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**THE COMMON SHARES HAVE NOT BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES, OR TO OR FOR THE ACCOUNT OR BENEFIT OF US PERSONS, UNLESS THE COMMON SHARES ARE REGISTERED UNDER THE SECURITIES ACT AND ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY SUCH SECURITIES LAWS IS AVAILABLE. HEDGING TRANSACTIONS INVOLVING THE COMMON SHARES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE SECURITIES ACT.**

**This announcement should be read in its entirety. In particular, you should read and understand the information provided in the section entitled "Important Notices" below.**

**13 May 2015**

**Constellation Healthcare Technologies, Inc.  
("Constellation", "CHT" or "the Company")**

**Proposed Placing and Subscription to raise £12.9 million**

### **The Placing**

Constellation Healthcare Technologies, Inc., the US based healthcare services company, is pleased to announce that it is proposing to raise £12.9 million (approximately \$20.3 million) (before expenses) by way of a placing of up to 7,819,427 new Common Shares with existing and new institutional investors at a price of 140 pence per new Common Share, together with a subscription by Paul Parmar, the Company's Chief Executive Officer, through First United Health, for 1,428,571 new Common Shares on substantially the same terms. The Placing Shares will represent approximately 12.1 per cent. of the Enlarged Share Capital and the Subscription Shares will represent approximately 2.2 per cent. of the Enlarged Share Capital. The Placing Price represents a discount to the closing mid-market price of 25.3 per cent. per Common Share as at 12 May 2015, the latest practicable date prior to the announcement of the Placing. Neither the Placing nor the Subscription are underwritten.

The New Shares will be issued credited as fully paid and will rank in full for all dividends and other distributions declared, made or paid after Admission in respect of the Common Shares and will otherwise rank on Admission *pari passu* in all respects with the Existing Common Shares. The New Shares are not being made available to the public and are not being offered or sold in any jurisdiction where it would be unlawful to do so.

The Placing and Subscription are each conditional, *inter alia*, on the passing by Shareholders of the Resolutions at the Annual Meeting which will give the Directors the required authority to allot the New Shares and to disapply pre-emption rights in respect of the issue of the New Shares on a non pre-emptive basis. Subject to all relevant conditions being satisfied (or, if applicable, waived), it is expected that the New Shares will be issued and admitted to trading on AIM on 4 June 2015.

Upon Admission and assuming that the Placing is fully subscribed, the Company will have 64,863,054 Common Shares in issue.

### **Use of proceeds**

The Group's strategy incorporates a significant element of acquisitive growth and the proceeds of the Placing and Subscription will be used to acquire a pipeline of acquisition targets meeting the Company's strict criteria. The Company's ultimate goal is to have a presence in all states across the US (currently the Company has operations in 25 states) and in as many medical specialties as possible. The Company has letters of intent regarding potential acquisitions with six healthcare services companies (each having revenues in excess of \$10 million and EBITDA of at least \$1.5 million) and the Directors believe that these acquisitions are the best route to building rapidly on the Company's reputation at the forefront of the consolidation of the RCM industry in the United States. None of these potential acquisitions are subject to competitive sales processes and they provide the Group with clear value creation opportunities with an estimated 600 redeployable jobs in aggregate (assuming that all of the acquisitions are completed), each of which could generate a positive EBITDA impact to the Group of approximately \$35,000 in the first full year following redeployment.

As a necessary adjunct to the Placing and Subscription, the Company is also looking to optimise the Group's capital structure; the Company is in active discussions with a number of providers of senior debt, with a view to securing debt facilities at a lower cost and on more flexible terms than the Group's current facility.

### **Related party transactions**

First United Health, an investment entity controlled by Paul Parmar, a Director, has conditionally agreed upon the terms of the Placing Agreement described in the Appendix to this announcement, to subscribe for 1,428,571 new Common Shares at 140 pence per Share resulting in proceeds to the Company of £2.0 million payable in cash by no later than midday on the business day prior to Admission.

Following Admission First United Health will be beneficially interested in 2,372,009 Common Shares representing 3.7 per cent. of the Enlarged Share Capital.

Constellation Health LLC, the controlling shareholder of the Company (and controlled by Paul Parmar), and Paul Parmar, entered into a relationship agreement with the Company prior to admission of the Existing Common Shares to trading on AIM in December 2014 pursuant to which, *inter alia*, Constellation Health agreed not to vote in favour of any resolution which is intended to circumvent Shareholders' pre-emption rights as set out in the Certificate of Incorporation. The irrevocable undertaking to vote in favour of the Resolutions entered into between Constellation Health and the Company includes a waiver by the Company of this restriction in relation to such votes by Constellation Health.

The Independent Directors consider, having consulted with the Company's nominated adviser, that the Subscription and the grant of the waiver by the Company described above are each fair and reasonable insofar as the Shareholders are concerned.

