

24 November 2022

ANANDA DEVELOPMENTS PLC

("Ananda" or the "Company")

Proposed approval of waiver of obligations under Rule 9 of the City Code and acquisition of remaining 50 per cent interest in DJT Group Limited

The Directors of Ananda Developments PLC are pleased to announce that the Company is today posting a circular (the "Circular") to Shareholders convening a General Meeting of the Company for 11.00 a.m. on 19 December 2022.

At the General Meeting, a resolution will be proposed to approve the waiver by the Panel on Takeovers and Mergers of the obligation which would otherwise arise on the Concert Party (as defined in the Circular) to make a general offer under Rule 9 of the Takeover Code as a consequence of the proposed settlement of the outstanding unsecured loan to Ananda from Charles Morgan, Chairman of the Company.

A resolution will also be proposed to approve the acquisition from Anglia Salads of the remaining 50 per cent of DJT Group which the Company does not already own. DJT Group owns 100% of the issued share capital of DJT Plants, which has been granted a licence to grow >0.2% THC Cannabis for research purposes.

Highlights

- Subject to shareholder approval, the current outstanding and unsecured debt of £2,241,792 owed by the Company to Charles Morgan will be settled by the issue of:
 - o warrants to subscribe for 574,084,000 Ordinary Shares (the 2022 Warrants); and
 - o a total of £2,241,792 in nominal value of 10% unsecured convertible loan notes 2022, which will be convertible into a maximum of 1,120,896,000 Ordinary Shares (the 2022 CLNs)
- Due to prevailing market conditions, both in general and specific to the cannabis sector, the Directors believe that the loan was the most appropriate funding mechanism to progress the objectives of the Company
- These objectives include the rapid exploitation, at its secure UK facility, of the licence to cultivate cannabis for research purposes held by DJT Plants
- The Company has agreed with Anglia Salads to acquire the remaining 50 per cent of DJT Group that the Company does not currently own for consideration of £3.2 million, to be satisfied by the issue of 350,000,000 ordinary shares in the Company, which will be locked in for a period of 36 months

Melissa Sturgess, Chief Executive Officer of Ananda, stated: "*We thank shareholders for their extreme patience whilst we've concluded this transaction to make DJT Plants a wholly owned subsidiary of Ananda, and we also thank the Chairman of the Company for his significant and ongoing financial support. This is an extremely exciting next step for the Company which allows us to focus all efforts more fully on the ongoing research activities and trial cultivations at DJT Plants, as well as securing all future benefits for the Company and, therefore, its shareholders.*"

An extract from the Circular is set out below. Words and expressions defined in the Circular have the same meaning in this announcement. A copy of the full text of the Circular will be available at www.anandadevelopments.com.

"Dear Shareholder

Approval of waiver of obligations under Rule 9 of the City Code on Takeovers and Mergers

Acquisition of 50 per cent interest in DJT Group not currently owned by Ananda

and

Notice of General Meeting

1. Introduction

On 18 October 2022, Ananda announced, among other things, that the Company was proposing to settle an outstanding unsecured loan to Ananda from Charles Morgan, Chairman of the Company, through the issue to Charles Morgan of warrants and convertible loan notes.

Charles Morgan is already a significant shareholder in Ananda and is also a member of the Concert Party, along with Melissa Sturgess, the Company's Chief Executive Officer.

Under Rule 9 of the Takeover Code, the issue to Charles Morgan of the 2022 Warrants and the 2022 CLNs and their subsequent exercise or conversion, would result in Charles Morgan's individual percentage interest in Ordinary Shares increasing from 18.84 per cent to 64.38 per cent and the Concert Party's aggregate percentage interest in Ordinary Shares increasing from 44.43 per cent to 71.77 per cent, levels which would normally result in the Concert Party being obliged to make an offer to all Shareholders to acquire all the Ordinary Shares that it did not already own. However, the Takeover Panel has agreed to waive this obligation, subject to the approval of the Independent Shareholders. Your attention is drawn to the information about the Takeover Code set out in section 4 of this Part I.

As Charles Morgan and Melissa Sturgess, both of whom are directors of the Company, are members of the Concert Party and also deemed to be acting in concert with each other, the Debt Proposals and the Waiver have been considered by the Independent Directors.

The purpose of this Document is to set out the background to and the reasons for the Debt Proposals and the Waiver and to explain why the Independent Directors consider the Debt Proposals and the Waiver to be in the best interests of the Company and its Shareholders as a whole and why they recommend that Independent Shareholders should vote in favour of the Waiver Resolution.

