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19 November 2009

LAVENDON GROUP PLC

Proposed Firm Placing of 38,490,733 New Ordinary Shares at 70 pence per New Ordinary Share and Placing and Open Offer of 76,981,466 New Ordinary Shares at 70 pence per New Ordinary Share

The Board of Lavendon Group plc (“Lavendon” or the “Group” or the “Company”) announces today that it is proposing to raise approximately £80.8 million (£76.8 million net of expenses) by way of a Firm Placing and Placing and Open Offer of New Ordinary Shares.

- £26.9 million will be raised, before expenses, through a Firm Placing of 38,490,733 New Ordinary Shares at 70 pence per Firm Placed Share; and
- £53.9 million will be raised, before expenses, through a Placing and Open Offer at 70 pence per Open Offer Share.

The Issue Price represents a 45 per cent. discount to the Closing Price of 128 pence per Ordinary Share on 18 November 2009 (being the last business day prior to the announcement of the Capital Raising).

The Capital Raising is fully underwritten by Investec and Altium, on, and subject to, the terms of the Placing Agreement.

Summary

- The Board has concluded that it is in the best interests of the Group and its Shareholders as a whole to reduce the Group's debt, renegotiate the financial covenants to restore headroom and establish a more appropriate capital structure for operating the business in the current market environment.
- The net proceeds of the Capital Raising will be applied in reducing the balance on the Group's multi-currency revolving credit facility, which forms part of the Amended Bank Facilities. The reduction of the outstanding balance on the revolving credit facility will:
 - strengthen the Group's balance sheet, reducing the ratio of net debt to EBITDA from 2.9x to 2.1x on a *pro forma* basis as at 30 June 2009;
 - facilitate additional covenant headroom for the Group under the Amended Bank Facilities;
 - provide additional financial and operational flexibility to manage the Group proactively through the economic cycle; and
 - position the Group to benefit from the eventual market upturn as well as any further consolidation opportunities that arise in the medium term.
- The Amended Bank Facilities, which are inter-conditional with the completion of the Capital Raising, comprise amortising and bullet term loans of €95 million and a revolving credit facility of £80 million.
- The Board of Lavendon believes that the overall medium-term strategy of the Group remains appropriate, that is, to use enhanced operational scale to maximise its position with major projects and larger customers and to grow through a combination of selective investment in fleet and the acquisition of existing market capacity when appropriate opportunities arise. However, in the current market conditions, the Group's short-term focus will remain on cash generation and debt reduction.
- The Capital Raising is conditional upon, among other things, the approval of the Capital Raising Resolutions by Shareholders at the Extraordinary General Meeting being convened for 11.00 a.m. on 7 December 2009.

Lavendon has also, today, announced its Interim Management Statement for the period ended 18 November 2009.

A prospectus and shareholder circular containing details of the Capital Raising and associated proposed shareholder resolutions is expected to be posted to Shareholders later today and will be available on the Company's website,

www.lavendongroup.com. The Capital Raising is conditional upon, among other things, the approval of the Capital Raising Resolutions by Shareholders at the Extraordinary General Meeting being convened for 11.00 a.m. on 7 December 2009.

Kevin Appleton, Chief Executive, said:

"The fundraising we are announcing today will provide a solid financial base for the business, whilst also providing us with the necessary flexibility to drive the future development of the Group. Alongside the proactive measures we have taken to respond to the tough operating environment, we are well placed for the eventual market recovery.

We have a clear strategy in place, with an immediate emphasis on cash generation and operating efficiency. Whilst we are anticipating that market conditions will remain challenging in the short term, we are confident in our ability to develop the business and to take advantage of consolidation opportunities in the medium term.

With this stronger financial platform in place, the Board remains confident in the Group's medium and long-term prospects."

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IMPORTANT INFORMATION

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This announcement has not been approved by the Financial Services Authority or by any other regulatory authority. **This announcement is an advertisement and not a prospectus and investors should not subscribe for or purchase any securities referred to in this announcement except on the basis of information provided in the Prospectus which is expected to be published by the Company later today.** Copies of the prospectus will, following publication, be available for inspection at the Company's registered office at 15 Midland Court, Central Park, Lutterworth, Leicestershire, LE17 4PN, United Kingdom, at the Company's website at www.lavendongroup.com and at the UK Listing Authority's Document Viewing Facility, which is situated at 25 North Colonnade, Canary Wharf, London, E14 5HS.

Securities may not be offered or sold in the United States unless they are registered under the US Securities Act or are exempt from such registration. The Firm Placed Shares, the Open Offer Entitlements, the Open Offer Shares and the Application Forms have not been and will not be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and, accordingly, may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, in or into the United States at any time without registration or pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with state securities laws. There will be no public offer of the New Ordinary Shares in the United States.

The New Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares or the accuracy or adequacy of this announcement. Any representation to the contrary is a criminal offence in the United States.

