeting, this notice of General Meeting and the Forms of Proxy, all dated on the date hereof.