It was also announced on 18 October 2022 that the Company and Anglia Salads had agreed to amend the terms of the Acquisition, originally announced on 8 June 2021, such that the consideration payable to Anglia Salads will now be £3.2 million, satisfied by the allotment of the 350,000,000 Consideration Shares. This Document contains further information about the Acquisition, which is also subject to Shareholders' approval at the General Meeting. All of the Directors consider that the Acquisition is in the best interests of the Company and its Shareholders as a whole and they are unanimously recommending that Shareholders should vote in favour of the Resolution to approve it.

Notice of a General Meeting, at which resolutions will be proposed to approve the Waiver and the Acquisition, is set out at the end of this Document.

2. Background to the Debt Proposals and the Acquisition

The Licence

In the UK, Cannabis is a 'controlled drug' under the MDA 1971. It is illegal for a person in England, Wales or Scotland to produce, supply, possess, import or export Cannabis, unless they have been granted a licence by the Home Office of the United Kingdom Government.

In June 2019, Ananda acquired Tiamat, which had already agreed with Anglia Salads and JEPCO to pursue the Licence and to work together to grow Medical Cannabis for research purposes if the Licence was granted. Following the acquisition of Tiamat, DJT Group was incorporated as a vehicle

owned 50/50 by Ananda and Anglia Salads. DJT Plants, a company which had previously held Home Office licences, became a 100 per cent owned subsidiary of DJT Group and it was decided that DJT Plants should make the application for the Licence.

On 14 October 2019, DJT Plants submitted its application for a licence to grow >0.2% THC Cannabis for research purposes pursuant to the MDA 1971; DJT Plants was granted the Licence on 17 May 2021. The Licence is granted on an annual basis and was last renewed on 10 October 2022.

The Licence allows DJT Plants to develop a broad range of Cannabis genotypes (or strains) through a genetic stabilisation and field trials programme. The Company's ultimate goal is to grow a number of these genotypes for commercial purposes in the UK. The Directors believe there is an unmet need for high-quality, consistent Medical Cannabis, both in the UK, and internationally.

Exploitation of the Licence

Since the Licence was granted, significant development has been undertaken by DJT Plants at its Home Office approved research site, including the construction of 0.2Ha of multi-chapelle growing structures, to accommodate ongoing field trials, and an indoor research facility. Senior staff have also been recruited, including a Head of Cultivation and a Head of Plant Science; growing, testing and selection of cannabis strains is ongoing at scale.

Construction of the Home Office approved research facility was completed in February 2022. The research facility comprises a large outdoor storage area with a concrete base, and modular work rooms inside an existing shed, providing laboratory space, indoor breeding spaces and clean and secure areas for handling the harvested flower. The research facility is fenced, secured and monitored in accordance with Home Office guidelines.

DJT Plants' operations are currently focused on strain stabilisation, medical cannabis research and large-scale field trials. These initiatives are in preparation for its intended applications to the Home Office to grow Medical Cannabis for commercial purposes and to the MHRA for the required GMP (Good Manufacturing Practice) certification. DJT has already commenced planning work on its pilot GMP commercial facility, which will be built within the existing site footprint

Genetic Stabilisation Research Programme

In February 2022, DJT Plants commenced its Single Seed Decent (SSD) genetic stabilisation programme at its research facility. DJT Plant's research programme is designed to create a library of stable Cannabis genetics in order to 'match' Cannabis plant profiles with clinical indications. The research plan involves self-crossing 13 heterozygous (non-identical) Cannabis strains for five generations in order to achieve a number of stable genotypes. This research is expected to give the Company the building blocks for the cultivation of genetically stable Cannabis crops with consistent metabolic profiles year on year.

The Directors believe that the understanding gained from the analysis and studies undertaken by DJT Plants will add to the body of knowledge of Medical Cannabis and how it can be grown in DJT Plant's particular conditions and will, subject to further Home Office licensing, allow the Company to commence the cultivation of stable strains of Medical Cannabis for commercial purposes.

It is the belief of the Directors that the genetically stable strains will constitute significant intellectual property and the Company will seek patents, trademarks or Breeders' rights on these strains in order to protect the value created for Shareholders. Consistent crops will, in the opinion of the Directors, increase the Company's chances of being approved as a provider of Medical Cannabis into the UK market.