The New Ordinary Shares have not been or will not be registered under the securities legislation of any province or territory of Canada. Subject to certain exceptions, the New Ordinary Shares will not be directly or indirectly offered for subscription or purchase, taken up, sold, delivered, renounced or transferred in or into Canada. Therefore, subject to certain exceptions, no offer or sale of New Ordinary Shares will be made within Canada and no Application Forms will be sent to, nor will any Open Offer Entitlements be credited to a stock account in CREST on behalf of any Shareholder with a registered address or who is resident or located in Canada.

No communication or information relating to the offer of New Ordinary Shares may be disseminated to the public in jurisdictions other than the United Kingdom where prior registration or approval is required for that purpose. No action has been taken that would permit an offer of the New Ordinary Shares in any jurisdiction where action for that purpose is required, other than in the United Kingdom.

Investec is acting as Sponsor, Financial Adviser, Joint Bookrunner and Joint Underwriter to Lavendon in respect of the Capital Raising. Altium is acting as Joint Bookrunner and Joint Underwriter in respect of the Capital Raising.

This announcement has been issued by and is the sole responsibility of Lavendon. No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by Investec or Altium or by any of their respective affiliates or agents as to, or in relation to, the accuracy or completeness of this announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any responsibility or liability therefore whether arising in tort, contract or otherwise is expressly disclaimed.

Investec and Altium are acting for Lavendon and no one else in connection with the Capital Raising and will not regard any other person as a client in relation to the Capital Raising and will not be responsible to anyone other than Lavendon for providing the protections afforded to their respective clients or for providing advice in relation to the Capital Raising or any matters referred to in this announcement.

Certain statements made in this announcement constitute forward-looking statements. Forward-looking statements can be identified by the use of words such as "may", "will", "should", "predict", "assurance", "aim", "hope", "risk", "expect", "intend", "estimate", "anticipate", "believe", "plan", "seek", "continue" or other similar expressions that are predictive or indicative of future events. All statements other than statements of historical facts included in this announcement, including, without limitation, those regarding the Group's expectations, intentions and beliefs concerning, amongst other things, the Group's results of operations, financial position, growth strategy, prospects, dividend policy and the industries in which the Group operates, are forward-looking statements. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Group and its Directors, which may cause the actual results, performance, achievements, cash flows, dividends of the Group or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. As such, forward-looking statements are no guarantee of future performance.

Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Among the important factors that could cause the Group's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, economic conditions in the relevant markets of the world, market position of the Company or its subsidiaries, earnings, financial position, cash flows, return on capital and operating margins, political uncertainty, the actions of competitors, activities by governmental authorities such as changes in taxation or regulation, changing business or other market conditions and general economic conditions and such other risk factors identified in the "Risk Factors" section of the Prospectus. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements. These forward-looking statements speak only as of the date of this announcement and are not intended to give assurance as to future results.

LAVENDON GROUP PLC

Proposed Firm Placing of 38,490,733 New Ordinary Shares at 70 pence per New Ordinary Share and Placing and Open Offer of 76,981,466 New Ordinary Shares at 70 pence per New Ordinary Share

Introduction

The Board of Lavendon announces today that it is proposing to raise approximately £80.8 million (£76.8 million net of expenses) by way of the Firm Placing and the Placing and Open Offer of New Ordinary Shares in the Company. 38,490,733 New Ordinary Shares will be issued through the Firm Placing at 70 pence per Firm Placed Share and 76,981,466 New Ordinary Shares will be issued through the Placing and Open Offer at 70 pence per Open Offer Share. The Company is proposing to offer Open Offer Shares, pursuant to the Placing and Open Offer, to Qualifying Shareholders (other than, subject to certain exceptions, Shareholders with a registered address in, or who are resident in, the United States or any of the other Excluded Territories). The Open Offer is being made to Qualifying Shareholders on the basis of 13 Open Offer Shares for every 8 existing Ordinary Shares held by Qualifying Shareholders at the Record Date.

The Capital Raising is fully underwritten by Investec and Altium, on, and subject to, the terms of the Placing Agreement.

The Issue Price of 70 pence per New Ordinary Share represents a 45 per cent. discount to the Closing Price of 128 pence per existing Ordinary Share on 18 November 2009 (being the last business day prior to the announcement of the Capital Raising).

The purpose of this announcement is to provide Shareholders with details of the Capital Raising and to explain why the Board considers the Capital Raising and the Resolutions to be in the best interests of the Company and its Shareholders as a whole and why the Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting as each member of the Board intends to do in respect of their own beneficial holdings of existing Ordinary Shares.

The Capital Raising is conditional upon, among other things, the approval of the Capital Raising Resolutions by Shareholders at the Extraordinary General Meeting being convened for 11.00 a.m. on 7 December 2009.

Information on Lavendon

Lavendon is the European and Middle East market leader in the rental of powered access equipment, operating a fleet of almost 22,000 machines through a network of 110 active depots located in Belgium, France, Germany, Spain, the UK and a number of countries in the Middle East. Lavendon has the fourth largest fleet in the world, with the top three all being located in the US.