### **Annual Meeting**

A circular will be sent to shareholders later today giving notice of the Annual Meeting at which the Resolutions will be proposed to approve the Placing and Subscription together with the other business of the Annual Meeting. The Annual Meeting has been convened for 2.00 p.m. on 3 June 2015 and will take place at the offices of Squire Patton Boggs (UK) LLP, 7 Devonshire Square, London, EC2M 4YH. If you are not located in the United States, are not a US Person and are not resident or located in Australia, Canada, the Republic of South Africa, Japan or any other jurisdiction where accessing the circular would be unlawful, a copy of the circular will be available to you on the Company's website [www.constellationhealthgroup.com](http://www.constellationhealthgroup.com).

Further details of the background to and reasons for the Placing are set out in the Appendix to this announcement.

Paul Parmar, CEO of Constellation, said:

"I am delighted that investors have responded positively to this placing which has followed on closely from the Company's successful IPO in December 2014. Since the IPO we have demonstrated the opportunity available to the Company in consolidating the highly fragmented RCM industry in the United States through the acquisition of Physicians Practice Plus and the continued improving operational and financial performance of Orion and NEMs. We look forward to completing further acquisitions over the coming months and benefitting from the value creation opportunities that they offer."

**Enquiries:**

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| <b>Constellation Healthcare Technologies</b><br>Paul Parmar, Chief Executive Officer    | c/o Redleaf Polhill<br>+44 (0)20 7382 4730  |
| <b>finnCap - Nominated Adviser and Joint Broker</b><br>Julian Blunt / Scott Mathieson   | +44 (0)20 7220 0500   |
| <b>Stifel – Joint Broker</b><br>Jonathan Senior/Giles Balleny/Ben Maddison              | +44 (0)20 7710 7600   |
| <b>Redleaf Polhill - PR adviser</b><br>Rebecca Sanders-Hewett/Charlie Geller/David Ison | +44 (0)20 7382 4730<br><a href="mailto:constellation@redleafpr.com">constellation@redleafpr.com</a> |

**IMPORTANT NOTICES**

This document does not constitute an offer to buy, acquire or subscribe for, or the solicitation of an offer to buy, acquire or subscribe for, New Shares or an invitation to buy, acquire or subscribe for the New Shares in any jurisdiction. This document has not been filed with, examined or approved by the Financial Conduct Authority or the London Stock Exchange or any other regulatory authority.

finnCap Ltd, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority and is a member of the London Stock Exchange, is acting as nominated adviser and joint broker to the Company for the purposes of the AIM Rules. Stifel Nicolaus Europe Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority and is a member of the London Stock Exchange, is acting as joint broker to the Company for the purposes of the AIM Rules. finnCap Ltd and Stifel Nicolaus Europe Limited are each acting exclusively for the Company in connection with the Placing, and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for providing advice in relation to the proposals in this announcement or any other matter

referred to in this announcement. Neither finnCap nor Stifel are acting for the Company, or any other person, in connection with the Subscription. Neither finnCap nor Stifel have authorised the contents of this announcement for any purpose and, without limiting the statutory rights of any person to whom this announcement is issued, no representation or warranty, express or implied, is made by either finnCap or Stifel as to any of the contents or completeness of this announcement.

The distribution of this announcement outside the United Kingdom may be restricted by law and therefore any persons outside the United Kingdom into whose possession this announcement comes should inform themselves about and observe any such restrictions as to the Placing, the Subscription, the New Shares, the Existing Common Shares and the distribution of this announcement. Any failure to comply with such restrictions may constitute a violation of the securities laws of any jurisdiction outside of the United Kingdom. This announcement does not constitute an offer to sell or an invitation to subscribe for, or the solicitation of an offer to buy or to subscribe for, shares in any jurisdiction in which such an offer or solicitation is unlawful. In particular, this announcement is not for release, publication or distribution, directly, or indirectly, in whole or in part, in, into or from the United States, Australia, Canada, the Republic of South Africa, Japan or to any US Person, or any national, resident or citizen of Australia, Canada, the Republic of South Africa or Japan. Except for the Subscription, no offering of Common Shares, or any other securities of the Company, is being made in the United States. This announcement, and the information contained herein, does not constitute an offer to sell or a solicitation of an offer to buy any Common Shares or any other securities of the Company in the United States.

No person has been authorised to give any information or to make any representation other than those contained in this announcement (or the circular to be sent to Shareholders today) in connection with the Placing, Subscription and Admission and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, finnCap or Stifel or any of their respective directors, employees or officers.

#### **Restrictions under the Securities Act**

The Common Shares have not been approved or disapproved by the United States Securities and Exchange Commission (the “SEC”), any US state securities commission or any other regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing, the Subscription or the accuracy or adequacy of this announcement (or the circular to be sent to Shareholders today). Any representation to the contrary is a criminal offence in the United States.