Field Trials

DJT Plants has recently completed the harvest of its 2022 field trial crops. Samples have been taken and will be sent for metabolic profile analysis to determine the amounts of various cannabinoids and

terpenes contained in the flower of the various strains. This information will be important in deciding which cultivars are chosen for commercial growing. In summary, DJT grew a number of each of 5 variants from seeds of each of 13 cultivars:

- Four high THC cultivars, with both sedating and uplifting terpene profiles
- Four balanced THC:CBD cultivars, with both sedating and uplifting terpene profiles
- Five high CBD cultivars, with predominantly uplifting terpene profiles

The trials involved growing each cultivar in six different densities and with various plant manipulation strategies. The objective is to determine, for each cultivar, the optimal way in which to grow it to maximise both quality and yield in DJT Plant's growing environment.

Detailed time studies were completed during the post-harvest activity to maximize operational efficiency for commercial production. Growing and processing the range of cultivars together, allowed direct comparisons of how well the different cultivars perform in Ananda's growing environment, together with the different characteristics of the flower of each cultivar when trimmed. These data points will inform commercial cultivation decisions in due course.

At the end of its genetic stabilisation programme, DJT Plants will choose a number of the stable genotypes to grow in its conditions, with metabolic profiles identified as useful for treating certain medical conditions and which exhibit good agronomic traits.

In addition, as part of its research, DJT Plants will also look to establish extraction, distillation and isolation facilities to manufacture "full spectrum" Cannabis products according to the specific combinations of cannabinoids, terpenes and flavonoids identified as being efficacious for particular indications.

3. The Debt Proposals

The costs of the rapid and comprehensive exploitation of the Licence have principally been funded by Charles Morgan, who, as at 30 September 2022, had lent Ananda a total of £2,241,792. The Company's investment in DJT Plants, and certain other corporate costs, have had to be financed through this loan due to prevailing market conditions, which meant that alternative funding options were not available to the Company on terms acceptable to the Directors. In the absence of such funding options, the Independent Directors believe that obtaining the loan from Charles Morgan was the most appropriate method of financing the important developments summarised in section 2 of this Part I.

In order to put the Company in a position to access more traditional funding in the future, the Company is proposing that the outstanding debt due to Charles Morgan as at 30 September 2022 should be settled by the issue to him of:

- warrants to subscribe for 574,084,000 Ordinary Shares (the 2022 Warrants); and
- a total of £2,241,792 in nominal value of 10% unsecured convertible loan notes 2022, which will be convertible into a maximum of 1,120,896,000 Ordinary Shares (the 2022 CLNs).

Further information on the terms of the 2022 Warrants and the 2022 CLNs is set out in sections 4.1 and 4.2 of Part II of this Document.

Any future loans from Charles Morgan to the Company, if required, will bear interest at the rate of 10 per cent per annum and will be unsecured.

4. The Takeover Code

The Debt Proposals give rise to certain considerations under the Code. Brief details of the Code and the protection this affords Shareholders are set out below.

The Code is issued and administered by the Panel. The Code and the Panel operate to ensure fair and equal treatment of shareholders in relation to takeovers, and also provide an orderly framework within which takeovers are conducted. The Code applies to all takeover and merger transactions, however effected, where the offeree company is, *inter alia*, a company which has its registered office in the UK, the Channel Islands or the Isle of Man, the securities of which are admitted to trading on a regulated market or a multilateral trading facility (such as the AQSE Growth Market) in the United Kingdom or on any stock exchange in the Channel Islands or the Isle of Man.

Under Rule 9 of the Code, any person who acquires an interest in shares which, taken together with shares in which that person or any person acting in concert with that person is interested, carry 30 per cent or more of the voting rights of a company which is subject to the Code, is normally required to make an offer to all the remaining shareholders to acquire their shares. Similarly, when any person, together with persons acting in concert with that person, is interested in shares which in the aggregate carry not less than 30 per cent of the voting rights of such a company but does not hold shares carrying more than 50 per cent of the voting rights of the company, an offer will normally be required if any further interests in shares carrying voting rights are acquired by such person or any person acting in concert with that person. An offer under Rule 9 must be made in cash at the highest price paid by the person required to make the offer, or any person acting in concert with such person, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Rule 9 of the Code further provides, among other things, that where any person who, together with persons acting in concert with that person, holds shares carrying more than 50 per cent of the voting rights of a company, acquires any further shares carrying voting rights, then such person will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares.

Under the Code, a concert party arises when persons, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Under the Code, control means an interest, or aggregate interests, in shares carrying 30 per cent or more of the voting rights of a company, irrespective of whether the interest or interests give de facto control. In this context, voting rights means all the voting rights attributable to the capital of the company which are currently exercisable at a general meeting.

5. The Concert Party

In 2019, the Panel and the Company agreed that certain individuals and a corporate entity were 'acting in concert' in connection with the proposals contained in the 2019 Waiver Circular. The Panel and the Company have agreed that certain of those parties are still 'acting in concert'. Of these, the parties who still have an interest in the voting rights of the Company are Charles Morgan, Melissa Sturgess, Jeremy Sturgess-Smith, Peter Redmond and Michael Langoulant.