The Group's strategy is to build operational scale at both a local and national level, and then use this scale to develop and offer highly differentiated services to larger national and major project customers. The Group aims to deliver this strategy through a combination of investment in organic growth and acquisition of existing capacity, according to the level of development of the particular geographic market under consideration.

Lavendon's market leading position in Europe has, in part, been achieved through a number of significant acquisitions in the last three years, including those of The Platform Company in the UK, Gardemann in Germany and dk Rental, a business operating in Belgium, France and Spain. In the year ended 31 December 2008, 52 per cent. of the Group's operating profits were generated outside the United Kingdom.

During the final quarter of 2008, trading conditions across Lavendon's European operations became noticeably more difficult as a result of the global financial crisis and associated economic downturn. In the Group's interim results for the six months ended 30 June 2009, the Board stated that these difficult trading conditions had continued through the first half of 2009. For the six months ended 30 June 2009, Group revenues declined by seven per cent. to £114.0 million (2008: £123.0 million). On a consistent currency basis, Group revenues declined by 16 per cent. Operating profits prior to exceptional items and amortisation charges were £14.1 million (2008: £20.7 million). After exceptional items and amortisation charges, the Group's operating loss was £31.2 million (2008: profit of £18.4 million) and the Group's loss before taxation was £40.0 million (2008: profit of £11.9 million).

Over the same period, UK revenues fell 20 per cent., with an estimated like-for-like revenue decline of approximately 30 per cent. after taking into account the acquisition of The Platform Company, which was completed on 1 April 2008. The sharp decline in demand was attributable to the cancellation or deferral of a large volume of commercial and industrial construction projects, as well as a marked fall in discretionary non-construction activities. In Germany, the Group's revenues reduced by 13 per cent. in local currency terms reflecting similarly subdued levels of demand. In Belgium and France, revenues reduced by 22 per cent. in local currency terms, while in Spain, market conditions remained extremely challenging, with revenues decreasing, on a local currency basis, by 42 per cent. This revenue

decline in the Group's European operations was partly offset by a 39 per cent. revenue increase, in local currency terms, in the Group's Middle East operations (86 per cent. revenue increase on translation to pounds sterling), where the outlook for future demand remains encouraging in many parts of the region.

To confront these challenging market conditions, the Group has undertaken a series of mitigating actions. In the UK, the Group accelerated the final phase of post acquisition integration activities to rationalise both the depot network and rental fleet configuration, completing the process in April 2009. This has enabled the overall integration programme to deliver a reduction in the UK's annual cost base of around £11.0 million over the last 12 months, achieved through reducing the number of depot locations by 32 per cent., decreasing headcount by 21 per cent. and scaling back the rental fleet by 13 per cent. In Germany, during May 2009, the cost base was reduced by €2.5 million per annum, adjusting the operational structure to reflect a period of slower demand. In Belgium and France the Group's response to market conditions has been to drive revenue and utilisation levels through targeted commercial initiatives, as there is little scope for meaningful cost reductions in these operations. In Spain, steps were taken to reduce the size of the business and focus on those market sectors that demonstrate greater resilience to the current economic conditions.

As a precautionary measure, in view of the uncertainty in the Group's end user markets, the Group agreed revised banking covenants for the Existing Bank Facilities in April 2009, creating additional covenant headroom and flexibility for the Group in these difficult market conditions.

The Group's capital expenditure plans have also been significantly reduced. During the first half of 2009 less than £5.0 million (2008: £39.2 million) of capital expenditure was incurred. In addition, the Group accelerated the disposal of excess fleet, generating £4.9 million in disposal proceeds in the six month period ended 30 June 2009 and steps were also taken to transfer selective excess fleet to the Group's Middle East operations.

The combination of cost reduction actions to mitigate revenue decline and tight control of capital expenditure enabled the Group's cash flows to remain strong and allowed it to make progress in reducing the Group's net debt to £273.1 million as at 30 June 2009 (£305.0 million as at 31 December 2008).

Background to and reasons for the Capital Raising

Notwithstanding the mitigating actions taken by the Group in 2009 and the Group's ability to generate strong cash flows, the Board has continued to review ways to accelerate the de-leveraging of the business. In the current challenging market conditions, the headroom against certain covenants in the Group's Existing Bank Facilities, in particular Interest Cover and Cashflow Available for Debt Service, is projected to become increasingly limited in the future. Accordingly, the Board has concluded that it is in the best interests of the Group and its Shareholders as a whole to reduce the Group's debt, renegotiate the financial covenants to restore headroom and establish a more appropriate capital structure for operating the business in the current market environment. The Group therefore intends to raise approximately £76.8 million (net of expenses) by way of the Capital Raising.

Amended Bank Facilities

The Group has agreed amendments to the Existing Bank Facilities which are inter-conditional with the completion of the Capital Raising. These amendments create additional covenant headroom for the Group and provide further flexibility in light of the current market conditions which are expected by the Board to remain challenging in the short term. This will enable the Group to focus effectively on the operational aspects of its business and also ensure that the Group is well positioned to capitalise on its strong market positions once economic conditions improve.