THE COMMON SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A)(1) TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO ANOTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF

## THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR THE RESALE OF COMMON SHARES.

The Placing Shares are being offered and sold outside the United States to non-US Persons pursuant to, and in accordance with, the requirements of Regulation S. The Placing Shares are not being offered or sold in the United States. The Subscription Shares are being offered and sold to First United Health pursuant to, and in accordance with, an exemption from the registration requirements of the Securities Act. The Common Shares cannot be offered, resold, pledged or otherwise transferred in the United States or to US Persons except in accordance with the restrictions and procedures set forth under the heading “United States securities disclosures regarding transfers of Shares” below.

The Company is not subject to the periodic reporting requirements of the US Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). In order to permit compliance with Rule 144A in connection with resales of the Placing Shares, the Company agrees to furnish upon request of a shareholder or a prospective purchaser of Common Shares the information required to be delivered under Rule 144A(d)(4) under the Securities Act if at the time of such request the Company is not a reporting company under Section 13 or Section 15(d) of the Exchange Act.

### **Settlement and CREST**

The EU Regulation on Central Securities Depositories (“**CSDR**”) was published on 28 August 2014. Article 3(2) of CSDR requires that where transactions in transferable securities take place on a trading venue, such as AIM, the relevant securities should be recorded in book entry form in a Central Securities Depository (“**CSD**”), such as CREST, on or before the intended settlement date (unless already so recorded). This requirement applies irrespective of whether the security is currently eligible for electronic settlement or not and applies to all transactions executed under the rules of the London Stock Exchange irrespective of whether or not the securities are issued by an EU-incorporated issuer. The London Stock Exchange has announced that it intends to amend its rules so that on exchange transactions are required to comply with the requirements of Article 3(2) by 1 September 2015.

This rule change will require the Company (in common with all other companies whose securities are admitted to trading on AIM and held in certificated form) to ensure that the Common Shares are eligible for electronic settlement through CREST on or before 1 September 2015 (or such later date as may be stipulated by the London Stock Exchange as the deadline for compliance).

The Placing Shares offered in the Placing are subject to the conditions listed under Rule 903(b)(3), or Category 3, of Regulation S. Under Category 3, Offering Restrictions (as defined in Regulation S) must be implemented in connection with the Placing and additional restrictions are imposed on re-sales of the Placing Shares. Further details of these restrictions are set out below under the heading “United States securities disclosures regarding transfers of Shares”. All Placing Shares are subject to these restrictions until the expiry of one year after the later of (i) the time when the Placing Shares are first offered to persons other than distributors in reliance upon Regulations S and (ii) the date of closing of the Placing and Subscription, or such longer period as may be required under applicable law (the “**Compliance Period**”).

Due to these restrictions, the Company has determined that all Common Shares will be held in certificated form from Admission until further notice and therefore the Common Shares will not be eligible for settlement through CREST during that time. Accordingly, until further notice, settlement of transactions in both the Existing Common Shares and the New Shares following Admission will not take place within the CREST system, although trades can be reported to AIM and the cash consideration can be settled using the CREST residual service.

Before the London Stock Exchange's new rules come into effect, the Company will set up a facility to allow qualifying Common Shares to be settled in CREST in the form of Depository Interests ("DIs"). DIs are uncertificated "mirror image" securities constituted under English law representing the underlying shares and facilitate trading and settlement of shares of non-UK companies in CREST. In the event that the Company is required to apply for the Common Shares to be settled in CREST in the form of DIs prior to the expiry of the Compliance Period, and if functionality does not exist within CREST at that time to ensure ongoing compliance with the relevant restrictions referred to above for the remainder of the Compliance Period, and no other acceptable alternative that would allow compliance with both the rules of the London Stock Exchange and applicable US securities laws is available, the Common Shares may be suspended from trading on the London Stock Exchange. During any such period of suspension, transactions in Common Shares could be negotiated and settled privately, provided they are reported to AIM.

Assuming that the London Stock Exchange's new rules come into effect on 1 September 2015 as currently anticipated, the Company intends to comply with the new procedures and expects that the Common Shares will be eligible for electronic settlement through CREST from 1 September 2015.

#### **United States securities disclosures regarding transfers of Common Shares**

The Company's Certificate of Incorporation includes certain provisions with respect to any transfer of its Common Shares or interests in such Shares. With respect to each transfer of Shares (or any interest in Shares) of the Company, at the time of such transfer and by virtue of giving effect to such transfer, the transferee shall have, and shall be deemed to have, acknowledged, represented, certified, warranted and agreed with the Company as follows (and upon request from the Company the transferee shall, and the transferor shall procure that such transferee shall, deliver to the Company a letter of confirmation to the following effect) (terms not otherwise defined below have the meanings given to them in Regulation S, Rule 144A or Rule 144 under the Securities Act, as applicable):