Further information about the members of the Concert Party and the relationships between them is set out in section 6 of this Part I.

The Concert Party currently holds 358,732,485 Ordinary Shares in aggregate, representing 43.72 per cent of the voting rights of the Company. In addition, Jeremy Sturgess-Smith is interested in the JSS Option, exercisable into a further 10,451,389 Ordinary Shares. The individual interests of the members of the Concert Party and the maximum aggregate potential interest of the Concert Party in the voting rights of Ananda is therefore currently as follows:

Concert Party Member	Current Holding of Ordinary Shares	JSS Option	Maximum interest in Ordinary Shares following the exercise of the JSS Option	Maximum percentage interest in voting rights
-----------------------------	---	-------------------	---	---

				following the exercise of the JSS Option
Charles Morgan	156,601,896	-	156,601,896	18.84%
Melissa Sturgess	185,794,452	-	185,794,452	22.36%
Peter Redmond	8,686,743	-	8,686,743	1.05%
Jeremy Sturgess-Smith	1,700,000	10,451,389	12,151,389	1.46%
Michael Langoulant	5,949,394	-	5,949,394	0.72%
Total Concert Party	358,732,485	369,183,874	369,183,874	44.43%
Ordinary Shares in issue	820,554,572	831,005,961	831,005,961	

In addition to the Ordinary Shares set out above, Charles Morgan and Melissa Sturgess have been granted the Morgan/Sturgess Options and are interested in the Morgan/Sturgess CLNs, exercisable and convertible, respectively, into a further 43,565,556 Ordinary Shares in aggregate.

Charles Morgan and Melissa Sturgess have undertaken not to exercise the Morgan/Sturgess Options and not to convert any of the Morgan/Sturgess CLNs and have agreed that no Ordinary Shares will be issued to them by way of interest payment under the Morgan/Sturgess CLNs, unless such exercise does not give rise to the obligation to make a mandatory offer for the Company under Rule 9 of the Takeover Code.

Assuming no other shares are issued and that: (i) the Consideration Shares are allotted following the General Meeting; (ii) the JSS Option is exercised by the Concert Party; and (iii) the 2022 Warrants and the 2022 CLNs are issued and, respectively, exercised and converted by the Concert Party, the Concert Party will own in aggregate 2,064,163,874 Ordinary Shares representing approximately 71.77 per cent of the voting rights of the Company, as set out in the table below.

Concert Party Member	Current Holding of Ordinary Shares	JSS Option	Exercise of 2022 Warrants	Conversion of 2022 CLNs	Maximum interest in Ordinary Shares following exercise of the JSS Option and the 2022 Warrants and conversion of the 2022 CLNs	Maximum percentage interest in voting rights following exercise of the JSS Option and the 2022 Warrants and conversion of the 2022 CLNs
Charles Morgan	156,601,896	-	574,084,000	1,120,896,000	1,851,581,896	64.38%
Melissa Sturgess	185,794,452	-	-	-	185,794,452	6.46%

Jeremy Sturgess-Smith	1,700,000	10,451,389	-	-	12,151,389	0.42%
Peter Redmond	8,686,743	-	-	-	8,686,743	0.30%
Michael Langoulant	5,949,394	-	-	-	5,949,394	0.21%
Total Concert Party	358,732,485	369,183,874	943,267,874	2,064,163,874	2,064,163,874	71.77%
Ordinary Shares in issue	1,170,554,572	1,181,005,961	1,755,089,961	2,875,985,961		
Charles Morgan and Melissa Sturgess					2,037,376,348	70.84%

The issue (and subsequent exercise) of the 2022 Warrants and the issue (and subsequent conversion) of the 2022 CLNs would therefore trigger an obligation on the Concert Party to make an offer for the Company in accordance with Rule 9 of the Takeover Code.

The Panel has agreed, however, to waive the obligation for the Concert Party to make a general offer that would otherwise arise as a result of the issue (and subsequent exercise) of the 2022 Warrants and the issue (and subsequent conversion) of the 2022 CLNs, subject to the approval of Independent Shareholders, all of whom are independent of the Concert Party. Accordingly, Resolution 1 is being proposed at the General Meeting and will be taken on a poll of Independent Shareholders.