The Amended Bank Facilities comprise amortising and bullet term loans of €95 million and a revolving credit facility of £80 million. The net proceeds of the Capital Raising will be used to reduce amounts drawn under the revolving credit facility (although the revolving credit facility will be available to be redrawn, subject to certain conditions). The Amended Bank Facilities will expire on 5 September 2013.

Of the £80 million revolving credit facility, £15 million of the undrawn facility will be available for the purchase of distressed assets, subject to the consent of 75 per cent. of the Lenders. Such requirement for consent will fall away once certain financial covenant tests are met.

The Amended Bank Facilities contain financial covenants, namely interest cover, net debt to EBITDA, net tangible worth and debt service. In addition, a revised level of capital expenditure has been agreed with the Lenders, in line with the Group's plans.

The Company has agreed to pay the Lenders an amendment fee of 100 basis points calculated on the aggregate commitments of the reduced revolving credit facility and the amortising term loan. The Group's interest margin will, following receipt of the proceeds of the Capital Raising, be a minimum of 325 basis points until 31 December 2010, which is consistent with the margin currently payable under the Existing Bank Facilities. Thereafter, the interest rate margin will be determined by the net debt to EBITDA ratio at the end of each quarter. The changes to the interest margin and payment of the amendment fee are conditional on the Amended Bank Facilities coming into effect.

Use of proceeds and financial effects of the Capital Raising

The net proceeds of the Capital Raising (expected to be approximately £76.8 million) will be applied in reducing the balance on the Group's multi-currency revolving credit facility, which forms part of the Amended Bank Facilities. This amount will, subject to certain conditions, then remain to be drawn down under the revolving credit facility as required for working capital (including deferred consideration payments), capital expenditure and acquisitions. The reduction of the outstanding balance on the revolving credit facility will:

- strengthen the Group's balance sheet, reducing the ratio of net debt to EBITDA from 2.9x to 2.1x on a *pro forma* basis as at 30 June 2009;
- facilitate additional covenant headroom for the Group under the Amended Bank Facilities;
- provide additional financial and operational flexibility to manage the Group proactively through the economic cycle; and
- position the Group to benefit from the eventual market upturn as well as any further consolidation opportunities that arise in the medium term.

The Directors expect that the net proceeds of the Capital Raising will make a positive contribution to total earnings in the financial year ending 31 December 2010 as a result of the lower interest payments arising from reduced levels of net financial indebtedness. However, even after this reduction on interest expense, the Directors expect that the increased number of Ordinary Shares in issue following the Capital Raising will have a negative effect on the Group's reported earnings per share for the year ending 31 December 2010.

Strategy

The Board of Lavendon believes that the overall medium term strategy of the Group remains appropriate, that is, to use enhanced operational scale to maximise its position with major projects and larger customers and to grow through a combination of selective investment in fleet and the acquisition of existing market capacity when appropriate opportunities arise. However, in the current market conditions, the Group's short term focus will remain on cash generation and debt reduction. Accordingly, the Group will continue to limit capital expenditure and align the Group's rental fleet to anticipated demand levels through fleet disposals and, where appropriate, fleet relocation.

The average age of the Group's fleet is approximately 6.3 years. For the years ending 31 December 2010 and 2011, the Directors anticipate that net fleet capital expenditure will amount to £10.0 million and £15.0 million, respectively. As a result of this level of capital expenditure and the anticipated continued disposal of retired fleet, the average age of the Group's fleet is anticipated to increase to approximately 7.2 years by the end of 2011. Notwithstanding the expected increase in the average age of the Group's fleet, the Directors believe, having regard to the repair and maintenance programme applied across the entire fleet, that the Group's fleet can be aged in the near term without any risk to the Group's ability to service its customers' requirements and generate revenues in line with the Board's expectations. In 2012 and 2013, the Directors expect levels of capital expenditure to return to a more normal spend level of approximately £50 million per year.

The powered access rental market remains highly fragmented. The Group has acquired and integrated a number of businesses in the UK and overseas. In doing so, the Group has geographically diversified its revenues, profits and cash flows and demonstrated that substantial operational benefits and cost savings can be generated, *inter alia*, from the rationalisation of the resultant depot network. The Group's ability to efficiently extract synergies from the rationalisation of operations has been seen over the last 12 months, as it realised £13.5 million of annualised saving from its fixed cost base. Opportunities to rationalise the Group's cost base further, in 2010, will be kept under review in light of the prevailing trading conditions. This rebasing of the Group's cost structure should amplify the inherent operational leverage within the business, when market conditions improve. Once trading conditions become more favourable, management's focus will turn to identifying other appropriate business development opportunities in its core markets where existing market capacity can be consolidated further. In the short term, given the current economic environment, the opportunity may arise to acquire smaller distressed assets. In addition, there remains further opportunity to expand both the scale and scope of operations in the Middle East and related developing economies.