- (a) The Shares have not been and will not be registered under the Securities Act.
- (b) The transferee of the Shares or the relevant interest therein (or, if the transferee is acting on behalf of others, each beneficial owner of such Shares or interest) is either:
  - (i) a non-US Person, which non-US Person is not acquiring the Shares or the relevant interest therein for the account or benefit of any US Person, that purchased the Shares or the relevant interest therein outside the United States in an offshore transaction that qualifies for the exemption pursuant to Regulation S; or
  - (ii) a US Person that is a "qualified institutional buyer" within the meaning of Rule 144A that purchased the Shares or the relevant interest therein in a transaction that did not require registration under the Securities Act.
- (c) The purchase or transfer of the Shares or the relevant interest therein is not a part of a plan or scheme to evade the registration requirements of the Securities Act.
- (d) The transferee understands and agrees that any subsequent offer, resale, pledge or transfer of any of the Shares or the relevant interest therein may only take place in accordance with the legend set forth below and will notify any subsequent holder of such resale restrictions:

THE COMMON SHARES EVIDENCED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED

STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A)(1) TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO ANOTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR THE RESALE OF COMMON SHARES. HEDGING TRANSACTIONS INVOLVING THE COMMON SHARES MAY NOT BE CONDUCTED UNLESS IN COMPLIANCE WITH THE SECURITIES ACT.

(e) The transferee acknowledges that the Company, its registrar, their agents and affiliates, and others will rely on the truth and accuracy of the foregoing acknowledgements, agreements, representations, certifications and warranties, consents to such reliance and agrees that if any such acknowledgements, agreement, representations, certifications or warranties made or deemed to have been made by virtue of its purchase or the transfer of the shares or interests therein is no longer accurate, it shall promptly notify the Company and that in such circumstances the Company shall refuse to register such transfer or potentially revoke the registration of such transfer of shares or interests, and in any event may, if the Board so determines in its sole discretion, immediately purchase such shares or interests at a price equal to the lesser of the then current market price of or the price paid by such person for such shares or interests.

(f) The transferee acknowledges that the Company, its registrar or its/their agents reserve the right to make inquiries of any holder of the shares (or interests therein) at any time as to such person's status under US securities laws and if any such person does not satisfy the Company that such person acquired the shares or interests therein in accordance with applicable US securities laws, the Company shall refuse to register such transfer or potentially revoke the registration of such transfer of shares or interests therein, and in any event may, if the Board so determines in its sole discretion, immediately purchase such shares or interests at a price equal to the lesser of the then current market price of or the price paid by such person for such shares or interests.

(g) The Board may determine in its absolute discretion that as an alternative to the repurchase of any shares or interests therein by the Company pursuant to provisions (e) and (f) above, or pending any such repurchase, the holder and owner of such shares or interests therein shall be disenfranchised such that such person shall not be entitled to exercise (or to direct the exercise of) any voting rights with respect to such shares or interests therein or to exercise or enjoy any other right or privilege with respect to such shares or interests (including any dividends or other distributions otherwise payable) unless and until, in the opinion of the Board, the above provisions have been complied with or such repurchase has been effected.

### **Forward looking statements**

This announcement contains forward looking statements relating to the Company's future prospects, plans, developments and strategies, which have been made after due and careful enquiry and are based on the Directors' current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Forward-looking

statements are identified by their use of terms and phrases such as “project”, “expect”, “potential”, “believe”, “could”, “envisage”, “estimate”, “intend”, “may”, “plan”, “will” or the negative of those, variations or comparable expressions, including references to assumptions. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, the effects of continued volatility in credit markets, market-related risks such as changes in interest rates and foreign exchanges rates, the policies and actions of governmental and regulatory authorities, changes in legislation, the further development of standards and interpretations under US GAAP applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under US GAAP, the outcome of pending and future litigation or regulatory investigations, the success of future acquisitions and other strategic transactions and the impact of competition. A number of these factors are beyond the Company’s control. As a result, the Company’s actual future results may differ materially from the plans, goals, and expectations set forth in the Company’s forward-looking statements. Any forward-looking statements made in this announcement by or on behalf of the Company speak only as of the date they are made. These forward-looking statements reflect the Company’s judgement at the date of this announcement and are not intended to give any assurance as to future results. Except as required by the FCA, the London Stock Exchange, the AIM Rules for Companies or applicable law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this announcement to reflect any changes in the Company’s expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

Where relevant in this document, unless otherwise stated, US dollar amounts have been converted into Sterling at US\$1.567: £1.

## APPENDIX

### 1. Introduction

Today the Company is pleased to announce its intention to raise £12.9 million (approximately \$20.3 million) (before expenses) by way of a placing of up to 7,819,427 new Common Shares with existing and new institutional investors at a price of 140 pence per new Common Share, together with a subscription by Paul Parmar, the Company’s Chief Executive Officer, through First United Health, for 1,428,571 new Common Shares on substantially the same terms.