For so long as the Concert Party holds more than 50 per cent of the Company's voting share capital and its members continue to be acting in concert, they may increase their aggregate interests in the Ordinary Shares in the Company (including through the exercise of the Morgan/Sturgess Options and conversion of the Morgan/Sturgess CLNs) without incurring any obligation under Rule 9 to make a general offer for the remaining shares, although individual members of the Concert Party will not be able to increase their percentage interest in the Ordinary Shares of the Company through, or between, a Rule 9 threshold without the consent of the Panel.

If the Morgan/Sturgess Options are exercised and the Morgan/Sturgess CLNs are converted, the Concert Party would be interested in Ordinary Shares representing approximately 72.19 per cent of the voting rights of the Company.

For so long as Charles Morgan holds more than 50 per cent of the Company's voting share capital, he may, whether or not the Concert Party still exists, increase his interest in the Ordinary Shares in the Company (including through the exercise of his share of the Morgan/Sturgess Options and conversion of his share of the Morgan/Sturgess CLNs) without incurring any obligation under Rule 9 to make a general offer for the remaining shares.

The Directors are confident that the resolution to approve the Acquisition will be approved by Shareholders at the General Meeting. If, however, for whatever reason, Completion does not take place and the Consideration Shares are not issued and assuming no other shares are issued and that: (i) the JSS Option is exercised by the Concert Party; and (ii) the 2022 Warrants and the 2022 CLNs are issued and, respectively, exercised and converted by the Concert Party, the Concert Party's aggregate interest in Ordinary Shares would represent approximately 81.72 per cent of the voting rights of the Company, as set out in the table below.

Concert Party Member	Current Holding of Ordinary Shares	JSS Option	Exercise of 2022 Warrants	Conversion of 2022 CLNs	Maximum interest in Ordinary Shares following exercise of the JSS Option and the 2022 Warrants and conversion of the 2022 CLNs	Maximum percentage interest in voting rights following exercise of the JSS Option and the 2022 Warrants and conversion of the 2022 CLNs
Charles Morgan	156,601,896	-	574,084,000	1,120,896,000	1,851,581,896	73.30%
Melissa Sturgess	185,794,452	-	-	-	185,794,452	7.36%
Jeremy Sturgess-Smith	1,700,000	10,451,389	-	-	12,151,389	0.48%
Peter Redmond	8,686,743	-	-	-	8,686,743	0.34%
Michael Langoulant	5,949,394	-	-	-	5,949,394	0.24%
Total Concert Party	358,732,485	369,183,874	943,267,874	2,064,163,874	2,064,163,874	81.72%
Ordinary Shares in issue	820,554,572	831,005,961	1,405,089,961	2,525,985,961		
Charles Morgan and Melissa Sturgess					2,037,376,348	80.66%

The waiver to which the Panel has agreed under the Code will be invalidated if any purchases of Ordinary Shares are made by any member of the Concert Party, or any person acting in concert with it, in the period between the date of this Document and the General Meeting.

In the event that the Waiver is approved, the Concert Party will not be restricted from making an offer for the Company.

6. Information on the Concert Party

The members of the Concert Party are as follows:

Charles Waite Morgan

Charles Morgan is a venture capitalist. He started his career in futures broking in London and worked in merchant banking and stockbroking before forming Morgan McFarlane, a licensed securities

dealer, following which he began investing and being involved in various start-ups in the oil and gas, technology and bio-technology sectors.

Charles Morgan is Chairman of Ananda and is the husband of Melissa Sturgess.

Melissa Josephine Sturgess

Melissa Sturgess holds a BSc and an MBA and has many years of experience as a director of AIM and Australian Stock Exchange quoted companies, mainly involved in the acquisition, structuring and financing of natural resources deals across Africa. Melissa Sturgess commenced her career in Australia as a member of the Executive Committee of Aquarius Platinum Limited, one of the first Australia/UK dual listed companies and a miner of platinum in South Africa and Zimbabwe. She was also founding director of Sylvania Resources Limited and a number of other companies operating in the metals and mining sector throughout Africa and listed on the AIM Market in London.

Melissa Sturgess relocated to London in 2006 and during her career has raised significant amounts of capital. She was a key driver in the successful recapitalisation of Messaging International plc during 2016 which subsequently changed its name to SigmaRoc Plc, acquired a building materials business via a reverse takeover and raised £50 million from a range of investors in the Channel Islands and the UK. Melissa Sturgess' interest in the Cannabis sector started in 2017 with a trip to Israel to review the Medicinal Cannabis research that is happening in that country.

Melissa Sturgess is an Executive Director of Ananda and is the wife of Charles Morgan. Melissa Sturgess is a 1.38 per cent shareholder in URA, an African focused mineral exploration company, listed on the Standard Market of the London Stock Exchange.