The Group's strong market positions will allow it to continue to offer a broad range of access equipment for rent to its target customer sectors. Moreover, the Group's relative scale and expertise positions it to supplement its equipment offering with a wide range of services through training, mechanical product handling accessories and internet-delivered information services.

At an operational level Lavendon's increased scale within markets allows it to create larger operating units at a depot level, creating greater earnings leverage through periods of growth, but also providing the scope to make meaningful reductions to the cost base during downturns without exiting locations or local markets. This, in turn, should allow the Group to continue to be a relatively resilient business in a sector that has naturally high operational leverage. Such scale also allows the Group to attract, develop and retain the best quality people in the sector, providing a sustainable business advantage for the future.

However, the Board believes that future growth should be pursued within the constraints of a more conservative capital structure. Accordingly, the Board has concluded that the Group should operate in the future within a target net debt to EBITDA range of 1.5x to 2.5x and a higher level of interest cover. The Board is confident that managing the business within these parameters will provide the necessary flexibility, both operationally and financially, to continue to develop the Group.

Current trading and prospects

Lavendon announced today its interim management statement for the period from 1 July 2009 to 18 November 2009. Details of the Group's current trading and prospects are contained within that interim management statement.

Dividends and dividend policy

The Board intends to pursue a progressive dividend policy. The level of future dividend payments will take into account the Group's underlying earnings, cash flows, capital investment plans, distributable reserves, debt repayment obligations and the need to maintain an appropriate level of dividend cover.

Principal terms and conditions of the Capital Raising

Principal terms of the Firm Placing

The Firm Placing comprises in aggregate the issue of 38,490,733 Firm Placed Shares (representing approximately 81 per cent. of Lavendon's existing Ordinary Share capital) to Firm Placees and will therefore raise gross proceeds of approximately £26.9 million. Firm Placees will subscribe for the Firm Placed Shares at the Issue Price of 70 pence per Firm Placed Share.

The Issue Price represents a 45 per cent. discount to the Closing Price of 128 pence per existing Ordinary Share on 18 November 2009 (being the last business day prior to the announcement of the Capital Raising).

The Firm Placees will not be able to participate in the Open Offer in respect of their Firm Placed Shares in the same manner as Qualifying Shareholders. The Firm Placing is conditional upon, amongst other things, the passing of the Capital Raising Resolutions.

The Firm Placing has been fully underwritten by Investec and Altium pursuant to the terms of the Placing Agreement. The Joint Bookrunners have agreed under the Placing Agreement to procure, as agent for the Company, acquirers for the Firm Placed Shares or, failing that, to acquire such Firm Placed Shares themselves.

The Firm Placed Shares will, when issued and fully paid, rank equally in all respects with the existing Ordinary Shares, including the right to receive all dividends or distributions made, paid or declared after the date of this announcement.

The effect of the Firm Placing will be to reduce the proportionate ownership and voting interests in the Ordinary Shares of holders of existing Ordinary Shares by 45 per cent.

Principal terms of the Placing and Open Offer

The Company is proposing to issue 76,981,466 Open Offer Shares pursuant to the Placing and Open Offer (representing approximately 162 per cent. of Lavendon's existing Ordinary Share capital) and will therefore raise gross proceeds of approximately £53.9 million. The Issue Price of 70 pence per Open Offer Share represents a 45 per cent. discount to the Closing Price of 128 pence per existing Ordinary Share on 18 November 2009 (being the last business day prior to announcement of the Capital Raising).

Qualifying Shareholders are being given the opportunity to apply for the Open Offer Shares at the Issue Price, *pro rata* to their holdings of existing Ordinary Shares on the Record Date, on the basis of 13 Open Offer Shares for every 8 existing Ordinary Shares.

Fractions of Open Offer Shares will not be allotted to Qualifying Shareholders in the Open Offer and fractional entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares, aggregated and placed ultimately for the benefit of the Company.

The Open Offer Shares will, when issued and fully paid, rank equally in all respects with the existing Ordinary Shares, including the right to receive all dividends or distributions made, paid or declared after the date of this announcement. No temporary documents of title will be issued.

The commitments of the Placees are subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer.

Qualifying Shareholders who do not take up their entitlements to Open Offer Shares will have their proportionate shareholdings in Lavendon diluted by approximately 71 per cent. Those Qualifying Shareholders who take up their rights under the Placing and Open Offer in full, will subject to fractions, have had their proportionate shareholdings in Lavendon diluted by approximately 24 per cent., assuming no participation in the Firm Placing.

The Capital Raising is conditional, *inter alia*, upon the following:

- (a) the passing of the Capital Raising Resolutions;
- (b) the Amended Bank Facilities having become unconditional (save for the condition relating to the Capital Raising);
- (c) Admission taking place by not later than 8.00 a.m. on 8 December 2009 (or such later time and/or date as the Company, Investec and Altium may agree, being not later than 23 December 2009); and
- (d) the Placing Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated prior to Admission in accordance with its terms.