The Placing and Subscription are each conditional, *inter alia*, on the passing by Shareholders of the Resolutions at the Annual Meeting which will give the Directors the required authority to allot the New Shares and to disapply pre-emption rights in respect of the issue of the New Shares on a non pre-emptive basis. Subject to all relevant conditions being satisfied (or, if applicable, waived), it is expected that the New Shares will be issued and admitted to trading on AIM on 4 June 2015.

The Board believes that raising equity finance using the flexibility provided by a non pre-emptive placing and subscription is the most appropriate and optimal structure for the Company at this time. This allows both existing institutional Shareholders and new institutional investors the opportunity to participate in the Placing and avoids the requirement to publish a prospectus, which is a costly and time consuming process.



The net proceeds of the Placing and Subscription are intended to be used primarily to fund further acquisitions by the Company in line with the strategy it set out at the time of its admission to AIM in December 2014. Further details of the reasons for the Placing and Subscription and use of proceeds are set out at section 3 below.

A notice of the Annual Meeting at which the Resolutions will be proposed to approve, *inter alia*, the Placing and Subscription can be found at the end of the circular which will be sent to Shareholders later today. The Annual Meeting has been convened for 2.00 p.m. on 3 June 2015 and will take place at Squire Patton Boggs (UK) LLP, 7 Devonshire Square, London, EC2M 4YH.

## **2. Progress since admission to AIM in December 2014**

Since the Company's successful admission to trading on AIM in December 2014 raising gross proceeds of approximately £9.6 million, the Directors believe that the Group has made good progress towards its stated strategy of pursuing growth, both organically and through acquisitions, and enhancing earnings for Shareholders. The Company and its management team have successfully demonstrated their ability both to acquire healthcare service companies and turn them around and to grow the business organically with the addition of new clients.

### ***Financial results for the year ended 31 December 2014***

The Group's audited financial results for the year ended 31 December 2014, as announced on 17 March 2015, were ahead of market expectations with Group revenues increasing by 5 per cent. to approximately \$54.6 million and Group EBITDA increasing 104 per cent. to approximately \$14.2 million, representing an almost doubling of EBITDA margin in the year, to 26 per cent. All three divisions of the Group have shown excellent progress in operating profits since the original Orion acquisition in June 2013 and the Directors were pleased to declare a maiden final dividend of 2.9 cents per Common Share.

These results provided further demonstration of management's ability to deliver on the Group's growth strategy, including:

- integration of acquisitions – both Orion and NEMS have been successfully turned around since acquisition. Both companies were loss making upon acquisition but management's strategy of outsourcing back office functions to India in order to reduce costs and investing in customer relations functions in the US in order to increase revenues, has returned both companies to profitability. Prior to its acquisition by the Group, Orion was heavily loss making; this was reversed within six months of the change of ownership. In the second half of 2013 Orion made a healthy operating profit of \$3.7 million (H1 2013: \$0.6 million loss). Similarly, NEMS (acquired in April 2014) was EBITDA positive on a monthly basis by the final quarter of 2014, having made an EBITDA loss of approximately \$0.2 million during the first quarter of 2014;
- organic growth – the Group has been building out its US-based sales team. The traction that they have made, both in stabilising existing client relationships and in winning new clients resulted in the addition of seven new clients during 2014, with no client losses during the second half of 2014;

- targeted investment in core competencies – the Group continues to invest in its people, focusing on senior hires in customer service and process implementation. This directly impacts the Company’s clients, offering them a more efficient service. The Group also places a huge emphasis on Pegasus, the Group’s proprietary technology platform which provides physicians with real-time options to monitor their payment streams from all healthcare payers. The Group invested \$4.9 million in Pegasus during 2014 as it believes that going forward the technology offered by the Group should be a key differentiator with other healthcare service providers; and
- diversified revenue streams – the Group has continued to focus its build out across all three divisions, with its Practice Management (“**PM**”) and Group Purchasing Operations (“**GPO**”) businesses increasing revenues in the last financial year. The PM and GPO divisions generated \$1.5 million and \$5.2 million EBITDA contributions in 2014 respectively.

### **Acquisitions**

On 17 March 2015, we announced the acquisition of the business and assets of Physicians Practice Plus, Inc. (“**PPP**”). PPP is a New York based RCM business and was acquired for a cash consideration of up to \$20 million, subject to the fulfillment of certain revenue and EBITDA targets being met over a 24 month period. This acquisition is expected to be immediately earnings enhancing for the Company.

PPP provides the Group with a valuable opportunity to build further on its growth platform and to leverage its technology expertise. The acquisition provides a foothold in the strategically important geographical locations of New York, New Jersey and Florida in which the Group previously had limited representation. PPP provides RCM services to a stable client base of healthcare providers under recurring revenue contracts and has approximately 100 retained clients across its group. PPP is headquartered in Long Island, New York and also has a business process outsourcing (“**BPO**”) facility based in New Delhi, India which provides services exclusively to PPP and in respect of which, as part of the overall acquisition, the Company has an option to acquire it for a nominal consideration at any time prior to the second anniversary of the acquisition. Both the US and India-based businesses of PPP will remain operational. PPP employs approximately 620 people, of which approximately 70 are based in the United States, with the remainder in the New Delhi BPO business.