Jeremy Edward Sturgess-Smith

Jeremy Sturgess-Smith is the Head of Corporate Finance and Investor Relations for Ananda and played a key role in the initial public offering of Ananda in July 2018; he also led Ananda's acquisition of its initial 50 per cent shareholding in DJT Plants in 2019. In addition to his corporate finance and investor relations responsibilities, Jeremy Sturgess-Smith manages the Ananda and DJT Group accounting functions, the audit process, DJT Plants' site security arrangements, IT and HR.

Jeremy Sturgess-Smith is also the Chief Operating Officer at URA and is a 0.66 per cent shareholder in that company. Jeremy Sturgess-Smith is the adult son of Melissa Sturgess.

Peter Redmond

Peter Redmond is a corporate financier with some 30 years' experience in corporate finance and venture capital. He has acted on and assisted a wide range of companies to attain a listing over many years, on the Unlisted Securities Market, the Full List and AIM, whether by IPO or in many cases via reversals, across a wide range of sectors, ranging from technology through financial services to natural resources and biotech, in recent years often as a director and shareholder of the companies concerned. He has been active over many years in corporate rescues and reconstructions on AIM and in reverse transactions into a range of investing companies.

He is a director of Hemogenyx Pharmaceuticals plc and URA Investments plc both of which have been admitted to the Standard List of the London Stock Exchange; he is a 0.74 per cent shareholder in the latter company. He is a former director of Ananda.

Michael James Langoulant

Michael Langoulant is a Chartered Accountant, corporate and financial adviser who specialises in providing corporate financial services to public companies. He has over 30 years' experience in public company M&A, corporate administration and fundraising. He has acted as finance director, CFO, company secretary and non-executive director with a number of publicly listed companies.

Michael Langoulant was URA's Company Secretary until 28 October 2022 and is a 0.31 per cent shareholder in that company.

7. Intentions of the Concert Party

If the Waiver Resolution is passed by Independent Shareholders on a poll, the Directors, including Charles Morgan and Melissa Sturgess, who are members of the Concert Party, intend to continue with the Company's research activities and Cannabis cultivation, as described in section 2 of this Part I, in accordance with the terms of the Licence.

No member of the Concert Party has any intention to make any changes in relation to:

- the future business or strategic plans of the Group;
- any research and development activities of the Group;
- the continued employment of the Company's employees and management, including any change in the conditions of employment or in the balance of the skills and functions of the employees and management;
- the locations of the Group's places of business, including the location of the Company's headquarters and headquarters functions;
- employer contributions into the Company's pension scheme (including with regard to current arrangements for the funding of any scheme deficit), the accruals of benefits for existing members and the admission of new members;
- the redeployment of any fixed assets of the Company; or
- the maintenance of any existing trading facilities for the Ordinary Shares after completion of the Debt Proposals and the Waiver.

If the Waiver Resolution is passed by Independent Shareholders on a poll, there is no agreement, arrangement or understanding for the transfer by any member of the Concert Party of Ordinary Shares to any third party.

8. Background to and Reasons for the Acquisition

Ananda's ambition is to be a leading UK-based grower and supplier of consistent, high-quality and Carbon Zero Medical Cannabis for the UK and international markets.

The Directors believe that the Acquisition presents the Company with a clear opportunity to cultivate Cannabis for research purposes, and later for commercial purposes, with 100 per cent ownership of the Licence. The Directors believe that the significant barriers to entry in obtaining a licence will make the Licence a valuable asset of the Company. The Directors also believe that the Acquisition will, in due course, allow Ananda to more readily participate in the expanding UK market for patients using Medical Cannabis as an unlicensed medical product.

In particular, the Directors believe that the Acquisition has the potential to deliver the following important advantages to Ananda and the Group:

- any knowhow and Intellectual Property developed through the research process will be wholly owned by the Company;
- ownership, management and operation of the Licence and the associated business will be consolidated in a single entity;

- the Group's working capital requirements can be managed directly by Ananda through to DJT Plants;
- the senior management at Anglia and Jepco have direct experience of growing Medical Cannabis in the UK, as well as extensive specialist horticultural experience and a track record in horticultural innovation; and
- through the Services Agreements (see section 9 of this Part I), Ananda will have access to the systems and growing and agronomic operational know how of JEPSCO on contracted terms, allowing the Company to cost effectively and efficiently execute its strategy. JEPSCO has expertise and experience in covered growing and harvesting, which can be drawn on by DJT Plants; and
- 100 per cent of potential commercial growing revenues will be captured in Ananda.