Given that the Issue Price represents a discount of more than 10 per cent. to the Closing Price of 128 pence per existing Ordinary Share on 18 November 2009, the Company is required, under the Listing Rules, to seek approval of its Shareholders for the issue of the New Ordinary Shares at that discount. Accordingly, the Extraordinary General Meeting will consider, amongst other things, the approval of the amount of the discount.

The Firm Placing, the Placing and Open Offer and the Amended Bank Facilities are inter-conditional.

The Capital Raising has been fully underwritten by Investec and Altium pursuant to the terms of the Placing Agreement, save for rights in respect of Ordinary Shares issued pursuant to the Share Option Schemes on or after the date of this announcement.

Application has been made for the Open Offer Entitlements to be admitted to CREST. It is expected that the Open Offer Entitlements will be admitted to CREST at 8.00 a.m. on 20 November 2009. The Open Offer Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 20 November 2009. Applications through the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim raised by Euroclear's Claims Processing Unit.

Qualifying Non-CREST Shareholders should note that their Application Form is not a negotiable document and cannot be traded.

If Admission does not take place on or before 8.00 a.m. on 8 December 2009 (or such later time and date as the Company, and the Joint Bookrunners may determine), the Open Offer will lapse, any Open Offer Entitlements admitted to CREST will thereafter be disabled and application monies under the Open Offer will be refunded to the applicants, by cheque (at the applicant's risk) in the case of Qualifying Non-CREST Shareholders and by way of a CREST payment in the case of Qualifying CREST Shareholders, without interest, as soon as practicable thereafter. In these circumstances, the Capital Raising will not proceed.

The results of the Capital Raising, including the aggregate number of New Ordinary Shares issued and the aggregate amount raised, net of expenses, is expected to be announced by the Company to a Regulatory Information Service on 7 December 2009.

In setting the Issue Price, the Directors have considered the price at which the Open Offer Shares and the Firm Placing Shares need to be offered to investors to optimise the success of the Capital Raising and raise a significant level of equity compared with the current market capitalisation of the Group. Having taken advice, the Directors believe that both the Issue Price and the level of discount to the Closing Price are appropriate.

Upon completion of the Capital Raising, the New Ordinary Shares will represent approximately 244 per cent. of the Company's existing issued Ordinary Share capital and approximately 71 per cent. of the Company's enlarged issued share capital. Open Offer Shares issued through the Placing and Open Offer and Firm Placed Shares issued through the Firm Placing will account for approximately 67 per cent. and 33 per cent., respectively, of the total New Ordinary Shares to be issued.

Shareholders should note that the Open Offer is not a rights issue. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market on behalf of, or placed for the benefit of, Qualifying Shareholders who do not apply under the Open Offer but will be issued to the Placees ultimately for the benefit of the Company.

Structure of the Capital Raising

The Capital Raising has been structured in order to have the effect of creating a merger reserve equal to the net proceeds of the Capital Raising less the nominal value of the shares issued, instead of share premium on the issue of the Company's New Ordinary Shares under section 612 of the 2006 Act. The Company and Newco Subscriber have agreed to subscribe for ordinary shares in Newco. Capita Registrars will receive, into an account set up specifically for the purpose, proceeds from the Capital Raising, as agent for and on behalf of Newco Subscriber. Provided certain conditions are met, Newco Subscriber will use the proceeds to subscribe for redeemable preference shares in Newco.

The Company will issue and allot the New Ordinary Shares to those persons entitled thereto in consideration for Newco Subscriber transferring its holdings of ordinary shares and redeemable preference shares in Newco to the Company. Accordingly, instead of receiving cash as consideration for the issue of the New Ordinary Shares, at the conclusion of the Capital Raising, the Company will own the entire issued share capital of Newco whose only asset will be its cash reserves, which will represent an amount equivalent to the net proceeds of the Capital Raising. The Company will be

able to utilise this amount by redeeming the redeemable preference shares it holds in Newco, or by procuring that Newco loans or dividends this amount to the Company. To the extent that the merger reserve is considered to be realised, this will result in the realisation of distributable reserves, facilitating the payment of dividends and any potential return of capital to Shareholders.

The Company may elect to implement the Firm Placing and/or the Placing and Open Offer without using the structure described above if it deems it to be in the Company's interest to do so.

Extraordinary General Meeting

The Capital Raising is subject to a number of conditions, including passing of the Capital Raising Resolutions at the Extraordinary General Meeting. A notice convening the Extraordinary General Meeting to be held at the offices of Investec Bank plc, 2 Gresham Street, London EC2V 7QP, at 11.00 a.m. on 7 December 2009, is contained in the Prospectus.