An important additional feature of PPP is its technology platform which is highly complementary with Pegasus. It is expected that PPP's automation and workflow tools will provide a stronger management and control capability to existing Group billing operations. The ability to closely monitor and manage the activities of off-shore resources will help to enhance coordination, communication and performance of the entire billing operation and are expected to contribute to cost reductions due to increased productivity.

In the year to 31 December 2014, PPP generated revenues of \$10.7 million, underlying EBITDA of \$2.2 million, pre-tax profits of \$1.3 million and had net assets of \$2.8 million as at that date. PPP acquired the business and assets of P.C. Advantage (“**PCA**”), another RCM business, in November 2014; PPP's pro forma underlying EBITDA for the year to 31 December 2014 (incorporating a full year of PCA earnings) was \$3.4 million.

The Group expects to generate cost savings of approximately \$3.6 million during the current financial year as it integrates PPP and implements its own BPO strategy. In addition, the Group is targeting a further \$2 million of cost savings in the current financial year through the optimisation of Group resources and the synergies the Group can achieve by leveraging PPP's superior IT capabilities, its BPO and its technology platform.

### ***Current trading and outlook***

Given the way that the Group platform has been built, with customer service and technology at its heart, the Board is optimistic that the Group will deliver robust growth in 2015, both organically and through acquisitions. The Board was delighted to be able to announce on 16 April 2015 the signing of contracts with four new clients worth an estimated \$6-7 million in annual revenue and \$2-3 million in annual EBITA to the Group.

The macro-economic environment remains favourable to the Group's business. The Directors believe that the service the Group provides is important in the US healthcare industry and that the US healthcare policy environment, and any potential future iterations of it, is very conducive to the Group's business, even in a weaker economic environment. The current rise in the consumerisation of healthcare services coupled with increased regulatory complexities for doctors and payers, against the back drop of trying to contain costs of healthcare, make the Group's business truly relevant for today and the future. The Directors look to 2015 and beyond with confidence.

### **3. Reasons for the Placing and Subscription and use of proceeds**

As the Company made clear at the time of its admission to AIM, the Group's strategy incorporates a significant element of acquisitive growth. The proceeds of the Placing and Subscription announced today will be used to acquire a pipeline of acquisition targets meeting the Company's strict criteria. The Company's ultimate goal is to have a presence in all states across the US (currently the Company has operations in 25 states) and in as many medical specialties as possible. The Company has letters of intent regarding potential acquisitions with six healthcare services companies (each having revenues in excess of \$10 million and EBITDA of at least \$1.5 million) and the Directors believe that these acquisitions are the best route to building rapidly on the Company's reputation at the forefront of the consolidation of the RCM industry in the United States. None of these potential acquisitions are subject to competitive sales processes and they provide the Group with clear value creation opportunities with an estimated 600 redeployable jobs in aggregate (assuming that all of the acquisitions are completed), each of which could generate a positive EBITDA impact to the Group of approximately \$35,000 in the first full year following redeployment.

As a necessary adjunct to the Placing and Subscription, the Company is also looking to optimise the Group's capital structure; the Company is in active discussions with a number of providers of senior debt, with a view to securing debt facilities at a lower cost and on more flexible terms than the Group's current facility.

### **4. Information on the Placing and Subscription**

The Company is proposing to raise £12.9 million (approximately \$20.3 million) (before expenses) by way of a placing of up to 7,819,427 new Common Shares at a price of 140 pence per new Common Share and a subscription for 1,428,571 new Common Shares at a price of 140 pence per new Common Share. The New Shares will represent approximately 14.3 per cent. of the Enlarged Share Capital. The Placing Price represents a discount to the

closing mid-market price of 25.3 per cent. per Common Share as at 12 May 2015, the latest practicable date prior to this announcement. In connection with the Placing and Subscription, the Company has entered into the Placing Agreement pursuant to which finnCap and Stifel have each severally agreed, in accordance with its terms, to use reasonable endeavours to place the Placing Shares with institutional investors, including certain existing Shareholders. In addition First United Health has agreed to subscribe for the Subscription Shares. Neither the Placing nor the Subscription is underwritten and neither finnCap nor Stifel are acting for the Company, or any other person, in connection with the Subscription.