Moreover, unlike the high capital and operating cost facilities operated by most other Cannabis producers, DJT Plants grows Cannabis in multi-chapelle structures without artificial light and heat. Anglia Salads and DJT Plants successfully cultivated Cannabis in this way for GW Pharma from 2014 to 2017, achieving a yield of 700g/m², with consistent quality, in a single, natural season.

In addition, the Directors and the Proposed Director believe that DJT Plants will be able to grow Medical Cannabis in UK conditions in a Carbon Zero manner. Currently, the carbon footprint in the United States of 1kg of Medical Cannabis (which will supply 3 patients for 1 year) is between 2 and 5 tonnes of CO₂.

The Directors also believe that a UK source of consistent, high quality, Carbon Zero, Medical Cannabis, such as DJT Plants intends to grow and produce, will be well received, given the growing market for Medical Cannabis and the concerns around consistency and quality expressed by prescribing doctors and patients.

For the reasons set out above, the Directors believe that the Acquisition represents an opportunity to create Shareholder value and is therefore in the best interests of the Company and its Shareholders.

9. Further Information about the Acquisition

The Acquisition Agreement

As announced on 18 October 2022, the terms of the Acquisition Agreement have been revised as the Acquisition has taken longer than initially contemplated and the process has evolved beyond the scope and costs envisioned under the Heads of Terms announced on 8 June 2021.

Accordingly, pursuant to the Acquisition Agreement, Ananda will now acquire the 50 ordinary shares of £1.00 each in DJT Group, which it does not currently own, from Anglia Salads, for consideration of £3.2 million (previously £7.3 million), which will be satisfied by the allotment of 350,000,000 (previously 790,538,866) Consideration Shares.

The Consideration Shares are still being valued at 0.925p per share, the price prevailing at 8 June 2021, and will represent 29.90 per cent of the Company's Enlarged Share Capital. The reduced consideration means that the Acquisition no longer requires a waiver under Rule 9. However, given the size of the Acquisition relative to Ananda, the Acquisition is still conditional, amongst other things, on approval by Shareholders at the General Meeting.

Although the consideration has been revised, the Directors continue to believe that DJT Plants has the potential to generate significant value and future revenues for the Company.

Further information about the Acquisition Agreement is set out in section 4.3 of Part II of this Document.

Services Agreements

Anglia Salads and JEPSCO have significant horticultural knowledge, experience, systems and expertise, which they will provide to DJT Plants under the terms of the Services Agreements via JEPSCO and another associated company, JML. The Directors believe these systems will be extremely advantageous for the effective execution of the Company's plans, the maintenance of standard operating procedures and other quality procedures necessary for the maintenance of the Licence and the cultivation of >0.2% THC Cannabis.

Pursuant to the Sub-lease, DJT Plants has agreed to lease the land and buildings which are the site of the research facility. The Sub-lease has an initial term ending in September 2039 and contains an option to expand the size of the facility and growing area for commercial growing purposes. Whilst the delay in completing the Acquisition has been frustrating, it has nevertheless enabled the Company to secure long-term tenure through the Sub-lease.

Further information about the Services Agreements is set out in sections 4.4 and 4.5 of Part II of this Document.

Lock-in and Orderly Market Deed

Pursuant to the Lock-in and Orderly Market Deed, Anglia Salads will undertake that it will not, for a period of 36 months from the date of issue of the Consideration Shares (the "Lock-In Period"), dispose of any of those shares, save in certain specified circumstances. In addition, for a period of 12 months after the end of the Lock-in Period, Anglia Salads will also undertake not to dispose of any of the Consideration Shares, without first consulting with the Company and Peterhouse, with a view to maintaining an orderly market in the share capital of the Company.

Further information about the Lock-in and Orderly Market Deed is set out in section 4.6 of Part II of this Document.

The Anglia Concert Party

On completion of the Acquisition, Anglia Salads will be interested in Ordinary Shares representing 29.90 per cent of the Enlarged Share Capital. The issue of the Consideration Shares therefore does not require a waiver under Rule 9 of the Code.

However, under the Takeover Code, the directors of a company are presumed to be acting in concert with the company of which they are a director. Accordingly, Simon Goddard and Stuart Piccaver, both of whom are Directors of Anglia Salads, are presumed to be acting in concert with Anglia Salads, as is JEPSCO, as a company controlled by Stuart Piccaver, which is also a shareholder in Anglia Salads. For so long as the Anglia Concert Party is deemed to exist, the Anglia Concert Party and its members will be subject to the restrictions set out in section 4 of this Part I.