Directors' intentions

Each of David Hollywood, John Standen and Tim Ross is participating in the Firm Placing and the Placing and Open Offer so as to maintain the percentage of Ordinary Shares they respectively hold in the Company. They will therefore acquire and take up 36,562 New Ordinary Shares, 24,375 New Ordinary Shares and 69,654 New Ordinary Shares respectively. Kevin Appleton and Alan Merrell intend to take up part of their entitlements under the Open Offer in respect of 100,000 New Ordinary Shares and 35,714 New Ordinary Shares respectively.

Following the Capital Raising, the Directors will beneficially own, in aggregate, approximately 0.36 per cent. of the enlarged issued share capital.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change. All times are with reference to London GMT, unless otherwise stated.

	<i>2009</i>
Record Date for entitlements under the Open Offer	5.00 p.m. on 17 November
Announcement of the Capital Raising and publication of the Prospectus	19 November
Ex-entitlement Date for the Open Offer	8.00 a.m. on 19 November
Despatch of Prospectus, Proxy Form and, to certain Qualifying Non-CREST Shareholders only, the Application Forms	19 November
Open Offer Entitlements credited to stock accounts of certain Qualifying CREST Shareholders in CREST	as soon as possible after 8.00 a.m. on 20 November
Recommended last time and date for withdrawing Open Offer Entitlements from CREST	4.30 p.m. on 30 November
Latest time and date for depositing Open Offer Entitlements into CREST	3.00 p.m. on 1 December
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 2 December
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 4 December
Expected latest time and date for receipt of Forms of Proxy and receipt of electronic proxy appointments via the CREST system	11.00 a.m. on 5 December
Extraordinary General Meeting	11.00 a.m. on 7 December
Expected date of announcement of results of the Capital Raising through a Regulatory Information Service	7 December
Expected date of Admission and commencement of dealings in New Ordinary Shares on the London Stock Exchange and New Ordinary Shares credited to CREST stock accounts (uncertificated holders only)	8.00 a.m. on 8 December
Expected date of despatch of definitive share certificates for New Ordinary Shares (to Qualifying non-CREST Shareholders only)	By no later than 15 December

DEFINITIONS

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

“2006 Act”	the Companies Act 2006, as amended;
“Admission”	the admission of the New Ordinary Shares to the Official List becoming effective in accordance with the Listing Rules and the admission of such shares to trading on the London Stock Exchange's main market for listed securities becoming effective in accordance with the Admission and Disclosure Standards;
“Admission and Disclosure Standards”	the Admission and Disclosure Standards of the London Stock Exchange containing, among other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange's main market for listed securities;
“Altium”	Altium Capital Limited;
“Amended Bank Facilities”	the amended multi-currency term and revolving facilities provided to the Group by the Lenders, the agreement relating to which is summarised in the Prospectus;
“Application Form”	the application form on which Qualifying Non-CREST Shareholders (other than Qualifying Non-CREST Shareholders with, subject to certain exceptions, a registered address in the United States or any other Excluded Territories) who are registered on the register of members of the Company at the Record Date may apply for Open Offer Shares under the Open Offer;
“Board”	the board of directors of the Company;
“business day”	any day (excluding Saturdays and Sundays or public holidays in England and Wales) on which banks are generally open in London for the transaction of normal banking business;
“Capital Raising”	the Firm Placing and the Placing and Open Offer;
“Capital Raising Resolutions”	resolutions 1, 2 and 3 to be proposed at the Extraordinary General Meeting;
“Capita Registrars”	Capita Registrars Limited;
“certified” or “in certificated form”	where a share or other security is not in uncertificated form;
“Closing Price”	128p, being the closing mid-market price of an existing Ordinary Share on 18 November 2009;
“Company” or “Lavendon”	Lavendon Group plc;
“CREST”	the relevant system, as defined in the CREST Regulations, for paperless settlement of share transfers and the holding of shares in uncertificated form (in respect of which Euroclear UK is the operator as defined in the CREST Regulations);
“Crest Regulations” or “Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/378), as amended;
“dealing day”	any day on which the London Stock Exchange is open for business in the trading of securities admitted to the Official List;
“Directors”	the current directors of the Company whose names are set out in the Prospectus;
“EBITDA”	earnings before interest, taxes, depreciation and amortisation (may be defined differently in the documents incorporated by reference);
“Employee Scheme”	The Lavendon Group 1996 Company Share Option Plan;
“EUR” or “Euro”	the lawful currency of the European Union;
“Euroclear UK”	Euroclear UK and Ireland Limited (formerly CRESTCO Limited), the operator of CREST;
“Excluded Territories” and each an	the United States, Canada, Japan, Australia and the Republic of South