The Placing and Subscription are conditional, *inter alia*, on:

- the passing (without amendment) of the Resolutions and such Resolutions becoming unconditional;
- receipt of a duly executed amendment and waiver to the financing agreement entered into on 31 March 2014 between Constellation Health, Orion Healthcorp, Inc. and its subsidiaries, RCC Commercial Inc. and Whitehorse Finance Inc., as amended on 24 September 2014, *inter alia*, consenting to the Placing, executed by RCC Commercial Inc. as administrative and collateral agent for the Lender (as defined therein);
- the conditions in the Placing Agreement being satisfied or (if applicable) waived and the Placing Agreement not having been terminated in accordance with its terms prior to Admission; and
- Admission becoming effective by no later than 8.00 a.m. on 4 June 2015 (or such later time and/or date, being no later than 8.00 a.m. on 30 June 2015 as the Company, finnCap and Stifel may agree).

The Placing Agreement contains customary warranties given by the Company to finnCap and Stifel as to matters relating to the Group and its business and a customary indemnity given by the Company in respect of liabilities arising out of or in connection with the Placing. finnCap and Stifel (acting together) are entitled to terminate the Placing Agreement in certain circumstances prior to Admission, including circumstances where any of the warranties are found not to be true or accurate or were misleading in any respect or the occurrence of certain *force majeure* events.

The New Shares will be issued credited as fully paid and will rank in full for all dividends and other distributions declared, made or paid after Admission in respect of the Common Shares and will otherwise rank on Admission *pari passu* in all respects with the Existing Common Shares. The New Shares are not being made available to the public and are not being offered or sold in any jurisdiction where it would be unlawful to do so.

The Placing Shares represent approximately 12.1 per cent. of the Enlarged Share Capital and the Subscription Shares represent approximately 2.2 per cent. of the Enlarged Share Capital.

The Common Shares have not been registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States, or to or for the account or benefit of US Persons, unless the Common Shares are registered under the Securities Act and any applicable securities laws of any state or other jurisdiction of the United States, or an exemption from the registration requirements of the Securities Act and any such securities laws is available. Hedging transactions involving the Common Shares may not be conducted unless in compliance with the Securities Act.

Application will be made to the London Stock Exchange for the New Shares to be admitted to trading on AIM. On the assumption that, *inter alia*, the Resolutions are passed and the Placing Agreement becomes unconditional, it is expected that Admission will become effective and that dealings in the New Shares will commence on 4 June 2015.

### **Settlement and dealings**

The Placing Shares offered in the Placing are subject to the conditions listed under Rule 903(b)(3), or Category 3, of Regulation S. Under Category 3, Offering Restrictions (as defined in Regulation S) must be implemented in connection with the Placing and additional restrictions are imposed on re-sales of the Placing Shares. Further details of these restrictions are set out under the heading "Important Notices – United States securities disclosures regarding transfers of Shares" above. All Placing Shares are subject to these restrictions until the expiry of one year after the later of (i) the time when the Placing Shares are first offered to persons other than distributors in reliance upon Regulations S and (ii) the date of closing of the Placing and Subscription, or such longer period as may be required under applicable law.

Due to these restrictions, the Company has determined that all Common Shares will be held in certificated form from Admission until further notice and therefore the Common Shares will not be eligible for settlement through CREST during that time. Accordingly, until further notice, settlement of transactions in both the Existing Common Shares and the New Shares following Admission will not take place within the CREST system, although trades can be reported to AIM and the cash consideration can be settled using the CREST residual service.

### **5. Expected timetable of principal events**

|  |                          |
|--|--------------------------|
| Latest time and date for receipt of Forms of Proxy for the Annual Meeting          | 2.00 p.m. on 1 June 2015 |
| Annual Meeting   | 2.00 p.m. on 3 June 2015 |
| Admission effective and dealings in the Placing Shares expected to commence on AIM | 8.00 a.m. on 4 June 2015 |
| Despatch of definitive share certificates in respect of Placing Shares             | by 18 June 2015          |

### **Definitions**

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

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|--------------------|--|
| <b>"Admission"</b> | admission of the New Shares to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules for Companies |
| <b>"AIM"</b>       | the market of that name operated by the London Stock Exchange  |