10. Board Changes

It is proposed that Stuart Piccaver, the Chief Executive Officer of JEPSCO and a director of Anglia Salads, will be appointed as an executive Director of Ananda on Completion. With a background and interest in marketing and innovation, Stuart Piccaver has considerable horticultural experience and direct experience of Cannabis cultivation and has been the driving force for many of the leading agricultural initiatives and successes of JEPSCO and its associated companies.

From a standing start in July 2014, Stuart Piccaver led the team that proved a concept to grow natural season cannabinoids in the UK, lowering the cost of production by 78 per cent. The project grew 5 hectares under cover to fully assess and master the dynamics of UK production. The project proved its feasibility and created a growing blueprint for a highly scalable production technique.

Also on Completion, Dr Inbar Pomeranchik, who is currently an executive Director, will become a Non-executive Director.

11. Application to the AQSE Growth Market

Application will be made for the Consideration Shares to be admitted to trading on the Access segment of the AQSE Growth Market. It is expected that Admission will become effective on 20 December 2022.

The Consideration Shares will, on Admission, rank *pari passu* in all respects with the Ordinary Shares and will rank in full for all dividends and other distributions hereafter declared, paid or made on the ordinary share capital of the Company.

12. General Meeting

Set out at the end of this Document is the notice convening the General Meeting to be held at the offices of Memery Crystal, 165 Fleet Street, London EC4A 2DY at 11.00 a.m. on 19 December 2022, at which the following resolutions will be proposed as ordinary resolutions:

Resolution 1 – to approve the Waiver; and

Resolution 2 – to approve the Acquisition and the allotment of the Consideration Shares.

The passing of Resolution 1, the Waiver Resolution, must be approved by Independent Shareholders on a poll, and each Independent Shareholder will be entitled to one vote for each Ordinary Share held. The passing of the Waiver Resolution will require the approval by Independent Shareholders by way of simple majority. Resolution 2 will require the approval of Shareholders by way of a simple majority. The members of the Concert Party will not vote on Resolution 1 to be proposed at the General Meeting. Resolutions 1 and 2 are not inter-conditional.

13. Action to be Taken

A Form of Proxy for use at the General Meeting is enclosed with this Document. The Form of Proxy should be completed and signed in accordance with the instructions thereon and returned to the Company's Registrars, SLC Registrars, P.O. Box 5222, Lancing, BN99 9FG, as soon as possible, but in any event so as to be received by no later than 11.00 a.m. on 15 December 2022. The completion and return of a Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.

14. Additional Information

Shareholders' attention is drawn to the additional information in Parts II and III of this Document.

15. Recommendation

For the reasons set out in this Document, the Independent Directors, namely Dr Inbar Pomeranchik and John Treacy, who have been so advised by Peterhouse, believe that the Debt Proposals and the Waiver are fair and reasonable and in the best interests of the Company and its Shareholders as a whole. In providing advice to the Independent Directors, Peterhouse has taken into account the Independent Directors' commercial assessments.

Accordingly, the Independent Directors recommend that Independent Shareholders vote in favour of Resolution 1, the Waiver Resolution, to be proposed at the General Meeting.

For the reasons set out in this Document, the Directors believe that the Acquisition is in the best interest of the Company and its Shareholders as a whole.

Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 2 to be proposed at the General Meeting, as they intend to do in respect of the 328,795,951 Ordinary Shares that they collectively hold, representing 41.72 per cent of the Issued Share Capital.

Yours faithfully

Dr Inbar Pomeranchik

John Treacy”

-Ends-

The Directors of the Company accept responsibility for the contents of this announcement.

ANANDA DEVELOPMENTS PLC

+44 (0)7463 686 497
ir@anandadevelopments.com

Chief Executive Officer

Melissa Sturgess

Investor Relations

Jeremy Sturgess-Smith

PETERHOUSE CAPITAL LIMITED

+44 (0)20 7469 0930

Corporate Finance

Mark Anwyl

Corporate Broking

Lucy Williams

Duncan Vasey

About Ananda Developments

Ananda is an AQSE-listed medical cannabis company creating UK-based operations to grow and provide carbon zero, consistent, medical cannabis for the UK and international markets.

For more information, please visit: <https://anandadevelopments.com>

Market Abuse Regulation (MAR) Disclosure

The information contained within this announcement is deemed by the Company to constitute inside information. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

Peterhouse Capital Limited

Peterhouse Capital Limited, which is authorised and regulated by the Financial Conduct Authority, is acting exclusively for the Company and no-one else in connection with the matters described in this announcement and the Circular. Peterhouse Capital Limited is not, and will not be, responsible to anyone other than the Company for providing the protections afforded to the clients of Peterhouse Capital Limited or for providing advice in relation to the matters described in this announcement and the Circular.