“Excluded Territory”	Africa and any other jurisdiction where the extension or availability of the Placing and Open Offer (and any other transaction contemplated thereby) would breach any applicable law or regulation;
“Existing Bank Facilities”	the existing multicurrency term and revolving facilities provided to the Group by the Lenders, the agreement relating to which is summarised in the Prospectus;
“existing Ordinary Shares”	the fully paid Ordinary Shares in issue prior to the Capital Raising;
“Ex-Entitlements Date”	the date on which the New Ordinary Shares are expected to commence trading ex-entitlements, being 8.00 a.m. on 19 November 2009;
“Extraordinary General Meeting”	the extraordinary general meeting of Lavendon to be held on 7 December 2009 at 11.00 a.m., notice of which is set out in the Prospectus;
“Financial Services Authority” or “FSA”	the Financial Services Authority of the UK in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of Admission to the Official List otherwise than in accordance with Part VI of FSMA;
“Firm Placed Shares”	the 38,490,733 New Ordinary Shares to be issued by the Company pursuant to the Firm Placing;
“Firm Placees”	those persons who have agreed to subscribe for the Firm Placed Shares;
“Firm Placing”	the firm placing of the Firm Placed Shares as described in this announcement;
“Form of Proxy”	form of proxy accompanying the Prospectus for use by Shareholders in relation to the Extraordinary General Meeting;
“FSMA”	the Financial Services and Markets Act 2000, as amended from time to time;
“Group” or “Lavendon Group”	the Company and each of its subsidiaries and subsidiary undertakings from time to time;
“Investec”	Investec Bank plc;
“Issue Price”	70 pence per New Ordinary Share;
“Joint Bookrunners” and “Joint Underwriters”	Altium and Investec;
“Lenders”	Bank of Scotland plc, Barclays Capital, HSBC Bank plc, Barclays Bank PLC, Lloyds TSB Bank plc, Svenska Handelsbanken AB and KBC Group NV, being parties to the Existing Bank Facilities and the New Bank Facilities;
“Listing Rules”	the listing rules made by the FSA under Part VI of FSMA (as amended from time to time);
“London Stock Exchange”	London Stock Exchange plc;
“Newco”	Lavendon Leopard Limited;
“Newco Subscriber”	Investec in its capacity as subscriber of redeemable preference shares and Ordinary Shares in Newco;
“New Ordinary Share(s)”	Open Offer Shares and Firm Placed Shares, or any of them as the context may require;
“Official List”	the Official List of the UK Listing Authority;
“Open Offer”	the invitation by the Company to Qualifying Shareholders to apply for Open Offer Shares, on the term and conditions set out in this announcement, and in the case of Qualifying Non-CREST Shareholders, in the Application Form;
“Open Offer Entitlement”	the entitlement of a Qualifying Shareholder to apply for 13 Open Offer Shares for every 8 existing Ordinary Shares held on the Record Date;
“Open Offer Shares”	the 76,981,466 New Ordinary Shares to be issued by the Company pursuant to the Placing and Open Offer;

“Ordinary Shares”	ordinary shares of one pence each in the capital of the Company (including where the context requires, Firm Placed Shares and/or the Open Offer Shares);
“Placees”	the persons with whom a conditional placing of Shares (subject, where applicable, to the entitlements of Qualifying Shareholders under the Open Offer) has been or will be made pursuant to the Placing and Open Offer;
“Placing”	the conditional placing of the Open Offer Shares with the Placees at the Issue Price subject to clawback in respect of valid applications made by Qualifying Shareholders under the Open Offer;
“Placing Agreement”	the placing and underwriting agreement between (1) the Company (2) Investec and (3) Altium dated 19 November 2009 relating, inter alia, to the Capital Raising, the principal terms of which are set out in the Prospectus;
“Prospectus”	the document dated 19 November 2009 comprising a circular and a prospectus relating to the Company for the purpose of the Capital Raising (together with any supplements or amendments thereto);
“Qualifying CREST Shareholders”	Qualifying Shareholders holding Ordinary Shares on the Record Date in uncertificated form;
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders holding Ordinary Shares on the Record Date in certificated form;
“Qualifying Shareholders”	holders of Ordinary Shares on the register of members of the Company at the Record Date;
“Record Date”	close of business on 17 November 2009;
“Regulations”	means the Uncertificated Securities Regulations 2001;
“Regulatory Information Service”	one of the regulatory information services authorised by the UK Listing Authority to receive, process and disseminate regulatory information in respect of listed companies;
“Resolutions”	the ordinary resolutions and special resolutions to be proposed at the Extraordinary General Meeting;
“Shareholders”	holders of Ordinary Shares;
“sterling” or “pound” or “£” or “pence”	the lawful currency of the UK;
“stock account”	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited;
“subsidiary”	a subsidiary, as that term is defined in section 1159 of the 2006 Act;
“subsidiary undertaking”	a subsidiary undertaking, as that term is defined in section 1162 of the 2006 Act;
“UK Listing Authority”	the FSA in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of the Admission to the Official List otherwise than in accordance with Part VI of FSMA;
“uncertificated” or “in uncertificated form”	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
“US Securities Act”	the United States Securities Act of 1933, as amended;
“US Securities and Exchange Commission”	the US government agency having primary responsibility for enforcing the federal securities laws and regulating the securities industry/stock market; and
“US\$” or “\$” or “Dollar” or “USD”	the lawful currency of the United States of America.