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|---------------------------------------|--|
| <b>"AIM Rules for Companies"</b>      | the AIM Rules for Companies published by the London Stock Exchange from time to time   |
| <b>"Annual Meeting"</b>               | the annual meeting of the Company convened for 2.00 p.m. on 3 June 2015 at Squire Patton Boggs (UK) LLP, 7 Devonshire Square, London, EC2M 4YH, notice of which is set out at the end of the circular to be sent to Shareholders later today |
| <b>"Certificate of Incorporation"</b> | the certificate of incorporation of the Company, as amended and restated from time to time   |
| <b>"Common Shares" or "Shares"</b>    | shares of common stock of the Company with a par value per share of \$0.0001   |
| <b>"Company"</b>                      | Constellation Healthcare Technologies, Inc. a corporation organised under the laws of the state of Delaware, USA   |
| <b>"Constellation Health"</b>         | Constellation Health LLC, a limited liability company organised under the laws of the state of Delaware, USA, the controlling Shareholder of the Company   |
| <b>"CREST"</b>                        | the electronic systems for the holding and transfer of shares in dematerialised form operated by Euroclear UK & Ireland Limited  |
| <b>"Directors" or "Board"</b>         | the directors of the Company and <b>"Director"</b> shall mean any one of them  |
| <b>"EBITA"</b>                        | earnings before interest, tax and amortisation   |
| <b>"EBITDA"</b>                       | earnings before interest, tax, depreciation and amortisation   |
| <b>"Enlarged Share Capital"</b>       | the issued share capital of the Company immediately following Admission as enlarged by the issue of the Subscription Shares and the Placing Shares assuming that the Placing is fully subscribed   |
| <b>"Existing Common Shares"</b>       | the 55,615,056 Common Shares in issue as of the date of this announcement  |
| <b>"FCA"</b>                          | the Financial Conduct Authority of the United Kingdom  |
| <b>"finnCap"</b>                      | finnCap Ltd, nominated adviser and joint broker to the Company   |
| <b>"First United Health"</b>          | First United Health, LLC, a limited liability company organised under the laws of the State of Delaware, USA, and an investment entity controlled by Paul Parmar   |
| <b>"Group"</b>                        | the Company and its subsidiaries   |
| <b>"Group Purchasing"</b>             | the Group's Group Purchasing Operations division   |

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| <b>Operations” or “GPO”</b>                   |  |
| <b>“Independent Directors”</b>                | the Directors, other than Paul Parmar  |
| <b>"London Stock Exchange"</b>                | London Stock Exchange plc  |
| <b>“NEMS”</b>                                 | NEMS Acquisition LLC (together with its subsidiaries North East Medical Solutions LLC and NEMS West Virginia, LLC), a corporation organised under the laws of the State of Delaware, USA, and a wholly owned subsidiary of Orion |
| <b>“New Shares”</b>                           | the Placing Shares and the Subscription Shares   |
| <b>“Notice” or “Notice of Annual Meeting”</b> | the notice of the Annual Meeting set out at the end of the circular to be sent to Shareholders later today   |
| <b>"Orion"</b>                                | Orion HealthCorp, Inc., a corporation organised under the laws of the State of Delaware, USA, and a wholly-owned subsidiary of the Company   |
| <b>“Physicians Practice Plus” or “PPP”</b>    | the business and assets of Physicians Practice Plus, Inc.  |
| <b>"Placing"</b>                              | the conditional placing of the Placing Shares at the Placing Price by finnCap and Stifel as joint brokers to the Company, pursuant to the Placing Agreement  |
| <b>"Placing Agreement"</b>                    | the conditional agreement dated the same date as this announcement between finnCap, Stifel, Paul Parmar, First United Health and the Company relating to the Placing and the Subscription  |
| <b>"Placing Price"</b>                        | 140 pence per New Share  |
| <b>"Placing Shares"</b>                       | the up to 7,819,427 new Common Shares to be issued by the Company pursuant to the Placing  |
| <b>"Pegasus"</b>                              | a proprietary business intelligence platform developed by Orion to enhance its outsourced RCM services and to provide physician groups with increased transparency relating to payment and operational performance               |
| <b>“Practice Management” or “PM”</b>          | the Group's Practice Management division   |
| <b>"RCM"</b>                                  | revenue cycle management   |
| <b>"Regulation S"</b>                         | Regulation S promulgated under the Securities Act  |
| <b>“Resolutions”</b>                          | the resolutions to be proposed at the Annual Meeting as set out in the Notice of Annual Meeting  |

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|--------------------------------------|--|
| <b>"Rule 144A"</b>                   | Rule 144A promulgated under the Securities Act   |
| <b>"Securities Act"</b>              | the United States Securities Act of 1933, as amended   |
| <b>"Shareholder"</b>                 | a holder of Common Shares  |
| <b>"Stifel"</b>                      | Stifel Nicolaus Europe Limited, joint broker to the Company  |
| <b>"Subscription"</b>                | the conditional subscription by First United Health for the Subscription Shares at the Placing Price pursuant to the Placing Agreement |
| <b>"Subscription Shares"</b>         | the 1,428,571 new Common Shares to be issued by the Company pursuant to the Subscription   |
| <b>"UK"</b>                          | the United Kingdom of Great Britain and Northern Ireland   |
| <b>"US" "USA" or "United States"</b> | the United States of America, its territories and possessions, any State of the United States, and the District of Columbia            |
| <b>"US GAAP"</b>                     | generally accepted accounting principles in the US   |
| <b>"US Person"</b>                   | has the meaning ascribed to the phrase "U.S. person" by Regulation S   |
| <b>"£" and "p"</b>                   | United Kingdom pounds and pence sterling respectively  |
| <b>"\$" and "c"</b>                  | United States dollars and cents respectively   |